

LOANS ON A COMPANY'S CAPITAL.

The question, whether a financial corporation should be permitted to either purchase or advance money on the security of its own stock, has many very important bearings. In the charters of many companies an express prohibition of all such transactions has been inserted by the legislature. But even where no such prohibition exists, the legal aspect still remains somewhat hazy. The general tendency of English decisions has been that such a power is not to be considered as existing unless specially named in the charter; while, on the other hand, American decisions have been rather in the direction that it exists unless specially refused. However this may be, there can be little doubt but that the principle is unsound and should be discouraged. The capital of an insurance company, for example, is a special reserve held as a guarantee against any disaster or loss which may happen to the institution. It has no other *raison d'être*. It and all the assets should therefore be most carefully invested, so as to be undoubtedly available whenever misfortune happens. But if any portion of the assets be loaned on a security of the company's own stock, the very fact of disaster happening to the company renders that investment valueless, and thus just when it is needed it is gone. Assets which are good only during the company's prosperity are manifestly not only undesirable but dangerous. The prohibition which the Dominion parliament has already applied to our banks and to several individual corporations should be extended to all.

We are pleased to notice that none of our Canadian fire offices have indulged at all in this weakness, and with one exception the same may practically also be said of our life companies. The exception referred to is the London Life Ins. Co. In its list of assets we notice \$19,725.83 loaned on the security of 1,418 shares of its own stock of a par value of \$21,270. In this case the whole paid-up capital is but \$33,650, so that nearly two-thirds of the whole capital is in the hands of the company itself, and thus largely unavailable as a security to policyholders. An unpleasant feature, moreover, is that the amount so loaned increased during the year 1889 by over \$10,000, having been only \$10,751.65 on December 31st, 1888. Mr. Richter has done much to bring the London Life to the front, and has greatly improved its position. We congratulate him on the success which has attended his efforts, and would suggest to his earnest consideration the advisability of removing this objection also, and by this means placing the policyholders and friends of the company under still greater obligations to him.

THE WESTERN ASSURANCE COMPANY.

This, the largest and strongest of the Canadian insurance companies, has become a prominent figure and an influential factor in a very wide field, covering both Canada and the United States, and is an institution of which Canadians may justly be proud. The present position of the Western has been reached after

many years of campaigning under the able generalship of Manager J. J. Kenny, who has the happy faculty of calling to his aid as associate workers not only good men but workers adapted the special work committed to their hands. Both as a matter of general interest and as a tribute to worthy men, we present with this issue of the CHRONICLE the portraits of two prominent representatives of the company - one representing the office and the other the field work. The portrait of Mr. Kenny has already appeared in the CHRONICLE. The first of these is the secretary,

MR. C. C. FOSTER.

Mr. Foster's career as an insurance worker commenced at Toronto many years ago, where he conducted the local agency of the London Assurance Corporation. About fourteen years ago, at the request of Mr. Romeo H. Stephens, who was then chief agent of the London for Canada, Mr. Foster was appointed joint chief agent, and accordingly removed to Montreal. Four years later, in 1880, Mr. Stephens resigned, and Mr. Foster was then made sole chief agent by the late Mr. W. H. Hore, at that time general manager at the head office of the fire department of the company. This position Mr. F. continued to fill with industry and fidelity until April last, when he was elected to and accepted the position of secretary of the Western, to fill the vacancy caused by the resignation of Secretary Boomer, who became manager for Canada of the Manchester. As was expected, Mr. Foster fits easily into his place, and enjoys the esteem of his co-workers. Knowing so well from actual experience the details, annoying as well as agreeable, belonging to the field work, Secretary Foster may well be counted on as affording valuable assistance to all his agents, with whom a real official helper is always popular.

MR. A. W. DODD.

This representative of the Western, whose name and genial face are familiar throughout the United States as superintendent of agencies, is in the prime of life, of fine physique, and as full of "go" as a blooded racer, and he has the reputation of "getting there." Mr. Dodd first engaged in insurance at St. Mary's, Ont., in 1876, and in the Spring of 1877 united his fortunes with the Canada Fire and Marine, and engaged in field work as the company's chief inspector for Canada. After about two and a half years of service with the above company, Mr. Dodd resigned and went to St. John, N.B., where, in the Fall of 1879, he established an adjustment bureau in partnership with Mr. C. D. Cory, now manager of the Eastern, under the firm name of A. W. Dodd & Co., at the same time making a special contract with the Western to look after its interests in the Maritime Provinces. This arrangement was continued until the beginning of 1881, when the firm dissolved, and Mr. Dodd entered into a new contract with the Western to supervise its entire business in the Lower Provinces, with headquarters at Moncton. This work, together with some general adjusting, was kept up for three years, when, wanting a competent man as superintendent of agencies in the United States, the Western appointed Mr. Dodd. At the beginning of 1884 he