

overdue coupons \$23,992; debentures, less cash, placed to their credit \$626,600; making a total liability of \$704,592, and showing a balance of \$30,495.

A MEETING of bankers was held in Toronto on the 19th and 20th inst., understood to be with reference to approaching legislation on banking and currency. No official version of the proceedings is procurable at present.

THE annual meeting of the Canada Landed Credit Company is called for the 9th February next.

—The Dominion Legislature meets on the 15th February; that of New Brunswick on the 10th; the Legislature of Nova Scotia on the 17th, and that of Newfoundland on the 3rd.

Communications.

THE MUTUAL INSURANCE COMPANIES' BILL.

To the Editor of the Monetary Times.

DEAR SIR,—I desire to give you some particulars of the origin and progress of the Convention held in Hamilton, for consolidating the Mutual Fire Insurance Acts, as submitted to the Legislature on the 26th Nov., and also my views of that Bill.

In the previous session of the Legislature of Ontario, several private Mutual Insurance Acts were passed; the last of which, that of the Ontario Mutual Insurance Co. was brought in and reported on by the member for Lincoln, the Chairman of the Railway Committee, "who states that having reported favorably on two other Bills of a similar nature this session, the Committee could not object to grant them"—the Ontario Co.—"the same privileges; but that a general Bill would or should be brought in next session to consolidate the whole Mutual Insurance Acts"—or words to that effect.

The Manager and Inspector of the Gore Mutual Fire Ins. Co. having considered the remarks of the member for Lincoln, as to a general Bill being brought in this session, addressed circulars to a number of the Mutual Insurance managers in Ontario, expressing their views regarding the same, and asking if the managers of such companies would be willing to attend a meeting, to be convened in the City of Hamilton, to take into consideration the best course to pursue, so as to procure as perfect a Bill as possible. This step was urged in the circular, and the first meeting was held on the 26th April, at which, from 12 to 15 companies were represented.

After discussing the various clauses of the Mutual Ins. Acts, and the amendments thereto, a committee of seven were appointed to revise these Acts, and to report at a meeting to be held before the Legislature should meet, of which committee I was a member, and consented to all the clauses in the present Bill now before the House, up to the 44th. In that clause it is proposed to issue policies for terms of one, two and three years, on a cash premium alone. To this I objected, and as instructed by my Board of Directors, still object.

I know it will be answered, that it is but a part of the Mutual Ins. Acts, which I acknowledge. But what part? The first amendment to the general Act in 1868, which gave rise to all the special Acts which are based on a cash premium that were subsequently passed, and which I contend, strike at the very root of all Mutual Fire Ins. Co.'s doing business on the purely premium note system; that system being the only true safeguard the insured have, in case of loss.

I hold that if the Dominion Government considered it necessary to pass an Act, compelling all stock companies to make a deposit with the Government before commencing business in the Dominion, so as partly to secure the insured, in case of failure of any company (which I regret there are instances on record), while said companies, as a general rule, insured for one year; how much more necessary for the Legislature of Ontario to guard the insured against being victimized by companies, who have asked and are now asking for powers by which they can take cash premiums, not for the year only, but from one to five years, without giving any security whatever. Why are companies so urgent to obtain the Bill in its present form? Is it that they may extend their business, without suffering loss in the collection of assessments? Or is it to bolster up their waning powers? What guarantee do they offer that the money so collected will be forthcoming when losses are sustained? None.

But further, these same companies, who are asking for such privileges, are taking risks at rates much lower than what stock companies do, with a view, no doubt, to extend their business; but who is to profit by an extension of business on such a scale of rates? Certainly not the insured, for when a mutual company becomes too extended, it invariably becomes more hazardous, thereby increasing rather than diminishing the losses; and consequently, those who profit are the increased staff of officers employed.

But, Sir, you will perceive, in reading clause 44, that it is permissive; you may either insure by giving a premium note or paying cash—there lies the danger; for instance, an agent goes to a farmer, wishing to effect an insurance with him, stating his terms; but mark, asking double or treble the amount in a premium note, than he would do the same for in cash, and you need not be told how opposed farmers are, as a class, to give notes; hence the difference being so great between the offer made for cash, and the amount of the premium note, that they jump at the bait and pay a cash premium for 3 or 5 years, without ever reflecting on the security they have from the companies for the cash they have paid. I speak from actual experience, having for the last fifteen years taken all the assurances effected by the Wellington Mutual—with the exception of some few taken by the directors—and thereby have had opportunities that no manager or secretary of any similar company has had of ascertaining the working of insurance companies abroad, and the action of their agents.

I, for one, Sir, consider that Mutual Ins. Co.'s, from their very nature, ought to be limited. But under the present system of expansion, agents are employed all over the country, who, in many cases, are not personally known to the manager or directors, and who are paid by FEES, to obtain which, risks are often taken of a very hazardous character, or too great an insurance effected when compared with the actual value; and often, from both of these causes, especially in towns and villages, endanger other companies, and all to gain the fee, which, I hold, would not be the case if the business was limited, and agents paid a part salary and the fees. They would not then be wholly dependent on the fees, and would endanger their salary if they either took too hazardous a risk or too great an amount thereon.

While clause 45 provides for any excess that may be over of the cash premiums, it makes no provision for the losses over the receipts, but which, I suppose, is intended to be paid out of the assessment made on the premium notes of the unfortunate insurers who gave premium notes; which I hold is a grievous wrong, and against which I object.

Clause 50 is correct, although, by comparing it with 71, you will perceive it is contradictory.

Clause 51, I take, is meant to apply to the premium note system, but which ought to be made more explicit; otherwise it must be very objec-

tionable, if companies are to be permitted to take cash premiums for a term of, say, five years, without giving any security to the public.

Sixty-six, and other clauses in which the cash premium principle is involved, I object to for the reasons before given, viz., empowering companies to do a cash business without giving security.

Clause 69 provides for the raising of a guarantee capital, and the very modest sum of \$500,000 is asked to be permitted to be raised—a large amount for stockholders of a Mutual Ins. Co. to require;—the holders of such guarantee stock to have a note for every \$40 of stock held, and the insured who grants his premium note is held liable to those stockholders to two-thirds the amount of said premium note; which I consider a gross injustice, and ought not to be sanctioned.

If \$500,000 of stock is or can be raised, why not comply with the Dominion Act, and come before the country under their proper title, as stock companies?

Clause 70 further provides that stockholders who have subscribed \$200, and paid \$50, are to be eligible for directors. What is this but a stock company in disguise, and of a most objectionable character, and ought not to be allowed.

Clause 71, referred to when speaking of 50, is so objectionable—asking for powers to do all sorts of brokerage, banking, &c.—that I believe the Legislature would not entertain it for a moment.

Clause 75 is one referring to the cash principle, and therefore highly objectionable, when applied to Mutual Ins. Co.'s.

Clause 76, I consider, is incapable of being wrought out by any reasonable staff of clerks; otherwise the cost of book-keeping must be an expensive item with the companies who adopt it.

Clause 79 provides for the repeal of all other Acts affecting Mutual Ins. Cos., which I trust will be the case, private as well as general; those private Acts, especially, which have been obtained by the amendment made to the general Act of 1868, and which ought to be repealed, as well as the private acts founded thereon, and a general Act—such as the present, when relieved of its objectionable clauses—passed on the purely Mutual principle, having for a security to insurers the premium notes as of old—the only true basis of security for the insured.

If those companies who are so urgent to adopt the cash system, and can raise stock by subscription, why not start a stock company at once, and not take the name of Mutual merely as a decoy to entrap those who have neither the ability nor the opportunity for examining into all the details connected with insurance companies and their standing?

I could enlarge much further on the system which has been adopted by various companies during the last five years, and the endeavours made to press business, which has not been profitable, neither can it be, for various causes, but mostly from agents taking risks that ought never to be done in a mutual company, and also from over insuring, which last would be rectified by the Bill now before the Legislature if it became law. As you will perceive, by reading the 68th clause, which provides "That only two-thirds of the amount lost shall be paid for." The contracting of agencies, and the paying their agents a part salary, would also reduce the number of losses.

With regard to assessments, I hold that an assessment ought to be made at least every year sufficient to liquidate all the losses and expenses incurred during the year, and not as practised by some companies at the present day, who only call an assessment in the three years, and that at the end of the first eighteen months that the policies have been in force, which is decidedly wrong. Suppose, for instance, that the losses for the first eighteen months have been heavy, a calculation will be made to levy an assessment sufficient to cover the next eighteen months losses—based on the first eighteen months; but which se-