

failure of the Great Western Life, and the more recent failure of the Farmers' and Mechanics' Life, the effect of these disasters continues to be sensibly felt, both by the body of the life offices and the general public. The daily press have aggravated the feeling of distrust, or chagrin, by many passionate, inconsiderate, and often stupidly ignorant articles. It is rarely that the "able editor" of the daily press has any special information on life insurance questions. The story of the Great Western is a short one. A "highly respectable" and wholly inefficient management spent 85 per cent. of the income in trying to get business, and, of course, not only spent their \$115,000 capital, but impaired the reserve. The same highly respectable family swamped a city fire office before they started the Great Western, and have had considerable experience in the great art of how not to do it. This being our first failure under our general Insurance Act of 1853, several novel legal questions will arise as to the distribution of the assets (net \$512,649, re insurance fund required \$505,500), which will probably have to await the slow and expensive movements of the courts. The policy holders are preferred creditors, and will ultimately get about 25 or 30 per cent. of the reserve value of their policies, to be divided among those whose policies were in force on the day that the court ordered the company to be dissolved, and that such persons are entitled to share in the assets according to the proportion which the net reserve value of each policy bears to the net reserve value of all the policies, and that the right to such share will not be prejudiced by failure to pay premiums falling due subsequent to the dissolution of the company.

The failure of the Farmers' & Mechanics' has not even the negative virtue of stupid honesty to relieve it, but was, as a swindle, worthy of its president, who originated, some three years ago, the first "co-operative" humbug that appeared in this city. But, thanks to the saving virtues of the deposit law, the \$100,000 with the Department has been found sufficient to re-insure the risks, which have been placed by the receiver, with the approbation of Superintendent Miller, in the Empire Mutual Life for \$97,000. Some of the risks by which this company endeavored to keep up a show of business not done, but sworn to, were so transparently fraudulent as to be almost amusing. For instance, to affect the business of 1870, 275 "dummy" policies for \$1,000 each were issued; 53 paid up policies to printers, publishers, engravers, editors, reporters, &c. We wish the publishers and puffier editors aforesaid, who aided, against the warnings of the regular insurance press, to bolster up this sham, luck of their worthless policies. As late as Sept. 22 last, the company issued a statement representing receipts at \$86,000, and assets, \$131,096; but the receiver reports there is not a dollar of collectable assets, beyond the deposit with the insurance department. The Peabody Life was supposed to have been amalgamated with the F. & M.'s with its \$49,000 of net paid stock, but the receiver has not as yet been able to find any traces of the transaction on the books of the Farmers' & Mechanics', nor can any documents, vouchers or securities of the Peabody Life be found!! "How is that for high?"

But although the evaporation of the weak companies from our insurance system, as your correspondent, during the past year, so often predicted in the MONETARY TIMES, it has become a necessity in order to stop further inflation; and although many sound offices will share a certain measure of bad repute meantime, which they do not deserve, the skies will be all the brighter and the atmosphere all the more healthful and bracing after the storm. You need not be surprised to hear presently that the Superintendent has sent his *lettre de cachet* to other foundlings who have recently been foisted upon the legitimate born and reared companies.

The returns of the life companies for the pres-

ent year will reveal some curious results. A considerable diminution and diffusion of the business for the year 1870 was generally anticipated, and the same phenomenon which characterized the business of 1869, a marked decrease of premiums and amount insured among several of the oldest and best companies, still continues. This is the result partly of the unscrupulous activity of the younger offices, and in part the consequence of a determination on the part of conservative offices to do no more business than can be procured at a safe ratio of expenses. All the official returns will not be filed with the department, before the 1st of April, but the results of the year's business in several companies have been learned from enquiries at the offices. In 22 instances there is a falling off of 17,705 policies, compared with 1869, and in 23 companies, a decrease of \$37,000,000 in amount of insurance. Of the old companies 6 show 10,611 fewer policies, and \$34,000,000 less insurance, as compared with 1869. In their report issued two years ago, that most solid and respectable offices, the Mutual Benefit, declared that in view of the growing disorganization of the business, they should for the present, rather than become a party to extravagant commissions and other dangerous innovations, content themselves with so much business as will keep their policies up to the average of fair vitality. And the writer knows from conversation with officers of other old companies, that this feeling and purpose is not confined to the Mutual Benefit. It is not surprising, therefore, that such important offices as the Charter Oak, Connecticut Mutual, Germania, Globe, Guardian, Manhattan, Mutual Life, New England Mutual, Northwestern Mutual, Penn. Mutual, Phoenix, Security, Washington, &c., should show a diminution of business for the year 1870.

The year just closed was signalized by a great number of frightful accidents, as well as fires, and many boiler explosions on western waters, and in stationary manufactories, brought sudden and horrible death to many hundreds of useful citizens. How much of all this loss and terrible calamity might be avoided, by timely care, is strikingly illustrated by a recent report of the Hartford Steam Boiler and Inspection Co. During the month of December, 686 boilers were examined by the company's inspectors, and not less than 486 defects found, 88 of which were regarded as dangerous! Who shall say what an amount of property would have been involved in the neglect of 486 boilers for two or three months more! In December, there were seven serious explosions, throughout the country, by which twelve persons were killed, 14 severely wounded, and many thousand dollars worth of property destroyed. Why cannot our legislators see the necessity of more rigid regulations for the prevention of this class of heartrending accidents.

The National Capital Life Insurance Company, organized by an act of Congress, for the District of Columbia, with power to do business in the several States, "home office," in Philadelphia, has gone into the "department" business, on the plan of the Life Association of America. Each State is made a department of the company with a board of 25 Trustees, elected by the policy-holders from among themselves, every eligible Trustee to have \$10,000 on his life. The President for the time being, of the various Department Boards compose the Central Board of Directors at Washington. The merits of these policies are not apparent to the writer. If one central board of management cannot efficiently direct the affairs of a single corporation, it is not easy to see how twenty or thirty can do it. But time will tell.

Two recent legal decisions are of sufficient importance to call for a passing notice. The case of Henry Staggs vs. the Connecticut Mutual Life, recently affirmed at St. Louis, on appeal to the Supreme Court, from the Circuit, determines the question affirmatively that an agent's lien for commissions on renewal premiums ceases absolutely, when he ceases to be an agent of the com-

pany. This has not been the general impression among life agents. In the case of Benjamin F. Folsom, agent of the Mercantile Mutual Marine Insurance Co., of this city, tried and decided in an elaborate opinion by Judge Blatchford, of the United States Circuit Court, it is settled that the agency of the master of a vessel closes with her loss; that his neglect to give information of such loss to her owner, does not vitiate a policy of insurance, and when the defence of the concealment of facts is set up, the concealment must be shown affirmatively. The decision is long and interesting and has attracted not a little attention.

If, after the failure of a score or more of so-called co-operative life insurance companies, the impracticability, not to say fraudulent deceitfulness of the plan, was not already sufficient apparent, and generally confessed, two recent very carefully written opinions submitted to Hon. Wyllys King, Superintendent of the Missouri Insurance Department, by Hon. William Barnes and Aug. F. Harvey, Actuary, ought to do the business for them. Mr. King has properly and wisely resolved to exclude these swindling schemes from his department. Mr. Barnes, so widely known as the former insurance superintendent of this State, says at the conclusion of his opinion—"the proposed so-called 'co-operative policies,' inevitably lead to utter and irreparable insolvency in consequence of assuming absolutely, the obligations of a life insurance company, without any adequate or certain future premiums receivable." As such, this class of business falls more properly within the sphere of friendly and benevolent, or benefit or burial societies, where voluntary contributions can be taken up, or assessments made for the benefit of deceased members or their families. No monetary, provident or life insurance corporation, should be allowed to issue life policies in any form, or under any pretence whatever, without being able to maintain its proper fund, or reserve (according to the legal standards of interest and mortality) invested in sound legal securities, as provided by the insurance laws of Missouri."

The resignation of Mr. Sheppard Homans, the well known Actuary of the Mutual Life, has occasioned some surprise. Men do not often resign easy positions with \$10,000 a year of their own motion. But Mr. Homans and the other members of the company have not always been able to agree, and the intervention of the Board of Directors has occasionally been necessary. It has been known that Mr. H. has been anxious for some time to retire. He has taken offices in the floor occupied by the Mutual Benefit Life (the Mutual's ancient rival), and will give his services to the companies generally as consulting actuary. His reputation is not only national but European. Prof. Bartlett, of West Point, succeeds him. Mr. Horatio Dorr, Secretary of the Atlantic Fire, one of the most popular and estimable of New York underwriters, has resigned, after twenty years' connection with the office. He is to aid the agency firm of Dorr & Suydam, the former being son, H. Dorr, jr. M. A. C.

INSURANCE MATTERS IN MONTREAL.

(From our own Correspondent.)

MONTREAL, Feb. 7th, 1871.

In last report brief mention was made of a case which had been disposed of by the Superior Court, "Lloyd vs. The Scottish Provincial Assurance Company," into the details of which lack of time and space prevented your correspondent from entering upon, but the condensed particulars of which are now given.

This case was appointed for trial some time ago, but was then deferred on account of non-attendance of jurors; it again came on before Mr. Justice Mackay and a special jury on the 25th January. There was no lack of jurors this time, as several of the defaulters on the former occasion had been smartly fined for their contumacy.

The action was brought by H. C. Lloyd, for the