

of Trade, and with leading members of the Senate and House of Representatives, he has put the matter before the Hon. Mr. Evarts, Secretary of State, and has discussed with him the mode of forming a committee of five to meet five representatives of Canada. The suggestion, whether Mr. Evarts' or Mr. Barker's is not clear, is that the Secretary of State, one Senator, one member of the House of Representatives, and two citizens selected by the President, should form the United States commission.

We should not imagine that any agreement arrived at by such a commission would be more likely to be approved by Congress than one negotiated direct with the Secretary of State. Mr. Barker does not explain what the proposed commission is to consider. Is it to discuss the terms on which the right to fish in Canadian waters will be granted for another period of years, and likewise, the respective tariffs of the two countries, or is the negotiation to be based on the adoption of a common tariff on the principle of the Zollverein? In the latter case does the proposition mean that the suggested commission shall prepare a tariff for the two countries, and arrange for the distribution of the revenue? The whole scheme is so crude that it would be hardly possible to discuss it. We presume that we are acting in accordance with Mr. Barker's wishes in giving the substance of his letter, and we may remark that he has published in the New York Herald a letter containing substantially the same proposition as that suggested in the letter to the Hon. George Brown.

#### FIRE INSURANCE REPORTS.

It may not always be correct or just to judge a fire insurance company by the report it presents to its shareholders, as there is ever behind the figures, the fact, incapable of demonstration except by future events, and not always even then, of the real hazard carried under the item of "unearned premiums;" as a fire company's ascertained loss ratio may have been so high as to have caused a weeding out of undesirable risks; or these may have burnt themselves out so as to improve the quality of the average of those remaining in force; or, the loss ratio may have been so low as to induce carelessness such as may make the unexpired risks more costly than those previously matured; or, whilst the general average may be good, the loss ratio may have been disturbed by so exceptional a calamity as the Hamilton fire of August last, an occur-

rence which, as far as Canada is concerned, has not been equalled since the burning of the Iron Block in Toronto, and may not,—we trust will not,—be known again for many long years.

It is positively wrong to judge of the business of a company by its statement of receipts and expenditures, because of the (two) items whose true inwardness time alone can demonstrate, viz., "unsettled losses" and "unearned premiums;" and because it is always necessary to remember that an increasing business means a piling up of future liability, while a decreasing business means a disproportionate amount of present losses with a decrease of future contingencies.

Beside these, however, are the different policies adopted by the companies in the management of their business and the acceptance of risks: one company by a bold aggressive policy may secure an extended area of risks on classes of hazards which another company may religiously avoid, and yet, by avoidance of moral and conflagration hazard, may profit by its adventurous spirit, the more especially as a large premium income protects from the disturbance caused by such occasional "extraordinaries" as would seriously affect a company whose premium income was comparatively small.

There is also the fact that one class of risks will have a fire epidemic in one season and another class in the next. A series of conflagrations such as those of 1875, 1876 and 1877, beginning with Quebec and ending with St. John, may be followed by a calm, as in 1878, and this again by a continuous illumination by sporadic fires as in 1879; or, we may have a repetition of 1873 and 1874, in which years the fire companies were lulled into a feeling of security by their surprising immunity from loss.

Shareholders in their meetings should not be unduly elated or depressed by the experiences of any year, or of any series of years whose general character has been similar, because that the intent and purpose of fire insurance is to make risks which do not burn pay for those which do, and years of immunity provide for those of disasters; therefore, if they have confidence in the general management of their business, they should uphold it in times of disaster and be contented with moderate dividends in times of good fortune. Persons who are speculative or fretful or nervous should never have any connection with fire insurance, because they continually interfere with and impede the management, and by croaking or plotting do serious injury to institutions

so dependent upon the public confidence as are fire insurance companies.

So far as the general public are concerned, they have several means of judging as to the confidence they should repose in a fire insurance company; for instance, the requirement of full rates, the inspection of its risks, the wording of its policies, and the adjustment of its losses; if these are done carefully, and in a business-like manner, then its losses will always be paid, but, if low rates are accepted for the securing of risks, "risks" will certainly be secured at the expense of safety; and, if carelessness in wording, or inspection or adjustment be seen, then the not far distant future may demonstrate the want of surety in that company's guaranties of indemnity.

We have been careful so to preface our summaries of the reports as to prevent injustice to the companies by reason of any misinterpretation of their figures.

The Victoria Mutual presents a report from which it is not possible to ascertain more than the number of policies in force in each of its branches, the amount at risk and the amount of losses incurred during the year. These are:

|                             |                |
|-----------------------------|----------------|
| Number of policies in force |                |
| in general branch.....      | \$,991         |
| Amount insured.....         | \$8,011,078 00 |
| Number of policies in force |                |
| in Hamilton branch.....     | 1,534          |
| Amount insured.....         | 1,902,561 00   |
| Number of policies in force |                |
| in Waterworks branch.....   | 1,097          |
| Amount insured.....         | 1,537,467 00   |

Total policies in force 11,025—  
Insuring the sum of \$11,451,109 00

Claims amounting to \$29,137.30 have been paid, in addition to which there have been reported about \$9,500, on which the actual liability may probably reach \$6,000 to \$7,000. Of this sum over \$3,000 have been already paid, leaving an unadjusted liability of less than \$4,000.

The Citizens' is an example of the principle that a series of eras, and not the experience of a few years, should govern the conduct of an insurance company, as although it has lost money during the past few years, yet its general manager states that its dividends have exceeded an average of six per cent. to the close of 1879. This company has excited the ire of one of our respected contemporaries by deciding to let "by-gones be by-gones," as it does not furnish a statement of its operations during the past year, but simply shows its claims to public confidence as demonstrated by its present assets and liabilities. Its list of assets shows investments unexceptionally