

excite distrust of other life assurance companies, as might at first sight appear. As is generally the case in life insurance failures, the offices being young, were comparatively unknown, and none of them lived long enough to obtain much confidence, or to draw a very large clientage within their deceptive folds. Some of them were palpable swindles from the beginning, without character, capital, or any other good quality to correspond with their brave and patriotic names and impudent pretensions. Their rise and fall will prove a benefit to the public generally, by warning them against putting too readily their confidence in newly organized ventures in life insurance. And the fact that no old, well-managed company, doing only a pure life insurance business, and keeping free of extensive amalgamations, is found in this, or in any previous list of failures, is well calculated to impart additional confidence in the soundness of the system. The £20,000 requirement having so largely had the desired effect of choking off bogus enterprises at their inception, the records of failure among British life assurance companies is now apt to grow less and less from year to year. The result will probably be a more general confidence in, and patronage of, existing sound companies, enabling them to furnish insurance at less cost than it has hitherto been possible to do.

Three of the eight retiring companies were operated on a plan similar to the Positive, which created such a brief and lively sensation in Canada a few years ago by its government security pretensions. Two of them—the British Guardian and the National Funds—seem to have been most scandalously mismanaged. In the case of the former, out of an authorized capital of £250,000, only £19,000 was ever actually paid in, and the whole of this, except less than £100, was spent in “establishing the business.” And the entire premiums on the business thus established for 1875, amounted to only £1,729, on which the commission and brokerage was £685, or more than five times as much as the better class of companies deem it proper to pay. The record of the National Funds was little better, and the result in both cases the same—early bankruptcy. This company also collected about £18,438 of capital, for raising which, a brokerage of 25 per cent. seems to have been paid. Of the £18,438 all that remains at the conclusion of its term of existence, to be cared for by the Court of Chancery, is £2,425 19s. 4d. of which £2,399 was comprised under the doubtful headings of “personal loans” “agents’ balances,”

“premiums outstanding,” and “furniture.” A worse fleecing of the public, so far as the thing went, than the managers of these two “government security,” swindles succeeded in effecting, has not been performed in life insurance for many a year. It is a marvel, however, that with such titled directors’ names, from Prince Adam, and Right Rev. Bishop Jenner, and Major-Generals Brownrig and H. E. Hicks, R. A., and downward to captains and reverends, they did not capture a larger annual income than some £1,800 apiece, especially as all policies were “absolutely indisputable and unfettered by any condition except the payment of premium.”

As the year closed, the Security, a London office of five years’ standing, was understood to be arranging to shuffe out of existence by transferring its business to the London and East India, a company which has hitherto been unable to find any business of its own to occupy its attention.

On the 29th of December, at an extraordinary meeting of the Positive Life shareholders, it was decided to discontinue the 5 per cent. dividends hitherto paid the shareholders out of capital stock, until some profits were earned, and to raise the rates for East India assurances. The chairman of the company stated that the “capital was so far gone that there was no chance of recovering it for years to come,” and that “at present the expenses of the company were not covered by its income, and the capital must be still further trenced upon.” The shares, 20s. paid, are now nominally quoted at 6s., but without transactions.

The year closes with the rumor of an approaching amalgamation between two prominent Scotch fire and life offices, and with a reported fairly successful year’s work on the part of most of the one hundred and seven remaining British life offices.

LIFE INSURANCE FRAUDS.

During the month of December we were in daily receipt of newspapers from various parts of New Jersey and New York States in which certain articles bearing on the condition of the New Jersey Mutual Life Insurance Co. were conspicuously marked in colored pencil, the said articles setting forth in the most vehement style the soundness of the New Jersey Mutual. Sensible people were not misled by these shilling-a-line productions, and our readers will remember our suggestive remarks at the time. A New York daily of the 30th inst. handles the matter without gloves. It says that the company was one of

the rottenest insurance frauds in the State, and that the officers threw every obstacle in the way of the Secretary of State in his recent investigation, expecting that he would grow disgusted with his work and abandon it. It may be remarked that the company has not stood well for some time, and in Massachusetts the Insurance Department recently revoked its license to do business in that State. In New York it has gone on, despite the conviction that it was insolvent, unhindered by the law; and now, with a proved deficiency of four hundred thousand dollars, it suddenly and secretly transfers its assets and policies to a Washington concern more rotten than itself, and tainted at every stage of its recent history with evidence of fraud.

The necessity for stringent legislation to control the amalgamation of life insurance companies could not be more clearly exemplified than in the history of the New Jersey Mutual or of the National Capitol, to which the former desires to transfer its business. It absorbed under suspicious circumstances the Hope Mutual, which again had swallowed the Craftsmen’s Company. It had reinsured the policies of the Hercules and the Commonwealth, and had picked up over a thousand policies of the Continental. A large proportion of the policies of the New Jersey Mutual, then, was made up of the policies of various companies which had actually collapsed, or which traded their liabilities to avert an exposure of bankruptcy. Business acquired under these conditions is bad business. The companies having failed to accumulate the requisite “reserve,” cannot transfer with the policies the money needed to render them safe; and the company accepting the policies, and assuming responsibility on account of them without being at the same time fully reimbursed, must either submit to a loss which entails danger upon its own policyholders, or by sharp practice give to the transferred policyholders an insurance inferior to that they bargained for. The printed “points” of Mr. Barnes, in the Court of Appeals, bring out the fact that the whole machinery of the Continental Company has been used to transfer its policies to the New Jersey Mutual “in exchange for almost valueless twenty-year term policies.” Such a transaction is obviously a fraud upon the holders of the policies. One cannot wonder that a company thus indifferent to the dictates of common honesty now closes its own career by a wholesale transfer of its victims to a bogus company without capital, without a semblance of character, and exempt from the operation of the laws of States in which the victims reside. The manner of