

idea, however faulty its application. We squarely deny the right of the State either to become an insurer or a compeller of insurance.

COMMERCIAL VALUE OF FIRE INSURANCE.

So accustomed do men become by familiarity with the operation of some of the most potent forces in the natural world, that they are unconscious of their value until startled out of their listless mood by some unusual exhibition of these forces. The never ceasing, noiseless heat of the sun's rays which pervades the universe, working a thousand daily miracles of creation, and moving the myriad wheels of nature's complicated machinery, is little noted as the days go smoothly by. But when the sun's alchemy generates the dangerous gases in the pent-up laboratory of the inner earth and the earthquake shock comes, men are startled into compelled recognition of one of nature's greatest forces. So in the business world some of its most important factors are little noted because of their very commonness. Prominent among these factors is fire insurance, which has become so thoroughly incorporated into the structure of the commercial world that its importance receives tardy recognition. It is only now and then, when the unusual happens and the world is startled out of its complacent mood by a vast Chicago or London conflagration, that men stop to take an inventory of the value of fire insurance as a regenerative factor in the commercial world. And yet, quietly, effectually and indisputably, every day and month and year this agency restores otherwise ruined credit, replaces the crumbling walls of mammoth stores and factories, and re-creates the vanished home. It puts new gods upon the new shelves of the merchant, sets in motion again the machinery of the manufacturer, and rings out the *Tecumseh* for rebuilt church and college. It exchanges among all classes the dismal night of calamity for the new, bright day of hopeful opportunity, banishes bankruptcy, and save communities from financial paralysis.

The business of property insurance, either fire or marine, has come to be an essential part of nearly all other kinds of business in the world, and its value as a balance wheel to all commercial machinery can scarcely be overstated. The merchant of limited resources expands his credit by means of well-placed insurance; the vessel owner and the shipper alike protect their ventures by calling in the aid of insurance capital; the manufacturer doubles his producing capacity by confiding in insurance; and the frugal builder of a home in need of more money gets it through the recognized security of the insurance policy.

Just what fire insurance does for the commercial world may be more strikingly seen, however, by a broad view of its place as a contributor to the fire waste constantly going on. A reference to the various insurance reports reveals the fact that, during the year 1890 the vast sum of more than \$68,000,000 was paid in the United States and Canada for losses by the fire and marine insurance companies, of which about \$63,500,000 was for fire and \$4,500,000 for marine losses. How great the calamity to the business of the com-

munity would have resulted if this vast amount had been a dead loss to the individuals insured can easily be conjectured, for not only the actual loss by fire or tempest to the individual would in many, perhaps most, cases have been financial ruin, but when one business man fails, he drags from one to half a dozen other men down with him. In Canada alone, during the past twenty years, the aggregate amount paid to make good the fire loss of the country was upward of \$57,000,000, about six and a half millions of which went to re-create the burned out city of St. John.

It is true fire insurance does not create capital—a million dollars' worth of property burned up is so much value gone from the world's assets; but fire insurance does what, *to the individual*, is the same thing as creating capital, for it makes good his loss. It is a distributor of a fund contributed by the many for the preservation of the few, every contributor well knowing that he may be one of that few, and that if he is, his protection is assured. Thus, fire insurance goes on from year to year, standing in the place of banker to that portion of the community who in the stress of fire loss would, but for its open purse, drift into hopeless bankruptcy, dragging scores after them. The commercial value of insurance in the United States and Canada in 1890 was not only sixty-eight millions, but several times that sum. That amount not only paid an actual fire loss, but it prevented a vast number of failures, the happening of which would have caused widespread commercial disaster. The world without insurance to-day would be a world of commercial chaos.

STOCK AND BOND VALUES IN 1889 AND 1890.

UNITED STATES LIFE COMPANIES.

It is very well known that the insurance companies invest a considerable portion of their funds in the stocks and bonds of railway, telegraph and kindred corporations. We have more than once called attention to this feature of investment, especially as related to the life companies, and have pointed out the fact that such securities are subject to considerable fluctuation, their elevation and depression being largely governed by the general financial condition of the country. The stock market in New York or London is a sensitive thermometer, indicating the state of the financial weather, and values go up or down according to its variations. This fact was strikingly demonstrated during the last three or four months of last year, when the financial disturbance, extending to both continents, sent the very best class of stocks and bonds down several points, and made a wide gap between the respective market values of June and October. Fortunately, before the close of the year a welcome reaction set in and has since continued, until the better class of these securities have pretty well recovered their former values. In December last, very naturally, some anxiety was expressed as to what the forthcoming annual statements of the insurance companies would show as to the depreciation of the class of stocks and bonds referred to, it being very evident that even on an improving market, the first of January must indicate a considerable shrinkage as compared with the same date for the previous year. From the official