THE COMPANIES ARE NOT LITIGIOUS.

To the *Editor* of the INSURANCE & FINANCE CHRONICLE:

DEAR SIR,—In your issue of the 15th October, Junius Junior, in speaking of "Claims Resisted" by the Fire Insurance Companies, says:—"At the close of the year there were cases resisted and in suit to the amount of $86,454, representing a little more than 1½ per cent. of the losses actually paid."

I have no doubt that even this is a large overstatement of the actual facts. In the Department reports in the States the "amount resisted" is the *whole* amount resisted at the close of the year, and not the litigation of that year alone. A careful examination of the dates of the fires compared with the dates of the decision of the cases, say in the volumes of the *Insurance Law Journal*, will show that the average insurance case remains in court between four and five years. If we call it four years, then the "amount resisted" includes the litigation of four years, instead of one, and your percentage of 1½ must be divided by four to come at the actual proportion litigated by the companies, which is about ⅜ of 1 per cent. That is about the way it is in the States, and I think the practice of the companies on both sides of the Line is about even, and that you will be quite safe in saying that out of each $100 of adjusted losses, your companies pay $99.62, and only go to law about the other 38 cents. I think it is a provable fact that there is no other interest at all approaching insurance in the extent, intricacy and, frequently, the complexity of its transactions, that pays its debts so promptly, so fully and so honorably as does insurance.

Insurance companies are not litigious,—on the contrary, they are quite the reverse. I may add that the reason why Insurance cases remain in Court so long is the fear the companies have of a jury. They are afraid of the Courts, and prefer payment to litigation, except in such cases as involve some serious principle where they have so clear a case that they feel pretty sure of winning; and so when they go to Court, they go to win, and consequently go to stay.

C C. HINE.

REPLY BY JUNIUS JUNIOR.

From such an eminent authority as "YE PATRIARCH," I cannot disagree, nor, indeed, is there any disagreement in the expression of our particular views. I really did not attempt to analyze closely the actual percentage of claims resisted to claims paid, for the very reasons stated so clearly in Mr. Hine's letter; it was not necessary to do so, moreover, because the facts lying on the surface of the Blue Book presented a sufficiently clear basis on which to found a decided opinion that our companies "are not litigious." Of this I was and am convinced, no sane man could be in doubt; but the case as presented above confirms the argument with an authority which cannot be doubted. I do not quite follow Mr. Hine's reasoning on the question of the claims resisted being divided into "four," for while litigation in the States may extend over four years, there is at least in our own country a large proportion settled in much less time, and I think we must be prepared to admit that the amount of claims resisted as taken from the Blue Book may bear dividing in two parts instead of in four, as in the States.

Whether you take it one way or the other, the argument deduced is the same, and this cannot possibly be better expressed than in Mr. Hine's words, "there is no other interest * * * * that pays its debts so fully and honorably as does Insurance." With this conclusion I most heartily concur

JUNIUS JUNIOR.

FINANCIAL ITEMS.

Exchange bills drawn in triplicate are no longer to be issued; this decision has been come to by New York bankers. The rarity of vessel accidents now-a-days renders this old custom needless. An agreement to this effect has been signed by all leading banking houses in New York, amongst the signatories being, the Bank of Montreal, the Merchants' Bank, the Bank of Commerce, and Bank of British North America.

The Empire State Savings Bank, Buffalo, N.Y., was robbed some time ago by its cashier. The depositors who lost a portion of their money in consequence of the fraud have entered suit against the directors, to recover the amount on the ground of culpable negligence, they signed statements as to the condition of the bank which by ordinary care they would have known to be false. It is fully expected that the directors will have to pay the claims.

The crops of Ontario for season 1894 are stated officially to be as follows, with yield of last year, and the averages for all years from 1882 to 1894;

	1894.	1893.	Av. 1882-94.
Fall wheat, bush	16,512,106	17,545,248	18,087,861
Spring wheat, bush	3,367,854	4,486,063	8,051,869
Barley, bush	10,980,404	9,806,088	17,427,255
Oats, bush	19,867,716	58,584,529	59,793,563
Rye, bush	1,386,606	994,771	1,565,075
Peas, bush	14,022,888	14,168,955	13,982,527
Buckwheat, bush	2,534,435	2,380,456	1,659,616

The low price of silver, in spite of a largely reduced output, is puzzling some economic writers. In January this year the production was 5 million ounces, and the price 68 cents; month by month since then the output went on decreasing, until it only amounted to 2,200,000 ounces, yet the price fell to 62½, cents—a drop of 15 per cent. There is no mystery as is alleged. The lowered price, despite reduced production, simply shows that the demand was sinking at a faster rate than the output was diminishing. The States that produce silver no doubt have suffered from the cessation of silver purchases by the Treasury, but they would have suffered worse had those purchases gone on, for they would have been involved in the financial ruin that would have overtaken the country.

Several legal decisions reported by the *American Banker* are of general interest:—

(1) A note written on the same sheet of paper with an application for insurance is not rendered void by being detached therefrom.

(2) The payee of a cheque who indorses it warrants to the indorsee its genuineness both as to the drawer's signature and the amount expressed therein; and he cannot attack its validity, as against the indorsee, on the ground that the drawer's signature was forged and that the amount therein was raised before his indorsement.

(3) An order for the payment of a designated sum from a specified fund which may or may not be sufficient for its payment is not a negotiable instrument.

(4) The negotiable character of a draft is not impaired by its calling for exchange, where the amount to be paid as exchange is susceptible of ascertainment.

One of the most striking differences between the banking methods of American banks and those of Canada is in the almost entire absence in the latter of any systematic borrowing or having permanent loans from other institutions. In the States many banks borrow very largely indeed from other banks, or rediscount heavily. The Bank Commissioner of Kansas, in a recent address, condemned this as exposing a bank to serious injury at any time a financial stringency occurred, for in such times they are liable to be called on to pay when it is most difficult to make collections, and their funds are needed to meet the demands of depositors. He therefore called on the banks of Kansas to reduce their indebtedness to other banks, which in January, 1893, amounted to $1,721,739, and in response the amount was reduced in July last down to $769,056. Canadian bankers are sagacious enough to act prudently without the bit of a State Banking Commissioner being put in their mouths.