it. The public must be protected against weak or fraudulent insurance companies; and in a country like Canada, such protection can only come from a central authority. This is a prime necessity for the protection of the trade and commerce of the country.

### ONTARIO ACCIDENT COMPANY CASE.

**Liquidator of Company Ordered to Pay Disputed Claim of Morton & Co., of Toronto.**

In Toronto, recently, Mr. Justice Latchford gave judgment for the sum of $1,983.87, with interest from December 11, 1907, as found by Mr. Justice McMahon, and with costs of both this and the former trial, in favour of the plaintiffs in the action brought by the Morton Company, of Toronto, manufacturers of bags and tags, against the Ontario Accident Insurance Company. It will be remembered that the defendant company (whose outstanding business was last year reinsured by the London & Lancashire Accident & Guarantee Company of Canada )is being wound up. It was therefore the liquidator who defended this action. The following report is taken from The Globe of Toronto.

The evidence in the case of Jones v. the Morton Company, Limited, was so far as applicable made by consent part of this case and was supplemented by oral evidence of a witness named Issard, who was called to establish not only that the accident to the boy, Herbert Jones, was caused by the negligence of the Morton Company, but that the boy was injured while conforming, as obliged to do, to Issard's orders. Mr. Justice Latchford holds that it would follow that there was a breach by the company of the provisions of the Workmen's Compensation for Injuries Act. Objection was made to the admission of the evidence on this point on the ground that the plaintiffs sought thereby to base their rights to be indemnified by the defendants upon a new liability under the Factories Act as determined by the Court of Appeal. This evidence on this point his Lordship thinks must be rejected. The money which the plaintiffs now seek to recover was paid under a judgment in which they were held liable only because of their breach of the Factories Act. Were it open to him to find as upon such evidence he wound find, that the plaintiffs were also liable because of their breach of the Workmen's Compensation Act, the fact would remain that it was not upon the latter ground they were held liable for the moneys they now seek to be reimbursed.

It is not in the Judge's opinion open to him to consider evidence upon which they might have been, but were not, held otherwise liable. Issard's evidence, however, he regards as admissible to the extent that it enables him to find, as he does, that there was negligence under the Ontario Factories act occasioning the injury to the boy Jones and entitling him to recover the damages from the Morton Company determined by the Court of Appeal. The negligence consisted in causing him to use an elevator which the company knew to be out of repair. The employment of a boy under fourteen years of age, as Jones was, is evidence of negligence, and the Morton Company was in fact negligent in employing the boy contrary to the prohibition of the statute. His Lordship finds that the Morton Company had prior to the accident no knowledge that the boy Jones was under fourteen. But he says that the condition in the policy issued by the defendants to the plaintiff upon which the defendants relied both in this and in the former trial affords no ground of defence. The question of estoppel he does not consider necessary to consider, but if it were he would find that the defendants were by their conduct in assuming the whole conduct of the defence in Jones v. Morton estopped from disputing their liability as limited by the Court of Appeal or as now determined: Herbert Jones obtained a judgment against the Morton Company for $4,000; this was reduced by the Court of Appeal to $1,500.

### UNDERWRITING RESULTS.

Nov. 23, 1909.

To the Editor THE CHRONICLE, Montreal:

Sir:—

I have noticed for a long time past, that in your various articles and statistical data bearing upon fire underwriting in Canada, you place the average expense ratio to companies at 30 per cent. I am quite convinced that this is too low and that 32½ per cent. would be a fairer ratio, and one more closely approximating the actual cost.

Some years ago I had occasion to go into this branch of the business and for that purpose took the Home Office returns of about fifteen of the leading offices operating in Canada—English, American and Canadian—over a period of five years and the ratio obtained was, if I recollect aright, a fraction over 32½ p.c.

The net result to companies is what counts, and no formula that omits to include a fair share of Home Office Expenses would, in my judgment, show the real results obtaining.

On above basis, therefore, taking the interesting article in your journal of 19th inst. (page 1707) on "Fire Insurance Companies, Licensed and Unlicensed," the net result of Fire Underwriting in Canada over the 40 years referred to would show a loss of some $3,600,000 instead of the slight profit therein specified.

Yours very truly,

CHARLES D. CORY.

THE SUIT AGAINST LLOYDS, LONDON, instituted in the New York courts on behalf of the Prairie Pebble Phosphate Company of Savannah, Ga., has been settled for the full amount of the policy in addition to the costs of the action. According to The Weekly Underwriter, the plaintiff secured a binder for $22,500 from Lloyds on its "use and occupancy" form. When Lloyds learned that the warranty company, which was the Northern of London, had issued its policy under the general form on the property and not on the "use and occupancy" form, a five days' cancellation notice was served on the assured. Before the expiration of the time the property was destroyed by a fire on November 1, 1908. The assured demanded a settlement of $3,228, and this was refused by the underwriters on the ground that the warranty company was not on the same form as the Lloyds binder.