necessary that the other members should have come forward, and surely out of twenty-three chief offices in Montreal, in so important a matter, a stronger and more loyal deputation should have appeared.

And what was this important matter ? Nothing less than the preservation of the business of the country to the companies who have established agencies at considerable cost in it to get it.

It has been notorious that the best business of the country has of late years been gradually finding its way to unlicensed pirate companies in the United States, and of late some in England. These risks are the safest and best in the country, generally held by people who don't intend to burn, and hence always anxious for cheap insurance. Never mind what your tariff may be on this class of risk, these pirate companies having no deposit here, no expenses to pay in this country, can readily afford to under-bid your figure by 15 to 20 per cent., and, if dealing direct with the assured, by saving the commission, can quote 30 to 35 per cent. less.

A rough estimate places the amount of this business now done in such companies at ten millions and which is rapidly on the increase since the Tariff Association prevents under-cutting by licensed companies and the schedule rates prove unpopular.

The law as at present formulated imposes penalties upon a broker or agent effecting such insurances in unlicensed companies, but leaves the assured at liberty to place it himself if he chooses.

Thus the broker paves the way, the assured consummates the bargain and the law is *not* violated.

The State of New York in protection of its licensed companies passed a prohibitory law in 1884, requiring affidavits to be made that the insurance could not be obtained from licensed companies, before permitting the assured to go outside of the State. It was a somewhat similar amendment which we desired to obtain here. Strange to say, to so rational a measure, opposition should come from those in whose protection it was intended, our own members!! That there should be a solitary dissentient voice among underwriters, chief agents and managers, to so conservative a step, will no doubt be a matter of great surprise to their principals abroad. But such unfortunately was the case in the present instance, and hence the failure reached at Ottawa, and such is the case too often in the administration of Underwriting in Canada, resulting in the present desponding state of the business and struggle to attain an equilibrium between receipts and expenditure, leaving aside profits altogether

That opposition should come from manufacturers in the laudable desire on their part to obtain free trade in insurance and cheap insurance, (though *ultra* protectionists in their own businesses and whatever concerns them) was to be expected; though it was somewhat of a surprise that most of this opposition sprung from Montrealers, as if they had been inspired on the part of some underwriters, where sympathy, seems to exist too much in favor of Manufacturing to the detriment of Insurance Interests.

Yours truly,

FIRE INSURANCE.

MR LYE'S PROBLEM

The Editor INSURANCE AND FINANCE CHRONICLE.

DEAR SIR,—I am very much amused by the autocratic "we's" and "dont's" of your correspondents in your May issue. I do not propose, further than this communication, to reply to those who assume the editorial "we" as a lion's skin for the proverbial purpose; assuming ignorance on the part of others.

I am aware that certain companies in New York inserted in their policies a condition whereby their blanket policies became specific insurances on each subject covered, in proportion as the loss on each bore to the whole loss. If this condition was in general use, or was part of the statutory law, then the first proposition of my critics in INSURANCE CHRONICLE and of Messrs. Neill, Rowland & Powis would be correct but without such condition or law, or an equivalent condition of average, I think they are in error.

In reply to Mr. S. or Mr. G., or whoever my critics may be, I reply that there is nothing in any condition in general use, nor in any law, nor in any judgment, whereby it is "established" that a general policy is a floating policy, or that it may be "converted" from general to specific, or that it may be "converted" from one of its subjects to another; consequently the term "convertible insurance" is impertinent.

My critic quotes Griswold to contradict Griswold, his personality is such as to provoke the inquiry, St. Matthew xii. 26.

Policies A, C, D, E, & F, were not floaters. I did not "divide them in the ratios of the losses to get the assumed or maximum liability," but I followed Griswold, Art-2224, Page 727, so do not "convert them from general to specific insurances," ignorantly or otherwise.

The "don't" is an impertinence, as is the assumption that I insulted my hearers of the Institute of Accountants with falsehoods. Your readers know me too well to make reply from me necessary to my vindication in this respect.

It is not conducive to the establishment or examination of a principle that petty quibbles concerning terms and definitions should take the place of argument. It is immaterial whether you use the terms primary, maximum, initial or assumed in reference to the liability of the policy to each of the items or subjects covered; it is the liability which each subject may insist upon. Each subject may be a rival claimant for the whole amount of the general policy; this liability must be accounted for—when this is done, the liability of the policy is ended.

Any rule which requires a re-arrangement or re-apportionment thereby demonstrates its own fallacy.

Taking my critic "G" in order of his reply:

1. I do not propose to be drawn into a did and did not controversy with my anonyma. I think I am sufficiently sane to know what I do.

2. "Convertible Insurance" being explained as a system of converting one company's money to the payment of another company's liability, I do not need to discuss it.

3. There is no warrant for any *preferential* application of insurances; the commencement of contribution at the greatest or at the least or at any other deficiency is in fraud of any subject or company which suffers by reason of *preferential* instead of *simultaneous* application of insurances.

4. As I do not "start out by dividing the general insurances in the ratios of loss upon their several subjects," all criticism based upon such a misstatement is inapplicable.

5. If not correct, its incorrectness is capable of being demonstrated.

6. Summaries prove nothing, so should not be used as arguments, my critic either meant that his summary proved a liability for the full amount of the loss, or intended to mislead his readers.

As the final liabilities in the example given by me in your April issue are: Co. A, $2100; C, B, $5000, and Co. C, $5000, my critic's argument and his solution are, both of them, incorrect.

7. My critic evades

8. Is an argument a la skittles; in it "established" means set up to be knocked down by a "convertible" misappropriation of moneys.

9. My critic keeps until he understands Griswold?

10. He evades.

11. He shirks.

12. If he refers to page 23 of the pamphlet he will perceive his error. There is no "mix" about it, the word "assured" means "assured" in both cases.

13 and 14 I repeat.

As I neither claim nor concede infallibility I should be glad to assist in the real "establishment" of an equitable universal rule; but I have no leisure for defence against personalities, nor do I care for those who indulge in them anonymously.

HENRY LYE.

THE GLOBE RESERVE MUTUAL LIFE INS. CO.

BALTIMORE, MD., MAY 21, 1886.

DEAR SIR :—Do you consider a plan of Life Insurance, with proper selection and management, and based on "American Experience" with a 25 per cent. loading, and on 4 per cent. Reserve basis, as being sound within the purview of safe insurance principles?

Expense Dues additional.

An early reply will greatly oblige,

Yours respectfully,

C. L. MAULSBY.