

dation was to be had, and few could meet the call when made. Yet *two* half-yearly Dividends, at the rate of 10 per cent, were afterwards made, according to the old rule of leaving nothing to cover outstanding risks.

In reference to the Bonuses, in a faithful Report (as far as the data furnished me were to be depended upon) of the position of the Company, which I drew up in 1855, I informed the Board as follows: "The present derangement in the financial statements of the Company is clearly traceable to an error committed by the Board at an early period of our existence as a Company. This error consists of having lost sight of the principle, that Premiums accumulated *are not profits*, until the risks on which they were paid have terminated. Instead of separating the Premiums *earned* from the *un-earned*, and striking a balance between the former only, and the disbursements, to ascertain the profits—the disbursements were deducted from the whole receipts of the year, and the balance thus obtained was treated as profits, out of which large *Dividends* and *Bonuses* were paid, leaving the large amounts of undetermined risks uncovered or unprotected by Premiums!"

You may think it strange, Gentlemen, that with so many *Mer. cantile* men in the Board, it should have been necessary for an old Army Surgeon to instruct them as above—yet so it was; and three days after I had submitted that report I was, without warning, ejected from the position I filled upwards of five years, during which period I had frequently received the thanks of the Board, as well as of the Stockholders.

I come next to the charge of having used my official designation as President of the Company, to sustain my own credit in the Money market. This accusation was based solely on an authority to one Cochrane, in February, 1854, to draw upon me for a few hundred pounds, but which had never been used—the object for which the authority to draw was given having been abandoned without any action thereon. No suspicion existed in my mind that I had signed this paper officially, and had I done so *designedly*, I would certainly have withdrawn the paper when it was not required to be used. Having no evil design I had no suspicion, and in fact no knowledge of having done so. At the meeting of 1855 this charge was brought against me by Mr. John Cochrane, who had