

Quite a number of brokers were now employed, whose duty it was to bid for large amounts, and give apparent strength to the market; or, as it is technically termed, "support" it. At the same time, rumors were diligently spread about that it was the intention of the clique to withdraw and lock up the gold, instead of lending it to the "shorts," and compel the latter to buy their gold at high prices from the clique—who alone could supply them—in order to make their deliveries. The threatened "squeeze," frightened many of the bears in covering, and this increased demand assisted in advancing the rate; their schemes were further aided by the belligerent tone of the news from Spain, which was made the most of for their purpose. Gold rose rapidly to over 140, when many of the parties unloaded, and there was a supposed defection in the camp.

It is now reported, that at a meeting of the clique, held at this time it was proposed to realize, but the counsel of Mr. James Fisk, Jr., who was still for war, prevailed, and orders were given to force the price to 180. From these orders, which the clique repudiate, arose the confusion, disorder and disgrace enshrouding the street.

Mr. Speyers, one of the chief brokers who, had been operating for Messrs. Smith, Gould, Martin & Co., says he received his orders from Fisk, in presence of Mr. Gould, and reported his purchases to the office. This Messrs. Smith & Co. deny, and Mr. Speyers is saddled with a trifle of 47 millions of gold purchased at various prices over 160; that is, he would be if he could receive and pay for it, but in the language of the street, Mr. Speyers is *ausgespielen*, unable to fill his contracts. Speyers' is only a sample case.

Everything is in confusion, and with the clearing house choked up with the enormous uncleared business of Thursday, over 500 millions of dollars, dealing in the precious metal is suspended, except for small lots at the bullion houses.

The following list of houses is reported delinquent by the gold Exchange Bank: Terega & Graves, Galwey, Hunter & Co., A. Speyers, Dorwin, & Boocock, P. H. Williams, Jr. & Co., Wm. Belden & Co., Chase McClure & Co., James Brown & Co., G. W. Keep & Co.

Communications.

MUTUALITY AND CASH PREMIUMS.

Editor of the Monetary Times.

The material causes which led Mutual Fire Insurance Companies to adopt a system of cash premiums were the delay incidental to the collection of a large proportion of their assessments, the interest on borrowed money necessary to enable them to carry out their engagements, and the considerable percentage of loss which they were certain to experience on them. Their published Reports yearly exhibited large losses under the head of "unpaid assessments," and accumulations of them were not unfrequently ordered to be written off at annual meetings, or disposed of in some other way. Could assessments be paid in advance, it was felt that these evils might be remedied, and that they can be remedied in that way, the career of a purely Agricultural Mutual Company affords abundant proof. This company would seem to have adopted some such plan as this. An average of its annual assessments, or cost of insurance, during a series of years, has been struck, and a tariff of rates for cash premiums framed thereon, which, in a few years has not only enabled it to pay claims against it promptly, but has left it in the possession of a very large surplus. Nor have

its members had cause for complaint, for it has actually cost them less to insure under the cash system than it did under the premium note system. It has had little, or no, interest to pay, and but few assessment losses to provide for.

The "Gore Mutual" has, however, adopted a system which differs somewhat from that of the Agricultural Mutual Company just referred to, in that while the latter would seem to have based its tariff upon its actual experience during a series of years, the former has framed a tariff higher than its experience. But the Gore returns a portion of the profits realized to those entitled to them, the other portion accruing to the premium note insurer, in consideration of the security which its premium note capital affords; or it allows to those who choose to forego profits, a liberal discount in advance.

That this is not "mutuality," in its strictest sense, no one will deny; but if the purpose of mutuality, which is to reduce the cost of fire insurance be attained, and insurers be satisfied, a close adherence to mutuality would hardly seem to be indispensable. Nor does the Gore discourage the premium note system; but it offers either the one system or the other, and it is desirous, for obvious reasons, to preserve its premium note capital at a certain amount.

Experience has proved, that a comparatively small capital is all that is required to carry on the business of fire insurance, provided ordinary care be taken in the selection of risks, in the appointment of agents, and in adhering to a safe limit on each risk. The mutual companies have hardly exceeded such a limit, and the result has been that the failure of a mutual fire insurance company has been a very rare occurrence in Canada. If, therefore, a company like the Gore, possessed of a moderate capital in premium notes of responsible parties, which capital has been proved for thirty years to have been ample to protect the interests of its members, proffer that it will issue policies for cash premiums—cash premiums, moreover, higher than what its experience would warrant it to offer—and if a cash business (as has been proved) can be safely and profitably transacted, surely it were an absurdity to gainsay that system because, forsooth, it did not strictly accord with mutuality.

But there is another evil to which a strict adherence to the mutual system renders a mutual company liable, and that is, an irregularity in the cost of insurance. At one time assessments will be small, at another large; and insurers will complain that they are never certain what they will be called upon to pay. Mutual insurance companies have, however, power to create a reserve fund, and several companies have taken advantage of this power in order to equalize their assessment rates.

The cash system as applied by the Gore, coupled with its system of daily assessment, will, it is confidently anticipated, materially assist in doing so, so that at no period need assessments press unduly. Moreover, when such an amount of cash premiums shall have been collected as shall equal the sum of assessments which are ordinarily collected during a year; or, in other words, when one year's assessments shall have been paid in advance; it is evident that the assessments thereafter collected can be made available to pay losses as they occur. This effect is beginning to be observable in the Gore now, although but about \$6,000 of cash premiums have as yet been received.

T. M. S.

Galt, Ont., 25th Sept., 1869.

Law Report.

AN important case has, during the past week, been decided at the assizes for the County of Lambton, held at Sarnia, before the Hon. Justice Hagarty—Hendrickson v. The Queen Insurance Company. In November, 1865, a policy was issued to the plaintiff, covering property at Oil Springs in the sum of \$5,000. Some months subsequently, the policy was, with consent of the company, assigned to one Morris, who in turn assigned it to the firm of Batchelder & Pettingill. In June, 1866, a further insurance of \$2,500 was effected by the latter assignees, with another company. In September following, a fire broke out in the premises, which totally consumed the entire property assured, with the exception of a small stable, covered in the policy to the extent of \$200. The claim therefore was made for \$4,800, with interest from the date, when the claim became due, amounting in the whole to the sum of \$5,623.

It may be stated, that this case had been twice before the court at previous assizes; first, in May, 1867, when a verdict was given for the plaintiff for \$2,400, which, however, they refused to accept; and again in October of the same year, when they were nonsuited upon the pleas as set up in the present defence. The nonsuit, however, was set aside, and the case came for the third time before the court in its original bearings. The defence was that the assignment last made was without their knowledge and consent; also, that of the additional insurance of \$2,500 they had never been apprised, either of which, according to the conditions of the policy, vitiated the contract. Witnesses were brought by the plaintiff to prove the advising both of the assignment and additional insurance; which, however, was rebutted by witnesses for defence.

The case was ably argued for the plaintiff by Messrs. Beecher and Pardee, and for the defendants by Messrs. M. C. Cameron and Anderson. The judge in summing up, charged the jury strongly in favor of the company; the latter, however, with that instinctive prejudice which is said to characterize all juries, especially country juries, when dealing with corporate bodies, brought in a verdict for the plaintiffs for the whole amount demanded.

It is said to be the intention of the Company to appeal to the Queen's Bench.

ACCOMMODATION INDORSERS—CONTRIBUTION.—Where two persons indorse a note for the accommodation of the maker, and the second indorser knows when he indorses that the first indorser is, like himself, an accommodation indorser, he must share equally the loss occasioned by the maker's default.—*Cockburn v. Johnston*, 15 Grant.

PRINCIPAL AND SURETY—DISCHARGE OF SURETY.—The plaintiff, who was indorser on a note made by one McF. to a bank shortly after the making thereof made a mortgage to the bank to secure the debt, which was stated in terms to be an additional security for the payment of the note and any renewal or renewals thereof. Subsequently the bank absolutely discharged the principal debtor.

Held (1) That the position of the surety was not changed by the making of the mortgage. (2) that the surety was discharged, although it was shewn that by the agreement between the principal debtor and the bank the surety was to be still held liable.—*Cumming v. The Bank of Montreal*, 15 Grant 686.

FIRE INSURANCE—MORTGAGE.—A fire policy, in favor of a mortgagor, contained a clause providing that in the event of loss under the policy, the