

he was present and the presiding officer of the board when the contract was adopted. In brief, it was held that the contract was *ultra vires*, against public policy, and a violation of the rights of policyholders in a mutual company.

HOME FIRE INSURANCE COMPANIES AND "PROTECTION."

We do not need to inform the intelligent reader that a certain percentage of cranks is to be found alike among the advocates of free trade and protection. There is also a liberal percentage of demagogues who delight in perverting statistics and distorting facts for the "benefit of the party" in every political campaign. We are not therefore at all surprised that in the recent campaign in the United States, men hard pushed for political expedients and short of campaign material should bring out the familiar hobby of "protection" in fire insurance for the benefit of "home companies." Chief among these is Mr. Dilworth Choate, whoever he may be, who printed in the *Syracuse Herald* a rambling protection screed, which was reproduced with approval by the *New York Advertiser*, in which he attempts to show that the numerous failures of American fire insurance companies are due to the competition of the twenty-five foreign companies, which we suppose he would have altogether excluded or taxed enormously. Here are some of the "startling facts and figures" which Mr. Choate says he has "unearthed" in connection with free trade in fire insurance:—

In 1890 there were fifty New York State fire insurance companies; in 1891 there were only forty-two, showing a loss of eight companies. The cause of their retirement was directly due to the competition of foreign capital. These forty-two American companies have a capital of \$17,000,000 invested, and their premiums received were \$28,459,972. There were twenty-five foreign companies with a capital deposited at Albany of \$1,000,000 as required by State law. Their premium income for the same period was \$35,870,768, or nearly \$8,000,000 more than the home companies. The American companies show a gain of \$26,830 in premiums, while the twenty-five foreign companies foot up a gain of \$3,006,072.

What interests every man in the insurance business is the relative wages received in this country and abroad. The American insurance clerk is a pretty nice, decent sort of fellow. He dresses well, dines well, and gets fair remuneration for his services. Go down among the restaurants where the insurance clerks dine, and you will find them eating roast beef, mutton, vegetables, etc., and they all own comfortable overcoats. There are but few English clerks here,—most of the work being done in England at London rates—but you can spot the English clerk. He generally has no topcoat, is shabbily dressed, poor fellow, and his daily meal is a piece of pie, a bit of cheese, and, perhaps, a cup of coffee. The American is liberal to himself and to his clerk as well; the Englishman confines his liberality to himself.

As a consequence of this policy, we find that out of a total income of \$30,906,103 received by the forty-two home companies, the expenditures were \$30,307,728, while the twenty-five foreign companies' total income amounted to \$37,346,919, with an expenditure of \$35,169,329. The American companies made a profit of \$600,000; the foreign companies more than \$2,000,000.

There is plenty more of the same sort, but the above will suffice to show the animus of the entire article. To well informed people on the subject of insurance

these statements will look amusingly absurd, of course, but the public at large are likely to accept as true both the statements made and the conclusions drawn. This larger public do not know that instead of \$1,000,000 deposit capital, held by the State authorities at Albany, these foreign companies have an aggregate deposit in New York and other States, which is treated as capital, of more than \$12,000,000, and that the assets in the hands of trustees and held by State departments are over \$45,000,000. They do not consider that the forty-two American companies quoted are those of *New York State only*, and that besides these there are reported by the insurance department of that State sixty-two other American companies with an aggregate capital of nearly \$35,000,000, having a total income of more than \$51,000,000, of which nearly \$43,000,000 in 1891 was from premiums, and that, including dividends, the total expenditure was a little over \$49,000,000, leaving a margin between income and expenditure of about \$2,000,000. Mr. Choate adroitly contrasts the excess of income over expenditure of the foreign companies with that of the New York State companies alone, also concealing the fact that the expenditures of the former include no dividends whatever on capital, and that the expense account is not charged with "the work being done in England at London rates" as he puts it. If the \$12,000,000 held in the United States as deposit capital were allowed the average dividend of the leading American companies—about ten per cent.—and the home office expense charges were added, that \$2,000,000 profit, which is so conspicuously paraded, would be found to have disappeared. The doleful picture of the poor English insurance clerk, minus his "topcoat," and humbly dining on pie, cheese, and coffee, while his American cousin at the adjoining desk dines sumptuously on roast beef, mutton, vegetables, "etc.," in the consciousness that he owns "a comfortable overcoat," we may dismiss as the standing joke of the season in the New York offices of Managers Beddall, Eaton, Blagden *et al.*

The above effusion might be passed over as the clap-trap employed for effect on the eve of a political campaign, but for the fact that an active if not large coterie exist over the border who have continually rung the changes on this insurance protection absurdity in the past, and may be safely counted upon to keep up the same prejudice-breeding talk in the future. Meanwhile we are glad to know that the American insurance press despise such tactics, and do not hesitate to expose the shallowness of the "protection" pretences put forth. Our contemporaries understand, and so does the intelligent property owner, that abundance of good, strong companies are needed to safely cover the growing fire risk of the country, and they welcome British companies, of the right stamp, to the same privileges of taxation and loss-paying, with the remote possibility of a little eventual profit, which belong to the home companies. They recognize the fact that American companies which, on their own ground, cannot hold their own regardless of foreign competitors deserve to fail and get out of the way. We do not learn that the