

crease in the duties on importations, even at the ensuing session of Parliament, we see no reason to think that in view of all the issues involved, any large section of the people will protest or assume an attitude of hostility to the change.

FIRE INSURANCE—AMERICAN BUSINESS IN 1871.

It appears from a tabular statement published by the New York Insurance department, that the past year has been a most disastrous one to the fire insurance companies of the United States. This result is of course easily accounted for. The losses of the foreign companies appear to be nearly seven millions of dollars more than those of the New York companies, but both exceed the premium income by nearly five millions and a half of dollars, and the other sources of income in either case does not cover more than half the deficiency. A summary of the business is as follows:—

New York Fire Companies, 1871.

Capital.....	\$22,707,020
Risks written in 1871	2,506,557,049
Expenditure (including losses)	22,038,108
Expenses without loss.....	6,254,691
Premiums	17,607,734
Gross Assets	41,869,657
Risks in force in 1871	2,284,637,297

Other States, 1871.

Risks in force in 1871.....	\$1,658,841,118
Risks written in 1871	1,586,414,038
Capital	20,550,000
Premium receipts	22,294,986
Expenditure (including losses)	28,893,095
Expense (without losses) ...	6,355,655
Gross Assets.....	46,992,873

The above represents the business of one hundred and forty-two companies; of these eighty-four belong to New York State, and fifty-eight were organized in other States. The total business of these companies makes an enormous aggregate: \$4,092,971,087 was the amount of the risks assured, and the premiums received were \$39,902,20. Over forty millions of capital are employed; it will be seen therefore that the fact of every dollar of this immense investment having been totally unproductive and attended with a heavy loss besides, is a most serious matter for thousands of investors, and cannot be without its influence on the affairs of the country.

CITIZENS INSURANCE COMPANY.

In a recent issue of the *Montreal Witness* is published a communication over the signature of "Archibald McGoun, Sec.-Treasurer C. I. & G. Co.," replying to an article in the *Witness* which was based upon the facts stated in our issue of the 1st March in reference to the organization and management of the Citizens Insurance

Company. No direct reply to our article has been attempted, for the reason, doubtless, that no effective reply is possible. This gentleman, whose name is new to us, writes officially and endeavors to apologize for the Company's position as best he may.

It is not denied that a ten per cent dividend was paid on \$240,000 of promissory notes, mis-called paid up capital; but it is asserted in general terms that the law was not violated in that act; that the life funds were not appropriated for the purpose; that allowance was made for an ample re-insurance fund in the other three departments; that the "cash capital" of \$10,000 remains intact, and that there is still a surplus left. Not a figure or fact is cited in support of these assertions; not a word of explanation is offered. Mere *ipse dixit* will not carry much weight when the facts might have easily been produced if they could bear the light. It would be interesting at this juncture to know how much of the alleged surplus is left remaining since the \$30,000 lost at two recent fires have been paid away. Leaving our readers to lay what stress they may upon such a style of defence, we shall state plainly what we believe is the fact in relation to the last dividend of 10 per cent as follows:—

Dividend 10 p.c. on \$240,000 (notes)	\$24,000
Do. do 10,000 (cash)	1,000
	25,000
Interest deducted 6 p.c. on \$240,000 (notes)	14,400
Balance being actual cash div. paid out	10,600
Cash capital paid in	10,000

Excess of div. over entire cash capital - 600

or a dividend of one hundred and six per cent. If insurance stock is so profitable that such dividends may be legitimately paid, then may we expect an influx of new companies as soon as the fact has gained public credence.

An incident occurred in the State of Michigan quite recently which shows the estimate placed upon stockholder's notes by American insurance authorities. Insurance Commissioner Row of that State examined the affairs of the Andes Insurance Company of Cincinnati. Among its assets was found a considerable sum in the shape of promissory notes, given by stockholders and accepted by the Company as a temporary settlement of the sums due by them on account of \$500,000 of new capital, which it was necessary to raise in order to make good the impairment caused by losses in the Chicago fire. Instead of regarding these notes as "the best of security" in the words of Sir Hugh Allan, the Commissioner

threw them out altogether, causing an apparent impairment of the Company's capital exceeding 25 per cent. The Andes was therefore ordered out of the State. The deficiency was at once made up, and the Company re-admitted.

We shall not follow Mr. McGoun's communication all through, as it is made up of general statements, most of which seem but a rehash of the Company's prospectus and other announcements. He intimates, however, and it is stated in letters of the Manager to the agents, (a number of which we have seen), that the life policy-holders do not contribute to the payment of losses in the other departments of the Company. This is, at least, disingenuous. We never alleged what is here denied. But we did and do assert that there is no provision whatever in the Company's charter to prevent the directors from appropriating every dollar of the life funds to the payment of fire losses should an emergency arise. The life premiums are liable to all the risks of sweeping conflagrations, of the defalcations of clerks and other employees, and of railway smash-ups and all the dismal chapter of accidents to human life "by flood and field." The Citizen's Board is composed of most respectable gentleman, and great stress is laid upon this fact; yet few persons would wish to leave the care and future provision of their families and dependants subject to the mere will of any Board of directors however wealthy; besides it is principles and not men that we have endeavored to discuss.

There is not a Canadian insurance company except the one under notice, which has or ever had the hardihood to ask life insurers to occupy such a position. Though the Western of Toronto has power by its charter to issue life policies, the management wisely determined not to make a single move in that direction till an amendment to the charter is obtained absolutely separating the funds of the fire and life departments and placing it beyond the power of the directors to appropriate those of the life branch to any other than their legitimate object. The Sun of Montreal has also incurred both delay and expense, if we are rightly informed, to place this matter on a similarly satisfactory basis. The life funds of the Commercial Union are placed under the control of trustees and out of reach of the directors altogether. Any number of cases similar in effect might be cited in illustration. In the United States it is not any longer considered worth while to attempt to conduct fire and life assurance business by the same office under any arrangement whatever.