

## Correspondence.

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### OUR LONDON LETTER.

Editor INSURANCE AND FINANCE CHRONICLE:—

I believe that when the summary of the reports of the various insurance companies for 1890 is published, it will be found that a considerable increase of business has been experienced. The trade of the country throughout the year exhibited a marked improvement over recent years, notwithstanding the fact that enterprise has been greatly crippled by hundreds of foolish strikes, in various branches of industry.

#### REBATES IN LIFE ASSURANCE.

I must again refer to this subject in connection with the departure taken by the North British & Mercantile from the path of rectitude. I learn upon very good authority that the company, although having had a large influx of new business from the civil service compact, has experienced such a heavy loss in claims as to lead the managers to put forward proposals for modification of the agreement, in respect of the clause admitting members of the civil service without medical examination.

#### INSURANCE SHARES.

The increasing scarcity of good investments is likely to bring into view the shares of those insurance companies whose progressive character is well established. There is, however, one drawback to insurance shares as an investment, and that is the heavy liability that is attached to most of them. For although the unlimited liability of the shareholders is regarded by many policyholders and others as forming an additional security, there are many companies whose accumulations are such as to place it almost beyond the bounds of possibility, that a call should be made in respect of their shares; and they might with perfect safety seek to benefit their shareholders, by obtaining powers to limit their liability. For instance, the liability of the shareholders in the Liverpool & London & Globe is unlimited, but it is as unlikely that any occasion should arise for a call as that the Government should be bankrupt. There is no doubt that the liability, being unlimited, deters many would-be investors from purchasing the Liverpool & London & Globe stock. Two fire insurance companies,—the Sun and the Imperial—and one life company—the Pelican—are about to apply to Parliament for powers to alter their capital, both in form and substance. The effect of the contemplated changes will probably be, that a class of investors who have hitherto been precluded, by reason of the unwieldy prices, from dealing in the shares of the companies named, will now be enabled to touch them. I quote a few figures to show the improvement in prices in 1890 in the insurance market, as compared with those of four or five years ago. In 1885, the stock of the Liverpool & London & Globe could have been bought for 23½; in 1890, the lowest price was 47½; and on the 9th Jan. of this year, it stood at 49½. In the same year, 1885, the shares of the Commercial Union could have been purchased for £14; in 1890, the highest price was 36½ and the lowest 31½. In 1885, the shares of the North British & Mercantile were as low as £26, and in 1890 the lowest price was 36½. There is a peculiarity about the insurance market that may be noted. Only in a few instances is there a free market for shares, and the business in these being to a large extent local, it often happens, says the *Financial Times*, "that a stale quotation is left in the London list, while the actual market has run away from it... On the other hand, the market may be centred in London for the moment, and the Liverpool or other provincial quotation may be quite obsolete."

#### HARPER AGAIN.

The Mutual Reserve Fund Life Association having been mercilessly snubbed on the continent, notably in Prussia and Switzerland, and having recently lost its managers in Great Britain and Sweden, has now to record another defection from the man-

agerial ranks in the person of Mr. N. W. Bloss, the second vice-president. The circulars issued under the inspiration of Harper, the president, assign ill-health as the cause of Mr. Bloss' retirement; but if report is to be believed, Mr. Bloss is in the best of health. His activity in extending the sphere of the operations of the Mutual Reserve, and the fact that he was one of its founders, gave him a due amount of prominence, and it will probably become absolutely necessary that a truthful statement should be given of the circumstances under which Mr. Bloss severed his connection with Harper. Many demands have been made from Harper by the council in England, for an explanation of Mr. W. H. Hayward's conduct in withdrawing from the association; but up to the present I cannot find that any reasons have been given, although a long time has elapsed since the request was made. It will probably prove equally repugnant to the mind of Harper to account for Mr. Bloss' withdrawal. Taking the foregoing in conjunction with the fact that no less than five of the association's directors have vacated their seats, it will be a matter of considerable interest as well as importance to watch the proceedings of the annual meeting of the Mutual Reserve, which is to be held in New York during the present month. It is to be hoped that members of the association will attend the meeting in force, and insist on receiving from Mr. Harper explicit statements respecting the retirements above mentioned. It is about time that something was done to expose the hollowness of Harper's schemes and the unscrupulous tactics he has adopted to cram them down the throats of a public that has unfortunately allowed itself to be too easily gulled.

#### STATE INSURANCE.

In my last letter I made allusion to a scheme propounded by a member of the British Parliament for establishing State aided insurance. During the last few weeks the publication of certain Government reports has enabled me to extract the following particulars therefrom, relative to a system of State insurance in Denmark. The report is written by Mr. W. E. Goschen, late secretary of Legation at Copenhagen, but now at Lisbon. Mr. Goschen gives a brief historical sketch of the system of State insurance in Denmark, tracing it back to the year 1740, when it was made obligatory upon every Government official, whether in the naval, military, or civil service, to set aside a portion of his salary for the purpose of making provision for his widow at his death. Considerable difficulty was experienced at the outset in framing a satisfactory scheme. The rates were too low, the rules were too lenient, and the institution ultimately became a charge upon the State. Comparatively few men were willing to avail themselves of the benefits to be secured by the purchase of annuities, even after the first month's salary had been paid under compulsion towards the annuity fund. Frequent difficulties arose in the management of the institution, and it was not until the year 1871 that the present scheme was adopted, and which is now working satisfactorily. In the year just mentioned the Government established "The Life Assurance and Provident Society of 1871," taking over all the assets and liabilities of previous institutions. The Society is backed up by the guarantee of the State, but its capital is independent of the Danish Exchequer. Every married Government official, who is qualified to receive a pension, and who is either in the active discharge of duty or in receipt of half pay superannuation allowance, is compelled to secure, through the medium of the society, a "widows' annuity," the minimum amount of which is fixed at 1/3 of the salary, and the maximum at 1,200 kroner (£65) per annum; or, if it be preferred, an assurance may be effected for a sum not less than 15 times the annuity. The only exemption from the compulsory assurance exists in the case of officials who have secured for their widows the highest pension granted (about £44 per annum), or who are able to show that, at their decease, their widows will have an income of at least 1200 kroner. The premiums which are payable annually in advance are deducted from the salary or superannuation allowance. The plan of purchasing annuities is found to be more popular than the insurance scheme, simply because all that the regulations