LONDON MUTUAL FIRE INSURANCE COMPANY.

A year ago it was noted that the management of the London Mutual Fire Insurance Company, of Toronto, had adopted a conservative course in getting down their assets to rock-bottom figures, and this course has apparently again been followed this year. The principle of conservatism in assets valuation is not so frequently followed in Canada as it might be, and the Company which follows a wise course in this respect is deserving of commendation.

In one way and another, the London Mutual had a somewhat unfortunate experience last year. Rupture of re-insurance relations necessitated a revision of the underwriting policy with the result of a sharp decrease in the gross premiums written, these totalling $675,052, against $770,783. Cancellations, rebates and re-insurance premiums brought the net premiums down to $541,456—$10,000 more than in 1913. Losses absorbed $431,511, less $40,681 re-insurance recoverable, making a net amount of $390,830. After payments of expenses, commissions, etc., and making an addition of $10,077 to the re-insurance reserve in compliance with the Government standard, a loss is reported on the business of the year of $51,834.

In addition to taking into its balance sheet, bonds, debentures and stocks held at $319,003, a reduction of over $25,000 on book value, the London Mutual has set aside $50,000 out of the cash surplus as a contingency reserve. Cash assets, apart from premium notes, are thus reduced to $599,679, giving a cash surplus over all liabilities, after including capital stock and contingency reserve, of $151,686.

A CONTROVERSY AMICABLY SETTLED.

The important announcement was made at the recent annual meeting that the controversy which arose some time ago between the shareholders of the London Mutual, the London and Midland Insurance Company of London, England, and the management of the London Mutual has been amicably settled. It has been arranged that the officials of the London Mutual are to be solely under the orders of the directorate, which is as follows:—Messrs. A. H. C. Carson, president; R. Home Smith, vice-president; A. C. McMaster, K.C., S. M. G. Nesbitt, M.P.P. (vice-president, Dominion Canners), W. T. Kernahan (managing director, O'Keefe Brewery), H. N. Cowan (president and managing director, Cowan Company, Ltd.), G. H. Williams (president, Canada Hail Insurance Company, Winnipeg), and F. D. Williams. The last named is managing director. Freed from the incubus of this controversy, and able to pursue henceforward an unhampered course, the London Mutual should be now able to make steady forward progress. Its directorate is influential, and the Company happily has the services of a staff and field force, whose whole-hearted loyalty to the interests of the London Mutual is such that any insurance company would be proud to have given it. It is mentioned in the annual report that new re-insurance arrangements have been completed for this year with companies having the whole of their assets in Canada. The Company's business is being well maintained and it is a gratifying fact that so far this year, results compare favorably with the best year in the Company's history. It may be expected that a satisfactory measure of progress will be henceforth continued.

WHY ASSESSMENT LIFE ASSURANCE FAILS.

Assessment life insurance has proven a colossal failure because it was not based upon facts. Institutions built upon false premises are houses built upon the sand. A society grows old: its claims consequently increase in number. Assessments gradually become prohibitive. Members drop out who are insurable in other institutions while members remain who are too old or too weakly to secure insurance. The society's revenue soon becomes insufficient to meet claims and the order dies, because the rates have been so inadequate that there is no reserve. The only safe basis to build upon is laid in the experience of past years.

The assessment system disregards the fact that each year a man advances in life the risk of death increases. If he paid for his insurance year by year, each payment being just enough to provide for the risk of death during the next twelve months, the annual premium would constantly increase until it would become in old age prohibitive. Now the level premium equivalent to the increasing premium can easily be calculated and has been calculated for each year of age. Under the level premium system therefore the amount is too great in earlier years and too little in later years. This fact gives rise to the reserve. In the earlier years a part of each premium in excess of the amount required for the current year is set aside to provide for those years when the annual cost of carrying the risk will become greater than the premium. Thus assessment insurance is, for the most part, one variety or another of one year term insurance, which is an impossible system in practice inasmuch as the heavy premiums become payable precisely at the time when the ability to earn them fails. By paying the level premium the assured provides at once for to-day and to-morrow. By adopting the assessment method the assured tides over to-day but is deaf to the sound of the breakers booming on the rocks of to-morrow. Upon these rocks hundreds of huge assessment societies have dashed themselves to pieces.—*Mutual Life of Canada.*

FIRE INSURANCE IN CANADA, 1914.

We reprint this week the summary, specially compiled by THE CHRONICLE, of the fire business transacted in Canada last year by the companies holding a Dominion license. Various additions and corrections have been made, the data in all cases being supplied by the companies themselves. The whole comprises much interesting information, regarding the fire business of the companies last year, which is not yet available elsewhere.

It required considerable boldness on the part of the authorities to appeal to the public for so unprecedented and gigantic an amount as £350,000,000. No such issue had ever been made or attempted before; but the appeal was not made in vain, and when it is remembered that at the time the Stock Exchange was closed, so that no securities could be sold to provide subscribers with the necessary funds, and that it did not appeal to any foreign investors owing to its high price, which returns barely 4 per cent. to the investor, we see ample proof of the financial strength of the country. Moreover, a great part of the loan has already been paid up in full long before the instalments are due.—*Sir Felix Schuster.*