

ailing ones desire, than to be let alone and have their own way of doing things unmolested?

Mr. Kenny is severely down on the usage in the United States in this regard, and yet, if results prove or should pass for anything like a practical, forceful demonstration of the beneficial effects of a system or usage on the health and prosperity of fire insurance companies, then surely Mr. Kenny should be one of the very last to object to the safety system of governmental supervision existing in the United States. For, is it not made patent to the world of insurance that under said system, so pointedly objected to by Mr. Kenny as being too exacting, the branches of both of Mr. Kenny's companies, the British America and the Western, are shown to be remarkably successful business institutions, which fact the following figures, advertised in insurance journals of the United States, clearly show:

The United States branch of the British America is shown to have a surplus of \$462,378.10, and the Western a surplus of \$775,903.36; together these surpluses amount to \$1,238,281.46.

Now, we submit that each of these showings is highly satisfactory, and that, combined, the result is excellent indeed. But, that is not the result of Mr. Kenny's immediate personal management or supervision. The results of Mr. Kenny's immediate personal management and supervision are shown in the general financial statements of the British America and the Western, taken from the Superintendent's Report for 1902, recently published, showing that here in Canada, where the management has full sway, the British America instead of a surplus has a deficit of \$502,819.97, but, according to the "Abstract of Statements" issued by the Superintendent last spring (March 6, 1903) the deficit was \$487,169.97. The difference between the figures of the "Abstract" and those of the "Report" amounts to \$15,650.00, being an increase of deficit—a showing from bad to worse.

And under Mr. Kenny's watchful guidance the Western's deficit, as per "Abstract of Statements," was \$687,575.79, but per "Report" the deficit is \$716,305.79, being an addition of \$28,730.00 to the already alarmingly large deficit.

The addition is a long step in the wrong direction. Together the deficits amount to the large sum of \$1,219,125.76. Such is the gross standing of the companies, at headquarters, while the surpluses of the branches in the United States amount to \$1,238,281.40! What could better illustrate or be more conclusively convincing as to the difference of effective and defective supervision? On the one hand, the showing of large surpluses, and on the other hand, where are supposed to be intelligent, expert management, and efficient government supervision, both powers having full control of the situation, the showings are disappointing, disheartening deficits! What a forcible exhibit, reflecting

discredit on the immediate, direct management, and something like disrepute, or worse, on the *indirect*, negligent supervision in Canada. "By their fruits ye shall know them."

Is it any wonder Mr. Kenny yearns for a reduction of the unearned premium rate with a yearning that can find no sufficient, relieving expression? He greatly needs sympathy and kindly support to uphold him in the trying ordeal he is undergoing and the disturbing prospects of a dark, beclouded future. The ordeal offers him two phases of harassing contrasts. Here, in Canada, are seen very serious deficits and still increasing impairments of the capitals of his companies, while in their United States branches are shown very handsome surpluses of assets over liabilities. For these foreign good results Mr. Kenny will probably accept, and may possibly claim the credit, but it is clearly evident from the facts that not to the head office management, but to the effective system of government supervision in the United States, complained of by Mr. Kenny, is to be credited the remarkable outcome—large surpluses,—while here, at the companies' own headquarters, we have what looks like the outcome of incompetent management combined with listless government supervision. Both actors are responsible, and should be held accountable for the depressed, saddening financial condition of both these old native Canadian institutions.

The situation is indeed a serious one and a delicate, requiring, and should have, the instant, best efforts of the directors for its amelioration.

Fundamental changes are needed, and we venture, suggestively, to ask, Why not amalgamate the companies under one management, or reinsure one or both? Britain offers a good field for such transactions, and both companies are represented on the spot.

Something should be done, and done in time, considering the circumstances. We heartily wish that Mr. Kenny could work out a surplus for each of his companies, and that the affairs of the one and the other were every way what, upon the whole, they are not—satisfactory.

INSURANCE COMPANIES' SUPPORT OF PERNICIOUS JOURNALS.

The Commercial, Winnipeg, of August 15, reprints in full our article on the above subject, which appeared in July BULLETIN, and appends the following note:

"Note by *The Commercial*.—We learn from the Great-West Life head office here that the letter from the *Economist* was given to the *Monetary Times* with full liberty to publish at the time it was first received. That journal, however, saw fit to comment upon the matter without using the name. The Great-West Life did not therefore hold the letter back for a time as is inferred by THE BULLETIN."

We do not think that it could reasonably be inferred from what we said, that the company had held the letter