

During the same period there has been paid in dividends to the Shareholders the sum of £438,333 6/8, and £501,729 9/2 has been added to the reserves of the Company.

Life Business.—There have been issued during the year 783 policies, assuring £732,875, and the new premiums on these Policies amount to £21,445 15/5d.

The Claims which have been paid during the year, including 8 endowments, were 292 in number, arising under 343 Policies, and the sums amount, with Bonus Additions, to £252,767 16/2.

The Shareholders are aware that the whole Funds of the Life Department are separately invested, and are by Act of Parliament set aside to meet exclusively the claims under the Life Policies of the Company, and are not liable for any of the obligations of the Fire Business.

In the Annuity Department there have been issued 53 Bonds, securing Annuities to the amount of £2,114 17/4 yearly, for which the Company have received the sum of £21,782 12/8.

During the year 29 Annuities have fallen in, relieving the Company of an annual payment of £1,420 7/2.

The Directors recommend that a Dividend of 25/- per share, or 20 per cent on the "paid-up Capital Stock of the Company, be declared, free of income-tax. Of the above Dividend one-half, or 10 per cent, was paid in the month of October last, and the remaining half, or 12/6 per share, will be paid on the 5th April next.

From the general state of the Company's affairs now submitted, it will be seen that, after paying the above Dividend, the Reserve Fund and Premium Reserve will together amount to £596,341 0/11; at 31st December, 1871, these Funds amounted to £528,803 6/8, showing an increase this year of £67,537 14/3d.

The Directors who retire this year by rotation are, from the Edinburgh Board:—J. F. W. Drummond, Esq., James Campbell Tait, Esq., and David Baird Wauchope, Esq.

From the London Board:—Edward Cohen, Esq., P. du Pre Grenfell, Esq., and Adolphus Klockmann, Esq., all of whom are respectfully recommended for re-election.

The following Extraordinary Directors retire by rotation:—The Right Hon. The Earl of Strathmore, the Right Hon. Viscount Melville, and the Right Hon. Sir James Fergusson of Kilkerran, Bart. And they are all recommended for re-election.

The Directors have to acknowledge the valuable services of the various Local Boards and Agents connected with the Company. They tender them their best thanks, and earnestly request renewed and continued exertions in endeavoring still further to extend the Company's business in all its departments. By order of the general court of Directors.

DAVID SMITH, *General Manager.*

Correspondence.

NEW YORK CORRESPONDENCE.

(From a Special Correspondent.)

New York, April 19, 1873.

LIFE INSURANCE.

In my last communication I mentioned that Erastus Lyman, late President of the Knickerbocker Life Insurance Company, had been arrested at the suit of the Company "for fraud," and had given bail in \$15,000. It is but right that I should state that the "fraud" charged was different in its character, to that which is generally understood by the term. The case was as follows: Mr. Lyman was the projector of the company in 1853, and its President from that date up to June of 1872, a period of nineteen years. The present President, Mr. Charles Stanton, was for many years Vice-President of

the company, and a merchant of high standing, and able to control a majority of the stock. Owing to mismanagement and an abuse of the premium note system during the past four or five years, the company was fast falling into disfavor, and the complications arising out of disaffection among the policy holders, demoralization among the agents, and a struggle for power between President Lyman and Vice-President Stanton, culminated in the forcible retirement of Mr. Lyman in June 1872, from the presidency, and the election of Mr. Stanton to the vacated position. In overhauling the affairs of the company by the new management, some extravagant agency contracts were discovered, among which was one which though cancelled for some time before, entailed considerable loss on the company, as it empowered the then German general agent, to purchase up the business of other agents in New Jersey and Pennsylvania, and pay for them with the premiums collected in such agency. For this concession it was claimed that President Lyman accepted \$1000 from the agent, and the arrangement cost the company *directly* about \$20,000, and *indirectly* about \$200,000 by allowing the said agent to leave his accounts outstanding for a long time, he eventually becoming insolvent. To make good the first mentioned loss, the arrest of Mr. Lyman was made. This was the first move in the game. The next was taken in the interest of Mr. Lyman, in the shape of a motion made on the 31st ult., in the Supreme Court to have the company wound up, and a receiver appointed to administer its affairs. This motion was made by John Anderson, an ex-Director of the company and friend of Mr. Lyman, and Allen R. Walker, a young man who besides acting as Mr. Lyman's private secretary held a confidential position in the company, which position became lost to him at the close of Mr. Lyman's administration. The statements made in the affidavits of the plaintiffs in support of the application for the winding up order were squarely met by those of the company, in so convincing a manner as to elicit from Judge Faucher an emphatic endorsement of the company's solvent condition, and a rejection of the motion with costs. The end however, is not yet. So flagrant an attempt, to wreck a fine old company of twenty years standing, for the gratification of private malice could not be allowed to pass without retribution, and so the latest phase of the muddle is, that Allen R. Walker, who it is supposed received from Mr. Lyman the stock necessary to qualify him to act as his (Lyman's) stool pigeon and move against the company, was arrested on the 12th inst. for perjury, on the complaint of the President of the company. Some curious developments are expected when these trials come on. The company however, is protected from the "wreckers" and that is something to be thankful for.

The English-Winston Libel Suit as assumed a new phase since my last communication. Notwithstanding all the outcry made by his friends, he has not made any effort to have the heavy bail of \$40,000 reduced, but instead has sought to create the impression on the minds of the public, that he is the victim of an unscrupulous abuse of power, that a conspiracy is in active force against him, and that generally he is an oppressed and ill-used individual. In pursuance of this idea he petitioned the Legislature on the 20th ult., to have a commission appointed to enquire into the condition of the Mutual Life Insurance Company, and the truth of the charges preferred against the management in the columns of the *Insurance Times*. The petition was after some debate referred to the House Committee on grievances, and the Committee are now taking evidence in this city. The evidence given before the Committee by Mr. Sheppard Homans, contained some points

of interest. The following paragraph from a newspaper report, summarizes these:—

"There is no such thing as profits in a mutual company; the dividends are merely returned to the policy-holders; the return of surplus to the policy-holders was pro rata according to the rate of premiums paid; the post-mortem dividends were withheld for nine months, and he saw by the annual report they are still withheld; he knew of cases where the company refused to pay them up the present time; one case is that of Mr. Hopkins of Baltimore, who has not been paid, although the committee has ordered it paid; witness asked Mr. Winston to pay; his reply was specific; but it was not paid. If he had access to the books he could give other cases where the post-mortem dividends were not paid. The total income and ratio of expenses are calculated to deceive the public, and are not correct, and I know of no other company where this method is pursued. The report of 1872 of the company was properly given, and would not deceive the public. When Winston ordered that no post-mortem dividends should be paid, I considered that it was to shield him from his illegal mode of making dividends; when I was ordered to audit the account I believed it was illegal, and considering it an attempt at coercion, I refused to audit it. This refusal led to a change of the system of dividing dividends. But in the next division of surplus the charter of the company was violated, an error that the President had attempted to rectify at an expense of \$2,000,000. Witness's protest against such division is on file in the office. The witness upon being questioned as to the bonus given officers and agents stated that all participated except the secretary. The committee did not fully exonerate Winston in the negotiation of the Husted loan, though the majority report complimented him; moneys were advanced to the State agent without the authority of the Board, and an attempt at concealment was made by stating that it was cash. Isaac J. Pearson one of the committee disapproved of this."

A very disgraceful piece of corporate mismanagement by which the Anchor Life Insurance Company of New Jersey becomes hopelessly bankrupt, has recently come to light. Some months ago it was heralded all over the country, that this company had reinsured its risks in the St. Louis Mutual Life Insurance Company, and abandoned Life Insurance business, holding on to the "Trust" business, which it was empowered to do. It now turns out, that the St. Louis Company finding it to be in a state of insolvency backed out, and the creditors of the Anchor will now be lucky if they get thirty-five cents on the dollar. A statement has been prepared up to the 18th ult., showing \$154,060 of assets and \$413,456 of liabilities, equal to an excess of liabilities over assets of \$259,396. This is the most shameful failure on record. Among the liabilities the enormous sum of \$132,265, is set down to outstanding death losses, and it is a sad hardship that the poor widows and orphans, holding policies for that amount will only receive 35 per cent. of their face. Great indignation is very justly felt at such a condition of affairs, in view of the misrepresentations made wilfully or otherwise at the beginning of the year, to the various Insurance departments throughout the several States, and it is the reverse of creditable to the boasted efficiency of State supervision to know, that the rottenness of the company was not detected by any of the honorable commissioners of the various Insurance departments throughout the country. Some are now prepared to say that "insurance supervision like Stephen Engl's devotion to the public, is a mockery, a delusion and a snare."

Suits against Life Companies are getting more frequent than they formerly were.

The Guardian Mutual Life Insurance Com-