

THE CANADIAN MONETARY TIMES AND INSURANCE CHRONICLE.

DEVOTED TO FINANCE, COMMERCE, INSURANCE, BANKS, RAILWAYS, NAVIGATION, MINES, INVESTMENT,
PUBLIC COMPANIES, AND JOINT STOCK ENTERPRISE.

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TORONTO, THURSDAY, JULY 1, 1869.

SUBSCRIPTION: 2 A YEAR.

Mercantile.

J. B. Boustead.

PROVISION and Commission Merchant. Hops bought and sold on Commission. 82 Front St., Toronto.

John Boyd & Co.

WHOLESALE Grocers and Commission Merchants, Front St., Toronto.

Childs & Hamilton.

MANUFACTURERS and Wholesale Dealers in Boots and Shoes, No. 7 Wellington Street East, Toronto, Ontario.

L. Coffee & Co.

PRODUCE and Commission Merchants, No. 2 Manning's Block, Front St., Toronto, Ont. Advances made on consignments of Produce.

Candee & Co.,

BANKERS AND BROKERS, dealers in Gold and Silver Coin, Government Securities, &c., Corner Main and Exchange Streets, Buffalo, Y. N. 21-1v

John Fiskin & Co.

ROCK OIL and Commission Merchants, Yonge St., Toronto, Ont.

W. & R. Griffith.

IMPORTERS of Teas, Wines, etc. Ontario Chambers, cor. Church and Front Sts., Toronto.

Gundry and Langley.

ARCHITECTS AND CIVIL ENGINEERS, Building Surveyors and Valuers. Office corner of King and Jordan Streets, Toronto.
THOMAS GUNDRY. HENRY LANGLEY.

Lyman & McNab.

WHOLESALE Hardware Merchants, Toronto, Ontario.

W. D. Matthews & Co.

PRODUCE Commission Merchants, Old Corn Exchange, 16 Front St. East, Toronto Ont.

R. C. Hamilton & Co.

PRODUCE Commission Merchants, 119 Lower Water St., Halifax, Nova Scotia.

H. Nerlich & Co.,

IMPORTERS of French, German, English and American Fancy Goods, Cigars, and Leaf Tobaccos, No. 2 Adelaide Street, West, Toronto. 15

Parson Bros.,

PETROLEUM Refiners, and Wholesale dealers in Lamps, Caimneys, etc. Warehouses 51 Front St. Refinery cor. River and Don Sts., Toronto.

Reford & Dillon.

IMPORTERS of Groceries, Wellington Street, Toronto, Ontario.

C. P. Reid & Co.

IMPORTERS and Dealers in Wines, Liquors, Cigars and Leaf Tobacco, Wellington Street, Toronto. 28.

W. Rowland & Co.,

PRODUCE BROKERS and General Commission Merchants. Advances made on Consignments. Corner Church and Front Streets, Toronto.

Sessions, Turner & Cooper.

MANUFACTURERS, Importers and Wholesale Dealer in Boots and Shoes, Leather Findings, etc., 8 Wellington St West, Toronto, Ont

Sylvester, Bro. & Hickman,

COMMERCIAL Brokers and Vessel Agents. Office—No. 1 Ontario Chambers, (Corner Front and Church Sts., Toronto, 2-26 to.

Insurance.

FIRE RE-INSURANCE FUND.

The following is from advance sheets of Superintendent Barnes' report on the Insurance business of the State of New York, for 1868:—

One of the most flexible items in Fire Insurance statements has generally been the re-insurance reserve. Before the organization of the Insurance Department, many sanguine officers were accustomed entirely to ignore the future probable loss on their existing policies as creating any kind of liability to be recognized on the debit side of their accounts; and the unearned premiums received, as well as the funds applicable to the payment of fixed and absolute debts, were coolly set down on the credit side as surplus assets. The Comptrollers' Insurance Reports for the years 1853, 1854, 1855, 1856 and 1857, were all made on this theory. In 1855 the Superintendent, as a special Commissioner under Comptroller James M. Cook, examined several fraudulent organizations in the City of New York; the special reports in these cases first introduced the practice of charging among the liabilities the unearned premium or sum necessary to re-insure all outstanding risks. In the Comptroller's Insurance Report for 1858, this liability was recognized for the first time, and was fixed at an average of forty per cent. of the premiums received on unexpired risks. The same rule was necessarily pursued in the Superintendent's first annual report for the calendar year 1859.

In the Superintendent's Reports for the years 1860, 1861, 1862, 1863 and 1864, re-insurance was carried inside (as a check) at fifty per cent. of the premiums on unexpired risks, but was carried outside and into the column of Liabilities, at the sum estimated therefor by the officers, which was generally forty per cent. of unexpired premiums. Some companies, however, especially those with impaired capitals, estimated this liability at less than this standard, and considerable dissatisfaction was created in consequence of allowing this discretion to the officers, resulting, as was evident, in several under-estimates. Under these circumstances, and an Act having been passed inhibiting the declaration of any dividend without a reservation of at least fifty per cent. of the premiums on unexpired risks, the standard for re-insurance was fixed at this percentage, throwing inside for information the company's own estimate. The Insurance Reports for the calendar years 1865, 1866 and 1867, were made upon this rule. The fifty per cent. uniform standard, however, failed to give entire satisfaction. The Executive Committee of the National Board of Fire Underwriters, at their Chicago meeting in October, 1868, recommended to the Supervising insurance officers of the several States the adoption of forty per cent. of the gross premiums received on Fire risks during the year as a proper Fire re-insurance reserve.

This rule operates well in many cases, but in others it is grossly erroneous or insufficient. In order to show its practical effect, and to compare the re-insurance funds of the different companies, a Table has been prepared showing the application of the forty per cent. premium-income rule, the company's own estimate, and the amount charged to each company by the Department standard, as per the statements for 1868. In revising the Fire

blank last year, it was determined, after considerable examination and consultation with insurance officers, to fix the standard at one-half of the premiums received and receivable on Fire risks running less than one year, and at *pro rata* rates for longer Fire risks, inland risks to be charged at one-half the premium, and Marine risks at the full amount of premiums thereon. This mode of estimating re-insurance is considered the best yet devised, as being the most accurate and well adapted to the peculiar situation of any and all companies. In addition to the percentage of the deposit or principal returnable on perpetual fire risks, one-half of the interest premium or sum received or receivable thereon for the current year is charged to the company.

PRUDENTIAL INSURANCE COMPANY.

Hon. Elizar Wright has supplied a paper to the *Insurance Times* on British Life Insurance, in which he takes the above company severely to task. "Their advertisement," he says, "which expatiates with much rose-color on the advantages of their new style of policy, is signed by Henry Harben, Sec. This is the same irrepressible gentleman, and the same prudential society which received, in 1864, a first-rate notice from Mr. Gladstone. In that remarkable speech of Mr. Gladstone, I find the following words in regard to the balance-sheet of this society, in addition to those quoted in my report:—'As it stands, it presents a balance of £41,000 in favor of the society, but it has been examined by actuaries, and these gentlemen, proceeding upon principles which are no more open to question than a proposition in Euclid, say, that instead of a balance of £41,000 in favor of, there is one of £30,000 against the society. There was, it is true, a capital of £45,000 not paid up, and which, if paid up, would undoubtedly more than liquidate this balance; but all I can say is, that in 1861, when its balance-sheet was published, it did not appear to be in contemplation to demand that it should be paid up, and the account stands as I have said.'

"According to their highly delusive balance sheet, the balance in favor of the society has arisen to three times that claimed in 1861, and is entered in this curious and peculiar phraseology: 'Surplus available for future bonus, subject to revaluation of policies.....£124,515 ss. 7d.' The cause of the queer little cloud of uncertainty which is left hanging over this interesting item, will be explained by and by.

"The directors' report informs us that besides swallowing up 'a small but most respectable company,' with a premium income 'amounting to £15,375 15s. 9d. per annum,' the society has realized a premium income on its own business of £220,978 0s. 10d. during the last year, and has paid claims during the year amounting to \$67,181 10s. 5d., 'raising the total disbursed under this head since the establishment of the company, to £480,986 18s. 3d.' yet it does not state the amount of the policies outstanding, neither can I find that statement in the company's advertisement or in the enthusiastic report of its annual meeting. A company dealing principally in ordinary whole-life policies, and receiving premiums, which, as it appears from this report,