

Why would the Act extinguish local companies and drive out foreign ones? For this reason. It is provided that every Life Company shall deposit with the Receiver General \$100,000; each Fire Company, \$50,000. This applies to old as well as new, large as well as small. The Act is terribly impartial: companies foreign as well as local are brought under the yoke on an equality. But companies recently established or introduced may not have such a business or such prospects as to warrant them in at once investing a large sum here. As it is some of the foreign Fire Companies having agencies here, have suffered so severely by heavy losses as to make them seriously consider the propriety of withdrawal from Canada. Some have gone, and others may follow their example. Is it good policy to hasten or ensure their departure?

The Act embraces local Mutual Fire Companies if possessing a guarantee stock or receiving cash premiums. Most of our Mutual Companies come within this clause, and we should like to know how many of them are prepared to comply with its requirements. Legislation induced Mutual Companies to originate a guarantee stock. The 22 Vic., cap. 41, recites that "it is expedient to provide for the speedy and certain payment of losses incurred by enabling Mutual Insurance Companies to possess a guarantee capital." The cash system also has worked its way in all Mutual Companies. In the last report of the Beaver Mutual, (Toronto), it was stated that "a strong feeling exists among the farming population in some counties in favor of the cash system in preference to the Mutual system of Insurance." The Agricultural Mutual, (London), reports that "for the last five months of the year 29,913 policies were issued on the cash system, and but 1,461 on the premium note system." The Canada West Farmer's Mutual (Hamilton), has abolished the premium note system. So it may be taken for granted that nearly all the Mutual Companies will be affected by the Act, and compelled to deposit \$50,000 each, or cease to do business. We think that their circumstances will insure the adoption of the latter alternative. E. A. new Company that has almost from the start to deposit \$100,000 with the Receiver General, is not fairly pitted against a rival that has been doing business here for years, and received a large amount of premiums. A local Company with a comparatively small capital, yet doing a fair business within its means, will be compelled to make a deposit just as large as that of a company doing a very extensive business, having a net work of agencies throughout the Dominion, and an accumulation of risks, perhaps ten fold as heavy as that of its less pretentious fellows. Such a state of affairs will undoubtedly tell against the most energetic of our local Companies, and discriminate as regards foreign ones in favor of some already occupying the field.

The local companies are entitled to some consideration. If we were inaugurating a perfectly new system with which vested rights did not conflict, and which would be independent of the past, we might take liberties in legislation; but the proposed requirements are revolutionary, too sudden, and too sweeping. The Banking Act deals gently with the vested rights of existing banks, and we know of no reason why an Act of incorporation should be less a protection in the one case than in the other. Our local companies exist under Acts of Parliament, just as solemnly worded, just as positive, as the one under consideration. Capital has been invested in them on the faith of legislative enactment. If the immediate effect of the proposed changes will be to render such investments worthless, it surely is the duty of parliament to hesitate before producing such an untoward result. As we have said, the Act applies to new as well as old companies, and if a foreign company having a large number of risks be driven out, policy holders may have the unpleasant necessity cast upon them of forwarding their premiums to the Head office in a foreign country or giving up their policies.

Seeing then that the probable, if not the almost certain, effect of the Act will be to destroy many local companies, Mutual, and otherwise; to drive out many foreign companies; to destroy competition; and that many serious inconveniences may otherwise result we may inquire what are the benefits looked for.

What does the deposit and its subsequent investment in Dominion Stock mean? It is alleged that it will guarantee the stability and good faith of Insurance Companies. While we admit the propriety of exacting a deposit as a deterrent of mere shams, and have advocated the requirement we cannot regard as other than unjust a measure calculated to place all companies on the same footing without distinguishing between the amount of business they do. A deposit guarantees nothing except perhaps that the parties making it, commence business with a certain amount of money. It seems to us very injudicious to give a quasi Government endorsement to a company merely because it has a deposit of a certain sum. If it is sought to make the Government the protector of the public, there should be a Government officer to examine into the affairs of the different companies, and to ascertain their exact position by a personal investigation. Massachusetts and New York have Insurance Commissioners or Inspectors whose duty it is to guard the people against sham or insolvent institutions. A Government license on the strength of a mere deposit, may lead to false impressions. If the requirement of a deposit be a tax, then the revenue will undoubtedly suffer by reason of the limitation of the number of tax payers. But as far as public safety is concerned, the proposed deposit is a delusion and a snare.

We think the Act might be so amended as to meet the peculiar circumstances of the country. It would be fair to take as a basis for deposits, the relative amount of business transacted by each company, or to insist on

such a sum being kept in the hands of the Government as would suffice to reinsure in case the event required it.

PERMANENT BUILDING SOCIETIES AS A BORROWING MEDIUM.

The published Loan Tables of the different Building Societies vary as to the real rate of interest yielded, to the extent of at least two per cent. per annum; but as it is necessary for our purposes to cite the tables of one of them, we quote those of the largest Canadian Building Society, which demands the following instalments to be paid at the end of each month, half-year, or year, to repay \$100 and interest.

	5 Years.	10 Years.	15 Years.
Monthly	2.13	1.32
Half-yearly	12.95	8.02	6.60
Yearly	26.55	16.45	13.34

These instalments we find yield as near as may be ten per cent. per annum, computed as payable half-yearly upon the unpaid balances. We select for illustration half-yearly payments, as that is the most common interval at which interest and dividends are payable. Suppose the sum lent to be \$1,000, and the term five years. At the end of six months a half-year's interest will have accrued, amounting to \$50, which being added to the principal, and the first instalment of \$129.50 being deducted, shows the balance of principal unpaid with which the second term begins, as follows:

Principal money	\$1,000 00
Add 6 months' interest, at 5 per cent.	50 00
	1,050 00
Deduct first instalment	129 50
Unpaid principal	920 50
Add six months' interest	46 02
	966 52
Deduct second instalment	129 50
Unpaid principal	837 02
Add six months' interest	41 85
	878 87
Deduct third instalment	129 50
Unpaid principal	749 37
Add six months' interest	37 46
	786 83
Deduct fourth instalment	129 50
Unpaid principal	657 33
Add six months' interest	32 86
	690 19
Deduct fifth instalment	129 50
Unpaid principal	560 69
Add six months' interest	28 03
	588 72
Deduct sixth instalment	129 50
Unpaid principal	459 22
Add six months' interest	22 96
	482 18
Deduct seventh instalment	129 50
Unpaid principal	352 68
Add six months' interest	17 63
	370 31
Deduct eighth instalment	129 50
Unpaid principal	240 81
Add six months' interest	12 04
	252 85
Deduct ninth instalment	129 50
Unpaid principal	123 35
Add six months' interest	6 16
	129 51
Deduct tenth instalment	129 50
Balance	01