

It could not be entirely successful, and while it resulted in a loss to the whole people, would greatly benefit a few speculators.

Whether there are not other means of relief within the scope of legislation that might be successfully adopted, is worthy of diligent enquiry.

MUTUAL FIRE INSURANCE COMPANIES.

Under the Act respecting these companies (Con. Stat. U.C., cap. 52), when forty or more persons, duly qualified, have bound themselves to effect insurance amounting together to forty thousand dollars, they may become a body corporate. Each member before he receives his policy, deposits a promissory note, payable to the Company or its proper officer, for the premium, and pays a certain part of it in cash towards working expenses. At the expiration of the term of insurance, the note, after deducting all losses and expenses, occurring during the term, is given up, as each member is bound to pay his proportion of all losses and expenses accruing during the continuance of his policy. The company may collect premiums in cash for insurance for terms not longer than one year. The cash premium paid at the time of insurance is not part of the annual assessment (31 Vic., c. 32). When policies are issued and premiums in cash collected, for periods of one year, the persons so paying are not liable to further charge or assessment. In case payment or note given for cash premiums or assessments upon a premium or deposit note be not made within thirty days after it is due, the policy becomes void, but the company may waive the forfeiture, and even though no waiver took place, the party in default still remains liable for the amount in arrear (29 Vic., c. 37).

In case of loss, the Directors fix the proportion to be paid by each member on the original amount of his deposit note. When the whole of the deposit notes are insufficient to pay the loss, the sufferer receives not only a proportionate dividend on the amount of notes, but also a sum to be raised by an assessment of members, not exceeding one per cent. on the amount each has insured.

A company may, for the speedy and certain payment of losses, raise a guarantee capital not to exceed \$500,000, which shall be liable for all losses, debts and expenses; and as much as two-thirds of the premium notes belonging to the company may be pledged as a security to the subscribers of such guarantee capital (27, 28 Vic., cap. 38). A reserve fund may be formed of all moneys on hand at the end of each year after payment of ordinary expenses and losses, such reserve to be applied to pay off the guarantee stock, or such liabilities as cannot be pro-

vided for out of the ordinary receipts (31 Vic., c. 32, sec. 6). Debentures, promissory notes, bills or drafts may be issued for losses, so long as the amount outstanding does not exceed one-fourth part of the amount then unpaid on the deposit or premium notes held; and the members may be assessed for such sums as may be necessary to meet them. Any member, upon payment of the whole of his deposit note and surrendering his policy before any subsequent loss or expense occurs, is discharged from the company.

Various special acts have been passed by the Legislature, giving to particular companies powers beyond those conferred by the general Act, and modifying its general clauses. For instance, the Toronto Mutual, by 31 Vic., cap. 52, is empowered to issue policies and collect premiums in cash for a term of one year, on which the insured are not liable for any further charge or assessment, and are not held as members of the company in any respect. The Oxford Farmers' may (31 Vic., c. 54) issue cash policies for insurance for terms of one or more years, not exceeding five, with the like exemption from liability. The Waterloo Mutual (31 Vic., c. 55) issue cash policies for terms of two or more years, with like exemption. The Gore District may issue cash policies for one year, in the same manner.

The Canada Farmers' Mutual have abolished the premium note system and the members have no security other than is afforded by the rates imposed. The last report of the Agricultural Mutual speaks of the preference shown for the cash system.

It appears, therefore, that the various mutual companies have been gradually leaving the premium note system. There is no doubt that there is on the part of the insured a preference for the cash system and its exemption from liability and in order to compete successfully for business, the Mutuals have been compelled to depart from the true mutual principle. But this breaking loose from premium notes deprives the insured of that security for payment which he naturally looks for. In the absence of a guarantee capital, there is no security at all but the honesty and good management of the Directors. It may be said that they confine their business to narrow circles, but the contrary is becoming the case, and we find Mutuals branching out in all directions and competing successfully with Stock companies. We know the note system may have abuses attached to it, such as in one case we have heard of, where the agent taking risks gets \$2 a policy and the company gets nothing until an assessment is made. But that is no sufficient answer. Where the note system prevails there is a show of security, at the least, but in the cash

system there may be neither shadow nor substance. Under such circumstances, we conclude that some remedy should be applied to a state of affairs manifestly wrong. It is questionable what steps should be taken to bring about a proper settlement of the matter, but it is not impossible that any move would be in the direction of a deposit, with Government, of a portion of the cash premiums until a certain amount is reached. However the subject is open for discussion and we shall be glad to give publicity to the views of those who are disposed to make suggestions.

THE ASSESSMENT ACT.

The Assessment Act of 1869 has given rise to more indignation, has caused more trouble, and has proved itself more unjust than any act ever passed having the same object. The exemptions are, property belonging to the Crown, places of worship, public educational institutions, public roads, municipal property, poor houses, hospitals, mechanics' institutes, etc., personal property of governors, imperial military or naval pay, salaries, pensions, etc., income of a farmer derived from his farm, personal property secured by mortgage or provincial or municipal debentures, bank stock, railroad stock, property owned out of the Province, personal property equal to debts owed on account of such property except debts secured by mortgage upon real estate, or unpaid on account of purchase money, or personalty under \$100, income under \$400, ministers salaries, rental of real estate, household effects and salaries of officials of government departments. The real and personal property are required to be estimated at their actual cash value as they would be appraised in payment of a just debt from a solvent debtor. As regards the assessment of personalty, the act reads as follows:

"No person deriving an income exceeding \$400 per annum from any trade, calling, office, profession, or other source whatsoever, not declared exempt by this act, shall be assessed for a less sum, as the amount of his net personal property, than the amount of such income during the year then last past, in excess of the said sum of \$400, but no deduction shall be made from the gross amount of such income by reason of any indebtedness, save such as shall equal the annual interest thereof; and such last year's income, in excess of the said sum of \$400, shall be held to be his net personal property, unless he has other personal property liable to assessment, in which case such excess and other personal property shall be added together and constitute his personal property liable to assessment."

Clause 36 applies to companies:

"The personal property of an incorporated company shall not be assessed against the corporation, but each shareholder shall be assessed for the value of the stock or shares held by him as part of his personal property, unless such stock is exempted by this act;