

a somewhat moribund branch of governmental activity. This experience of Great Britain shows that it will not do to count over-much upon any large proportion of the sixty million or so dollars, now with the Canadian post office and government savings banks, being transferred to the purchase of annuities. There is this to be remembered, that a savings account is looked upon by the public as at once safe and ready at hand—a "present help" if need arise. Investment in an annuity, on the other hand, looks to the future for its availability—and much the same persuasion seems necessary to convince the average man of its desirability, as is the case with endowment or even ordinary life insurance. And as no non-agency method has yet secured any large measure of life insurance growth, it is dubious whether the demand for government annuities in Canada will be of other than gradual and rather slow progress. It is only to be hoped that the class most needing incentive to save, and opportunity for small investment, will be measurably influenced by the advantages offered. If those who do avail themselves of the plan's privileges should prove to be mainly men and women of the moderately successful business and professional class, the hopes of the introducer of the scheme will be largely disappointed—his chief end having been the affording of new incentive and opportunity to those loosely spoken of as "the working classes."

It will be remembered that in his recent address on "Old Age Pensions" before the Insurance Institute of Toronto, Professor M. A. Mackenzie, M.A., F.I.A., pointed out what may account for an all too likely limitation to the success of the Act. In the course of his remarks he said:

"The continental countries referred to (France, Belgium, Italy) are more generous than Canada, for they not only manage the funds gratuitously, as we are to do, but they also generally grant pensions in excess of the amounts for which the unaided contributions provide. Yet, the results have been disappointing. The people have not been attracted in such numbers as was hoped for. Who is to persuade the people to come in and buy government annuities when the money needed for their purchase is sought so insistently by clever agents with other goods to sell? Life assurance appeals to a class of men far better educated, and better able to buy wisely, than the poor workman to whom these government annuities are offered; and yet the necessary cost of life assurance is enormously increased by the fact that the companies have to employ and pay an army of agents to induce the people to take out life policies. Herein lies the real difficulty."



THE DAWSON CAMP claims a gold output for 1908 of \$3,500,000 or about \$1,000,000 more than in 1907, largely due to more and better dredging work.

#### INSURANCE AGAINST CONSEQUENTIAL LOSS.

Reference is made by our London correspondent this week to the progress, in the old land, of insurance against consequential loss following fire. He hints at certain difficulties that are found in the actual carrying on of the business, more particularly in the adopting of a basis for loss settlements. A general idea of how such insurance applies may be obtained from the following instance of a trader who holds a "profits policy" as well as the ordinary fire policy. The example is one furnished by our London contemporary, *The Insurance Observer*.

For illustration it is assumed that the turnover of the business concerned was £100,000 in the year before the fire, that the amount of profit and standing charges insured is £10,000, and that a fire occurs on September 30. A mutually nominated professional accountant having first ascertained that there has been no over-insurance—the said amount of £10,000 not being in excess of the net profit earned and standing charges declared for the financial year previous to the fire—then ascertains the sum to which the insured is entitled (in this case 10 per cent. of the decrease in each month's turnover, no deduction being made in respect of increases obtained after the vitality of the business has been restored). It is probable that in the month following the fire there will be no turnover whatever, and the insured will therefore be credited with one-tenth of the turnover in the preceding October. Next month, after business has been partially resumed, former sales amounting to, say, £8,800 might be reduced to £1,200, in which case the amount shown as due to the policyholder would be £760—namely, 10 per cent. on the difference of £7,600. The calculation thus proceeds for each month of the year, a larger or smaller sum being found payable in respect of every month in which the turnover shows contraction, however small.

"A moment's thought will suffice to convince any sensible person," says *The Insurance Observer*, "that the small extra premium payable for one of these policies is money well spent. A serious fire is likely enough to affect the output of a business for six, nine, or twelve months; and meanwhile, as said, the net profit made may be very small and great trouble may be experienced in meeting the sundry permanent charges indicated above."

Simple enough as the above practical procedure seems, there are difficulties not a few that have to be reckoned with by insurance companies if reasonable accuracy is to be attained. A writer in a recent number of *The Post Magazine*, of London, well points out that a consideration of the fundamental difference existing between the ordinary material loss by fire, and the loss of "profits" consequent on fire, will show that the forms of contract in the two cases must necessarily vary considerably. In the first case, companies have the