



# INSURANCE and REAL ESTATE SOCIETY

"Still achieving, still pursuing,  
Learn to labour and to wait."

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## "INSURANCE SOCIETY"

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Under the heading of Communications we print a long letter from Mr. Macdonald, the manager of the London Mutual, replying to some communications which appeared in our last issue, and a few remarks on it may be necessary. We think the London Mutual most certainly took a wrong course in omitting the amount of re-insurance reserve from a published statement of its liabilities, even though that statement be a "canvassing circular." The public have as great, if not a greater right to correctness in such circulars than even in the government returns. Many read the one, but few the other. Unfortunately, however, the omission is one that is made by some other companies besides the London Mutual.

The question asked by Mr. Macdonald "why the re-insurance reserve, when you have it, as we have, should not more properly be treated as an asset than a liability" is a peculiar one. How a reserve can be a liability in one company and an asset in another, we fail to see. The comparison made with the Royal is not a fair one. He places the total assets of the London Mutual beside the Canadian assets only of the Royal. He seems to forget that all the funds of the Royal, whether in Canada, England, or any other country, are responsible for its Canadian losses. As we pointed out in our last number, its total assets amount to over \$24,000,000, of which the fire funds are \$2,750,000, besides capital nearly \$1,500,000, and surplus \$5,600,000. Moreover in the comparison of assets with those of other companies, we are not willing to admit that note assets are as good as cash ones. In our opinion they certainly are not. The mere promise to pay is not worth as much as the actual cash. But this brings up the whole question of mutual fire insurance, and into this we just now do not intend to enter. In the near future we expect to have something to say in regard to it. We admit, however, that if all mutual fire companies were managed as carefully and honestly as the London Mutual, and had men at their heads who understood their business as well as does Mr. Macdonald, there would be fewer objections to raise against them.

## GOVERNMENT SUPERVISION AND ASSESSMENT LIFE SOCIETIES.

We notice in a late number of the London, England, *Review*, an article copied from the *Traveler's Record*, in which exception is taken to some remarks made by us while speaking of the Hartford Life and Annuity Company.

It says, after quoting some of our remarks. "The editor of INSURANCE SOCIETY has a correct idea of the imposition practised by the assessment companies upon the public, under the name of insurance, where there is no security and no insurance; but he is all wrong when he calls upon the life companies to unite and stamp out a business, because it is, in violation of law, an offence against every honorable business principle. The fault is with the law-makers and the officials whose duty it is to execute the law. If the Canadian officials will stand by with their hands in their pockets and see the public swindled, why should the life companies of the States and Canada interfere? The officials are arbitrary enough and prompt enough in enforcing the law against all companies having an ample capital and doing an honest and legitimate business, and such companies are bled all they can possibly endure; but a swindling, good for-nothing, hat-passing concern, without a dollar of capital or assets in any way liable for its humbugging certificates, can do business anywhere in the States or in Canada without let or hindrance."

There is considerable truth in these remarks, but we cannot agree with our critic that "we cannot see any reason why decent life assurance companies should meddle with it." It is time that these fraudulent law-breaking companies should be looked after by the regularly-appointed officers of the law, but these do not do so. The Dominion Insurance department, we believe, claim that it is not their duty to institute a suit against any person breaking the law, and that the proper course is for any private individual who feels aggrieved to do so. The sooner this matter is thoroughly understood the better. If the view taken by the department is the correct one, the law should be amended at once, so as to make it the duty of the Superintendent of Insurance to protect the public and see to the enforcement of the law. As the *Record* pertinently asks, "why should the regular life companies be taxed to support a department for insurance supervision, and then be politely told to do the work of supervision and to see to the enforcement of the law?"

The department ought, certainly, to do the work for which the companies pay the fees. But, in the meantime, should we follow the example of the government officials and look quietly on, like them, with our hands in our pockets? Half a loaf is better than no bread, and we think it the duty of the companies to do what they can in the meantime in stamping out this counterfeit of life assurance.