

THE CANADIAN MONETARY TIMES

AND INSURANCE CHRONICLE.

DEVOTED TO FINANCE, COMMERCE, INSURANCE, BANKS, RAILWAYS, REAL ESTATE, MINES, INVESTMENT,
PUBLIC COMPANIES, AND JOINT STOCK ENTERPRISE.

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SUBSCRIPTION \$2 A YEAR.

Mercantile.

- J. B. Bonstead.**
PROVISION and Commission Merchant. Hops bought and sold on Commission. 82 Front St., Toronto.
- Buntin, Brother & Co.,**
WHOLESALE STATIONERS, and Paper, Envelope, and Bank Book Manufacturers, Nos. 3 and 4 Commercial Buildings, Yonge Street, south of King Street, Toronto.
- Wm. Croft & Co.,**
MANUFACTURERS of Needles, Fish Hooks, Tackle, &c., Importers of Cutlery, Thimbles, Pears and Buttons, Hooks and Eyes, Pins, Combs, and Small Wares in general. 37 Colborne Street, Toronto, Ont.
- Childs & Hamilton.**
MANUFACTURERS and Wholesale Dealers in Boots and Shoes, No. 7 Wellington Street East, Toronto, Ontario. 28
- L. Coffee & Co.**
PRODUCE and Commission Merchants, No. 2 Manning's Block, Front St., Toronto, Ont. Advances made on consignments of Produce.
- John Fiskin & Co.**
ROCK OIL and Commission Merchants, Wellington Street East, Toronto, Ont.
- Gundry and Langley.**
ARCHITECTS AND CIVIL ENGINEERS, Building Surveyors and Valuers. Office corner of King and Jordan Streets, Toronto.
THOMAS GUNDRY. HENRY LANGLEY.
- Lyman & McNab.**
WHOLESALE Hardware Merchants, Toronto, Ontario.
- W. D. Matthews & Co.**
PRODUCE Commission Merchants, Old Corn Exchange, 16 Front St. East, Toronto Ont.
- R. C. Hamilton & Co.**
PRODUCE Commission Merchants, 119 Lower Water St., Halifax, Nova Scotia.
- H. Nerlich & Co.,**
IMPORTERS of French, German, English and American Fancy Goods, Cigars, and Leaf Tobaccos, No. 2 Adelaide Street, West, Toronto. 15
- Parson Bros.,**
PETROLEUM Refiners, and Wholesale dealers in Lamps, Chimneys, etc. Waterrooms 51 Front St. Refinery cor. River and Don Sts., Toronto.
- Reford & Dillon.**
IMPORTERS of Groceries, Wellington Street, Toronto, Ontario.
- W. Rowland & Co.,**
PRODUCE BROKERS and General Commission Merchants. Advances made on Consignments. Corner Church and Front Streets, Toronto.
- Sessions, Turner & Cooper.**
MANUFACTURERS, Importers and Wholesale Dealer in Books and Shoes, Leather Findings, etc., 8 Welton St West, Toronto, Ont.
- Sparrow & Whatmough,**
IMPORTERS and Dealers in General House Furnishing Goods, Willow, Wooden and Hollow Ware, Chandeliers, crose Lamp Goods, Oils, &c. Manufacturer of Water filters, Refrigerators, Meat Safes, Children's Cabs, etc. 37 Yonge Street, Toronto.

Insurance.

LIFE ASSURANCE CONTRACTS.

The story of the Albert Insurance Company is not yet fully told, and therefore it is too soon to form a complete judgment upon the whole case; but it is tolerably plain that just as the cases of the London, Chatham, and Dover, the London, and Brighton, and the Great Eastern Railways led to a re-consideration of the law relating to the management of railways, and the keeping and publication of their accounts, so the breaking down of the Albert will lead to a revision of the law as it affects insurance companies. Nor is it difficult to foresee the points to which attention will have to be directed.

In the first place it is pretty clear that some provision will be made compelling directors of insurance companies to keep their accounts in a proper and intelligible form, and to make their periodical statements in such a way, as to inform, not to mislead. Every reason which led to the enactments on this subject in the case of railway companies contained in the Regulation of Railways Act, 1868, applies with equal force to insurance companies. In the sounder and better managed companies such provisions would work no hardship, for they already do what is required; while rotten companies might be broken up by exposure, and the creation of bubble companies prevented by dread of publicity.

But when the whole matter comes to be really considered, a far broader question than any relating to mere accounts or balance-sheets will have to be answered, namely to whom are the directors to be regarded as answerable, and who are to be treated as having an interest in the conduct of the company's affairs, the shareholders only, or the policy-holders as well. In fact, as we all know, the latter have a far greater interest in the prosperity of the concern than the former. The amount of capital is generally trifling compared with the sums insured or even with the present value at any given moment of the existing insurances. In the case of the Albert, for instance the utmost that the shareholders could in any case lose is £500,000, the amount of the nominal capital; while the present value of the policies in existence (their value, that is, if the company were solvent) is estimated by the liquidators at considerably over a million. Again, anything that diminishes the resources of the company must lessen the security of the policies. But bad management may be in the interest of the shareholders. There are cases easily to be conceived in which the rule, "let us eat and drink, for tomorrow we die," might be a wise if not an honest one for shareholders. If the whole capital were paid up, and the sound business declining, the best thing for the shareholders' pockets might be to make hay while the sun shines, and declare dividends never earned, and for this end procure insurances at any price for the sake of the premiums. But when we look at the matter from a legal point of view, the whole thing is reserved. The shareholders are the only people who have anything to do with the affairs of the company, the policy-holders are strangers to it. If I insure a life with the company, the relation between me and the company is merely one of contract. Until

the contract is broken I have no right to open my lips. If it be kept I have nothing to do with where the money comes from. I have no more right to meddle with the affairs of the company because it will have, at a future time, to pay a sum of money to me or my representatives than my landlord has to control my expenditure to-day because I shall have to pay him a quarter's rent at Michaelmas.

But ought this to be so? Ought the contract of life insurance to be left on the same footing as any ordinary contract? There are marked peculiarities in the contract. It is a contract which in every instance, and by mere lapse of time becomes a saleable interest to the one party and a burden to the other. It is a contract the safety of which to the one contracting party depends not, as in ordinary cases, upon the solvency of the other at the time of the contract, or for a definite time afterwards, as to which a prudent and skillful man can form a fair judgement, but upon the continuance of solvency for the indefinite duration of a life. And the number of such contracts in existence is always such that the interests of the persons assured are far larger than, and may conflict with, those of the individuals, who, taken together, compose the other contracting party; so that it may be the interest of the party trusted to lose its business rather than preserve it. The question which will have to be answered is, Shall policy-holders be regarded in law as having an interest such as the law should protect in the management of the company's affairs and the husbanding of its resources. In the case of the Albert, whatever other sins of commission and omission there may have been, three things at least were done or left undone. Business was purchased at a ruinous price in the form of commissions and compensations; no reserve fund was kept to meet policies falling in; and dividends were declared and paid when none were earned. Each of these three things would by itself have been enough in time to ruin the company. Combined they put the result beyond doubt. The Legislature will have to determine, whether, in the interests of policy-holders, quite apart from the shareholders, the law ought or ought not to interfere for the prevention of such practices hereafter. A precedent for such exceptional legislation is to be found in the present legal status of railway debenture-holders. — *Solicitors' Journal.*

MUTUAL BENEFIT COMPANY, OF HARTFORD.—
After copying our criticism upon this concern, the *New York Insurance Journal*, adds:—"In reference to the remarks of our Canadian contemporary, we believe that these 'friendly' associations are enabled to escape the law both of supervision and deposit in this State, to which all other life companies are subjected. It is a most calamitous license permitted to corporations that aim at such a vast object, and one from which the British people are now suffering in their efforts to be provided, by the failure of a series of companies that never would have existed under our insurance laws. Reserving our remarks upon the character of the scheme itself, we trust that our watchful Superintendent of the Insurance Department, Hon. Mr. Barnes, will impress upon the next Legislature, in his forthcoming report, the necessity—the obligation—of making this scheme of life