

protection of the floater, and hence should be deducted from the adjustment, thereby increasing to that extent, the liability of the floater by relieving that amount of specified insurance. Another Rule was:

"In cases of concurrent average insurances the policies of the most limited range are to be treated as specified policies, in the order of their extent, and are to be called on in that order to make settlement; while those of greater extent are only brought forward in the same order to cover any excess of loss remaining after the exhausting of all of the lesser ranged policies."

One other mode of settlement known as the "Limited Liability Clause," was adopted in the City of Liverpool in 1842-1843, by which the liability of each office was first separately ascertained as if it stood alone, and the joint liability was thence obtained. This system was confined to the City of Liverpool, while it continued in vogue, but, for some cause, it was subsequently abandoned.

(To be continued.).

### THE VICTORIA MUTUAL FIRE INSURANCE COMPANY.

The business of this Company was, a few years after its organization, separated into three branches, severally designated "General" "Waterworks" and "Hamilton."

#### GENERAL BRANCH.

On the 31st December, 1881, the liabilities of this branch exceeded its assets by \$5,131.31; on the 31st December 1882, a balance of \$11,025.84 was shown against its assets, and on the 31st December 1883, this balance was increased to \$12,883.09. It had, therefore, been in an insolvent state for nearly three years.

#### WATERWORKS BRANCH.

This branch was closed on 27th December 1880, when its *cash system* policies were reinsured and its *premium note* policies cancelled. It was, evidently, in a state of insolvency at the time.

#### HAMILTON BRANCH.

This branch has, since its commencement, done a successful business in a small way. On the 31st December, 1883, its *assets* exceeded its *liabilities* by \$29,850.37. But it is and always has been conducted on *purely mutual* principles. The two other branches were established on a *MIXED mutual and cash system* basis.

It seems strange that, in the "Abstract Reports" of the Inspector of Insurance and in the "Recapitulations" which accompany his "Detailed Reports," the business results of companies which have separate branches, should be *lumped* instead of shown separately. Thus the surplus of the general assets of the Victoria Mutual over its liabilities is represented as having been, on the 31st December 1883, \$16,966.88. To say the least of it, this showing, although it presents the appearance of a shadowy stability is apt to mislead; one of its branches being hopelessly insolvent, its "Borrowed Money" alone, \$14,331.03, exceeding the total amount of its assets by \$5,177.23!

Each branch of a Mutual Insurance Company seems, to be a separate and distinct organization, only connected with the parent company for the sake of economy in management; for, according to the Statute—36 Vic. cap. 44, Sections 64, 65, 66, 67, Ont.—members of such a Company in one branch "shall not be" liable for claims in any other branch," and each branch shall be assessable for its proportion of all necessary expenses.

But the same statute, 36 Vic. cap. 44, at section 75 also enacts that "all the property and assets of the Company, including premium notes, or undertakings, shall be liable for all losses which may arise, under insurances for cash premiums" and it may be that this will account for the *lumping* process. However, to lump in the case of the Victoria only, when there are other Companies which have branches, might appear invidious and have the effect of drawing special attention to its affairs; therefore it is quite likely that to prevent, as far as possible, any such singularity, the lumping process has been made to include all *branching* Companies in the "abstract reports" and "recapitulations" aforesaid.

But, if it be true that sect. 75 of the act above referred to, over-rides sections 64, 65, 66 and 67, how monstrously unjust to the members of the Hamilton Branch of the Company, that they should be, without their knowledge, saddled with debts on a system which had evidently been repudiated by them when their Branch was formed. It was surely to prevent such a contingency that they preferred *pure mutuality* to the *mixed system*.

The question might be asked—why not close the General Branch, as the Waterworks Branch was closed on 27th December, 1880? Not a difficult question to answer. The General Branch cannot pay, from its own resources, the cost of the reinsurance of its *cash system* policies.

But, and we now approach one of the most singular incidents that have ever occurred even in the experience of a Mutual Fire Insurance Company:—the Victoria Mutual has been relieved of its ancient indebtedness. In some respects this may seem a boon to the Company, because its *lumped* assets may now possibly approximate \$32,000. Still, how painful to the feelings of a twenty-year-old management to have to write off a debt-money borrowed in good faith from trusting people ever so many years ago,—and not to know, to be puzzled, worried and tortured, how to make a proper entry of the matter in the Company's books. The history of the affair will doubtless prove an excellent advertisement of the Company.

On the 31st December, 1878, the amount of "money borrowed" by the Victoria Mutual Fire Insurance Company on securities given and still unpaid was \$30,000.

During the year 1879, this indebtedness was divided between its *General and Water Works* Branches each taking \$15,000.

On 30th December, 1880, the amount of money borrowed on debentures or other securities and *still unpaid*, with accrued interest, by the *General Branch* had been \$15,378.30 and by the *Waterworks branch* \$15,163.33, and so this indebtedness,—"*money borrowed*,"—has apparently gone on ever since, "*still unpaid*." Year after year the same expression occurs "*still unpaid*."

We cannot tell what it amounted to in the *closed Water Works Branch* on the 30th December, 1883, but in the *General Branch* it had been reduced to \$14,313.03.

The Company not a long time ago, made an assessment of 25 per cent on all premium notes in the *Waterworks Branch* in force on 22nd September, 1880, for the purpose of paying the promissory notes of the Company issued, in respect of that branch. It was a sort of test question and would apply to the *General Branch* also. But the assessment was disputed, and the dispute came finally before the Ontario Court of Appeal,—*Victoria Mutual Insurance Company vs. Thompson*, when judgment was given for the defendant with costs.

The statute relating to Mutual Fire Insurance Companies gives power to assess premium notes for sums necessary to meet the losses and expenses of the Company during the currency of the policies for which they were given, and also to provide in a *very limited degree* for a reserve fund; but it certainly does not empower a Company to assess its new