Why, according to Mr. Macdonald's "theory," John Chinaman is the greatest contractor in the world, because he will do more work for a given sum of money than any other. As to the claim of doing "a large business cheap," I may note that in this particular the "experience" of the manager varies. In 1882 he said, "the Directors considered it advisable *to advance the rates*, and although it may often be *thought politic after a season of light losses*, and perhaps with a reasonable hope of the continuance of the *same luck*, to cut down the tariff, yet the event has so *frequently disappointed* the expectation that your Directors have determined not again *to err* in this respect:" and in a foot-note to the same annual report he makes an apology to the Editor of the *Monetary Times*, who had repeatedly warned him of breakers ahead, saying, "he has invariably found the Editor (of the *Times*) correct." Then, with what becoming grace does he make boast of "cheap" insurance as the all-redeeming feature of the London Mutual system, while in the report of January, 1883, he charges "these old hard-shell companies" with the offense of "*cutting rates*." Cutting what rates, pray? And how can insurance be made "cheap?" Have any of those he is pleased to term "these old hard-shell" and "fungacious stock companies" been underbidding the London Mutual in the race for business? Or can Mr. Macdonald alter *the conditions* of a risk in order to *cheapen it?* He admits that stock companies charge according to the nature of the risk when he says they carry "risks *worth* from about 75c. to $10 per $100," and in the same breadth he claims to do "a larger business than any other," because, forsooth, he only deals in "risks worth about 75c. per $100." How sublime! Sir Leonard should have that man, right off. Calculations that rack the brain would be dispensed with. The reign of "*luck*" would be ushered in with his advent to the Finance Minister's department, and Canada would be "ahead of all others."

3rd. Speaking of rates, however, leads to the consideration of the financial position of the London Mutual. It is to be noted that while the Company does its work for *apparently low rates* it has nevertheless still *a hold upon the assured*, and may demand a further payment, if required, by assessment of premium notes.

This matter was distinctly brought under the notice of the few persons assembled at the last annual meeting by the President; when speaking of rates "he reminded the policyholders that those insuring on the *premium note system paid the losses of the members insuring on the cash system*." That is to say, the Company has no reserve or re-insurance fund but the premium notes, which are given for twice the cash rate as a rule, and *must be paid* if called in. How comforting that must be to those who have been induced to insure in the London Mutual, reported to be in strength and solidity ahead of all others, "to find that there is neither strength nor solidity in it save in the surplus of premium notes they have given! I turn to the circular and find that of their boasted assets, viz., $310.784.97, there is, first, "office furniture and plant, $648.53;" second, "premium notes, agents' balances, secured by due bills and bills receivable, $246,096.60," or a total of $246,745.13 in these items, leaving but the paltry sum of $64,-039.84 to represent their boasted "solidity and strength." Well now, "office furniture and plant" will not go far in paying losses or in re-assurance, hence may be left out of the count. The premium notes having been taken for double the cash rate, upon the understanding that only an assessment would be required, are not of "*ascertained*" value, and therefore ought not to be counted at more than the cash rate, viz., one-half, even *supposing* that they are *all good*. Let the agents' balances and bills receivable pass.

Then the account will stand thus, viz.:

Cr. Total assets as per "1883" circular..		$310,784 97
Less office furniture and plant..........	$648 53	
Less ½ the total of premium notes.......	111,942 25	112,590 78
Total net amount of assets on a cash basis,		$198,194 19

But the liabilities, as per abstract of Government report for 1882, amount to the sum of $247,656.73, which indicates a balance against the Company of $49,562.54; Company *nearly* $50,000 *short*.

Does Mr. Macdonald object to this test because his Company is a mutual? Then *so much the worse* for the mutuals; for since losses are adjusted and paid *in cash*, how else shall we ascertain "the loss-paying resources" of a company, stock or mutual? and if the assets of stock companies are to be valued upon a cash basis, by what rule of fair play, or accuracy, as between the companies and the assured, can a mutual be allowed to return all of its paper capital as assets; or in what other way than upon a cash basis can the inspector make a just and true valuation and return?

4th. One point more, and I have done for the present. Mr. Macdonald chafes about Foreign offices and capital "authorized but not paid up." Why was he "not honest enough" to admit that no stock company is in the habit of counting even subscribed capital as an asset after the manner of the London Mutual in dealing with premium notes? Why did he not stay to point out that in spirit and essence the premium note is but subscribed capital, which he counts as an asset in order to roll up an appearance of "strength and solidity," while at the same time he *merely omits* the sum of $245,820.03 in stating his liability, in order that he may claim "assets over liabilities $308,945.27," as per "1883" circular?

Again the London Mutual claims to be "a home company," Canadian *par excellence*,—while not possessing a foot of land or an office in "this Canada of ours," its headquarters. But many of the stock companies have land and buildings of immense value in this country. Finally, I do not find that the London Mutual has any *direct deposit* with the Government. It claims to have a deposit of $30,-000, in the Federal Bank to the credit of the Receiver General, but why is the money not placed at Ottawa, and made up to the Dominion requirement $50,000? I don't understand this. Does it indicate that the Company is restricted in its operations to Ontario? If so the great boastful London Mutual is but "a one horse affair" after all.

Respectfully yours,

AN ONTARIO FARMER'S SON.

MISREPRESENTING CIRCULARS.

To the Editor INSURANCE SOCIETY,

SIR,—It is with pleasure I notice your exposure of the Standard Fire Insurance Company of Hamilton, and if other insurance journals would do the duty they owe to the public they would assist in "showing up" concerns of this class. This Company seems to require more criticism than any other Company in the Dominion.

I also notice the roaming reply Mr. D. C. Macdonald, the manager of the "London Mutual," makes to the remarks of Policyholder about the circular issued by the Company; I would ask Mr. Macdonald why he does not show the standing of the Company as it really is; or is there any accuracy in the Inspector's estimate of the Re-insurance Reserve, or has experience shown that the estimate is double that required.

Your, etc.,

INSURANCE.

To the Editor of the INSURANCE SOCIETY.

DEAR SIR,—My letter, 20th June, re "London Mutual" circular, has evidently touched a "tender spot." For proof, notice the agonizing attempt of the manager of that *great* (?) company in his answer of the 20th ult., to explain the discrepancy between his *sworn report to the Government* and his *circular to the public*. The attempt, however, is so clumsily made that one is justified in questioning whether the manager himself possesses the brains *even of a "dude*," his special pleadings are so transparent that it would be an insult to the intelligence of the public for me to give an extended proof of their fallacy. Sufficient is it to find Mr. Macdonald "backing down," and now admitting that (even according to *his* idea of what constitutes the business of a company) there *is* a company that does a larger business in the Dominion than his. Will he not go a little further and admit that, even from his own standpoint, there is a company that does *over double* the business of that of the "London Mutual?"

I don't, Mr. Editor, know as much about insurance matters as manager Macdonald *pretends* to know, but common sense tells me that it is not always the company carrying the *largest liability* that is the