

income. Income is the *result* of the business for the year named. Balances of a former year, or borrowed money are not products of the year under consideration, hence are not income, and their entry into the account as such gives an undue preponderance to the amount of *business* done for the year. In a formal *cash account* these entries would be correct. For this reason the balances of previous years are not brought into the account, and the borrowed money of each year is entered below the actual income. From this statement the actual transactions of the years respectively can be readily seen, and can be compared with the several other accounts, with all of which this is intimately blended.

CASH EXPENDITURE ACCOUNT.

Upon this side of the ledger will be found the several amounts, and the purposes for which they have been paid out. But small arithmetical acumen will be needed to see the drift of the business, for if to the amount of cash actually expended, as stated, there be added the cash liabilities of each, as found in the "liabilities" table, the actual condition will be readily seen. We call attention, however, especially to the heavy amount of *working expenses*, which seem excessive for the amount of business done, and this especially in a class of companies where "no salaries are paid," and economy and cheapness are *said to be* the ruling characteristics which make them more desirable than Stock Companies.

PREMIUM NOTES, AND THEIR MAKERS.

In the Province of Ontario the status of the premium note and the insured, now differs essentially from that of the insured in any other country that it has been our fortune to hear of. We present some of the leading and controlling features of the present law of this Province, viz.:

All premium notes, called also, "undertakings," are liable to assessment for losses and expenses of the Company, during the currency of the policy. Such policy to be void if any assessment be not paid within 30 days of notice; after such 30 days the Company may sue for the assessment due, without waiver of forfeiture incurred by failure to pay. (36 V. c. 44, ss. 44, 47). No premium note or undertaking shall create any lien upon lands on which the insured property is situate (36 V. c. 44, s. 69). No member is liable under any claim against the Company "otherwise than upon and to the extent of the amount unpaid upon his premium note or undertaking." (36 V. c. 44, s. 64).

Under these provisions of the law the following questions are pertinent:

1st. As there is no liability after the premium note has been used up, what is the status of such an insured should this contingency arise before the expiration of his insurance, and should one or more losses occur in the meanwhile?

2d. What tangible security has the Company for the payment of assessments when called for? None whatever, and his fellow-insurers have no recourse against him after his undertaking has been exhausted, and even the Company, which may sue for past due assessments, has to take its chances with outsiders of recovering from the defendant.

Under this law the entire security which has heretofore made mutual insurance reasonably secure, has been withdrawn, and the Companies are left with no recourse against the member to enforce payment of his quota not enjoyed by any other creditor at common law.

(To be continued.)

THE STANDARD FIRE INSURANCE COMPANY AND THE CANADA LOAN AND BANKING COMPANY. OF HAMILTON.

As by far the largest part of the small invested assets of the Standard Fire Insurance Company consists of stock (\$16,250) in the Canada Loan and Banking Company, we have made enquiries as to the standing and position of that Company. The information we have received has been anything but satisfactory. The Canada Loan and Banking Company was founded by Mr. D. B. Chisholm in 1879, and was therefore under nearly the same management as the Standard Fire and the half dozen other little concerns, living and dead, which were founded under the same auspices. We knew nothing whatever about the Company when we began our investigations, but we were very suspicious of it from its connection, as every sensible person would be, and the result has to a certain extent justified our suspicions.

The capital on the 31st Dec. last was \$208,450 subscribed, \$64,800 paid up, and \$5,806 "accumulating capital." Of the "paid-up capital" of \$64,800, about *twenty-five per cent.* is owned by the Standard Fire Insurance Company, and over fifteen per cent. more has been advanced to shareholders by the Company itself on its own stock. It has deposits from 236 persons, amounting to over \$49,000, but even the depositors appear to be losing confidence in it, for nearly \$10,000 more was withdrawn by them during the year than was deposited, and the balance at the end of the year was consequently reduced by that amount.

The stock, is unsaleable, and it is morally certain that the Standard could not get anything near the par value if it attempted to realize on what it holds. We have further information about the Company which we could make use of, but we wish to merely go into such details as affect the position of the Standard Fire Insurance Company. In our last number we showed what a small proportion of its assets the actual investments formed, and now we have shown that by far the most important of even these investments is not worth anything like its face value. Almost every asset of any description possessed by the Standard has to be greatly reduced from its nominal value, if its real value is to be reached. We do not hesitate to say that if its assets were reduced to actual value, and all its liabilities included, the Company would be seen to be at this moment insolvent. The famous pyramid of assets of which it boasts so much, we have shown to be hollow and deceptive and like a whited sepulchre. How long is the Insurance Department of Ontario to allow such a company to take advantage of a long-suffering public?

PERTINAX ONCE MORE.

Is Insurance a Game of Chance?

Pertinax, The *World-wide* note collector of the London *Insurance World*, replies to our article, "Insurance a Game of Chance" (p. 210, September ulto. issue), as follows:

"To describe Insurance as a 'game of chance' is not calculated to commend it to the confidence of scrupulous minds, nevertheless, in such a questionable shape your contemporary, the INSURANCE SOCIETY, of Montreal, per-