THE STANDARD FIRE INSURANCE COMPANY OF HAMILTON, ONT.

We have before us the Report of Insurance Inspector, J. Howard Hunter, Esq., of the Ontario Department, for the business closing with Dec. 31st., 1881. The news is somewhat stale from age, but as it contains the last *sworn* statements of the Ontario Offices, it will be so far authentic at the dates given in it. As we learn from reliable sources, that the *Standard Insurance Company*, of Hamilton, an Ontario Office, not authorised to transact any business outside of that Province, is nevertheless, quietly operating in this city, without having a license to do so in this Province, we propose to avail ourselves of the opportunity presented by Inspector Hunter's Report—to examine this Statement for the information of the shareholders and public generally.

From the sworn statement of the officers of the Company (page 144 of Mr. Hunter's Report), we find that what is called CAPITAL consists of *authority* to have a joint stock or guarantee capital of $3,000,000, if they can get it. But what have they got? A *subscribed* or *paper* capital of $205,400 ! ! ! And upon this enormous promised capital the sum of $18,249, less than 10 per cent. of the paper capital, has, as the report says, been actually paid in cash.

We come next to ASSETS, which usually play a prominent part in an insurance company's business, claimed to be worth $61,005.66.

The first thing we meet among these assets is "Loans on bonds and mortgages," which have absorbed capital to the amount of $10,000, which is well, if bonâ fide investments, and not taken as a part of the $18,249 "cash." Then, among other assets that are usually subject to a heavy discount *for cash*, are to be found Agency balances, $7,797 and bills receivable $7,323 84 "considered good," of course, but nothing is said about their being secured by any collateral.

Another item, of which we cannot say much, as we don't understand it, is "accrued interest on stock," $1,010.50." What stock? Is the Company fortunate enough to get interest on that $205,000 of paper stock? If so, it is good financiering, better than some others that we shall show by and by.

We now come to the crucial test of all insurance companies, the LIABILITIES, which, with the Standard, foot up $51,734.65, exclusive of the cash capital, $18.249, due the stockholders, making a total of $69,983.65, or $8,978.00 in excess of the assets.

Among the items of liabilities we find unpaid losses put down at $19,955, a pretty bad record for the Company's loss-paying promptitude, or for the character of its claimants. We would not like to express our belief as to which horn of the dilemma the Company hangs on; but to mitigate this heavy unpaid sum, the Company claims as a set off "salvage claims," $12,468.00. Where do these "salvage claims" come in? and how have they been ascertained? Further along we find the sum of $20,319.35 owing for "bills payable," evidently "kites" that the Company has been flying to raise money to meet its disbursements, as will be apparent when we reach "*income*." But inasmuch as the Company would not be likely to make their "liabilities" *any heavier* than they really are, we assume the figures given, so far, correct, and they show the Company to be impaired *at least* $8,978.00.

We come now to INCOME for the year 1881, which is shown to be $67,671.63 and seems to be correct, except in the item "bills payable" $20,319,35, the "kites" above referred to. Borrowed money, for which bills payable are given, and correctly charged against the Company among the liabilities, is not a *business* income, as bills *receivable* would have been, hence this amount must come out of the income, leaving the correct sum, actually received for the year's business, $47,352, for which we shall have use presently.

We next find that test of good management of an insurance company, the EXPENDITURES. With these, as with liabilities, there is no probability of over charges, so we accept the figures, $69,379.86, as the expenditures for the year. We would simply note in this connection that $46,092,45 of the above sum was for losses alone, of which $40,818.36 (less 3,725.91 reinsured) was for losses of the year. The other items of expenses, etc., seem legitimate and require no comment.

The next thing to be considered is the liability in the future — present and remote—of the Company for "Risks in force" or outstanding policies on which loss claims may and do constantly, arise. This amount is given as $5,266,924 52, the premium on which is said to be $39,856.50 being at the rate of 75 cents per $100, but unfortunately this premium has been paid to the office, while the 5 millions of risk still hang over it.

From the foregoing figures, sworn to by the officers of the Standard, as true on Dec. 31, 1881, but one short year since, we make the following deductions:

Cash Capital		$18,279
Assets	$61,005.66	
Liabilities	69,983.66	
Leaving impairment of Capital		8,978.00
Income for 1881	67,671.63	
Less Bills Payable	20,319.35	
Actual Income	47,352.28	
Expenditures for 1881	69,379.86	
Leaving a deficiency of Income of		22,027.58
To meet which "kites" were flown to the extent of,		20, 319.35
Leaving the Income Still Short that of Expenditure		$1.708.23

This Company commenced business in April, 1877, and has managed in the intervening four years to work itself into the above described condition; if left alone it will require but a year or two more, if that long, to work itself out of business. In our computations we have given the Standard the benefit of all its figures, except the paper capital of $205,400, which may be good or may not—*cela depend*. But the idea of carrying $5,266.924 of risks on a paper capital, of 205,400 even if good, is preposterous and unbusinesslike.

In connection with the foregoing, we see that the Standard advertise that they have a deposit of $25,000 with the Government. If so, how is it that the Inspector of Insurance for Ontario does not mention the matter? There is no mention of any deposit whatever in the Government report.