

interested, some of the weak-kneed ones paid up rather than have any further trouble in the matter, so of course the others had to do the same, you know, or run the risk of losing business. Our Insurance Companies, and our loss adjusters more especially, are under obligations to your journal for giving the manner in which lumber losses *should* be adjusted. However difficult the actual cost of the lumber at the mill may be to find, something nearer the truth than the *selling price* could certainly be reached.

Apologizing for thus troubling you,

I remain, respectfully yours,

W. S.

#### REPLY TO W. S.

We are obliged to our correspondent W. S. for the facts contained in his interesting letter, which seem to indicate that our article, to which he refers, has not been untimely. Our only regret in the matter is that we could not from the nature of the subject, go any deeper into details. It is evident, however, that the adjuster having the loss referred to in charge was ignorant of the very first principle of adjustment, and that is that the insured should in no case be permitted to make a gain upon his insurance; indemnity to the amount of the actual loss *to himself*, and no more, is all that he can be entitled to under any circumstances, and this without including any consequential damage arising as the result of the loss. W. S. will find the subject of "Measure of Damages" under the fire policy fully discussed elsewhere in this issue of INSURANCE SOCIETY, to which his attention is solicited. We are glad to have our articles discussed, because discussion brings knowledge, and knowledge wisdom, which we all need.

#### THE INSPECTOR OF INSURANCE FOR ONTARIO.

In recent issues of INSURANCE SOCIETY we have studiously avoided reflecting strongly on the action of the Ontario Insurance Department, in regard to the Standard Fire Insurance Company. We wished to give the Inspector an opportunity to show that his office is not a mere sinecure. We pointed out the condition of the Standard Fire Insurance Company of Hamilton in issue after issue, without reflecting, as we might have done, on his conduct, but he took no notice of our remarks. We stated the facts so clearly that the merest novice could see that the Company was hopelessly insolvent even at that time, but he let it die a natural death, from being no longer able to conceal its rottenness by even the thinnest coat of paint. All of these things happened under his very eyes but he did not make the slightest move to help the unfortunate policyholders; we therefore consider it is high time for us to say something as to the value of his department. In this article we wish specially to point out how he has utterly failed to comply with the conditions imposed on him by the laws under which he is supposed to act.

The Ontario Act of 1879 (42 Vic. cap. 25) says: section 2)

2. The Inspector of Insurance shall visit the Head Office of every such Company in Ontario at least once in every year, and shall carefully examine the statements of the Company as to its condition and affairs and report thereon to the Treasurer as to all matters requiring his attention and decision.

3. A report of all companies so visited by the Inspector shall be entered by him in a book kept for that purpose, with notes and memoranda showing the condition of each Company, and a *special written report shall be communicated to the Treasurer stating the Inspector's opinion of the condition and financial standing of each Company, and all other matters desirable to be made known to the Treasurer.*

Did the Inspector of Insurance communicate a special report to the Treasurer, stating his opinion of the condition and financial standing of the Alliance and Standard Fire Insurance Companies as at the 31st December, 1882?

Did he inform the Treasurer that the liabilities of the Alliance exceeded its assets by \$3,754.86—that the liabilities of the Standard exceeded its assets by \$450.54, and that the expenditure of the Alliance had exceeded its income by \$6,281.10?

Did he state his opinion to the Treasurer about the value of the "Agents' Balances" the "Bills Receivable" and the "Miscellaneous" of the two Companies, which in the aggregate amounted to \$58,051.28, when recommending to the Treasurer the amalgamation of those two Companies?

Did he inform the Treasurer that the general Branch of the Victoria Mutual was insolvent on the 31st of December, 1882, that its liabilities exceeded its assets by \$11,025.84, and did he express his opinion to the Treasurer about the value of its assets?

Chap. 161 Revised Statutes of Ontario Section 29 says:

2. All the debentures and promissory notes at any one time outstanding shall not exceed one-fourth of the amount remaining unpaid upon the same premium notes. (36 V. c. 44, s. 29.)

Did he inform the Treasurer in his special report that on the 31st December, 1882, the "debentures" and promissory notes of the General Branch of the Victoria Mutual were nearly double the amount remaining unpaid upon its premium notes?

In February, 1882, an Act was passed by the Ontario Legislature relating to the law of insurance. Among other things it provided for the winding-up of insurance companies, and empowered the Government to obtain accurate and detailed information from the books of any company undergoing the process of liquidation as to the state of its affairs—it authorized the appointment of a receiver to wind up its affairs—it made it imperative on any insurance company voluntarily proposing to go into liquidation to give one month's notice thereof in advance to the Provincial Secretary, the Inspector of Insurance, and by advertisement in the *Ontario Gazette* to the public; it also provided for a return of his unearned premium to each policyholder; and it made it imperative on the receiver to report monthly to the Inspector of Insurance concerning the company, its receipts and expenditures, its assets and liabilities. It is an excellent law, but recent events have shown that it is simply so much waste paper.

On the 27th of November, last year, Mr. Laidlaw, for the creditors of the Standard, moved in Chancery for a winding up order under the Dominion Act of 1882 (chapter 23, 45 Vict.), and Mr. Justice Proudfoot granted it. The Company has by this course saved itself from exposure, for there is nothing in the Act above referred to which renders a provincial statement of its affairs, either to its shareholders, its insurers or the public, at all obligatory,—and Mr. Livingstone, the Promoter and former Inspector, has been appointed the Receiver.

But what of the Inspector of Insurance in this matter? How did he allow a Provincial Company to be wound up under a Dominion Act, and thus get out of giving the required one month's notice, Why was he asleep to his own