

years was very successful. It was afterwards changed to the name of the Sovereign, and did a general fire business; but after the death of the manager, Mr. F. A. Ball, the company decided to discontinue business, and it was wound up under the supervision of Mr. Mackenzie at a moderate cost and to the satisfaction of everyone concerned. The late Mr. Mackenzie was the first president of the North American Life, and remained such until his death. He was much interested in the success of that company, and for many years had made their life office his headquarters, devoting much of his time to its affairs. His funeral was largely attended by the leading men of both parties from all parts of the Dominion and of all shades of religion, indicating thereby the high esteem and respect in which he was held by other people of this Dominion.

Contrary to expectation, I have to record that business, both fire and life, still remains quiet, although, as I have said previously, the outlook is decidedly encouraging for improvement during the coming months.

P. B. P.

TORONTO, April 25th, 1892.

OUR LONDON LETTER.

Editor INSURANCE AND FINANCE CHRONICLE:

It is an aphorism that "the unexpected always happens," the truth of which is confirmed every day we live. It has just received striking confirmation by the publication of an official report issued by the directors of the London Assurance Corporation. This institution was founded in the year 1720, and I believe I am correct in stating that the report referred to is the first of its kind that has ever appeared. If this departure is an indication of the intention of the directors to step down from the lofty pedestal of reserve upon which they have hitherto been content to repose, and to enter the arena of active competition, then the present working offices will have to encounter another formidable rival, especially if it is Mr. Bailey's resolve to cut himself adrift from some of the traditions of the past which still cling to his management. These remarks apply more specifically to the life branch of the Corporation.

TRANSFERS

still go on. Another life office has disappeared from the list, but this time it is not an active concern that has ceased to exist. The ill-starred Briton, Medical and General has at length been absorbed by the Sun Life Office, an arrangement that will be of decided advantage to the Briton policyholders, who will have their reduced contracts guaranteed by a strong and prosperous office, and who are to have in addition the benefit of a bonus-fund, which will be created entirely in the interests of the Briton members. This fund is to be apportioned at the rate of 5 per cent. annually upon the Briton premium income, for periodical distribution among such of the assured as shall survive 31st December, 1896, and the succeeding quinquennial periods. This is doubtless an equitable scheme, considering that the absorbing company may fairly expect to make some profit by the transfer. The City of London Fire, that has been for some time past the centre of observation to the public and a source of endless anxiety to its managers, has been taken over by the Palatine of Manchester. The union will probably prove beneficial to both companies, but the Palatine has not had such a palmy time lately, that it can afford to be otherwise than careful in its dealings with risks that have been acquired. The provisional agreement for the amalgamation of the Midland Counties Life and Fire office with the Royal has been signed. I have before alluded to the quality of the business that the Royal is taking over. The shareholders of the Midland will reap the benefit of the transfer in the form of a higher rate of dividend than they have hitherto enjoyed, assuming, what is nearly certain, that the present prosperous condition of the Royal will continue.

ANOTHER NEW COMPANY

was registered on the 18th ult. under the name of the British Union Insurance Company, limited. It starts with a capital of £250,000 in £1 shares, and has secured a very respectable body of shareholders and directors. The company is to carry on "every kind of assumed business—except life insurance—including accident, marine, boiler, live stock, hailstorm, plate glass, burglary, employers' liability, mortgage, securities, share liability, trustees', executors', and receivers' liability, bank deposits, commercial credit, sickness, and all other kinds of insurance," and to carry on in all its branches every kind of guarantee business. Truly, a very comprehensive programme.

COLONIAL LIFE ASSURANCE,

as represented by the Southern Life Association of Cape Town, appears to be in a flourishing condition. The first report of the Association (for eleven months) shows very satisfactory results, for 350 policies were issued for sums assuring £126,875, with annual premiums to the amount of £5,084. The preliminary (formation) expenses have all been paid off, leaving the nucleus of a life assurance fund amounting to £2,020. The Association also transacts accident business, the record of which is equally satisfactory. Judging from the returns of the native and foreign offices carrying on business in South Africa, the colonials appreciate highly the benefits of life assurance.

THE PIONEER LIFE ASSOCIATION,

also a new institution, has held its statutory meeting. The British public appear to be willing to try an experiment, for the chairman stated that in the few months during which the association had existed, proposals had been received to the amount of £170,000. How much of this was "taken" we are not informed. The Pioneer is looked upon as less objectionable in regard to its low premium system than the assessment companies, but the critics want to know how its reserve fund is to be formed, and how its bonus fund is to be created, out of the manifestly inadequate provision that is made by the rules of the Association. It promises not only a bonus, but offers exceptional advantages to agents who introduce business, and undertakes to do this out of an absurdly small entrance fee which is paid with the premium. Unfortunately, the chairman did not enlighten the meeting on this point, and the critics are being replied to in vigorous terms, through the pages of a journal entitled the *Insurance Reformer*, evidently circulated in the interests of the Pioneer, chiefly. There can be no question that the subject of

CHEAP LIFE ASSURANCE

is coming to the front through the action of the Pioneer, the British Natural Premium Co., and the Mutual Reserve Fund. Fallacious as the basis may be upon which the premiums of these companies are calculated, the public has arrived at the conclusion that, if the old offices can return such magnificent bonuses as some of them do, they could well afford to reduce their rates materially with perfect safety, and give the assured an immediate bonus in the shape of a greatly reduced premium rate. The Scottish Provident is unquestionably the true pioneer of the low premium system, and its unbroken record of success is an evidence that the system has been duly appreciated, but until recently there has not been a general awakening upon the subject of rates. The rivals of the Scottish Provident were able to make capital against it, on account of its peculiar bonus system; and the Scottish Amicable, which followed, I believe, in the low premium arrangement, merely anticipated the system of discounting bonuses that had been assured, leaving it optional to the company to reduce the sum assured, if the bonus estimate was not reached. Treading in the steps of the Scottish Amicable, but at a considerable interval, came the Clergy Mutual, the Atlas, the Clerical and Medical, the Scottish Equitable, and last but not least the non-agency London Life Association, which has just issued a reduced premium scheme, varied in some respects from that of the offices just named, but having for its basis a discounted bonus. This plan is in many respects open to grave objection, and it does not actually satisfy the demand of the people. That office, which boldly comes forward with a table which shall provide for making assurance absolutely sure at the lowest possible cost, will secure the suffrages of the insuring public. There is another question that will have to be considered in fixing the rates for the future, and that is how to secure a termination of the payments, when the assured reaches the period of old age. A very frequently recurring objection to assurance under present conditions is that which is founded upon the necessity of paying a rate, that was easily met in middle life, but which becomes a burden almost intolerable when it is necessary to reduce expenditure to its lowest limit. I do not expect to see the bonus system abolished just yet, but I am certain it must be greatly modified and simplified; and that both the insurer and the insured will be materially benefited by the change, I have no doubt whatever. *A propos* of these remarks, a somewhat significant incident occurred during the discussion of a paper on the bonus system, read by Mr. H. J. Rothery at the last meeting of the Institute of Actuaries. More than one of the speakers hinted that the present systems were—well, a nuisance, and more than one hinted that the absolute abolition of bonus would be an inestimable blessing; while one gentleman in most unqualified terms denounced the bonus system *in toto*. A straw sometimes indicates with certainty the direction of the wind.

VIGILANS.

LONDON, April 15, 1892.