FIRE DEPARTMENT.

Balance of last year's Account (1900)	$1,985,000	
Carried from Profit and Loss Account, 1900	105,000	
Amount of Fire Insurance Fund at the beginning of the year		2,090,000
Premiums received, after deduction of Re-assurance Premiums		2,309,817
		$4,399,817

Losses by Fire, after deduction of Re-Assurance	$1,402,755
Commission	389,084
Expenses of Management	354,869
State and Municipal Taxes (Foreign)	34,412
Bad Debts	986
Surplus for the year carried to Profit and Loss Account	127,711
Amount of Fire Insurance Fund at end of the year	2,090,000
	$4,399,817

($5 taken as the equivalent of £1 stg.)

AUDITORS' CERTIFICATE AND REPORT.

In accordance with the provisions of the Companies' Act, 1900, we certify that all our requirements as Auditors have been complied with. We report to the Shareholders that we have examined the above Balance Sheet with the Books and Securities of the Company, and that, in our opinion, such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as shown by the books of the Company.

4th March, 1902. **PRICE, WATERHOUSE & CO.,** ***Auditors.***

RECENT LEGAL DECISIONS.

GUARANTEE INSURANCE.—The Supreme Court of the United States says, plainly, that employers must be prompt in informing Guarantee Companies whose bonds they hold. The rule, that of two constructions of a bond executed by a Guarantee Company to secure a bank against defalcation by an employee, the one favourable to the bank, if consistent with the objects for which the bond was given, must be adopted, cannot be availed of to refine away terms of the contract expressed with sufficient clearness to convey the plain meaning of the parties, and embodying requirements compliance with which is made a condition of liability. Accordingly, the failure of a bank, upon its officers being told that its teller was speculating, to notify at once the Guarantee Company, which was on the teller's bond, of such information as it had, will defeat recovery on the bond for defalcation after information was received by the officers, when the bond provides that the bank shall at once notify the Guarantee Company on its "becoming aware" that the teller was engaged in speculation and gambling. (Guarantee Company of North America *v.* Mechanics' Savings Bank and Trust Company, 22 Supreme Court Reporter, 124.)

TIME IN WHICH TO ASK FOR A PAID-UP POLICY.—The Kentucky Court of Appeals thus deals with this question:—Where a policy provides that the insured shall, upon its lapse for non-payment of premiums, be entitled to a paid-up policy if he applies for it and surrenders the original policy within six months after the lapse, the insured does not forfeit his right to a paid-up policy by failing to make his demand within the six months, but is entitled to it if he makes demand at any time within five years after the lapse of the original policy when time is not expressed to be of the essence of the contract. This is true though the company, after the expiration of six months, distribute the net reserve to continuing policyholders. This was determined in an action against an insurance company for a paid-up policy. The judge, who delivered the judgment of the court, said: "The company earnestly insists that the courts should lay down some rule, or some time, at which the right to demand and receive a paid-up policy should terminate. Taking into consideration the nature of life insurance and all the facts and circumstances involved in it, we are of opinion that the insured should within five years from the time he is entitled to demand a paid-up policy make such a demand, and that his laches in so doing shall bar his right to demand and receive such a policy." (Washington Life Ins. Co. *v.* Miles, 66 S.W. Reporter, 740.)

ADVICE TO MERCHANTS REGARDING INSURANCE.

The Wholesale Dry Goods Section of the Toronto Board of Trade has issued a circular to merchants, advising them on matters affecting their fire insurance policies, the conditions of which, it is alleged, are often violated through over-confidence or lack of knowledge. The advice is not new, but it is advisable to keep reiterating cautions and counsels for the benefit of new insurers and older ones who get careless. The advice may be summarized as follows:—Read your policies and comply with every condition in them. See that all facts relating to the risks are truly stated. Policies covering the same stock should be alike in all essential particulars. Each merchant is advised to have a form printed accurately describing his premises, and fully covering his stock. This form should be duly incorporated in the policy to which it is attached, and so recognized by the Company's agent. If "Further concurrent insurance without notices" cannot be obtained, change the clause, to read: "Total concurrent insurance to amount of $ permitted without notice." The total insurance should be not less than 80 per cent. of the value of the stock at its highest point. Warnings are given against neglecting to notify companies interested, of any change in the risk, by discontinuance, or new policies being taken out. Change of ownership, moving goods to other premises, carrying out building alterations, must be formally sanctioned by the insuring companies, or policies are voided. Caution is given against storing coal oil in excess of 5 gallons, unless by permission of the companies, in writing; against relying on verbal agreements; against neglecting to renew in good time; against placing insurance with unreliable companies.

The circular closes with some advice as to the procedure to be adopted after a fire. This reads:—"After a fire make no admissions, sign no papers, nor enter into any arrangements with an person claiming to represent the companies, but endeavour at once to obtain some one who is qualified to act for you in adjusting your loss and place your affairs entirely in his hands."

Merchants desiring further information in regard to fire insurance, are requested to communicate with the Secretary of the Wholesale Dry Goods Section of the Board of Trade, Toronto.