

...the annual
Company as laid before the
holders in December last we referred
to its suffering severely from losses during
the past year in connection with most other
companies. The information contained in
the annual report is rather meagre. There
is a combining together of several stems of
expenditure and liability in such a manner
as to render it difficult properly to analyze
it without further knowledge of the details,
which we were unable to procure. One
thing is evident to the most casual observer
of the statement given, and that is that the
capital stock of the company is seriously im-
paired. This is the result of a long continued
series of fire losses the Company has sus-
tained. The history of the Company as to
losses is a very disastrous one, but its record
in regard to the payment of every just claim
with promptitude and liberality, is one of
which, in the midst of misfortune, they may
justly feel proud of.

The great mistake this Company made at
its very inception was the rushing wildly
into fire risks of every description, and ex-
tending its business over too large a territory,
rendering it difficult, if not impossible, for
the head office, at Hamilton, properly to
supervise so large a volume of business.
This is especially true of that part of it com-
ing from the maritime provinces. Had the
company been satisfied at first with doing a
smaller, and consequently a safer business
in their own province, where the character
of the assured and other circumstances con-
nected with the nature of the risk incurred
could be more easily and definitely ascer-
tained, the Canada Fire would to-day be
in a much better position than it is. We feel
sure that the principal losses of the Company
have been incurred at points so distant from
the head office as to render inspection and
supervision almost impracticable. The
Canada Fire was the first company that in-
troduced into Canada the American system
of allowing the agents of the Company to
write the policies issued at their respective
agencies. There are many advantages to a
company's head office in seeing the applica-
tion by which an insurance is effected before
a policy is issued. Under this system all
the manager has to guide him in judging of
the risk, is the wording of the policy in the
shape of a *Daily Report* sent by the agent.
It is always a matter of annoyance to the
assured to have his policy cancelled, and
knowing this to be the case, many policies
issued in the way referred to on very doubtful
risks, are allowed to stand rather than
incur this obloquy. Had the application been
first submitted for approval to the head
office, no such feeling or difficulty in regard
to declining the risk would be felt, as an
interim receipt only had been issued pending
the acceptance or non-acceptance of the
application.

The present condition of the Canada Fire

...sponsors wise and prudent management ab-
solutely necessary. No time should be lost
in curtailing business at points where ex-
perience proves it to be unremunerative.
We very much fear that the present manage-
ment of the company, however successful he may
have been as a merchant, has not had suffi-
cient training in the business of fire insur-
ance to enable him successfully to manage
the Company and extricate it from the un-
pleasant position in which it is now placed.
With an experienced and practical insurance
man as manager, unfettered by a board of
directors, in regard to matters of detail, who
is usually quite innocent of knowing much
about the business of successful underwrit-
ing, the Canada Fire might very soon be
placed in a position to merit and share
public confidence.

Perhaps the most serious obstacle to the
attainment of this end is the reported action
taken by the principal shareholders of the
company, known as the "syndicate," in un-
loading themselves by transferring for a
consideration, the greater part of their stock
to the managing director, who is now said to
hold in his own name about \$480,000 of the
capital stock of the Company, being nearly
one-half of the whole. If this report is true,
it cannot help affecting the company very
seriously indeed. We will be glad to learn
that such is not the case, and until we do
know definitely how the matter stands, we
refrain from saying anything further in re-
ference to its effect on the Company's future
prospects.

The articles in reference to some of the
other Companies, crowded out this month,
will appear in our next issue.

Report of the Inspector of Insurance for Ontario.

We have received a copy of this report,
which is compiled from the returns made by
the several companies to the Government
for the year 1878. The report embraces, be-
sides the fifty-four Mutuals, such of the Stock
Companies as confine their business to the
Province of Ontario, comprising the Mercan-
tile, of Waterloo, the Queen City, of Toronto,
the Standard, of Hamilton, the Union, of
Toronto (formerly of Ottawa) and the Lon-
don Life and Accident Co. of London, Ont.
This report is principally valuable as a
means of comparison between the reports of
the several companies, as made to the Gov-
ernment for 1878, and those made under the
surveillance of a Government Inspector of
Insurance for 1879. We have already ex-
pressed our approval of the appointment by
the Government of such an officer, and we
believe the selection, made has been a
judicious one. Dr. O'Reilly has a thorough
knowledge of mutual insurance—a qualifi-
cation absolutely indispensable to an intelli-
gent analysis of mutual insurance accounts.
From the report we learn that in 1879 fifty-
four companies in all reported to the Gov-
ernment.

Joint Stock Life and Accident Company	1
Joint Stock Fire Companies	4
Mixed Mutual and Cash Fire Companies	4
Purely Mutual Fire Companies	31
Total	40

We will have something to say of the
Stock Companies in a future number, con-
fining our remarks at present to the Mutuals.
The inspector has separated the cash and
premium note assets of each company to
show the proportion which the latter bear
to the company's liability under that kind of
assets. This class of security to policy
holders varies from one half per cent. to
100 per cent. This test of a company's sol-
vency is not an infallible one. A company
confined exclusively to the insurance of
farm and other non-hazardous property
requires relatively a much less ratio of premium
note assets to the amount at risk than does
a company insuring mercantile and manu-
facturing risks.

Mutual Insurance Companies afford se-
curity to the public in the proportion which
the amount of the premium note or undertaking
bears to the amount at risk, reference being
had to the class of property insured, whether
hazardous or otherwise. Another test of
the security of a mutual insurance company
is the ratio which its premium note, or any
given risk, hazardous or non-hazardous,
bears to the cash premium ordinarily charged
by a first class stock company. In every
well conducted mutual fire insurance com-
pany this ratio is made sufficiently large to
afford the assured ample security under
ordinary circumstances. Persons insuring
on the mutual system should not object to
the amount of the undertaking. The larger it
is the better the security. The losses of a
mutual company are met by an assessment
on its premium notes. An assessment of
ten per cent. on a note of \$100 requires but an
assessment of five per cent. on each case of \$100
to raise the same amount. In one case the
assessment amounts to \$10, while the se-
curity to the assured is in the latter case
double that of the former. There is a class
of mutuals, as we intimated in a previous
number, that have made a new departure
from the sound and safe principles of the
older mutuals in this respect. The compan-
ies to which we refer take a note or under-
taking equal to the cash premium usually
charged by a stock company, and collect
eighty per cent. of said note, the remaining
twenty per cent. being for purposes of assess-
ment if required. One of the companies
doing this wild-cat insurance—the Reliance
Mutual—has already gone under. Another
of the same class, and organized by the same
speculative gentleman—the Empire Mutual
—has been closed by the Government by
order in council, as has been another of the
same class in Ottawa, under the high-sound-
ing name of the Imperial Hand-in-Hand.
Another of the same batch—the Royal
Mutual—has ceased to exist, and so they go.
The Phenix Mutual, of this city, we under-
stand, does business on the same principle
with those we have just been describing, but
fortunately for both the company and its