

... as it did in 1858,
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smaller per centage; and taking all companies together, the surplus is in either case three and a half per cent. lower than the previous year. This, as we shall presently see, is a decline from still higher figures as we go further back in the Reports. It is obvious that *this retrograde cannot continue much longer*, without some of the companies touching the "low water mark," above which with a fair margin, is the line of safety."

NOTE COMPANIES.—A glance at the composition of the assets of these companies will suffice to show that not one of them could reinsure its risks with its cash or realised assets alone; yet many of their agents are in the constant practice of asserting that the notes taken for part payment of the premiums will always be paid by dividends, whereas in order to cover their liabilities they would be compelled to assess their notes from 15 to 75 per cent. of their amount.

Of these Notes the Mass. Commissioner in his Report in 1868, says:—

"If the policy-holder expects that he or his money, is not bound to pay these to the last cent, of principal and interest he simply allows himself to be deluded." Superintendent Barnes in his report 1868, p. 78, says:—"These notes are generally subject by charter to assessment."

"We are informed, and with some show of evidence, that at least one of the leading note companies is making a practice of paying all its death claims in full, with no deductions for notes except to the extent of the interest accrued; and that another company, which would make a poor show of assets unless its notes were held to be as good as cash for the payment of claims, is incorporating this as an express condition in some of its policies. If this is true, it is not only a plain violation of equity as between the assured, but it gives the lie to all that has been said about the value and function of premium notes as assets; and, if persisted in, must ultimately endanger the stability of the companies. If a company were to adopt this practice as a general rule, and especially were to be bound by it in its policies, its premium notes ought to be rejected as assets against the premium reserve. It behooves the note companies, certainly as much as the cash companies, to be sure that they are just before they are generous.—*Mass. Report 1869, p. lxxviii.*

The following is the official statement of the proportion which this class of assets, bears to the entire funds of the various companies doing business in Canada:—

Atlantic Mutual.....	43.14
Ætna.....	69.22
Connecticut Mutual.....	44.82
Phoenix Mutual.....	59.80
Union Mutual.....	54.06