without having to resort to Richard's note for that purpose. So long as he can afford to hold the note to pay *pro tanto* this particular bond, he need not trouble himself about the solvency of the maker.

Applying the same sort of common sense to life insurance, we fail to see why policy-holders' notes, *under similar limitations*, are not a perfectly safe investment, and a perfectly good asset *for the purposes of the company*. The amount of the note or loan on any policy must always be less than the unearned premium or self-insurance under the policy, so that whenever and however the policy is terminated, the insured will owe as much as or more to the company than the company can lose by the non-payment of the note. In other words, the balance on each policy as it stands must always be in favor of the company. All of the note companies have, accordingly, in answer to an enquiry directed to this point, distinctly responded that the premium-note or other credit on any policy, with a few exceptional cases, is never allowed to exceed its net present value, Actuaries' four per cent.

It is also evident that a company cannot sell insurance wholly upon credit. It must have a cash working capital ample enough to pay all of its current losses and expenses without resorting to its notes, or, in other words, it must not be under the necessity of using A's notes to discharge its obligations to B. Without attempting to indicate the precise limit beyond which the proportion of premium notes cannot safely go, we exhibit in the table on another page the actual ratio of the premium notes and loans held by each company, including all loans secured by the policy, to its computed premium reserve, and also to its net assets or actual premium reserve. By the latter is meant the gross assets diminished by all liabilities except the computed premium reserve and guaranteed capital.

Probably no one will seriously contend upon this showing, that any company has passed the absolute limit of safety, unless we are to assume that the company is liable to an experience which upsets the fundamental assumption of an average mortality, and this has the absurdity of begging the whole question. No one, certainly, will say that these notes are a barren investment for the company. Bearing interest from the moment the premium is due, there is also no risk, within the limitations indicated, of their non-payment. If the policy-holder expects that he, or his money, is not bound to pay them to the last cent of principal and interest, he simply allows himself to be deluded. It will not be claimed that they are unrealized assets simply because they are unpaid notes. If so, unpaid mortgage notes must be put in the same category.

DAMAGES BY REMOVAL.—A writer in the *Monitor* gives some valuable hints on the subject of adjustment when "damages by removal" are claimed. Such claims are often paid in full, the condition as to the amount payable, viz: such proportion as the sum insured bears to the whole value of the goods, being ignored. He says—"The contract is for indemnity against loss and damage by fire. The insurer agrees to give a certain measure of indemnity, on certain clearly defined conditions, for a certain consideration. One of these conditions is, that in case the property insured is exposed to loss or damage by fire, the assured shall use his best endeavors to save and protect the same, and unless he shall do so, he shall not recover at all; but right here the insurer agrees that in condition to the actual loss and damage by fire, he will also *contribute* to the damages on such proportion of the property saved as shall be caused in saving the same. In the absence of this latter clause in the contract, I insist that the insured could not sustain any claim against the insurer for damages caused solely by removal. That would be a risk which the insurer did not assume, as would be indicated by the condition requiring the owner to remove and save the property from burning, if possible, and he agreed to do it. * * * * * * *

I am aware of the various notions of agents and others on this point; many supposing that in cases where the building ignites or is totally consumed, or where a portion of the goods insured are burned, the insurer is liable for all loss and damage up to the full sum insured. But there is no reason or authority for such notions. There are no legal adjudications that favor such views, where the condition in question prevails in the contract. The case of Case *vs.* Hartford Fire Ins. Co., in 13 Ill., 376 does not favor the doctrine that the insurer is liable for the whole damages caused by removal under certain circumstances, but simply settles the question whether the assured could recover at all in that particular case, leaving the contract to govern as to the *extent* of such recovery. It was similar to the case of Hillier *vs.* Alleghany County Mutual Ins. Co., in 3 Penn St., 470, in which it was held that, under the circumstances of that case, the insured could not recover at all. But in the case of Wilson *vs.* Peoria M. & F. Ins. Company in 5 Minnesota, the whole subject was deliberately considered, and it was decided, that although one tenement of the building containing the property insured was on fire, and part of the insured stock was burnt, and balance removed. the amount of loss and damage on goods removed, must be borne by insured and insurer in such proportion as the whole value of the property at the time of the loss. The reasoning of the learned judge in this case is so cogent and logical, I cannot better close this article than by commending the full opinion to the careful examination of all who call themselves underwriters or adjusters.

The true rule in such cases may be stated as follows: A stock of merchandize valued at $10,000 is insured for 5,000. A fire occurs, and $7,000 of the goods are removed, but the damage by such removal is $8,000 and $3,000 of the goods are consumed. The loss should be adjusted thus:—

Goods totally consumed or destroyed		$3,000
Underwriters pay for same.......		3,000
Damage by removal of goods saved, say total value $7,000 00		
damages................	800 00	
Underwriter's pay on 2,000 00 being balance of policy, 2-7.................	228 57	
Owners, on uninsured portion, $5,000, 5-7.	571 43	
	———— $800	
Total claim under the policy....		$3,228 57

Law Report.

EASTERN TOWNSHIPS BANK *vs.* HUMPHREY, *et al.*—This case was lately tried in the Queen's Bench, (appeal side), Montreal. Mr. Justice Badgley said, John Humphrey, a trader in business at Barnston, needing money accommodation, applied to the Eastern Townships Bank, at Sherbrook, in May, 1862, for discount for a year for $1,000, and was refused, the Bank not discounting at the time. He afterwards proposed to take United States notes. The Bank having received these notes at par, would not part with them except at the same value. This was agreed to, and for the note of $1,000 he received $982, the discount of $18 being retained for three months' interest, at the legal Provincial Bank interest of 7 per cent., Humphrey to be permitted to renew the note every three months and have it extended over a year. After the transaction had been effected another transaction took place between Mr. Farwell, cashier of the Bank, and Humphrey, by which the latter paid to the former $10 as a commission for working through the arrangements and renewals of liability during the year. This seems to have been a private bargain between them in no way connected with the discounting of the note, etc. * * * * *

Mr. Farwell, in his deposition, says that it was a separate transaction, and not a stipulation of the discount,—*and the evidence shows that his appreciation of Humphrey's irregularity and trouble were abundantly justified.*

Now looking at the transaction as proved, it can scarcely be termed a discount or a loan, within the meaning of the Bank charter, 18 Vic., chap. 20, sec. 20, which authorizes the Bank to deal only in gold and silver bullion, bills of exchange, discounting of promissory notes and negotiable securities, and in such trade generally as legitimately appertains to the business of Banking; the 21st section refers to discounts and advances made on commercial paper or securities, and the 22nd authorizes the Bank to take discount on promissory notes or other negotiable securities discounted. Discount is in effect lending money, but in practice money does not pass, but parties receive notes of the Bank, which are the equivalent of money from their convertibility into money by the issuing Bank. In this sense there seems to have been really no discounting so far as paying the discounted proceeds in money, but a special agreement to take or purchase from the Bank *for the discounted note this foreign bank paper*, less prepayment of the three months' interest. The question then turns upon the value of the commodity given to him for the proceeds of the note; and as to the United States notes given, it is sufficiently established that these very notes had been taken by the Bank at their par value; though nominally in some cases at a discount of 3 per cent such notes were the chief currency at the Township at the time, and passed generally through that country at their par value, and Humphrey asked specially for such notes and received them at their value and actually disposed of them in payment of his own indebtedness at their par value; and it seems therefore manifest that they had paid a par value at the time.

Now usury is the taking a rate of interest beyond that allowed by the law, and to constitute the usury, there must not only be an intent to take illegal interest that is a corrupt agreement to take it in violation of the law, or by some device or shift to reserve or to take it. * * * And though it is said that the notes received by Humphrey were depreciated, it does not follow that the owner was not entitled to demand and require a higher price, namely, their current par value before he consented to part with them. * * * No disguise was used; the transaction was in good faith, and there could be no usury, because the thing loaned was of full value to the lender and was so received and used by the borrower. * * * Nor is there anything in the Bank Charter which brings this transaction within a possible contravention of the Charter, by trading illegally beyond what appertains to the business of banking.

The second ground in support of the plea of usury is the payment of $10.00 as a device or shift to increase the rate of interest. This has no foundation; in fact it formed no part of the original transaction, nor with the original contracting parties, who were the Bank itself and Humphrey.

MARINE INSURANCE — UNSEAWORTHINESS.—In a policy of insurance on a vessel belonging to plaintiff, insured only against perils by sea, one of the conditions was that the defendants were not to be liable for loss or damage arising from unseaworthiness. The vessel in question, some fifteen minutes after leaving port, began to leak, and in some five hours went down. Both weather and water, it appeared, were at the time perfectly calm, and no actively adverse cause could be or was assigned for the accident, nor was any evidence given by plaintiff to rebut the presumption which, it was contended, therefore arose, that the loss was not occasioned by perils of the sea.

Held, that plaintiff was bound to give this evidence, and that the absence of it disentitled him to recover.—*Coons vs. the Ætna Insurance Co.*, 18 *C. P.*, 305.