

pose that they could have the advantages of cheapness with entire freedom from responsibility, which are pretended to be offered to those who pay cash premiums for policies in mutual insurance companies, this notion being founded upon the idea that if their cash premiums did not suffice to pay losses and expenses, the notes of other parties will be assessed for the deficiencies. This asking others to pay for the indemnity they expect to secure, is very properly delusive, and is based on dishonesty. Every one who insures in a mutual company becomes a member of it, and membership carries with it all the responsibilities as well as all the advantages the meaning of the word can be made to imply." And our correspondent desires to know how these cash-paying members are to be got at; they have given no note, undertaken no obligation whatever, and "if insurance (whatever it may be worth) has been given them too cheap and the *so-called* mutual company is a loser thereby, why should I, as a mutual member be made to pay for their cheap insurance?" Upon referring to the Act of 1873, section 71, it will be found anything but consolatory to the premium note members; the wording is plain, after giving to mutual companies the power to do a certain amount of cash business, it read thus: "And all the property and assets of the company, including premium notes or undertakings, shall be liable for all losses which may arise under insurances for cash premiums."

We think the paragraph quoted takes a very absurd view of the rights and responsibilities of members of mutual companies who have paid cash premiums. We could understand it being called a mistaken notion for any one to suppose that he could have the advantages of *cheapness* and *safety* under the circumstances put, but how it can be pretended that a policy holder who has paid his premium in cash can be in any way liable for a future assessment it would be hard to imagine. As our correspondent puts it, he has given no note or undertaking of any kind. He occupies a position similar to that of a stockholder in a proprietary company who has paid up his shares. There is nothing on which he can be made liable. True he is a member of the company, but one who has paid up all his obligations in respect of it. There is no principle either of law or of justice that would compel him to pay more.

The complaint has become incessant that premium note members have to pay up their obligations to satisfy claims against the company arising on cash policies, by which it is claimed that an injustice is done. We fail to see any such injustice.

Does not the cash paid by cash members and the assessments paid on premium notes go into a common fund, and is not that fund applicable to the payment of the losses of premium note members as well as cash members? How could the effect be otherwise without keeping the funds separate, which would make two companies instead of one?

The propriety of allowing mutual companies to do business on a double system may be questionable, but so long as it is permitted the results complained of must follow. The cash member pays a small premium, and his obligation is at an end; the premium note member, for the same indemnity, gives an undertaking on which he may be called to pay more or less than his fellow member, according to how the company prospers. The one system provides for cash payments, the other for credit. The one obligation is certain in amount, the other contingent. And while the law permits a company to conduct its business partly on one system and partly on the other, it is simply ridiculous to speak of cash members as dishonest and deluded.

It is said that mutual companies insure at less rates for cash than stock companies. There is no reason that we can see why they should be able to do so, and if they insure for less than paying rates they are sure to pay the penalty ultimately. The discussion that is now taking place with reference to mutual insurance companies cannot but be productive of good. If it has the effect of inducing these companies to limit their field of action to what it was originally intended to be, both the public and the companies will be the gainers.

By Section 35 of the Ontario Mutual Insurance Companies Act of 1873, a minimum rate of tariff is prescribed. And Section 74 provides for an inspection by a Government officer of the affairs of any company. Were such an inspector appointed, and these wise provisions of the Act fully carried out, the public would, we think, have nothing to complain of as to the security offered by these companies, or as to the inadequacy of their rates.

"HEAR THE OTHER SIDE."

It is sometimes alleged against the MONETARY TIMES that it is too hard on the poor insolvent; that it is fond of hitting men when they are down; is sparing of praise and profuse in blame; that, in short, it is a sort of commercial ogre, sitting, club in hand, on the watch for some lame and fainting trader, whom it proceeds to belabor because of his plight. Such reproaches as these derive the semblance of truth which

they possess, in part from the unpleasant fact that we have so many times been driven to expose the same faults, to trace the downfall of merchants to the same sources, that it grows to look like chronic fault-finding.

But a greater reason for the presence, in some minds, of such an impression is that these minds have given their attention only to the cases of failure which we chronicled and of which we traced the disposing causes. They read only to 'see who was hit to-day,' for the mere novelty or to gratify the morbid desire for a mercantile sensation. They had no stomach for the principles we laid down, adherence to which might avert failure; no relish for the suggestions of experience which we have constantly given; no time to listen to the warnings put forth, editorially, year after year in these columns, of what was to be looked for as a result of negligence of business safeguards. They read but the dismal record of frauds or failure; and because the causes of these latter were laid bare or the iniquities of the former were sternly rebuked, they concluded that this journal was "down upon the unfortunate man," and "too severe upon the bankrupt."

It is not needful that we should defend ourselves from such a baseless charge. No thinking man, who understands commercial affairs or has an appreciation of the duties of a journalist, will coincide in it. No careful reader of the MONETARY TIMES but will absolve us from it. Any man of heart and sense will readily believe that there is no pleasure, but much pain in the constant recital of pecuniary misfortune or mercantile wrong-doing. And we have the voluntary testimony of hundreds of the commercial community to-day, that the counsels it has been our duty to give have been generally sound and beneficial, while the criticisms we were not the less bound to make upon failures as they occurred, have had only too good grounds.

We are favored with a letter from an insolvent, who seems to lean towards the view described at the beginning of this article. This gentleman says he has seen much in our columns about insolvents and insolvency, but rarely any voice from the sufferers themselves, and he suggests that more communications on the subject, from their point of view, might result in more light on the causes of insolvency.

Without at all agreeing with our correspondent as to the absence of testimony from insolvents themselves, we are quite willing to grant that there may be valuable hints derived from the experience of those who have failed in business. The grievance of the writer of this letter is that he was