

a "pusy" but a nasty skunk, and you should withdraw quietly, else, you may have to bury your clothes in the earth for three days, and go sleep in the barn. A word to the wise, etc.

Yours,

MUSKOKALAND, 14th July, 18.6

ARIEL.

THE THREE PER CENT RESERVE FALLACY.

The Editor of the CHRONICLE.

DEAR SIR,

I have been watching closely for some time past your CHRONICLE'S Editorials and outside correspondence appearing therein under above heading as well as under other headings leading to the same issue—practically so at least as the surplus question was referred to.

I must say that a large portion of Insurance Managers and agents fully endorse what you have written on the excessive surplus of the Giant Companies of New York.

I have, myself, over and over expressed myself in similar terms regarding the needless amount of surplus which appears to be the almost sole object of certain companies now to increase year by year. Surely companies over 30 years in business should know that such a precautionary measure is superfluous, a measure therefore which robs the insured of the 19th century for the benefit of the insured of the latter part of the 20th century.

I have been, for some time past, contending that the Giant Companies of New York would best serve the interests of the Policy holders of those companies if, instead of heaping up an unnecessary surplus, they would only reduce their premium rates (which are fully 10 per cent. higher than the Canadian Companies' rates), by say 10 per cent. Then the agents of those Giant Companies would be in a better position to compete in Canada with Canadian Companies, and the volume of business would certainly be the fruits of such a beneficial change.

The matter of surplus, however, is not viewed in a proper light by most people who look at \$40,000,000, \$26,000,000 and \$24,000,000, as being so very large amounts, but which are not really very much in excess when viewed in the light of ratio of assets to liabilities. Take, for instance, the surplus of the Mutual Life of New York, a company that boasts of its very large assets and surplus, and what did it amount to but a ratio of 114 per cent on 31 December last. The New York Life only shows 116 per cent, and the Equitable Life 125 per cent. Those ratios, with the exception of the Equitable Life, are only a fraction more than the Sun Life. I base my statements as to surplus and interest on the report of the New York *Spectator*.

No doubt the New York Companies referred to could carry on a safe business with a surplus that would not exceed 110 per cent., so that your remarks were quite called for and in the interests of the insured; and it is high time that somebody in behalf of the insured should cry, "Halt!"

I cannot see why the Companies should anticipate a higher standard of reserve than a 4 per cent. The interest rate will not be lower than that of 1894 5—at least this is the general belief of those competent to form such an opinion. Whilst we have been hearing of the wave of depression that has been passing over the whole world, what has been the experience of the Insurance Companies for the past two years? Simply an increase of business and an increase of revenue; and if, in depressed times, we find this condition of things, why should we anticipate harder times in the near future? Business is increasing in Canada because this country is being settled and its industries are daily improving, whilst the gold and other wealth is being developed from year to year, and this development is certainly only in its infancy; therefore the Insurance Companies have every reason to look forward to better times and to the legal 4 per cent standard being maintained.

The mining interests in the United States are also being developed and the remarks that apply to Canada also apply to that country where, the rate of interest is not likely to be lower than that of previous years.

The sum and substance of the increase in surplus to Policy holders is simply this: The Policyholder is being deprived of a larger bonus, that the companies may exult in an increase of surplus without a prospect of an immediate benefit in the shape of greater security.

The sensible remarks of Mr. Stauden, if heeded by the insurance companies, would result in much better profits to the insured. I hope he will continue his remarks on "Rebating and the Rebater" till the Policyholders in those companies, who pay 30 per cent. commission to agents in the States, have their eyes opened and become alive to their individual interest, when they will insist on the companies making a change for the better, a change that will not alone benefit the Policy holders, but will improve the condition of good agents who intend to remain in the field for a more permanent livelihood than that to be derived from a one-year commission.

VANCOUVER, B.C.,

"GENERAL AGENT."

Notes and Items.

The deaths at St. Louis by the cyclone were over 400, and 1,200 wounded. About 130 death claims arose out of the disaster.

The Liverpool and London and Globe recently bought property on Cornhill, London, for \$212,500, equal to \$280 a square foot.

The Fire Underwriters' Association met on 8th inst., in this city, to consider the complication of affairs in the fire insurance field, Manitoba.

The Mutual Life has had the bad luck to have another agent found guilty of giving a rebate by Referee Russell, who has sustained a charge made against T. J. Finney of Chicago.

William T. Reid and William H. Daly have been given free board and lodging in the penitentiary at Concord for incendiarism at Cambridge, Mass. This insures their innocence for the better part of their lives.

The Knights of Honor, an American assessment society, is making assessments at the rate of four per month. The organ of the society calls for a large number of new members in order to lessen the assessments. "Will you walk into my parlor, said the spider to the fly."

Mixed metaphors and similes have occasioned many a smile, and are likely to while these forms of language are in use. Collectors of these amusing expressions can add the following to their stock. Speaking of insurance agents, they were recently said to be the main springs who brought grist to the mill. Main springs are invaluable doubtless, but the work of a main spring is not that of carrying grist.

The St. Louis dry goods store on St. Lawrence St., in this city, on 4th inst., resulted in a loss of about \$25,000. The insurances affected were: On stock—Alliance, \$5,000; British America, \$3,500; Caledonian, \$3,000; Commercial Union, \$2,000; Queens, \$2,000; Connecticut, \$1,500, and North American, \$1,500; a total of \$18,500. The building was insured in the Royal for \$15,000. The neighborhood is a very inflammable one.

Infant mortality statistics published in a German Health Journal by Dr. Erross give 18.33 per cent. as the ratio of deaths in first year to births of 40 millions of infants born in thirteen countries, and 26.89 per cent as the rate in infancy. Ireland and Sweden show the lowest percentages, being 9.4 and 9.7 respectively, which speaks well for Ireland. Then comes England with 14.4 per cent. and German speaking nations with ratios of from 21 to 28.

The Board of Underwriters at St. Cloud, Minn., U.S., have passed the following resolutions: "Whereas the incendiary element is fast demoralizing the fire insurance business, forcing many classes of property on the prohibited lists of the insurance companies and increasing the premium rates upon other property; therefore be it

"Resolved by the St. Cloud Local Board of Fire Underwriters, that we favor the use of a rebuilding and replacing clause in fire insurance policies as far as practicable, and particularly on policies covering the unprofitable special hazards."