

THE POSITION IN THE UNITED STATES.

In his last New York circular, dated 14th July, Henry Clews has the following about the railway strike and the financial position:—

In this case it has been seen that the arraying of the utmost force of organized labor could only end in a defeat that would widely discredit the union principle and emancipate industry from the disturbing rule of unions. The interruption of travel and transportation has been regarded as more a temporary postponement of railroad business than as so much permanent loss; and the destruction of property has been viewed as a charge upon the local governments which have failed to prevent violence, rather than upon the corporations that have been raided. Moreover, whatever minor forms of actual and uncompensated loss have fallen upon the railroad interest, it is felt to be a small matter in comparison with the offset accruing from the signal failure of the strike principle and the consequent future limitation of the union's power of disturbance. The firm attitude assumed by the Government in, for the first time, affirming that these violent methods of strike are fundamentally opposed not only to the rights of the citizen, but also to the laws of the United States, is an invaluable contribution towards confidence in the future immunity of our railroads and other large corporations as against the lawless interruptions of labor from which the country has suffered so much and by which the use of capital has been surrounded with very serious risks. In brief: Wall Street regards the struggle as the crowning battle between the employing class and the employed class, in which the former has regained its right to unobstructed freedom of contract in the employment of labor. The result of this victory is of no small value to the future stability of our industries; and the estimate put upon it is significantly expressed in the steadiness of the financial markets amid so much confusion.

Another result of much value to the railroads has come out of the strike. Under the past depression of business and the general fall in prices, the roads have felt the necessity of a general reduction in wages, and yet they have hesitated to enforce it lest it should produce a labor disturbance. They have now an opportunity of replacing their past employees, and are doing so upon a generally reduced scale of wages. A valuable opportunity has thus been afforded for the railroads conforming their scale of expenses to the general, and probably permanent, reduction in prices. Thus what has been dreaded as a possible great national calamity turns out to be a valuable contribution towards completing the process of readjustment which our material interests are now undergoing.

FRIENDLY SOCIETIES IN CANADA.

To even trace in outline the rise and progress of friendly societies in Canada would require more space than can here be allotted to it, and hence only very brief notes will be made. For some years the friendly societies in Canada have been undergoing a gradual evolution from mere benefit societies, whose payments were founded on donations to friendly societies with benefits founded on contract between society and member. To discover or evolve order out of this chaos has been no easy task. As yet friendly societies in Canada cannot be said to be more than assessment societies whose life assurance schemes are founded on what the president of the Institute of Actuaries in 1890 (Mr. William Sutton) called a "fallacious principle which had long ago been exploded in this country (England)." These friendly or assessment societies are of two classes—

- (1) Those founded in connection with fraternal order.
- (2) Those having no fraternal feature.

The former are not under Dominion Government supervision; the latter are to a limited extent, if doing business in more than one province. Both these classes differ from a regular mutual assurance company or society, in that the latter must be actuarially solvent, whereas a friendly society in Canada need only possess sufficient available assets to meet present liabilities.

Of the four non-fraternal societies coming under class 2 above, two found it expedient in 1892 to anticipate their natural fate by re-assuring

in a similar, but stronger American assessment society. The Dominion Insurance Department supervises the business of societies under class 2 (native or foreign), which do business in more than one province, but it assumes no responsibility for, nor vouches for, their actuarial solvency; and such societies have by law to bear about in their literature and advertisements the opprobrious title "Assessment System." Although called "assessment societies," nearly all of these societies of both classes have regular periods of assessment, and comparatively regular levies or rates. In many instances these rates approach to those of short-term rates of a regular company, but a great deal of controversy and misunderstanding prevails among the members of these societies and others as to the possibility and necessity of these assessment rates ever increasing. On this subject an educational process has been and is still going on.

The first attempt to deal with friendly societies in Canada in a comprehensive way is found in the Ontario Insurance Corporations Act, 1892, although various laws respecting benefit societies have been passed since 1850. But the above Act is the only case where an attempt has been made to regulate these societies, fraternal or non-fraternal. Of course this law does not affect societies operating entirely outside of Ontario. The general effect of the above Act, as regards friendly societies, has been to change them, so far as possible, from societies whose payments rested on donation, to societies with payments founded on contract.

All friendly societies undertaking insurance contracts in Ontario must now be registered on the "Friendly Society Register" of Ontario. Various clauses are enacted for the regulation and conduct of these societies, *e. g.*—

- (1) The registration and classification of their contracts and accounts in a form approved by the Registry Officer.
- (2) An annual "bona fide and business-like audit of its books of record and account," showing the actual assets, liabilities, receipts and expenditures, and the statement of the insurance fund or funds, and a copy of such summary statement shall be filed in the office of the Registrar, as well as furnished to the members or lodges.
- (3) The investment of the surplus funds in specified securities.
- (4) An official audit in certain cases by the Registrar.
- (5) Penalties for falsifying an account or obstructing an official audit.
- (6) The suspension or cancellation of the registration of a fraudulently conducted or insolvent society.
- (7) Regulations as to foreign friendly societies.
- (8) The exclusion of foreign assessment endowment societies, and the prohibition of the future incorporation of native assessment endowment societies.

The certificate of registry issued to a friendly society, or the reporting to the Insurance Department, does not imply any approval of the financial standing or basis of a society, as they are not permitted to make any deposit with the Ontario Insurance Department, which assumes no responsibility for their actuarial solvency. It may be stated that the Wives' and Children's Act, hereafter described, now applies in Ontario to friendly societies. The foregoing regulations only apply to friendly societies operating within Ontario. Societies whose operations are confined to any other province are not subject to these regulations.

INSURABLE INTEREST (ONTARIO).

The laws of Ontario are founded on the common law of England; certain Imperial statutes (prior to 1792); and provincial enactments. Among the Imperial statutes is the well-known Gambling Act of 1774 (14 Geo. III. cap. 48), which has been law in Ontario and remains so, except as modified by the Insurance Corporations Act (1892).

Section 35 (2) of the latter Act, reads thus:—"In order to render valid any contract of life assurance, the beneficiary under the contract, being other than the assured or the parent or bona fide assignee or nominee of the assured, or a person entitled under the will of the assured or by operation of law, must have had at the date of the contract a pecuniary interest in the duration of the life, or other subject insured."

Section 35 (1) removes the incapacity of a minor between ages 15 and 21 to make a con-

tract of life insurance (either for his own benefit or for that of his father, mother brother, or sister), and he may now not only make such a contract but he may also give a valid discharge for a surrendered policy or other benefit thereunder.

Prior to the Insurance Corporations Act, 1892, a parent did not have an insurable interest in the life of his child, when a pecuniary interest did not exist.

Notwithstanding this, a large number of industrial policies on children had been issued in apparent ignorance of the law. Instead of exempting policies on children from the operation of the Gambling Act, 1774, as was done in the case of the Friendly Societies Act in England, the force of the above mentioned Act was modified in the Corporations Act by legalizing such policies for the future within certain limits as to amount and age. But existing insurances were not interfered with. Thus from ages 2 to 10, the amount of insurance that may be effected on children (where a pecuniary interest does not exist) is limited and gradually graded from \$25 to \$147. After 10 years of age, the restriction as to the amount of insurance ceases. According to decisions of the United States courts, it has been held that a parent has an insurable interest in the life of his minor child, especially where relationship is accompanied with presumptive or conclusive evidence of pecuniary interest, benefit or advantage from the continuance of the life assured. Accepting this wider view of insurable interest, the Insurance Corporation Act provides, section 35 (6):—

"In respect of insurance heretofore or hereafter effected on the lives of persons under 21 years of age, where such insurance has been effected by a parent upon the life of his child, such insurance shall not be deemed to be invalid by reason only of the parent's want of pecuniary interest in the life of the child."—*Life Assurance in Canada*, by Frank Sanderson, M.A.

MATCHES MADE OF PAPER.

Not many improvements are recorded nowadays in the manufacture of matches, says "an exchange, but it has lately been proposed to substitute for the ordinary article a novel kind of paper arrangement, described as resembling in its general construction the coiled tape measure used by tailors. The coil thus employed is a roll of paraffin paper, enclosed in a metallic case, one end of the paper projecting after the manner of the tape measure, and at regular intervals on the paper are small points covered with an igniting substance. In practice one has only to give the end of the paper a smart pull, bringing the igniting point in contact with a small steel plate, and a light is struck which burns slowly and evenly, and on the roll being thus exhausted from use, a fresh one can be inserted in its place. Matches of this description can be manufactured with great rapidity and at very small cost.

CHINESE ORIGIN OF TEA.

Tea is spoken of as a famous herb in Chinese literature as early as 2000 years B.C., at which time its cultivation and classification were apparently almost as thorough and complete as it is to-day. One of the ancient legends says that its virtues were accidentally learned by King Shen Nung She, the Chinese monarch who is also known as "The Divine Husbandman," who flourished 4,000 years ago. He was engaged in boiling water over a fire made of the branches of the tea plant, and carelessly allowed some of the leaves to fall into the pot. The liquid which he expected to come from the vessel simply as sterilized water was miraculously converted into an elixir of life by the accidental addition of tea leaves. Soon after it became highly esteemed in the Oriental cities, and was used as a royal gift from the Chinese monarchs to the potentates of Southern and Western Asia.

—A private cablegram received on Wednesday in Montreal says:—"London wool sales opening to-day. Australians, prices for merino, all descriptions, higher by 5 per cent. Capes, no quotable change. Large attendance and spirited bidding."