FAILURE OF A LIFE INSURANCE COMPANY.

It has, up to the present, been the boast and the pride of American life insurance agents to point to the numerous and disgraceful failures and amalgamations of English life insurance companies, while they could assert, with truth, that no American life company had ever failed. That statement will always require modification hereafter. By the *Insurance Times* we learn that the Great Western Mutual Life Insurance Company of New York has been placed in the hands of a receiver, by order of Judge Cardoza, for the purpose of winding up its affairs.

The Great Western was recently made the subject of a personal examination by Superintendent Miller, and the winding-up order, obtained at the instance of the Attorney General, is the result of the inspection made. The Company was organized on the 31st December, 1866, with a capital of $115,000. In three years from that time it had dissipated all its capital, and had, besides, an excess of liabilities over assets of $26,120, or a deficiency of $140,000 in all. The journal above quoted assigns the reason for the downfall of this concern in these words :—"The Great Western Mutual Life has been honorably conducted on narrow principles. It eschewed advertising altogether, and has long been neglected, and finally almost forgotten by the insurance journals of the country. The consequence was that it gradually disappeared from the public vision, and was compelled to pay the highest commissions to the poorest agents, who, having found it very hard to get premium, showed great tenacity in retaining it. This drawback, with unusually heavy losses through mortality, costly offices, &c., rapidly absorbed the profits, loading, margin, and finally the capital of the company, and eventually trenched upon the reserve itself."

This company is one of that class which has sprung up in consequence of the great success achieved by some of the older companies, and which have been taking the dregs of the business, and paying a most exorbitant price at that. Scarcely two months ago, in an article under the heading "Expensive Life Insurance," we pointed out the fact, which is now becoming more apparent, that there is a number of the younger American companies which are certain to go to the wall in consequence of the opposition to which they are subjected. These young companies find it necessary to pay 40 and 50 per cent. commissions to agents on the first premium, and as high as 20 on renewals. While working out their own ruin in this way as fast as it can readily be done, they must besides pay large dividends, and cannot afford to scan too closely the business that is offered. In order to keep up with their older and wealther competitors they are compelled to get business of some kind, and at whatever rate will suffice to attract it, or otherwise leave the field. The latter step none of them seem inclined to take, except under compulsion, as in the present case. If it be a truism that "like causes produce like effects" we shall see a plentiful crop of amalgamations or failures among these mushroom companies. It seems quite certain that the experience of Great Britain will be repeated, with only this difference that less suffering, loss and disappointment will be entailed. The case of the Great Western is a first-class illustration of the value of efficient government supervision. Had no check been put on its headlong career, the work of destruction would have proceeded till the brunt of the blow would have fallen upon helpless widows and orphans, or decrepid old men.

This case also illustrates the value of a test applied by us in an article of last week, as to the position and standing of the companies—the relative amount of premiums in the hands of agents. With an annual cash income from premiums in 1869, of only $137,502 the Great Western had as much as $229,760 in the hands of agents, at the time of Mr. Miller's inspection, being but $60,000 less than the Mutual Life with an income one hundred times larger. These premiums in the hands of agents are in the case of this company little else than a fiction, as the Receiver may find when he comes to realize upon them. Hon. Wm. Barnes late insurance superintendent of New York State, in his report for 1867, has the following pointed paragraph on the subject of this and other classes of unrealized assets—"It seems too "plain to need iteration, that under the "head of income, deferred and unpaid pre-"miums, and all other items not actually re-"ceived during the year, have no place, and "that swearing to such income as veritable "receipts, under the blank forms and in-"structions of the department, might be "characterized as closely related to one of "the highest offences known either to the "civil or moral laws of all civilized and "christian nations."

A pointed lesson is taught to intending insurers by this incident in the history of life insurance, and that is, the necessity of careful and intelligent discrimination between the different companies. A number of the leading companies must be regarded as thoroughly sound beyond all question. Their immense income reflects credit upon the honest and energetic management by which they have so much prospered, and proves the public appreciation of the incalculable benefits such institutions confer upon society. It will not do to conclude that any company is in a healthy position because it can merely comply with the law, for it will be readily seen with what facility the provisions of even the most stringent statute may be evaded. These very laws may be made the means of giving a false credit to an organization which is undeserving of confidence, so that it would be an unwise course to accept the bare official certificate as a proof of soundness. It is necessary to note carefully the position of its assets, the ratio of commissions and expenses, to see the amount of care exercised in accepting risks, and, generally, to know that it is conducted by capable and reputable men for the benefit of the constituency of policy-holders with whose interests they have been entrusted.

THE DUTIES ON BREADSTUFFS AND COAL.

As the period for the assembling of the Dominion Parliament draws nigh, shrewd commercial men are beginning to enquire :—Is the tariff likely to be altered again? Will the duties on breadstuffs and coal be continued?

Before referring to the last of these questions, we feel called upon to protest, in the name of the commercial community, against the system of changing the tariff almost every year. This course is most injurious. Nothing tends more to unsettle commerce and retard its expansion, than an unsettled and vascillating fiscal policy. Commerce is proverbially cautious, and when the tariff is constantly being tinkered, both the importer and the home manufacturer feel a certain amount of uncertainty and unstability about their business transactions, and this naturally hampers and restricts their operations.

Every year since Confederation was consummated, the tariff has been changed. The alterations, it is true, have not been very great, but it would be much better for the government to thoroughly revise the tariff when any changes become necessary, and then watch its working and fruits for a few years before interfering with it.

Whilst advocating a stable fiscal policy, we hope, however, that the tariff will first be so altered as to rescind the duties on breadstuffs and coal. The so-called Canadian policy we cannot help considering a mistake. We so expressed ourselves at the time it was introduced by Sir Francis Hincks, and time has only served to confirm our opinion. The enlightened political economist cannot but regard it as a move backwards—a step, it may be a short one, but still a step in the direction of the absurd commercial policy of the United States, the aim and object of which appears to be national isolation.