for the present year. We took occasion to say, in our February issue, that we feared the greater part, if not all, of the unearned premiums reported by our fire companies would be required for the payment of losses under the policies outstanding. This opinion was founded upon the demoralization inaugurated among the companies as to rates, and the equally demoralized condition of all branches of industry, whose success alone procures prosperity to underwriters, and stagnation among whom precipitates dismay and disaster upon insurance companies. Whether we are right or wrong, however, there can be no question of the wisdom of such action as shall, in every company build up an adequate reserve fund for every presumable contingency.

The present New York rule of requiring the reserve of fifty per cent. of premiums upon outstanding policies as a reinsurance fund, from all companies alike, without regard to character of their business, and ignoring all distinctions between those who dote on planing mills and wood-workers and those who eschew as evil every thing more hazardous than a dwelling, is simply a requisition as absurd as it is arbitrary. Moreover, this rule omits reasonable regard of short-term business, which by some companies in the cities is sharply competed for and almost made a specialty of. So true is this that we can name companies writing forty or fifty millions of risks a year, at least half of which expire within the year. Hence the fifty per cent. rule, applied as it has been by the New York insurance department,—as though the outstanding business of all the companies at the end of a twelve-month could be leveled smooth as with a jackplane,—works both unjustly and injuriously.

At the best it is a question of mere chance whether thirty or two hundred per cent. of the unearned premiums will suffice to meet the losses for which a reinsurance fund is provided. In some years only a small portion of the fund may be needed to pay for losses upon policies which were outstanding when the fund was set apart, and, on the other hand, a year of fire epidemics or of unusual conflagrations may melt down the whole fund, and large sums in addition. The main point, therefore, is to so manage a company's affairs that, instead of dividing up the premium profits to the last dollar, an ample reserve shall be retained to meet the losses which, with equal reason it may be presumed are on the way. Only those companies whose officers have taken this course with uniform persistency are to-day honored as heading the list of our most successful and most solvent institutions.

If this matter of reserve must be made to square with some invariable rule, one of two things must be done, or, rather, one of two rules will have to be adopted. Abandoning as unfair and unequal the fifty per cent. system, underwriters can honestly harmonize their views by reserving the whole premium received upon unexpired policies, (which, when the tax gatherer comes around, they invariably do, to avoid paying tax upon it as a surplus), or else, as business men, equally anxious to be correct and consistent, they should, as a rule compute the precise sum as yet unearned upon policies still oustanding, and thus reduce to a mathematical demonstration that which has hitherto been matter of guesswork, estimate and arbitrary dictation. Computations, not estimates, are what is wanted. Left to themselves,—we say it with all due respect,—many underwriters are prone to name as their reinsurance reserve just such a sum as will admit of the usual dividend, and, in former days, the estimate system gave us, in the same list, reinsurance funds varying from twenty-five to sixty per cent. upon unearned premiums. And even then the amount given as representing these unearned premiums was likely to be hypothetical as the guesses predicated upon them. Of course this was darkness visible, confusion worse confounded, and all that sort of thing.

Put in another form, this reinsurance guesswork even where the guessing is based upon the fifty per cent. requisition, becomes a *reductio ad absurdum*. One hundred and fifty New York companies, whose statements for 1869 lie before us, wrote last year \$2,717,668,299 of fire risks, receiving therefor \$20,712,630, an average rate of .76. Now these identical companies report \$2,349,096-562 as the amount still at risk on December 31, (*or nearly seven-eighths of all they wrote during the year,*) for reinsuring or protecting which they reserve \$3,961,827, giving one per cent. as the average rate required under a fifty per cent. rule. Does any one imagine for a moment that this reserve is either sufficient in sum or correct in computation? If the \$2,700,000,000 written during the year was paid for by \$20,700,000 of premiums, is it probable that any one would jump at the chance to relieve these companies for \$3,-900,000 of \$2,400,000,000 still at risk, and to run for an average of six months? We reckon not, in view of the presumption that losses are likely to wipe out this small sum several times over.

We therefore insist that COMPUTATION rigid and exact, should settle the question of each company's duty in this matter of reserve. And honesty in this important, this really vital point of insurance reserve, will never be attained until underwriters are brave enough and consistent enough to make *a complete valuation of their policies on the basis of pro rata premiums for their unexpired terms.* This, too, must not be lumped or guessed at, but laboriously and conscientiously worked out, with the view to its being as correct as any thing human can be made. Until this is done nothing is done; and the companies which do it will reap the reward of their integrity and prudence by not only outliving their less exact competitors, but by a regular and constant accretion of assets, which shall enrich stockholders, attract business, and place their officers at the very head of the underwriting profession.—*The Spectator.*

Financial.

TORONTO STOCK MARKET.

Reported by Pellatt & Osler, Brokers.

Business in the stock market has been active during the past week, large transactions have taken place in favorite stocks, and in nearly all cases the rates are tending upwards.

Banks.—Montreal has again advanced, sales having taken place at 162½, 163, 164, 165 and 165¼ and closes in demand at latter rate. Small sales of British were made at 106, which price is still offered. Ontario has been sold during the week at 102 and 102¼, closed very firm at latter rate. Buyers offer 131 for Toronto, but no stock on market. Royal Canadian sold during the week in limited amounts at 65¼, stock now offering at this rate, but no buyers over 65. Small sales of Commerce at 113, at which rate the stock is asked for, but very little on market. Merchants' shews a further advance, sales during the week at 108, 108¼ and 109, and there are now no sellers under 109½. Buyers would pay 104½ for Quebec; none on market. Molson's sold at 95, books now closed, no sales ex-dividend. City sold at 86 and 86¼, sellers now asking 87. Sellers of Du Peuple at 104¼, buyers offering 103¾. Nationale is enquired for at 106½. 108 is offered for Jacques Cartier, no stock on market. No transactions in Mechanics; difference of 3 per cent. between buyer and seller. No Union offering, would command 106.

Debentures.—No Canada on market; Dominion stock offering at 108¾. Sales of Toronto to some extent at 91¼. No County of any description on market. Considerable sales of Townships Debentures at 95.

Sundries.—No City Gas on market, 114 would be paid. British America Assurance is still on market at 75, without finding buyers. Last sales of Western Assurance at 80, none on market. Canada Life Assurance is asked for at par. Several sales of Canada Permanent Building Society at 130¼ and 131; the stock is in demand at latter rate, but none on market. Western Canada Building Society; sold during the week at 122, 122¼, and 122¾, none now on market. Considerable sales of Freehold Building Society at 122¼, at which rate there are buyers. Huron and Erie Savings and Loan Society is in demand at outside quotations, none on market. Union Permanent Building Society none on market, in demand at 111. Montreal Telegraph Company sold at 147, holders generally ask 150. Small lots of Canada Landed Credit are taken at 87; and for 10 shares and over, 90 will be paid. Mortgages are negotiable at from 7 to 8 per cent. interest, according to the class of security.

PAYMENTS BY GOVERNMENT TO THE BANK OF MONTREAL.—The payments to the Bank of Montreal by Government for the year ending June, 1866, were:—Interest, \$92,089; premium and discount, \$25,308; loss on sale of United States Treasury notes received for ocean postage, \$28,-273; Total, \$145,640.84.

For the year 1867:—Interest, \$117,610; charges of management of the legal tenders, \$66,624; premium and discount, \$37,925; loss on U. S. Treasury notes, \$16,181; total, \$238,341.26.

For the year 1868:—Interest, \$185,773; premium and discount, \$55,974; loss on U. States Treasury notes, 9,450; difference on \$1,000,000 silver bought and sold, \$8,252; five per cent. for notes withdrawn from circulation, \$140,258; one per cent for notes in circulation, \$28,523; Negotiating Dominion Stock, \$22,500; freight and charges on silver, \$7,001; commission on sale, \$10,000; total, \$467,732.55.

For the year 1869:—Interest, \$70,575; premium and discount, \$25,143; five per cent. for notes withdrawn from circulation, \$156,540; one per cent. on notes in circulation, \$41,059; total, \$293,319.14. Total from 1868 to 1869, \$1,145,-033.89.

—A Woodstock paper says, that it is in contemplation to erect during the coming summer a new building on the corner of Dundas and Perry streets in that town for the Royal Canadian Bank.

—The Bank of Commerce will erect a new building in ~~Ingersoll~~ during the summer at a cost of \$6,000. It will be three stories in height, upon the modern French style. Woodstock

Railways.

GREAT WESTERN RAILWAY.—Traffic for week ending March 4, 1870.

Passengers	22,970 66
Freight and Live Stock	55,327 32
Mails and Sundries	1,921 22
Total Receipts for week	\$80,219 20
Coresponding week, 1868	65,467 88
Increase	\$14,751 32

SOREL AND DRUMMONDVILLE RAILWAY.—It is estimated that the proposed wooden railway from Sorel to Drummondville will cost \$300,000 and towards this amount the following townships and villages have already subscribed—Drummondville \$15,000; Wendover and Simpson \$15,000; St. Germain \$15,000; Wickham \$10,000; Wickham West \$10,000; L'Avenir \$6,000; Sundry persons \$4,000,—Total \$75,000. The following further subscriptions have also been promised,—Sorel town \$40,000, parish \$10,000; Yamaska town and parish \$10,000; St. David \$10,000; St. Guillaume \$15,000; persons \$10,000. This will form a grand total of \$170,000 or with the Government subvention of \$100,000 an aggregate of \$270,000, leaving a balance of \$30,000 to be further provided for.

—Kingston has voted a bonus of \$50,000 for the Kingston and Madoc Railway.