MONTREAL CITY PROPERTY AND INSURANCE.

The City Council of Montreal, on final consideration, have decided not to insure any of the property of the city placed in their charge. The proposition of the City Treasurer to insure for a moderate aggregate, dividing the risk equally among the companies represented here, was not, so far as we know, objected to, excepting on the radical ground that the city should not insure at all with anybody. The refusal to insure was based entirely on the ground that, inasmuch as several hundred dollars had been paid yearly to the insurance companies, and the property insured had not burned, therefore the city would better be its own insurer and save this money. If the worthy aldermen capable of such reasoning were taken ill with typhoid fever, they would, of course, if consistent, refuse to employ and fee a physician, on the ground that they had never before died from typhoid fever! The wise people who insure do so, not because they have been burned out, but because they are *liable* to be. Chicago had no large fires for twenty years. Suddenly, in forty-eight hours it became an ash heap. Coming nearer home we must not forget St. John, N. B., Quebec and Halifax.

The worthy aldermen seem to forget that they are bound in law and in morals to protect to the utmost the property of the people whose servants they are,—even better, if possible, than they would their own property. They also seem to forget that they roundly tax all the insurance companies, amounting in the aggregate to about $13,000 annually, for the privilege of doing business in Montreal, and yet, so far as their action goes, would deprive them of all business. They also seem to forget that they were very anxious to have the companies carry the risk on the abattoirs, in which the city has a vital interest, and which, although this property is very undesirable, they consented to do, with the understanding that the entire schedule of the city property was also to be insured at fair rates. Another thing these gentlemen seem to have overlooked, viz., that the proposed insurance was only for a comparatively small portion of the actual value of the property, so that (as in the case of the City Hall, worth about $500,000 and to be insured for only $150,000), in case of a fire the loss to the companies must almost certainly be a total loss.

That was a childish reason named by certain aldermen for declining to insure the city's property, viz., that several thousand dollars had been paid in premiums to the insurance companies within the past twenty years, and only some $5,000 received for losses. (Treasurer Robb is credited by the reporters with saying that the city had received from the companies only $3,000 in thirty years!) Honest men, whether aldermen or otherwise, do not insure hoping to realize on their policies by burning out, and so balance the premium account, but, recognizing the constant liability to burn, are yet thankful if fortunate enough to escape that calamity. At all events, the Treasurer's report shows for the single year 1880 the sum of $9,672.53 received from these companies, and certainly in the Bonsecours market fire this year there was a considerable loss. It is interesting to state in this connection that the city authorities of Toronto, a city whose insurable property value is considerably less than that of Montreal, judiciously protects its property by insurance. Last year the insurance placed in 40 companies, $13,570 in each, was $542,810, exclusive of public school, library and court house property, which are insured separately. The one simple, incontrovertible fact is, that, as custodians of the property of the citizens of Montreal, members of the City Council are bound to protect that property by insurance,—the only method of protection at their command,—just as all good business men protect their own property in like manner.

CASH SURRENDER VALUES.

An animated discussion took place at the last meeting of the Actuarial Society of America, on a paper previously read by Mr. Sheppard Homans criticizing the Massachusetts law as to cash surrender values of life policies. The terms of that statute are that the cash value which all life companies organized in that State shall pay to retiring policyholders shall be equal to the full reserve, less only a deduction of eight per cent. of the "insurance value," or present value of the normal future yearly costs of insurance under the policy. This provides a very liberal value indeed for all forms of policy, and for endowments particularly so, the insurance value of endowment policies being comparatively small. The companies on the latter class are however authorized to charge an additional five per cent. of the reserve.

Mr. Homans claims that this law is capable of much improvement, and there can be but little doubt that this is so, although unfortunately the actuarial physicians cannot agree on a remedy. Almost every one has some specific which in his opinion is superior to all others, while some think that the best course is to leave matters to nature alone, by having no such law at all, and allowing the competition between the companies to regulate the terms of their policies. However, be this as it may, we cannot help seeing a serious danger in any law which compels a company to give a very large proportion, and in some cases almost the whole of the reserve as a cash value to those who desire to drop out. So long as the business of the company progresses favorably and satisfactorily, all may go well. But suppose, for example, that the New York Life had been subject to such a law at this time. Under the vehement and continuous attacks which are being made on that company, there is reason to fear that if its policyholders were able to withdraw the large surrender values guaranteed by the Massachusetts law the number of cancellations would be so great as to really imperil the company's future. Most of the inferior lives would presumably remain, and we would have an instance of "adverse selection" on a large scale. Other companies also have had to go through trying times in their history; and although they are to-day in a flourishing condition, it is quite possible that had they, too, been subject to the laws of Massachusetts, they might have been forced into bank-