

The discontent of stockholders is natural, but it may be indiscreetly expressed. Now that the worst is known, the causes of the losses explained, and a resolution taken to reduce the nominal to the figure of the actual capital, the turning point should be reached. The shareholders have taken the first great necessary step in the work of revival; let them follow this up with proofs of unabated confidence, and all will be well.

#### RECENT DISASTERS AND THEIR EFFECT UPON INSURANCE.

The suspension of the Provincial and the Stadacona, the exclusion from New York State of the Royal Canadian on account of alleged impairment of its capital, and the extinguishment of two smaller New Brunswick companies by the St. John fire, have combined to produce a feeling in the minds of many insurers that the safety of Canadian Insurance Companies generally is matter of doubt, and that there is no safety outside of the large English corporations.

Such an impression, however mistaken, is not unnatural in view of a great disaster, following closely upon a period of irregular and unprofitable business. But it cannot be permitted to go on unchecked, unreasoning and misleading as it is.

In consequence of the great fire in Chicago in 1871, *forty-two* Insurance Companies suspended, some thirty of which were Illinois companies, whose capital totalled \$5,000,000, and assets \$6,700,000; these paid from fifteen per cent. down to no dividend at all. By the Boston fire, in 1872, twenty companies were driven to suspend, some of which, however, were able to pay their claims. There was thereafter, as will be remembered, a great "rush" to foreign companies for insurance, because of a temporary panic. But the solid companies of the United States have given, both then and since, good reasons for confidence and support.

The great British companies are worthy monuments of insurance skill and success, and the figures of their assets and surpluses are just matters of pride. But suppose, which Heaven forbid, a huge fire should devastate an area in the heart of London, equal to that burned in Chicago or in St. John, where then would be their surpluses? The loss in such case of merchandise and other valuables would render American loss figures tame by comparison. Indeed it was stated by a leading English journal in commenting upon the Boston and Chicago fires, that if as much of the business part of London were burned as was levelled of Boston, not one of the strong English companies would ever recover from the loss.

Instead, then, of the suspension of two or three companies because of rare disasters, occasioning apprehension to insurers, it may well be matter of pride to Canadians to observe how the storm is being met. Policy holders in even the suspended companies will suffer no loss, save perhaps in the case in the case of the Provincial, and even here we have some grounds to hope that loss, if any, to policy holders, will be very trifling.

It is well for the public to remember when capital melts away in the face of such burnings, that after all, adequate rates are the real safeguard of the public against disaster. The companies swallowed up by the Chicago fire had no accumulation of assets, the result of sufficient prices, to cover a great loss; they had begun, these same companies, the "cutting" of rates, and what little they had, over and above their capital, was swept away. It is not wise to consider that money is saved by insurers in the long run, through the reduction of rates to a non-paying point. If a merchant sells goods under cost and keeps on doing so, we say he must fail, and people will lose money by him. If insurers think they are making money by getting their insurance at less than its cost, they may recollect with advantage the bitter experience of Chicago merchants in 1871.

The Boston fire resulted in a rise of rates. We cannot yet say whether the same will be true of St. John. But if no union of companies can be secured for such a purpose, it lies at least in the power of each single company to protect itself by exacting a sufficient rate, and by rejecting unsafe business. And the public can best assist a movement for which there is so much need, by giving their business to sound companies, and by paying a fair price for it.

#### TRADE IN NOVA SCOTIA.

The business of Nova Scotia for the first six months of 1877 may be regarded as showing an improvement over that period last year. It has been somewhat greater in extent, and what is of more importance, has been done, we believe, on a safer basis. Shipping, that important interest to maritime portions of our Dominion, is still depressed, nor is there any marked improvement in the coal or lumber interests; while the returns from the fisheries have not been generally satisfactory, although the aggregate is a fair one. The crops are promising, but the agricultural interest in Nova Scotia, unlike the Western provinces, is but a small one comparatively, and its success or failure is not of such vital consequence to that province as to Ontario.

The out look is therefore, upon the whole,

not at all a bright one, and yet another season of caution, economy and restricted trade is likely to be undergone, before there can be a return of good times. The disastrous fire in St. John—to relieve the sufferers by which Halifax contributed so promptly and so liberally—is causing some activity in the markets of the latter city. Orders are being filled for St. John merchants and also for numerous dealers along the north shore of New Brunswick.

#### THE ROYAL CANADIAN INSURANCE COMPANY.

—The Superintendent of Insurance for the State of New York, having visited Montreal and examined the books and accounts of this company, the Attorney General of that state has decided that its capital is impaired to an extent beyond what the law of New York State permits without stopping its operation within that territory. The Superintendent consequently revoked the authority of the company to do business in New York. In his report upon the matter as found in the New York papers, that officer gives the assets of the company as \$1,186,470, and its liabilities \$1,707,207, including the losses by the St. John fire showing there by an impairment of capital to the extent of over \$500,000. But there is a misprint or an error somewhere for the figures of his report as printed in the New York papers, make the assets foot up 1,611,526. There is a difference between Mr. Smyth's figures and those of our own Superintendent of insurance, of \$420,810 even allowing for the fact that capital paid in is treated by the N. Y. Department as a liability, of this sum \$276,000 may be dedicated as losses by the St. John fire, but even then a discrepancy of \$144,000 remains between Mr. Cherrimans finding on 1st January, and Mr. Smyth of 1st July. There is further a serious difference between the figures of the N. Y. Department, up to the end of 1876, and those now published. We do not think that the Royal Canadian has been going behind at the rate of \$24,000 per month as this might lead one to infer. We must rather suppose that different modes of estimating assets have led to the divergence. No notice appears to have been taken of the \$225,000 already said to be paid in on account of calls, or of the further call of five per cent. payable in August. It is not necessary to believe that, as some contend, the rancorous opposition of the New York State to foreign companies, has brought about this action of the State officials; but it is worthy of notice that it is not concurred in by similar authorities elsewhere. Whether fair or unfair, this proceeding cannot but be felt as a serious blow in the course of the Company's extensive business in the States.

—Mr. R. S. Strong, a conservative business man, who has for a considerable time taken an active position on the board of the Gore District Mutual Insurance Company, has been appointed to its management. The losses of this company by the Walkerton fire, amounted to \$2,800 instead of \$4,700, as has been stated.