terests, for at this time the force in the office was all required upon the regular business. Your directors, after duly considering my statement and looking about for a suitable person, and finding no practical insurance man, united upon me, and on the 14th of September, voted me a salary of $5,000 per annum. Since then, I have devoted my time in trying to close up old balances, bills receivable, and other claims due the company, and while we have seen these claims gradually growing less, by finding them in many cases worthless, on the other hand, we have found our liabilities increasing daily by under estimates of losses, and, in some instances, no estimates whatever to be found upon the books. The July statement showed a slight impairment, of $17,606.86, while others claimed there was still more, on account of the value placed upon the real estate, that however would be varied much and honestly by different appraisers, but our serious trouble did not come from that source, for leaving the real estate as appraised by the committee, we find that the day the statement was made, the actual impairment was $462,500.67, and if you add the loss on real estate sold, say $36,950, it shows that instead of having a capital of $500,000, your entire capital was gone, and you were $9,450.71 worse off than nothing. You, of course, will be anxious to know, where we find the deficiencies. Without taxing your patience too much, I will give the large short comings, and the first item that your attention is called to, is the amount reported as cash in hands of agents, which was $130,000. As near as it is possible to give you the facts on this item, (and it is an item that can never be known positively), the amount will not exceed $54,000, showing a loss of $76,000. Agents balances reported at $64,545.73, a little over $10,000 has been collected, many have been found worthless, possibly $5,000 more may be realized.

Salvage Claims.—This item reported at $50,000, after duly investigating, we have no right to expect over $15,000. As yet, not one dollar in money has been received. Bills receivable, were reported at $35,000; we have been able to collect thus far $6,767.33, and from the best information we can obtain, $5,874.33 are considered as good, showing a deficiency in this item of about $22,000. The above shows the large items of our assets in which we found ourselves short. Now take our liabilities, and we find that it was reported that we owed on the 1st day of July, unpaid losses, $122,437.10. The result thus far shows that they were $220,986.58, and there is every reason to believe that from $50,000 to $100,000 more will be added to this item; besides, we have paid, in contesting some of these old claims and other items, upwards of $10,000. In the July statement it was reported that the gross premiums on which to base our re-insurance fund was $1,200,000. At 40 per cent., it would cost $480,000 to re-insure. This was questioned at the time (not the amount, but the per centage), some claiming that it should be 50 per cent. instead of 40 per cent. Finding that our supposed resources were falling short of what we had a right to expect, and that our liabilities were promising much more, I felt it my duty to make a statement to the board, at the regular December meeting, of our condition.

After seeing so much depreciation we still felt we had made a large gain by running off our old risks, and that we could show a handsome deduction in our re-insurance, but to the astonishment of all we found our re-insurance fund about the same as shown by the July statement. How to solve this question was a mystery at first, but after reviewing the July figures, it was found that the gross premiums at that date should have been $160,000 instead of $120,000, showing another item of re-insurance on $400,000 not reported, or a liability of $160,000. Thus, gentlemen, you will see in the few items mentioned, a deficiency of about $440,000, and the several smaller items which are in a detailed statement, as previously stated. This, gentlemen, has proved to be the condition of your company, when you saw fit to place it in our hands, and now we suppose you expect an account of our stewardship for the past five months. The gross premiums received from July 12th to December 1st, amounted to $361,726·96. The losses, return premiums and expenses from July 1st to December 1st, amount to $598,495,21. The gain upon our re-insurance would amount to $174,996, which would show a net loss to the 1st of December of $78,412. You will observe our receipts did not commence until July 12th, and the 51,000 received the first eleven days in July was placed to the credit of last year's business, while all losses that occurred after the 1st were handed over for our benefit. During the five months we have closed about 300 agencies, and have cut down the number of special agents one-half, and also made quite a reduction in office expenses, and it is with pleasure that we can say that to the 1st of December the new business done showed a profit, after allowing for re-insurance, of $20,000. The result of our real estate sales showed that it would not be safe to place it in our statement at former valuation. Accordingly a new appraisal has been made, and herewith give you the same with all the assets of the company at the present time, and its liabilities as nearly as possible, which will show you that the company has not only lost its capital, but it is wholly unable to pay its present liabilities and re-insure its outstanding risks. With these facts placed before the board, you have been called together at the earliest day possible, to say what shall be done in the premises. Regretting most sincerely that such is the condition of the company, I have also to regret that it has been my lot to be placed in this embarrassing position, to expose so gross deception as has been practised upon you by a man who has occupied a high position, and one who, in times past, had your confidence.

The stockholders voted to appoint a committee of five to fully investigate the matter of the supplementary issue of stock and its exchange for First National Bank Stock, and that the committee consult counsel concerning the personal liability of the finance committee and directors making the false representations which led to that transaction.

The meeting adjourned to Saturday without arriving at any plan to extricate the company from its bankrupt condition. Mr. H. L. Harrison suggested a reduction of the capital to $10,000, and a subsequent increase to $500.000. Mr. Bushnell wanted all saved that could be. The company owned the charter of the Elm City Insurance company, and with a capital of $100,000 or $200,000 that company could afford to pay something for the business and its interests.

Mr. English, of the New York *Insurance Times*, who was present at the meeting, and who has sharply criticized the management of the company heretofore, recommended the formation of a new company.

As it now appears the company is about $230,000 worse than nothing. Agents will be notified to stop writing policies, and the cancelling of policies was stopped. Mr. B. Noyes in the meeting opposed an assignment, as it would be impossible to reach the money in Canada. He has discovered that "this is an unfortunate state of things." Many others have made the same discovery, especially the stockholders, one of whom is a widow, who was induced to invest $20,000 in the company.—*New Haven Herald.*

SCOTTISH FIRE INSURANCE COMPANY.

The report of the operations of this Fire Insurance Company during the past year, is before us, and in it we find much matter for congratulation. Of course, the company has suffered in common with most other fire offices during the last year, in this one particular—the percentage of loss has been more than usually heavy. This, however, is a matter which is beyond the control of the Directors, and one they could not be expected to anticipate. It is exceptional, and has been felt by all fire insurance offices to a greater or less extent. But we know the prudent and cautious turn of mind of our friends "over the border," and, therefore, were not surprised to read in the Annual Report that "the Directors had considered it prudent to discontinue some classes of business which have proved from experience to be unremunerative." Whatever other failing they may have, we must give our Scotch friends credit for this, to be "once bit, is to be twice shy." Immediately they find a class of business unremunerative, they at once have the candour to admit it, and thus, by grasping the difficulty fully and boldly in the outset, they always escape great losses or the repetition of any loss they might have incurred in previous years. They purchase experience, so to speak, at the least possible cost, and it is this prudence and this caution, so strongly characteristic of the management of our Scotch offices, that have made them the great success they are.

Turning, again, to the Report of the Scottish Fire Insurance Company, we find that the premiums received during the year are very considerably in excess of those received during the previous one, but the heavy percentage of loss the increase is not so large as it would otherwise have been. The premiums received during the year, after deducting re-insurance, amounted to the sum of £40,599 7s. 1d.; and the claims paid to £24,902 18s 11d. The balance at the credit of profit and loss at 31st July last, after paying all claims and expenses, and a further instalment of preliminary expenses, as required by the articles of association, amounts to £3,613 13s. 3d.; and this sum has been applied to the extent of £3,000 in continuation of the payment of a dividend of 7½ per cent., free of income-tax, on the paid-up capital, the balance of £613 13s. 3d., being carried forward to the next account. The Directors, in their Report, express deep regret at the loss, during the year, of the Chairman of their Glasgow board, Mr. Mark Sprot, a gentleman to whom the Company are much indebted for important services rendered in the organization and carrying on of the Glasgow branch.

A word with regard to the future. We quite endorse the opinion expressed by the Directors that more satisfactory results may be looked for in future years. Seven and a half per cent., these times, is a dividend not to be despised; but we feel sure that, with such sound management, a much larger dividend may be looked for in more prosperous times. And here, again we are forcibly reminded of the Scotch prudence and Scotch caution, by the following paragraph in the report: "The Directors, while desirous to conduct the business within moderate limits, are at the same time anxious to avail themselves of every suitable opportunity of extending their connections. They have during the year very considerably augmented the staff of agents in this country, and they have recently, in conjunction with a Scotch life office of first-rate standing, opened a branch at Montreal, with a small local board. They trust and expect that when these arrangements have been developed, the result will be very beneficial to this Company."

We think, after this, we may say that the Scottish Insurance Company has very fair prospects of success in the future. Of this we are certain, the Scottish element is strong enough in the management to give us the guarantee that no effort will be spared by those who direct the Company's affairs to make it a success.

We may add that the capital of the Company is £1,000,000 sterling; the paid-up portion, £40,000; and the reserve fund, £11 000. The head offices are at Edinburgh, and the Company has branch offices in London, Glasgow, and Dublin. The business done is a sound, legitimate, and rapidly increasing one, and we may fairly recommend the Scottish Fire as, in every respect, a "safe office."—*London Mirror.*