

of very much longer duration than the usual possibilities on the Portland line, there seems no reason to admit the validity of the *Chronicle's* pretension. Hence we must repeat our opinion, that the proposal in the Memorial ought not to be acceded to by Government,—at all events not until the result of general traffic during the coming winter has been ascertained. The allegation that the proposed alteration would effect a considerable saving per annum by being enabled to dispense with the present fortnightly service to Halifax, does not seem conclusive to us, as Newfoundland must still get her service, while one steamer fortnightly, under the present arrangement, serves both points. There is yet another aspect to be considered. Were it possible to concede that Halifax possessed shipping facilities suitable to our most important trade, then there would seem little use for so much time being lost by the steamers in making that merely a port of call—as the question would naturally suggest itself: if good for landing and receiving mails and passengers, why not for general freight also, the speedy delivery of which is often of little less importance. This is, most likely, the point the Halifax writer is anxious to keep obscure, only to be admitted after their object has been gained as to the mail service. But we have indicated the climatic hindrances to an improved mail service *via* that port; while it could also be shown, that the freight to be carried by the English steamers could not be handled there, owing to the lack of facilities, as well as the railway uncertainties. Hence this would simply involve a waste of time and failure to accomplish improvement.

It is to be regretted that our former remarks have been taken up in the hostile spirit we are under the necessity of alluding to. We are, as previously, in favor of yielding to the desires of Halifax, provided her case can be made good. But writing from a purely commercial standpoint, and without knowledge of any such opposition as is regrettably affirmed to exist, we do not see room to admit that the feasibility as a Winter Mail Port has been proven. This journal recognises no sectionalism in trade questions, having a desire to use its influence in furthering all reasonable schemes, so long as these are found to be generally advantageous to the commercial interests of the country. As regards the subject of the grain and export trades, which the *Chronicle* desires to reserve, in order that they may have separate discussion, we are quite willing to postpone detailed remarks, merely

stating that our views have been of necessity somewhat foreshadowed in the former and present consideration of the Mail Port matter.

LESSONS FROM A FAILURE.

On the 2d ultimo, a stockholder of the Continental Life Insurance Company of New York applied to the Supreme Court in that state for the appointment of a receiver to wind up the company. The judge, on the 9th, gave the company five days to appear and oppose the petition, which its officers failed to do, and the first heard of the affair, by the public, was the issue of an order, on the 25th of October, for the winding up of the company.

The Continental was organized in 1866, with a capital of \$100,000, and for the first five or six years, under the presidency of the late Justus Lawrence, its success was most promising. Upon the death of that skillful officer, who brought with him to the company a large previous experience in underwriting, a succession of errors of management developed themselves, which brought the company, at the close of the tenth year of its existence, into a condition where it was obliged to give up the contest. One very foolish undertaking for so young a company, was the attempt to do business in Europe. None but the oldest and strongest companies are justified in covering more than one continent with their agencies. Another still more serious error was the swallowing up of the remains of six broken down companies, by the process called amalgamation. Three of these were the American business of defunct British companies, viz.,—the International, the Prudential, and the British Commercial; and the other three were the Empire Mutual, the Farmers and Mechanics, and the American Tontine, all of New York.

It has sometimes happened that an amalgamation of two companies has been a source of strength, on account of reducing duplicate expenses; but when a company becomes too weak to stand alone, through inexperienced management and acceptance of improper risks, it can easily be seen how dangerous it is for another company to assume its known and unknown liabilities to the public. This greed for swelling out by the absorption of other companies has been the ruin of many English companies, and notably the European, the Albert, and the International, whose collapse a few years ago created so widespread a sensation, and inflicted so much loss in both continents. Each of these had taken over the business

of about thirty failures. This evil has not yet had time to develop itself largely in America, but the materials are being gathered by other young companies for a conflagration such as the foolish Continental has experienced. A Chicago company is largely composed of the hulks of no less than twelve victims of youth and inexperience. But while a few have indulged in this weakness, it must be said to the credit of all the oldest and best American companies that they have steadily set their faces against even partial transfers of business without medical re-examination. The Continental affair is one more testimony to the wisdom of that course, and is not only a lesson to companies to avoid amalgamations, but a lesson to the public to place little confidence in any company whose size is swelled out by such dangerous means.

But the most practical lesson to be derived from the collapse is that a high ratio of working expense in the running of a life insurance company is most dangerous to the interests of the assured. The Continental was not a very extravagant company, compared with others of its age. It was far more economically conducted than most companies that have disappeared, and there are at the present time not a few companies competing for business in Canada which have used, and are continuing to use, a larger share of their policy-holders' money in working expenses, and stockholders' profits, than the Continental did, on the average. But when we compare the ratio of the Continental with those of the five best companies in the United States, we see no need of looking further for the real cause of its suspension. The following statement, compiled from the Massachusetts Reports, will show the proportion of the Continental's expenses to its income, it being premised that the word expenses, as distinguished from "expenditure," means the working cost, and does not include dividends to policy-holders, death claims or endowments, or cash values of policies returned:—

Year.	Income.	Expense.	Ratio.
1866.....	73,300	55,155	75.24
1867.....	884,250	199,212	22.53
1868.....	1,514,030	301,304	19.90
1869.....	1,930,702	400,924	20.77
1870.....	2,082,642	503,784	24.19
1871.....	2,695,776	658,415	24.42
1872.....	3,082,528	652,026	21.15
1873.....	2,838,501	637,930	22.47
1874.....	2,712,628	615,790	22.70
1875.....	2,452,467	653,514	26.64

Totals.....\$20,266,824 \$4,678,054 23.07

Thus we see that out of twenty millions