INTERNATIONAL LIFE ASSURANCE SOCIETY.

Superintendent Barnes says in his last annual report, respecting this Society:—The National Loan Fund Life Assurance Society of London, was organized under a Deed of Settlement of one hundred and thirty-seven elaborate articles, dated on the 16th day of February, 1838, with a nominal capital of £500,000, in £10 shares, of which £2 5s, was paid up on delivery. In 1858 only £79,608 appeared in the balance sheet as paid up capital. A supplemental Deed of Settlement of five articles was executed, dated May 12th, 1841, by which the shares were increased to £20 each, on which 5s additional was to be paid, making the paid-up capital £2 10s per share, of which only 19,813 shares had been issued out of 50,000 £10 original shares. The organization was confined exclusively to the business of Life Assurance. Among the promoters or founders where many wealthy and respectable men in the city of London and its suburbs. It was provided by the fourth article that "no individual member, unless a Director, Trustee or Auditor should have any right of Access to or inspection of the offices or books of the Society, or any interference, management, direction or control in or over the business and concerns of the Society, or the funds, property or effects thereof, except under the authority of a general meeting."

Under the seventy-second clause of the Deed of Settlement, the proprietors were entitled to five per centum per annum, and a certain percentage, not exceeding ten and not more than thirty per cent, was to be carried to the guarantee fund, and the residue of the profits were to be divided annually, (afterwards changed to quinquennially,) one-third to the stock and two-thirds to the assured. A prior share of five per cent. of the net profits was, however, under the fifty-first clause of the Deed of Settlement, to be awarded to Mr. Thomas Lamie Murray, for twenty-eight years or for life, if he survived that period, in consideration of originating the plan for forming, and of his establishing and increasing the business of the Society, in addition to five shillings per share for preliminary expenses attending the formation of the Society, and his salary as chairman of the board. The said Murray not to be liable to go out with the other directors, notwithstanding his rotation shall have arrived. Up to the year 1858, there had been debited to profit and loss, for losses by mining transactions, loans on personal and insufficient securities, losses by foreign and other agents, and advances made to Thomas Lamie Murray, and on other accounts, the large sum of £131,728 7s 6d. The annual expenses also had been enormous, and the proper reserve fund for outstanding policy liabilities was not preserved, aside from the extra guarantee fund provided for by the Deed of Settlement.

An Act was passed by Parliament in 1838 (*Cap.* xcii, 1 *and* 2 *Vict.*), allowing the Society to be sued in the name of the chairman, secretary or any one of the directors. On the second day of July, 1855, the name of the Society was changed by act of Parliament to "The International Life Assurance Society" (*Cap.* cxvii, 18 *and* 19 *Vict.*) Sections 13 and 14 of this act refer to and regulate the personal liability of the stockholders, a verified list of whose names was, by the sixteenth section, to be enrolled from time to time in the high Court of Chancery. The property and securities of the Society were vested in trustees.

As early as 1845, when Life Insurance was comparatively unknown in the United States, the National Loan Fund or International of London, commenced the issuing of policies in this country, and established an agency in the city of New York, and became one of the pioneer companies in introducing the business.

When the deposit laws of 1851 and 1853 were passed, requiring a deposit of one hundred thousand dollars for the protection of policyholders, the International made the required deposit and was duly admitted by the Comptroller to transact business in this State.

On the 15th day of June, 1859, the Insurance Commissions of Massachusetts (Hon. Elizur Wright and George W. Sargent), having previously received a detailed list of all the policies of the company, made a special report of its condition, whereby it appeared that the balance against the Society was $1,075,624.45, according to the Actuaries Table at four per cent. and charging the paid-up capital of $255,382.50 as a liability; by sinking the capital, this debit balance would be reduced to $820,241.95. The senior Commissioner in Massachusetts (Hon. Elizur Wright), who made this report, performed a duty therein to the American public for which he is entitled to well-merited commendation. Such eminent actuaries and mathematicians as W. S. B. Woolhouse and G. P. Nelson, of London, and Prof. Benjamin Pierce, of Cambridge, vouchsafed for the claim of the Society to a large surplus, based on a fallacy in the advocacy of which we now seldom hear even a solitary voice on either side of the Atlantic, viz.: the valuing of future loading as an asset on the credit side of the account, without any charge for future expenses and contingencies.

The International had respectable and wealthy names in its board and among its officers and founders; it did not lack scientific and actuarial ability of a high order; its average mortality did not reach its average expectation. Its business was large and lucrative. What elements of success were then lacking by which its officers are disgraced, its policyholders disappointed, and the fame of an English insurance corporation tarnished, and British credit destroyed in the minds of hundreds of innocent sufferers in this country?—The Society did not maintain a reserve equal to the net value of its policies, and the great lever of compound interest had not a sufficient fulcrum on which to exert its wonderful power; the officers received percentages on the profits, the agents received excessive commissions and heavy traveling and other expenses, the directors and agents borrowed the funds on mere personal securities; safe investments at low rates of interest were eschewed and speculative mining and other stocks purchased:—the legitimate results followed as inevitably as the action of the law of gravitation. There are to-day American companies that have taken some of these steps on the road to financial ruin. The re-insurance reserves are nominally, at least, maintained, but the wasteful commissions, the heavy expenses, salaries and extras in divers forms, the advances to agents on mere personal securities or anticipated commissions, the claiming of commuted commissions as actual assets in hand, the giving of percentages of profits to officers, the disposition to make more than the legal rate of interest, the declaration of excessive dividends based mainly on uncollected resources, the inordinate ratio of unrealized to realized assets, all need reform or entire revolution. Some of the purely proprietary companies are broaching here on American soil the heresy once so common in England, that prudent management will allow a large portion of the capital to be sunk in introducing and establishing their business. The time has come to pause—to reflect and to hesitate; officers should take the helm into their own hands, and if these hands are incompetent in guiding, directors or policyholders should institute reforms and changes of administration which will guard the future from such an ending as disgraces the International Life Assurance Society of London. In cases of actual necessity the Superintendent will assume the grave responsibility of initiating legal proceedings—a course which will not be taken without the most careful preliminary scrutiny, and after all methods of voluntary reform have been assiduously pressed and recommended.

—Mr. Jeffrey Penfold, late sub-manager of the the Bank of British North America at Montreal, has succeeded to the management of the agency in Kingston.

REGISTERED POLICIES.

It appears that the registered-policy system, provided by the laws of New York, has been adopted by five companies, and that the total number of policies registered to the commencement of April last was 5,324, insuring more than sixteen and a half million of dollars, for the security of which $330,000 had been deposited in the state insurance department. It is gratifying to know that a device so well calculated to efficiently protect the interest of policyholders has developed even these results. The number of policies thus secured by registration is a very small percentage upon the number of existing policies in all the New York companies, the ratio being less than two per cent. It is only a short period since this new feature in life insurance was introduced, and a still shorter period since the application of the law permitting deposits on account of registered policies was altered so as to extend its advantages to any or all of the companies. If it shall be found by any one company desirable to issue this kind of policy, in so far as to stimulate its business, we may conclude that other companies will not be slow to discover wherein their interests may be promoted by taking advantage of the registration system. Whatever of advantage, therefore, is possible to accrue from the system, whether to insurers or insured, will thus be determined solely by the degree of popular favor with which the plan shall be regarded. If the public shall come to regard the security of its resort to life insurance, as largely enhanced and promoted by a state registration of policies, it will not be long before all the companies will consent to issue registered policies. We want to see the present plan thoroughly tested on its merits, but we submit that it is hardly desirable to misrepresent the sort of security which attaches to a policy registered under the present law. For whereas it is expressly stipulated that nothing in the law shall be construed as implying any obligation on the part of the state to pay registered policies, we have reason to believe that the registered system has been so introduced and advocated in many quarters. The law does certainly provide that the state shall be obligated to properly apply all securities, deposited on account of registered policies, toward the liquidation of such policies; but is not contemplated to keep in deposit for any policy at any time anything more than the reserve for such policy. The effect, therefore, of the law is merely to insure to every policyholder the security of whatever amount shall be required at any time to reinsure his policy. But that is now what the operation of the general insurance law effects in the case of all the companies, only not so surely and efficiently.—*Spectator.*

INSOLVENTS.—The following insolvents were gazetted: A. Watts, Montreal; D. McDonald, Beauford; Wm. Fairweather, Goderich; John Maguire, Berlin; Jas. Thomas, Montreal; F. P. Petitt, Belleville; Geo. Finkle, Belleville; W. Egands and Clarkson, Napanee; A. Gwynne, London; F. Peters, London; Alfred Bonner, Linwood; Hy. Comard, Gananoque; B. C. Clampett, London; E. P. Dorais, Warwick; R. Fish, Sorel; Francis Prest, Guelph; F. J. Dell, London; A. Perry, Galt; George McFarland, Thorold; John Kestern, Uxbridge; L. H. Henderson, Belleville; John Bull, Bellevelle; T. Bellemaire, Riviere du Loup; Charles E. Smith, Hespeler; George A. Hammet, Widder; H. Constable, Ingersoll; Jas. Donald, Ingersoll; Geo. Andrew, Oshawa; John Howden, Peterboro; John Edwards, Goulburn; Geo. A. Ridley, Thurlow; Geo. Smart, Lindsay; John Fisher, Hamilton; W. P. Willcock, Milton; E. J. Corey, Victoria; Isaac Levy, Hamilton; Gordon McIntyre, Chatham.

—The timber trade of Quebec is excessively dull.—The Ship Laborers Society refuse to work for certain parties, odious to the Society, and in consequence some merchants have decided to allow their vessels to remain idle.