	1867.	Total.
Fire losses	$20,818,269 87	$61,996,634 07
Marine losses	5,350,456 17	14,793,818 35
Dividends	3,774,326 96	11,690,184 67
Commissions	4,962,842 56	13,091,936 49
Salaries	3,280,292 06	8,494,498 05
National taxes	1,209,239 42	3,122,998 43
State and local taxes,	998,272 38	2,863,872 54
All other expenses	2,813,601 88	7,155,712 28
Total disbursements	$43,207,320 30	$123,279,654 98
Total prem. receipts	$42,294,965 68	$110,720,700 28
Excess of disbursements, including dividends, over premium receipts	$962,354 62	$12,558,954 70
Dividends	3,774,326 96	11,760,184 77
Excess of losses and current expenses over prem. receipts		$798,769 93

The following calculation of per centages will be interesting in connection with the above tables:

Percentage of total losses to total premium receipts	[illegible]9.93
Percentage of total commissions to total premium receipts	11.81
Percentage of total management expenses, exclusive of commissions and taxes, to total premium receipts	14.14
Percentage of total taxes to total premium receipts	5.34
Total	101.29
	100.00
Percentage of excess of current expenses to current receipts	1.29

Now the total average capital and surplus assets of these companies were $73,902,575.00. In calculating the per centage of dividend to stockholders we use these figures as principal. The total assets of a company are what that company uses in the transaction of its business. It is the amount of money employed for the protection of policy-holders, and, being actually thus used—the company liable constantly to its entire payment for losses—it is right that a calculation upon the basis of *total assets*, should determine the per centage of dividend. A dividend may be declared upon mere capital, but the dividend so declared represents the earnings, not only of the chartered capital, but of all other funds reserved in connection with that capital. Applying this rule, we discover that the total capital (chartered and reserved) of insurance companies, during the three years covered by the above statistics, yielded an average annual dividend of only five and one-third per cent.

The great and startling facts brought out by these figures are these:

1. That one hundred and sixty-four principal American insurance companies doing a fire and fire-marine business paid out during the years 1865, 1866, and 1867, *twelve and a half millions of dollars more than their current premium receipts.*

2. That the premium receipts of insurance companies are not adequate to pay their current expenses.

3. That of one hundred and twenty-five million dollars of total income for three years, less than two millions were preserved for surplus additions.

4. That the profit of the capital actually employed in the business was only five and one-third per cent.

5. That nearly five and one-half per cent. of the premium receipts of fire insurance companies is absorbed by the tax imposition; in other words that the proportion of premium receipts saved for dividends is less than the amount thereof paid for taxes.

It is only by studying closely the experience of the past and by applying the knowledge deducible from such study, that companies can fitly undertake future transactions. Their management involves greater skill and more constant prudence, because of greater hazard than any other commercial or financial operation. Their business is subject to constantly varying conditions and the most powerful and sudden contingencies.

On the other hand their patrons are not less interested than are the companies themselves in the practical recognition of whatever demands shall be essential to the prosperity of insurance corporations. Insurance is valuable only when it is guaranteed by a company which adheres to safe methods of underwriting. It is obvious that a merchant can better afford to pay three or even four per cent. to a company which has always indemnified its policy holders, and which possesses an unimpaired capital, than one or two per cent. to a company whose integrity and ability are not fully above suspicion. What the insured pays when he purchases a policy of insurance is recovery from loss, and his policy, to be worth anything, must carry with it the assured and absolute certainty of indemnity in case of damage. But against any and all contingencies, fire is the ever constant contingency to which every property holder is subject; and insurance is the single and only adequate preserver and conservator of his fortune. But there are degrees of insurance. Unfortunately nothing is too sacred for the rapacity of audacious mankind; and, therefore, we find hundreds of unlicensed penitentiary subjects swarming the land in the sheep-guise of insurance agents, and insurance presidents and insurance secretaries, confusing the public by the allurement of what is called cheap rates. To any reflecting mind the term suggests sufficient condemnation to repel patronage. A commodity to be called *cheap* must be either less valuable than the same commodity sold at a higher price, must cost less, or must afford its dealer less profit. Now what are the facts in relation to cheap insurance? We pointed out last month that the earnings of legitimate and honest insurance companies are, and have been for many years, less than the earnings of capital in any other occupation; and we have again shown in the figures exhibited above, that the interest returns of insurance capital are ridiculously and absurdly low. Certainly no man, much less any liberal business man, will insist, after viewing the deduction we have enumerated, that insurance companies can afford to continue a business which does not yield sufficient to pay current expenses. Hence a reduction of the existing rates of insurance is wholly out of the question. Not only that, but insurance companies must at once either devise some means to largely lessen their losses by fire, or considerable increase their rates. While the ordinary management and agency expenses of all our principal fire insurance companies have already settled to the lowest point of economy consistent with their vast and widely extended operations, it might be possible, without a further increase of rates in most localities, to reform the business *in the mere writing of risks* (accepting only those that are free from *moral hazard*) so as to make the premium receipts adequate to the payment not only of all losses and expenses, but also of fair dividends to stockholders, leaving the entire interest receipts from capital and surplus unimpaired for the further accumulation of the companies' gross assets.

Failure of a Live Stock Insurance Company.—The Hartford Live Stock Insurance Company, of Hartford, Conn., has been suspended. The company has sustained losses within the last twenty-two months of $410,000. The capital of the company is $150,000, $100,000 of which has been deposited with the Treasurer of Connecticut. The balance of $50,000 was kept by the company for working capital. The $100,000 in the Treasurer's hands will be used by the company for paying losses and unearned premiums. The Superintendent of the insurance department at Albany has notified the agents of the company in this State to take no more policies.

Railway News.

Northern Railway.—Traffic Receipts for week ending 22nd August, 1868.

Passengers	$2,858 03
Freight	6,784 43
Mails and sundries	298 38
Total receipts for week	$9,940 84
Corresponding week 1867	11,019 45
Decrease	$1,078 61

Great Western Railway.—Traffic for week ending 14th August, 1868.

Passengers	$29,980 01
Freight and live stock	30,141 27
Mails and sundries	2,165 58
	$62,286 86
Corresponding Week of '67.	66,938 88
Decrease	$4,652 02

Toronto, Grey and Bruce Railway.—The town of Owen Sound has granted a bonus of $30,000 to this enterprise. The vote on the By-law for that purpose, stood 106 for the By-law and 13 against it.

The directors of this company are holding meetings in various localities along the line which the road is proposed to take. They have been favorably received and have obtained promises of support from most of the municipalities who have not yet voted.

Railway Contract.—The contract for building the Massawippi Valley Railroad, and the lease of the road for ninety-nine years to the Passumpsic River Company, was signed on Friday week. The price paid for building the road is $800,000, or $23,500 per mile, the distance being about 34 miles. The road is to be completed by the 1st July, 1870, in time to celebrate the opening at Lennoxville on Dominion day and at Derby on the 4th July. The contractors, we understand, are to break ground on the 1st of next month.

The Massawippi Valley Railroad.—We learn by the Stanstead *Journal* that arrangements have been completed between the Massawippi and Passumpsic companies, which secure the early construction of the above road. The Massawippi corporation engage to build the line from the boundary to Lennoxville, a distance of about 30 miles, by the 1st of July, 1870, for a Canada subscription of $165,000, an equal amount to be furnished by parties south, $400,000 in bonds and $70,000 in stock, making a capital stock of $800,000. The Passumpsic Company, as a corporation, then lease the road, agreeing to pay the same stock dividends that they do on their own road, pay the interest on the bonds, and retire the bonds at maturity. The Passumpsic corporation of course are to have a majority of the board of directors of the Massawippi Corporation. The road is constructed by the latter corporation, because it would be awkward for a foreign company to undertake such a work in Canada. We congratulate that flourishing section of the townships on the prospect of having so fine a railway communication with the northern and southern markets on such advantageous terms as the above arrangements indicate. The Passumpsic Company is one of the most successful in New England, two dividends of 3 per cent. having been declared during the past year. Its stock will be greatly enhanced in value by the construction of the Canada section, which will lessen the distance between New York and Quebec by 65 miles, and the Canada shareholders in the Massawippi stock commence at once to reap equal profits with the Passumpsic Company.—*Montreal Witness.*