

fallacies, and to give its vital truth full scope under unperturbed notions of the quantities dealt with. The real "reserve" of a company is the sum which, at the assumed rate of interest, will meet all its obligations at maturity—the present value, in other words, of the whole amount it has insured; and of all the expenses of carrying on and completing its existing contracts; and may include, does commonly include, more money invested in annuities secured by insurances than is invested in loans secured by mortgages of land and houses. When proper methods and formulas are framed for ascertaining the surplus above this reserve, and for distributing it among the partners in the ratio of their several contributions to it, we shall have a contribution plan which will reveal the full beauty of the principle, and give full scope to its beneficent equities.

Under such a system the vexed question of surrender-values and lapses will be relieved of all its difficulties. The rule given above recognizes only the claims of the retiring member as a purchaser of insurance abandoning his contract. It gives him every right which he has as such purchaser, but none as a partner in the business. It would be obviously wrong to take from the partners who remain to fulfil their contracts, and assume the risks of the future, any part of the marginal surplus which may or may not be hereafter produced, for the benefit of one who withdraws. But as soon as the surplus has ceased to be contingent, and has actually been produced and ascertained, the right of each partner accrues to his share in it, and this share may equitably be added to the surrender-value, if any, to which, upon withdrawing, he is entitled as a mere purchaser of insurance. But as long as his pledged insurance, in its value to the company, is less than the value of his promised annual premiums, it is a wrong to all remaining members, insurers as well as partners, to require the payment of any surrender-value whatever. It is for this reason that every law or regulation for surrender-values, founded, like the existing laws of Maine, Massachusetts, and Michigan, on the theory of net valuations, is unjust in principle, and may, under circumstances likely at times to occur, become destructive in practice. No such law has yet wrought irreparable damage, because none has ever consistently exacted the full amount which its theory required, because the rates of mortality and interest actually experienced have always left wide margins upon the assumptions originally taken, and, above all, because the business as a whole has been hitherto new, and the lapses and surrendered policies have been nearly all in their early years, so that the gross injustice done by these laws to the members whose policies are surrendered after a long period of insurance have scarcely been felt. It will be seen by the careful reader that such members are entitled to a larger surrender-value than they receive under any law that is founded on net valuations—far larger than any company can pay if such laws are enforced, and that they will receive the full value belonging to them under the plan suggested in this paper.

To complete our survey of what is wrong in Life Insurance, it would be necessary to gather the teachings of experience, under the guidance of the principles already laid down, upon the entire subject of State supervision, and upon several branches of the practical conduct of the business. But a minute examination of these topics would far transcend our limits, and it must suffice for this occasion briefly to suggest views which have not been hastily formed. The existing system of supervision is the creature of the protective policy in government, and has no place in sound economy or statesmanship. But it does not follow that its sudden abandonment is either practicable or desirable. It has grown into important relations with the companies and the public, and produced needs which it, however imperfectly, supplies. Waiving all objections to its existence, and accepting it for the present as unavoidable, practical men will inquire how it can be made useful. A

part of the answer will not be intelligently disputed: it must be administered by wise and skillful men, holding office by a tenure independent of mere political influences, and for a period long enough to become familiar with its duties. These conditions have never yet been regarded in the legislation of our States, and until they are secured, insurance supervision will be an institution from which habitual evil may be expected, and only accidental good. Further, it must be made real; no longer confined by law and custom, resting on false theory, to the application of an absurd numerical test of solvency, and a sweeping certificate that the law finds every virtue, given wherever it fails to find one—a comparatively secondary—fault. It must be enabled to inquire into the character of trustees and managers, the methods used by them in dealing with the public, the scientific and commercial value of the tests applied by the company to its own security. It must have jurisdiction to investigate and interpret the contracts offered to the public, and those actually made with purchasers of insurance and with participants in profits, and to enforce them equitably. It must have power to detect in its beginnings any attempt by managers to abuse their trust, any trap set by them to catch unwary customers, and any misrepresentations made by them either to attract business or to avert distrust; and to inflict adequate punishment. Its license to issue policies must be made satisfactory evidence that the company licensed deserves confidence. This is what the fact of its existence promises to the citizen; and if it falls short of this, except as all human institutions fall short of their ideal, it is worse than useless. This must be its aim, and in some substantial degree its achievement, or it is a fraud upon the public, wrought in the name of government and law.

(To be continued.)

FIRE RECORD.

Elmwood, Oct. 25.—A farm house owned by a resident of Montreal, and occupied by two families who worked the farm, was burned to the ground.

Montreal, Oct. 27.—A fire occurred in the fancy goods store of Mrs. McGee, but was extinguished, with very little damage.

Portland, N.B.—The loss of the Queen Insurance Company should have read \$14,000, not \$1,400.

Prescott, Oct. 25.—A fire was discovered in the Johnston House, and spread with great rapidity to the adjoining building, occupied by John Harding, watchmaker, and Jeremiah Higgins, saloonkeeper, destroying both buildings in a short time. The loss will reach \$20,000. The following is a list of the insurance: Johnston House in American Companies \$8,000, Higgins in the Pennsylvania of Philadelphia \$1,250, and Ford for \$2,000 in the Lancashire on furniture, etc.

St. Lin, Oct. 23.—The Catholic convent of St. Lin was entirely destroyed by fire. Loss about \$3,000; no insurance.

Lindsay, Oct. 26.—A large three-storey frame building, commonly known as the Lindsay house, was destroyed by fire. Loss \$1,000; insurance unknown.

Amherst, N. S., Oct. 27.—A fire destroyed the large woodenware factory of Dodges, Currie & Rhodes, and Holmes & Hicks' carriage factory, blacksmith shop and barn. Loss about \$10,000.

St. Johns, Que., Oct. 30.—A fire was discovered in the dry goods and grocery store of Andrew Esinhart, damaging it to a considerable extent. The stock was mostly damaged by water, and is insured in the Royal for \$200 on stock and \$800 on building.

Quebec, Oct. 30.—The stables and hangar attached to the residence of Dr. Richardson on the St. Lewis road were destroyed by fire.

St. Hyacinthe, Oct. 29.—The residence of Timothy Dwan on the upper road was burned. Insurance unknown.

Sidney, Ont., Oct. 27.—The barn and sheds of Abel H. Jones Front were destroyed by fire, together with the contents, including the season's crops. Loss \$2,000; insured for \$1,000 in the Hastings Mutual.

Amherst, N. S., Oct. 30.—A tannery, belonging to a boot and shoe and tannery company, was entirely destroyed by fire. Loss \$12,000.

Belleville, Oct. 30.—Seventy-five cords of ties were burned at a Grand Trunk Railway crossing.

Napanee, Oct. 29.—A fire originated in the kitchen of James Cuthane's hotel, soon destroying the whole building and set fire to other buildings adjoining, which, however, were quickly extinguished. Mr. Cuthane saved but little. He is insured in the Citizens for \$2,000 on building and in the National for \$500 on building. John Blewett's store and roof badly damaged by fire and the contents of the building by water; insured for \$2,800 in the Queen and British American on building and stock. W. H. Snider's grocery store was damaged to the extent of \$100, and is covered by insurance in the Scottish Commercial. Cause of fire unknown.

Charlottetown, P. E. I., Oct. 25.—Fire destroyed a tenement house and a large stable, both belonging to Thos. Campbell, two tenement houses and warehouse belonging to Mr. Coyle, three tenement houses owned by Mr. Heird, and a large quantity of trunk boards, etc., owned by Chas. Fuel. Total loss \$5,000.

South Attleboro', N. S., Oct. 29.—The old draper tannery was burned down. Loss, \$6,000.

Tweed, Ont., Oct. 29.—A barn belonging to Ulrich West, containing about 1,000 bushels grain, two hogs, a few waggons and sleighs and a large quantity of hay, was burned to the ground.

Fredericton.—The large exhibition building, which cost about \$40,000, and contained a large number of sleighs, hay rakes and mowing machines, but which were nearly all saved. A house owned by Mr. McLaughlin and a house owned by Mr. Torrance were all destroyed by fire. A few barns and outhouses were set on fire by the burning embers and also destroyed.

Charlottetown, Oct. 30.—The building, occupied by R. G. Fraser and G. D. Wright, and a large house occupied by the Hon. Wm. Gill and Mr. Sinclair, were destroyed by fire, causing a loss of \$16,000.

Commercial.

MONTREAL GENERAL MARKETS.

MONTREAL, Nov. 1st, 1877.

During the week business in most departments has been quiet. The hardware trade has received some impetus from the expected rise in freights incidental to the close of navigation. Country merchants should lose no time in pressing payment of accounts from their agricultural customers, and make remittances early, if they wish to assist in averting a relapse into the condition of affairs prevalent during the last two years. The improvement has only recently begun, and should be promoted by every possible means.

ASHES.—The receipts have been fair, and with very bad news from Liverpool First Pots have declined to \$3.75 to \$3.82½ according to tares, at which figures fully 100 brls. have been sold, and the market closes weak. Seconds, \$3.20; Thirds, \$2.65. Pearls have been sold at \$1.35 for Firsts, the recent shipments to the U. S. having done nothing more than prevent a further decline. The receipts from 1st January have been 11,627 brls. Pots and 1,500 brls. Pearls. The deliveries 12,103 brls. Pots and