

ENGLISH LETTER.

London, England, November 1881.

To the Editor of INSURANCE SOCIETY,—

Your proof reader allowed several mistakes to creep into my letter of last month making it read rather absurdly to people on this side, or those acquainted with London. In one place it says in speaking of the ruins, "A cleaner wreck could scarcely be found than the buildings on Cheapside on Messrs. Clarke's premises," It should have read "The buildings on Cheapside (Foster's) or Messrs. Clarke's, which were an oilcloth factory in another part of the City." You also make me speak of the Massachusetts Cotton Mill Mutuals as if there were only one. Fires still continue to be reported from all quarters, and the managerial heads are beginning to sit in very much the same chair as the proverbial one that wears a crown. England and the Continent continue to stand well in the balance with America as far as the amount of value destroyed is concerned although fires are usually confined to a smaller area. The Marine Companies have suffered very much in the late gales, and stockholders in that branch are beginning to feel they will not have much store laid by for the still more serious losses they must look for in the approaching Winter. The rates for Ocean Insurance on Cattle must have about reached their top mark during the Summer and it looks bad for this Winter. In fact it is stated that the Companies here have not made any thing out of the business at any price. They say that the American Companies take all of the business during the Summer when *there is a little chance of profit*, and then, as these Companies will not take the business at any price during the Winter, it is placed here, so now they propose, that either a share of the Summer business must come here or Insurers must pay fabulous rates for the Winter. This is a bad prospect for our cheap beef. I have recently heard of some fancy rates being paid by some of your Canadian Cattle growers for some of their late importations from this country, the Hon. Mr. Pope and Hon. Mr. Cochrane of Compton particularly, and I understand it was only through the very judicious management of their agents here that they obtained any insurance at all. Marine Insurance Shares are not at a large premium just now, as you can well imagine, and even steamship risks are being more closely scrutinized, as the numerous disasters in that quarter show to be quite necessary.

Now that a certain amount of moral hazard has been eliminated by the better rates of freight which are ruling for both Sailing and Steam Vessels, another hazard is being added which is of some moment to the Seamen as well as the Underwriters. It is now stated, upon what seems to be good authority, that even the Government (Plimsoll) loading mark is showing great *instability* and has been known to have travelled a very considerable distance up the side of a ship in one night. This is said to be done by removing the plank upon which it is placed and fitting it nicely in a new position, as required to pass inspection. Other rather shady things are done, as the owners say, for the purpose of enabling them to compete with the French Mercantile Marine, who, they contend, have greater liberties. Some very pertinent questions have recently been asked, by one of the Insurance papers, regarding the loss of a steamer with her cargo and several lives almost within sight of the harbour from which she started. If such almost criminal losses were a little more freely handled by the press it would have a more lasting effect than many Board of Trade enquiries and their censuring of the owners. In this case there were no mails carried by the steamer, and no apparent reason for hurry in her departure, yet she started from the harbour in the face of one of the most severe gales we have had for some years. Her first experience was having her decks swept, then her fore steering gear gave way and that in the stern soon shared the same fate. After this the boiler tubes gave way and put out the fires, so that the steamer was as powerless as a log, drifted upon

the rocks, broke her back and sunk; having broken up in ten minutes from the time of striking does not say much for her strength. The same paper, which is an authority in Marine matters, had recently an article on Marine Salvage claims very clearly to the point, showing that, very much like offering rewards for detection of incendiarism, it can be over-done.

The formation of new companies still continues, but all being likely to be of a local character, they will not be of importance to your readers. Those originators of Companies who fail in their ventures on your side of the Atlantic usually abandon it, after their second or third attempt at least, but it is not so here, they seem nothing daunted even if some of their schemes draw the stern hand of the law down upon them; the only great harm that they usually do is to draw the censure of the uninitiated upon all Companies in the same line when they are exposed. The multitude of most unsuccessful ventures of Mr. Philip Sayle of 4 St. Paul's Churchyard of this City have furnished food for the adverse criticism of Fire and Life Insurance people generally for some time; his latest venture the "Realm" is likely to share the same fate. His usual mode of obtaining shareholders is by advertising for Branch Managers at various points as follows:—  
Manager for:—

"COMMENCING salary £200. Commission upon premiums sent direct, £5 per cent. Upon premiums sent through agents, £2 10s. per cent. Agent's commission £20 per cent. on new and renewal premiums. Office provided, and agents paid by the company. Entire time not absolutely essential, but preferred. Appointment to be for a fixed period of one, two, or three years. During tenure of office, manager to hold not less than 150 shares (£2 each, £1 called up) in the company, which he may, however, dispose of if the engagement be severed."

The securing the appointment is usually easy enough, but it is not so easy to transfer it and the liability for calls upon the shares, when the aspiring Manager gets tired of his bargain. The following is about the main feature by which he proposes to introduce his new company and is certainly rather startling, considering that it is customary to allow 10 per cent. discount to large insurers doing their business direct with all the offices, and in most cases they are made agents and allowed 15 per cent. on all premiums. Mr. Sayle hopes to be the first to openly advertise the fact; he puts it in the most attractive style, although there are several ways he may interpret it if necessity arise.

"Having regard to the high rates at present charged for the insurance of non-hazardous risks, such as the buildings and contents of warehouses, shop properties, and well-regulated premises generally, and to the large profits which are derived from this class of business, the directors are prepared to issue policies insuring properties of this nature for a fixed period of Five Years, on a principle which has not hitherto been adopted by fire offices.

Insurances effected on this principle will be subject to the following abatements on the premium commonly charged by the companies:

On the first year's premium .....	15 per cent.
" second " " .....	25 " "
" third " " .....	35 " "
" fourth " " .....	45 " "
" fifth " " .....	55 " "

The policies will be renewable year by year at the option of insured (provided no claim arises), and twenty days of grace will be allowed for the payment of the renewal premium.

By this arrangement the assured are not only secured from any increase of rate upon renewal, but they also gain the advantage of steadily decreasing rates during the currency of their policies."

The Government here does not assume any control over Fire Insurance Companies and therefore we have only the safeguard of the press exposures to check frauds in this line.

Yours, &c.,

BRITON.