

are, on the whole, equivalent to the Carlisle net at 3 per cent., loaded 21.77 per cent. to the amount of £220,978 per annum, would necessarily have about £7,500,000 insured, and with a pretty regular growth from 1848, reserving by Carlisle 3 per cent., should have a premium reserve of about £600,000, probably more rather than less. The whole actual fund which it claims to have is £241,301 12s. 4d. It is true that outside of the 'balance-sheet,' the directors speak of a 'Proprietors' Fund Account, amounting to £45,449 14s. 6d., which swells the 'assets' to £286,751 6s. 10d.; but if this fund had any existence, it must have been 'paid up' since Mr. Gladstone's speech, and it would appear on both sides of the 'balance-sheet.' This remarkable sheet, omitting the details of investment in some dozen kinds of antipodal securities, is as follows:

*Assurance Fund Accounts, 31st Dec., 1869.*

Dr.	
To present value of sums assured as per Actuary's valuation (at Carlisle 3 per cent.,) as on 31st Dec., 1868	£542,033 0 0
Bonus on Policies	16,852 3 9
(Sundry guarantee funds, &c.)	3,045 0 0
Surplus available for future bonus, subject to revaluation of policies	124,515 8 7
	£686,445 12 4
Cr.	
*By present value of pure net premiums receivable as per Actuary's valuation (at Carlisle 3 per cent.) as on 31st Dec., 1866	£445,144 0 0
(By investments and cash)	241,311 12 4
	£686,445 12 4

"Now, supposing the figures of this 'balance-sheet' all perfectly honest and correct, it could not show the condition of the company on the 31st Dec., 1868, because the valuation of the policies was for Dec. 31, 1866, two years earlier, when the premium income, according to Mr. Harben's statement, was £154,000. A very good reason why the authors of such a trick should make the 'surplus' alleged 'subject' to another valuation. But the figures cannot possibly be all honest. If Mr. Harben spoke the truth when he told the annual meeting that the premium income in 1866 was £154,000, and if the relation stated between the premiums and loading in the balance sheet and its note is at all near the truth, it follows that if the policies had all been entered for life at the age of 60, the insurance outstanding Dec. 31, 1866, must have been £2,185,000, and the net present value of it, even if we suppose it all entered that year, could not be less than £1,454,000. If it had all been entered at 40, the sum insured would have been £4,864,000, and its present value at the least £2,274,000. Or, if we suppose it all entered at 20, the sum insured was then £8,468,000, and its present value, by Carlisle 3 per cent., was at least £2,870,000. But the balance sheet debits, as by an actuary's valuation for Dec. 31, 1866, the society, with precisely £542,033 as the present value of the sums assured, with £16,852 3s. 8d. as the present value of the bonus additions. As to the actuary's calculations of the present value of the sums assured, it is pretty obvious that if Mr. Harben gave him the data of policies having a premium income of £154,000, to operate upon, the only mental faculty he could have exercised to reach his result was the will. The Carlisle 3 per cent. table is as stubborn as any other fact, and it proclaims that Mr. Harben and this actuary cannot be reconciled without either dividing the figures of the former or multiplying those of the latter by about 4. In short, and in plain Saxon, somebody has lied for the purpose of converting a huge and fatal deficit into a surplus of £124,515 8s. 7d.

"The false debit of £542,033 is offset by a credit of £445,144 as present value of the 'pure premiums.' Of course the difference £96,889 should be the net value of the policies, and it is curious to observe that this is also within two

\*The pure net premiums only were valued, the present value of the loading not taken into account, is £95,867 8s., which is reserved for future bonuses and expenses.

shillings the 'present value of the loading' as given in the note to the directors balance sheet. The Society in 1866, when this marvelous valuation was made, had been running some 18 years, and, according to Mr. Harben's statement, had received during the 10 years immediately preceding, to say nothing of the previous 8 years, £606,297 in premiums, of which it appears that about £497,163 must have been 'pure premiums' and out of all this the valuation tells us only £96,889 needs to be on hand! Mr. Harben says in 1869, on the strength of this valuation in 1866, "we have more than we want." The directors accordingly voted a dividend of 5 per cent to the pure water of the stock, and one of the stockholders, a Mr. Cheffereil, whose name would seem to imply that he had faith in figures, argued stoutly that it should be more."

### NON-FORFEITURE.

A bill before the New York Legislature providing, in imitation of the admirable example of Massachusetts, for the prevention of forfeiture of policies in any case, was finally rejected. The *Weekly Circular* says that "the money power of the companies opposed to abolishing forfeiture was too strong for the virtue of the promoters of the bill. Some report that the bill was only brought forward by parties who speculated on being bought up."

Be this as it may, the fact remains that the opposition arrayed against the bill was sufficiently strong to prevent its passage. Companies which have made hundreds of thousands by the lapsing of policies are loath to give up, and evidently will not give up, without a struggle, so fruitful a source of surplus revenue. The Mutual Life added millions to its coffers from Southern policy-holders who were cut off by the war from communication with the office or its agents, and thereby was enabled to declare immense dividends to those who were in no sense equitably entitled to them. But an opportunity for plunder and robbery on a scale of such unusual magnitude is not likely to occur again for generations, and those who, instead of insuring for the sake of insurance, invest simply for dividends, as if dividends were the end, aim, endeavor, and all in all of insurance, must henceforth lessen their expectations, or prepare for disappointment.

Except those who have given some attention to the statistics of cancellation of policies by lapsing, no persons have any conception of the large per centage of policies allowed to lapse, as shown in official records. In many cases the losses incurred by policy-holders in this way result from misfortune and consequent inability to make renewal payments, but in a general proportion of instances it is found that the applications were originally obtained through deceptive and illusory promises, or wrested from the hands of unwillingness by ceaseless importunity. In either of these cases if there is any sum remaining over and beyond the amount actually required to keep up the risk, its retention by the company is a wrong which conflicts with the tone and temper of the present age. The party insured is entitled to a full equivalent for every dollar paid in, and the Company is morally, at least, if not legally bound for this equivalent.

The State of Massachusetts enjoy the signal honor of requiring by its statute law that policies be kept in force until the premium is exhausted. The net value of a policy allowed to lapse must be used as a single premium to purchase a term assurance. Some of the New York companies, impressed with the equity of this arrangement, and also as a politic measure, have adopted a similar plan. What they lose by thus surrendering to the assured the amounts which under the old regime they would have appropriated to their own uses, they gain in the confidence and respect of the business community.

What yet remains for these progressive companies to do is to convince the public that a dividend

is an incidental or supplementary affair, and not the primary object of insurance, as might be inferred from the everlasting harping of some of the agents. When the non-forfeiture feature comes to be generally adopted, dividends will proportionately diminish, but all right thinking policy-holders will enjoy the satisfaction which will arise from the consciousness that they are not fattening upon the misfortunes of others.—*Baltimore Underwriter.*

**FIRE RECORD.**—The Chaudiere, June 17.—H. McCormick's grist mill was destroyed; part of the machinery was saved. The building was insured for \$4,000 in the Etna. McCormick's stock was insured, says a local paper, for \$7,500 in Liverpool & London & Globe, and \$1,500 in another company. Value of property destroyed estimated at \$14,000.

Oakville, June 20.—The Presbyterian manse was consumed; insured in Provincial for \$300.

Granby, June.—The residence of Peter Baska has been destroyed by fire. Insured for \$275.

Dalhousie, N. B., June.—A fire partly destroyed a house belonging to the estate of P. Hayes; insured for \$800.

St. Catharines, June 26.—A two-storey frame building on the corner of Ontario street and Cherry Alley, occupied by several families, was destroyed by fire. Loss about \$800.

St. John, N. B., June 23.—Hon. McSeely's saw mill was totally destroyed by fire; loss estimated at \$300,000, insurance at \$10,600.

—The Norwegian barque *Glenter*, bound for Quebec, iron laden, from Greenock, and consigned to Winn & Hallard, Montreal, has been lost on Bird Rock. All hands were saved and have arrived at Montreal.

**THE AVERAGE CLAUSE.**—The form of Average Clause as laid down in Hine's Form Book, being form No. 64, runs as follows:—"It is understood and agreed that claims under this policy shall only be for such proportion of the whole loss as the amount of this insurance bears to the whole value of the property insured."

A set of policies has recently been issued in which the clause reads "amount of the insurance" instead of "this insurance."

The value of the property is.....\$200,000  
The whole insurance is.....100,000  
And the loss is.....10,000

The question is what would be the limit of claim upon a \$10,000 policy, with the average clause reading "the insurance" instead of "this insurance." Each contract is, from one point of view, sole and separate, and if it agrees to be liable for such proportion of the loss as the insurance bears to the value, it could certainly, under that reading, be made to answer for one-half of any loss not exceeding the sum it insured, because the proportion of "the insurance" is, to the value of the property just one-half; and for a partial loss such an average clause would be practically inoperative, and the insured could collect his whole claim up to the amount of \$100,000, because it is so written in the bond.

Had the average clause been written "this insurance" it would have applied as Underwriters always intend that clause to apply, and the amount of claim would have been limited to such proportion of the whole loss as the whole value bears to the particular policy. This is a very important distinction and should be thoroughly understood by all who use that clause.—*Monitor.*

**COMPANY LIABLE FOR ACTS OF AGENT.**—This doctrine has been again affirmed in a case decided May 14, against the St. Marks Fire Insurance Company. This action was brought in the Court of Common Pleas, of New York, part 2, trial term, to recover \$2,500 on a policy of insurance against fire, issued to E. S. Green. The plaintiff applied for insurance on property in Trenton, New Jersey, to an insurance agent named Phillips, of Trenton. Phillips applied to Mr. Smith, a New York agent, who procured the policy from the