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SUPPLEMENT TO THE INSURANCE TIMES

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VOL. IX.—1889.

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We have pleasure in drawing the attention of our readers to an important article in another page, from the pen of David Parks Fackler, the well-known Consulting Actuary, of New York. Any opinion expressed by Mr. Fackler is worthy of the best consideration of both officers and agents of all life companies, for he is unquestionably one of the highest living authorities on everything relating to the mathematical side of life assurance.

COMMERCE.

To many it would almost seem superfluous to put the question? "What is commerce:" as they would reply that it means trade, which is as self-evident a reason as that barter signifies exchange, but the strict definition of the term commerce is, an interchange of commodities, one country selling to another certain articles required by the latter, and receiving in payment therefor other productions which the former country stands in need of. It is manifestly plain that any barriers which tend to curtail either the exports or imports of one of the countries will militate against it as a commercial nation. As a necessary consequence, a country which imports little cannot for long continue to export a great deal, for though it may have a large surplus of certain productions, it will have a gradually increasing difficulty in finding a market for those productions from two causes:—first, because it declines to receive articles in exchange for what it desires to sell—for which money is simply a medium; and secondly, for the reason that neither carriers by sea nor land can afford to only charge the same freight from a point to which they must return empty as from one whence they have a full cargo both ways.

Regrets have been expressed that Canada's exports to Great Britain are barely maintained, and in some instances show a decline, various excuses being brought forward, such as the break in the Cornwall Canal, the canal tolls, etc.: but we believe the true cause to be that we are—from the belief that we are thus building up certain industries—endeavoring to stop imports as much as possible from the Mother Country, and therefore it is only natural that the latter, finding we are decreasing our purchases, will accordingly consider we are not as good customers as formerly, and take from us only what she cannot do without. Commerce of necessity must be reciprocal, and though a baker may hug himself with the idea that he is benefitting his family because he makes their shoes and clothes even at a slightly higher cost than he could buy the same from the shoemaker and tailor, he ceases, so far at least, to be a trader, and need not be surprised if the shoemaker and tailor buy their bread, hitherto had from him, elsewhere.

Mr. Hugh McCulloch, in a recent able article on "Problems in American Politics," published in Scribner's Magazine, logically explains how it is that his own country—the United States—is not a commercial nation, and how in this respect, with all her superior advantages in productions (both of necessaries and luxuries), in metals, and everything needful for the comfort and happiness of the people," she is inferior to Great Britain. It seems to us that we in Canada, with immeasurably fewer resources than those of the States, are determined to follow in the footsteps, the wisdom of which a large number of the thinking men of that nation are fast beginning to doubt. To paraphrase the old saying, those who steer the Federal ship cry out "build up Canada, honestly if you can, but build her up," and so the house of cards is being constructed, and the longer the work is continued, the greater will be the crash when the fall comes. It is the purest twaddle to suppose that a country can make sound progress commercially, if it isolates itself, and endeavors, as far as possible, to be independent of every other nation, for sooner or later it will find itself in the position of the baker cited above. The export trade of a country cannot grow if imports are restricted and reduced to the lowest point. Manufacturers may be bolstered up for a time, but the

consequent taxation on the people must eventually preclude such a country from entering into competition in foreign markets for her merchandise ; and not all the laws which may or can be enacted against what are called "combines" will prevent that over production, which is the outcome of a limited market. Great Britain has attained the proud position of being the greatest trading as well as the greatest shipping nation in the world, by having removed all possible restrictions upon her commerce. The necessaries of life are placed at the lowest price before her people, who are thus in their turn enabled to produce and ship her manufactures and merchandise to every market in the world desiring the same, receiving back in payment the products of those customers, thus making an unbroken circle of trade which makes her the commercial nation she is.

We believe the attempt to find a market in China for our cotton manufactures will prove as abortive as a similar effort was in Brazil, and for the same reasons, for not only are we unable to compete with the unrestricted trade of England, but our fiscal policy, being one which from heavy duties reduces imports to the lowest level, precludes us from receiving sufficient returns for the outlay ; and that this course if pursued will have a like effect upon our exports of grain and lumber is the only logical conclusion.

Commerce can never be a one-sided affair, all exports and no imports : and any country which endeavors to carry out this fallacy will gradually cease to be a commercial nation.

HERALD PRINTING CO. *vs.* NORTHERN ASSURANCE CO.

A very interesting decision was rendered in the Superior Court of Montreal, Dec. 15th ulto., Judge Johnson presiding, in the case of the Herald Printing Co. *vs.* The Northern Assurance Co., of which the following points are noted:

The plaintiffs held a number of policies, all of which, however, were not fully concurrent as to hour of expiration of the insurance. Among these the Northern covered against loss or damage by the occurrence of fire "at any time between the 26th day of August, 1885, and the 26th day of Aug., 1886, both inclusive ;" the policy was renewed to expire Aug. 26th. 1887.

One of the stipulations of this policy, condition 13, was : "Any person entitled to make a claim under this policy is to observe the following directions: (a) He is forthwith after loss to give notice in writing to the company."

This insurance was not renewed in the Northern at expiration ; an interim policy, as customary for new business, was secured to the same amount in the Scottish Union and National Ins. Co., to take its place, and the Manager at Hartford, Conn., was duly notified thereof as customary. This substituted policy by its terms was to commence at 12 o'clock at noon, Aug. 26th, 1887, and expire 12 o'clock at noon, Aug. 26th, 1888. Nothing being said *therein* as to its taking the place of the Northern policy, to expire on the first named date.

In accordance with the custom among fire underwriters in the city of Montreal, due notice was sent by Mr. Tyre, Manager of the Northern, to the Herald Company, some days before the occurrence of the fire, that the Northern's policy would expire at 12 o'clock at noon Aug. 26th, 1887, on the evening of which day the loss occurred.

A fire occurred upon the premises containing the property under insurance, on the 26th day of August, 1887, at about 8 o'clock p.m., destroying property to an amount, as claimed, in excess of the total insurance thereon, not including, however, the Scottish Union policy.

No written notice of the occurrence of the loss was ever served upon the Northern by the Herald Co., as required by the terms of its policy, sec. 13*a*.

A notice of a meeting of the companies on the loss was sent from the office of the North British and Mercantile, —through which office the risk had been originally placed in the Northern—to which answer was returned, "not interested."

On the 9th of September following. 14 days after the fire a representative of the claimant called at the Northern office and asked for a blank form for proofs of loss, which was refused, because "the company was not on the loss."

Subsequently, September 21, twenty-six days after the loss, proofs were tendered to the Northern, but acceptance was refused by Manager Tyre, because the company was "not interested."

Suit was instituted in the Superior Court. The company defended on grounds to the following effect:—

1. As by custom in the city of Montreal, all fire insurance policies are held to expire at 12 o'clock at noon, and the plaintiffs were so duly notified by a circular, that the Northern policy would expire Aug. 26, at 12 o'clock noon, hence the company was not carrying any risk thereon at the time of the fire ;

2. That no written notice of the loss had *ever* been served upon the company, as required by the policy, sect. 13 *a*.

3. That the Scottish Union and National Insurance Co.'s policy was other contributive insurance, from and after 12 o'clock at noon of the day of such loss.

To all of which the Court ruled adversely, and judgment was given to plaintiff for the full amount of the claim.

The points at issue as summarized by the Court were ;

1st. Whether the property was insured at the time of the loss ;

2nd. If it was, are the plaintiffs precluded from recovering in this case, by any of the conditions of the contract, either as regards the time or mode of compliance, or as regards waiver or renunciation by the defendants of their right to insist on them ;

3rd. The amount of the loss.

We condense the rulings upon these heads as follows :

1. The phrase in the policy, "both days inclusive," includes the whole of the day of termination of the policy, up to 12 o'clock at night.

In the matter of custom or usage as to the expiration of policies at 12 o'clock noon, the Court says: "The frequency, or the general use of the stipulation limiting the time to noon, is one thing ; a general custom as to limit, without stipulation, is quite another. Indeed the former seems even to negative the latter, for it would be useless to stipulate if the custom makes it so plainly understood without it."

2. That by refusing to accept the proofs of loss when tendered, and denying any liability under the policy, the company waived notice and proofs of loss ; citing art. 2478 of the Civil Code, which requires the insured to conform to the conditions of the policy "unless waived by the insurers."

3. That the amount of property lost at the fire was proved to be fully equal to the amount claimed in the proofs of loss.

We consider these rulings seriatim, as follows.—

1. The ruling here is undoubtedly correct and legally sound. The term "both days inclusive" covers a period of 366 days, unless the insurance be continued under renewals.

To begin or terminate on a certain day, begins with and terminates with the day named, unless an hour be specified (2 Parson's Ins. 44).

The law makes no fraction of a day, therefore it is binding until the close (Isaacs *vs.* Royal Ins. Co., 22 L. F. 681; 5 L. R. Ex. 296; 15 Ves, ch. 257).

Dies inceptus pro completo habetur; a day begun is held a day complete, is an old legal maxim.

Day, the space of time which elapses between two midnights (2 Blacks. Comm. 141).

As to custom or usage. By the language used by the Court, it might be supposed that a custom or usage, generally known, would control the terms of a contract; but it is an axiom of law that custom or usage can never override the terms of a clearly written instrument. Hence a policy, which by its terms is to expire at 12 o'clock at night, cannot by usage, be made to expire at 12 o'clock noon (10 Met. Mass., 211; 13 Ill. 89.)

Waiver by the company: The denying of liability under a policy by a company, while it is a waiver of the furnishing proofs at all, under art. 2478 of the Civil Code, *does not and cannot waive the prior notice of such loss* (3 Gill. Md. 176), especially when such prior notice is, by the terms of the policy, made a condition, precedent to the company's liability, as sec. 13 *a*, in this case. The Civil Code simply says: "*Unless* waived by the insurers;" but there was no proof of such waiver shewn before the Court. There never was a *written* notice of the loss given; nor was its service upon the company waived by any act of omission or commission, the Court to the contrary notwithstanding. This was the company's strong point, and if legal precedent in insurance law be of any authority, the verdict should have been for the defendant, on this point alone. In support of our opinion we cite a few of the leading decisions, out of many, upon this point.

Conceding the call of the Herald Co. for proof forms, *fourteen days after the fire*, to have been an *official* notice, though not in the form required by sec. 13 *a* of the policy, it was not a *legal* notice; while the proofs were not offered until twenty-seven days after the fire.

The true doctrine as to the service of notice of loss is, that when the stipulations of the policy are *specific* and *definite* in their requirements as to time and manner, a substantial compliance with the calls and conditions is a condition, precedent to a recovery; and *compliance must be proved*, or an actual waiver of such compliance must be affirmatively proved to the satisfaction of the jury. (Frask *v.* State Mutual F. & M. Co., 29 Pa., Sta. 198; Civil Code L.C., art. 2478; 3 Gill. Md., 176).

A defect in time of giving notice, being peculiarly within the knowledge of the insured, stands as to waiver, quite differently from a defect in form, or in its matter, of which the insured may be presumed to be ignorant; so while the silence of the insurers as to the latter defects should be deemed a waiver, a different rule should be applied to the former (6 Cush., Mass. 342; 11 Mo. 278; 5 Ins. Law Jour. 805; 3 Bem. Ins. Case, 131, 659; 4 *id.* 3).

Proof of due notice was a condition-precedent, without which no recovery could be had. Omission to give notice was not a matter to be compensated in damages, but a bar absolutely to all claims. (32 Pa. St., 897; 33 *id.* 397; 12 Wend. N.Y., 452.)

An insurance company, by refusing to adjust a loss, and by remaining silent, is not stopped from setting up as a defense the want of timely notice, as it is not a case where a default, if pointed out, could be remedied. (Donahue *v.* Ins. Co., S. C. Vermont).

The policy required that "notice of the loss be given in writing, and proof of it by protest and affidavit delivered to the insurers within 60 days after t shall have happened."

Held: Action could not be maintained if the condition had not been observed (McFaul *v.* Montreal Inland Ins. Co., 2 U. C. Q. B. 597).

Where, by any act in connection with a loss under a contested policy, the company recognizes the validity of the insurance, it waives all right to call for notice or proofs of such loss (Lumpkin *v.* Ont. M. and Fire Ins. Co., 12 U. C., Q. B. 578.). Hence Manager Tyre was entirely consistent in refusing to receive proofs of loss on a risk that he contended his company was not liable for, and the Court so held with a special reference to Mr. Tyre's course in the matter.

Forthwith: Where a condition of the policy requires notice of loss forthwith, it will be understood to require the use of due diligence, and it shall be given within a reasonable time under the circumstances (Peoria F. & M. I. Co. *v.* Lewis, 18 Ill. 553, 39 Gill. Md. 76, 12 Wend, N.Y., 452).

Notice in writing: if a condition of the policy requires notice of loss to be given in writing, notice by parol to an agent will be of no effect. (Patrick *v.* Ins. Co., 43 N. H., 621; 1 Holf. Ch. N.Y., 71; 3 Gill, Md. 176.)

In the matter of the Scottish Union policy, there can be no question that it was, at the time of the loss, other existing contributive insurance by its own terms, covering from 12 o'clock at noon, while the fire occurred at 8 p.m. on the same day. All agreements connected with the issue of a policy of insurance, not appearing in the policy itself, when issued, are held to have been waived. So, the prior understanding, that the Scottish Union insurance was to take the place of the Northern's expiring policy, was not legal, competent evidence of the contents of the interim receipt as issued, for a contract cannot exist partly in writing and partly by parol, though the court, by admitting this evidence, and by its ruling, said it could. And in this particular it was inconsistent with itself, in that while holding the Northern up to the strict letter of its contract, it permitted the Scottish Union to escape scot free, though equally bound to contribute to the loss. Consistency is *a jewel*.

In support of our opinions we cite the following cases:

Held: That previous verbal agreements are merged in the written instrument, which must be taken as representing the whole terms of the contract. White *v.* Ashton, 51, N. Y., 280; Bigelow on Estoppel, 437-441, White *v.* Walker, 31, Ill. 437; Faxton *v.* Faxton, 28, Mich., 159; Burr *v.* West, M. & F. Ins. Co., 5 Rob. La., 423; Phœnix Fire Ins. Co. *v.* Gurnse, 1 Paige ch. N Y., 278; Union Mut. Life Co. *v.* Mowry, U.S., S.C., Oct. Term 1877; Hartford F. I. Co. *v.* Davenport, S. C. Mich.

"A contract cannot exist partly in writing and partly by parol. A parol agreement cannot be established by custom or otherwise, to add to, vary or control a written contract entered into contemporaneously with an alleged parol agreement," Devries *vs.* Manhattan Ins. Co., (Vroom, N. J., 366.)

If the Scottish Union claims that the interim receipt was issued upon such an agreement, as to the Northern, its sole remedy would be a suit for a reform of the policy as of the date of commencement of risk, to conform to the understanding.

Manager Tyre, throughout the case, acted, as he believed, for the best interest of his company, and contested the claim under the advice of the very able legal advisers of his company. And notwithstanding fair grounds for appeal to a higher court, upon the announcement of Judge Johnson's decision, adverse to the company, the claim was promptly paid in full.

In this connection we are tempted to enquire if it be not a remarkable condition of affairs, and a breach of the proprieties of the profession, that a salaried officer of the F. U. A. should, as was done on this occasion, act in direct antagonism to the interest of his principal by undertaking the burden of making proofs of loss and other documents, for the claimant, against the interests of the companies?

THE LONDON ASYLUM CASE.

A CURIOUS DECISION.

In a recent issue of THE CHRONICLE, we said that this long pending suit had been at length decided in favor of the defendant companies, which we now learn was erroneous, as the decision, recently rendered, was adverse to the companies interested, much to the surprise of those familiar with the particulars of the case, which are briefly as follows:—

The Asylum "main" building was erected A.D. 1868. The kitchen and laundry building, standing fifty feet from the "main" building, and connected therewith by a passage way of brick, about 10 feet high, was built in 1870, two years later, thus forming two distinct structures.

Insurances were taken in twenty-six offices, covering upon the "main" building of the Asylum, without mention of the kitchen and laundry. A fire subsequently occurred, whereby the kitchen and laundry building was damaged, without injury, however, to the "main" building. A claim was made upon the underwriters for indemnity for this loss, as covered by their policies. Two of the companies paid their prorata proportions, probably as the most economical way of getting rid of the claim. The other 24 offices contested, upon the plea that the property damaged was not included in their several policies.

Suit was brought by the authorities, and the case tried before Chief Justice Galt, without a jury, some time since, and judgment was reserved until now, because, evidently, it was so difficult to decide whether a separate and distinct subsidiary building, at least 50 feet distant, was or was not the "main" building of the Asylum; a delay, by the way, for which his Honor is excusable, inasmuch as "he attached no importance to expert evidence" in this matter, and had the riddle to guess out by himself, without help. But a decision of some kind was necessary, and the result was a verdict for the plaintiffs.

The learned Chief Justice started with the proposition that "the simple question to be decided is 'was the property injured covered by the policy'?" and it was, while discussing one of the several points connected with his proposition his Honor said that he attached no importance to "expert evidence" as to the meaning of the term "main building," as used in the policy; and in closing, he fulminated the following dictum—it can scarcely be called adjudication,—viz.: "I find that the term 'main building,' as used in the policy in this case, includes that portion in which the fire occurred, and I give judgment in favor of the plaintiff, with costs."

In the course of the delivery of the opinion, the Chief Justice thus states the case; he says:—

"When the Asylum was designed in 1868, the plan originally was intended to include a kitchen and laundry in what *may be called the main building;* and as the work progressed, it was deemed advisable to erect *another building* to provide the necessary accommodation. Accordingly *another building was erected* in 1870, about fifty feet distant from the first, but connected with it by a passage-way about ten feet high, with brick walls, and leading from one to the other." (The *italics* are ours.)

Just why his Honor introduced this description of the Asylum buildings is difficult to understand, for its whole import is to strengthen the plea of the companies by showing that there were a "main" and a "subsidiary" building, the latter erected two years after the former. This is all that the offices claimed, that there were more than one building, and their policies covered only the one designated *by the Court* as the "main" building, and on which there was no loss claim.

His Honor also said further:—

"In my judgment the fact that two companies admitted their liability and paid the loss is entitled to much weight, for you will find ninety-nine men dispute a just claim before you will find one who, knowing the claim to be unjust, voluntary pays it."

The Honorable Chief Justice unfortunately halts somewhat here in his logic, the weight of which leans entirely to the opposite side. Twenty-four *vs.* two would be a strong majority in evidence in any court, and this the more especially when the two which paid the loss are comparatively small companies when placed in juxtaposition with the remaining twenty four, and what they might see fit to do, for any reason, would be no guide for the others.

The Plaintiffs claim that it was the *intention* of the parties to cover both buildings of the Asylum. If this be so, they have mistaken their remedy in suing for the insurance. Under the contracts as they read, they should have brought suit first for a reformation of the policies to conform to the original intentions of the parties; under such a reformation, if they could obtain it, there would be no question as to the liabilities of the underwriters. But until such reformation, the policies as written are the contracts under which the liabilities of the companies are to be charged. These policies cover the "main" building.—they do not say buildings—and a "subsidiary" kitchen and laundry building is not the "main" building of the Asylum under any legal construction that can be placed upon these policies, even the court so admits. Had the companies intended to cover both buildings, their policies would have so stated, and probably the laundry building, being specially hazardous, would have been charged an extra rate.

As the description of the building in the policies was a warranty, such description cannot be enlarged and broadened by construction. Hence a definite contract cannot by construction, be enlarged to cover a risk not expressed in the contract. Nor can *intentions* at variance, with the expressed purpose of the contract itself, be imputed to the contracting parties to the prejudice of either of them. (Eddy Street Foundry *v.* Hamp. Ins. Co., 1 Cliff. 330; Shertzur *v.* Mut. F. I. Co., 46 Md. 506; Wall *v.* E. R. Mut. Ins. Co., 3 Seld, N. Y. 370; Hartford F. Ins. Co. *v* Farrish, 73 Ia. 166).

In the Eddy St. Foundry case above cited, the Court say: "Place and time and situation, as given in the application, constituted an essential element in the description of the property insured; and as that description was part of the contract, it was necessarily material, for it was the *property so described* and no other that was included in the risk.

In the case of *Sperry* v *Ins. Co, U. S. D. C. Colorado,* the policy covered a store building and contents therein; it also provided that no giant powder should be kept on the premises a word of broad significance when so used; but giant powder was kept in a wareroom some few yards in rear of the store, and connected therewith by a covered passageway, both buildings being occupied by the insured. An explosion occurred in the warehouse, destroying both buildings. *Held:* "The

contract refers only to the building in which the goods were kept, on which the insurance was placed, and does not in any way refer to the warehouse or anything therein."

Place and locality *are of the essence of the contract*, and the insurers have the right to judge for themselves where and how they will take risks; and to what property, and to what place or locality they will limit their liability (Lycoming Ins. Co. *v* Updegraff, 40 Pa. Sta. 311; Wall *v* E.M.R. Mut. Ins. Co., 7 N. Y., 370; 5 Benn Cases, 258.)

Other similar adjudications touching this point could be cited were it necessary, but the principle, that risks or warranties cannot be extended by construction, is so well established in all judicial proceedings, that what has already been cited will be sufficient for the purpose of showing the inequity of Chief Justice Galt's "Bull," promulgated in this case. We have no intimation as to the intention of the companies to carry the case to a higher court, to have the present decision either affirmed or overruled; but that such should be the course to be pursued is a self-evident proposition, and will doubtless be the one adopted.

PAID UP INSURANCE ALLOWANCES FOR LAPSED OR SURRENDERED POLICIES.

(For the Insurance Chronicle, by D. Parks Fackler, Consulting Actuary New York.)

For some years past there seems to have been little or no discussion of the equities in such cases, nor of the practical working of the various modes of treating those who stop paying premiums, and many practical life insurance men may be ignorant of some points which should be generally understood.

In the case of ordinary life policies, companies quite often agree to give a paid-up policy for as much as a certain percentage, of the policy reserve,—say 75 p.c.—will purchase at net single premium rates. While such a rule is easily understood and applied by actuaries and those who have studied the mathematics of insurance, the agent may be quite unable to make the insured believe that his company's calculation is correct or equitable. In such cases the following method of computing the "paid-up" can be easily comprehended, and may satisfy the policy-holder: Let us suppose the original policy was issued 10 years ago at the age of 36, at a premium of $265 for $10,000; then referring to the company's tables, the agent finds that at the present age of 46 the premium is $37 per thousand, and the man's annual payment is now sufficient to insure only $7,160 in a new policy, it thus appears that theoretically his past payments have earned $2,840 of paid-up insurance,—the difference between $7,160 and the face of his policy; any reasonable man will acknowledge that the company cannot afford to allow him all of this theoretical amount, if he stops his annual contribution for expenses and contingencies, and must deduct say 25 per cent which would make the paid up policy to be allowed him about $2,130.

I have not heard that any Canadian companies ever promised to give paid-up insurance equal to the premiums paid, less dividends received, as was done by some companies in the United States, which would not take actuarial advice. The rule worked quite well with policies on young men and while dividends were large, but gave the companies much trouble in other cases and when dividends diminished.

In the case of life policies paid up by ten annual payments, the rule of giving a paid-up non-participating policy for as many tenths as there have been premiums paid worked quite fairly in the United States, as long as the market rates of interest were from 2 to 3 per cent higher than those on which the reserves were computed; but as interest receipts diminished, the companies generally concluded that that rule for determining the paid up insurance due such policies must be abandoned where dividends were made annually. The reason is as follows.—The full reserve of a $1,000 ten payment life policy, say 5 years in force, is just equal to that for a paid-up policy for $500 at the advanced age, without any provision for future expenses or any compensation to the company for the loss of insurance. As long as interest was high and the companies held reserves based on 4 or 4½ per cent. interest, the extra interest profit was sufficient to cover the expenses and yield a profit. The rule works fairly well also where dividends are made quinquennially, as in such cases the amount of accrued surplus lapsed by such policies may on the average yield a fair "surrender charge," as Elizur Wright and the present Massachusetts Law designate the fine imposed on retiring policy holders.

To compute the paid-up policy in such cases, by making an uniform deduction from the amount that would be allowable theoretically, is objectionable, because it is unjust and leads to inconsistent results, for it seems clear that the more nearly a policy-holder completes the required payments the less should he be fined for discontinuance. The inconsistency of the system is well illustrated in the case of a certain company nearly 45 years old, which on a $10,000 ten payment life policy, issued at age 25, publishes that the "paid ups" will be as follows: after 2 years $1,620.00 (or $380.00 less than by the two-tenths rule), after 9 years only $7,500.00 (or $1,500.00 less than by the 9-10ths rule) *though only one payment more* would *make the policy paid up for the full* $10,000!

The best simple rule known to the writer is this, which has been tried by a few American companies within the past fifteen years, and was also independently suggested by an English actuary. On the 10 years premium plan the "paid up" to be one-ninth of the original policy, say $110 for each full year's premium paid *after* the first year; thus after two annual premiums have been paid, the "paid-up" is one-ninth = $110; after 3 annual premiums two-ninths = $220; and so on after 9 years eight-ninths = $880. On the 15 year premium plan, the paid up to be one-fourteenth, say $70 per thousand of original policy, for each full year's premium paid after the first year; thus after two years $70, after three years $140, and so on after 14 years $910. On this system the heaviest fine is imposed, as it should be, on those who discontinue early, and those who continue their payments nearly to the end of the term lose but little.

On the twenty year premium plan the rule may be modified partly, so as to give one-twentieth (not one-nineteenth) for each full year's premium paid after the first year; thus after 2 years payments $50; after 3 years, $100, and so on after 19 years payments $900. In this case there is a slight inconsistency in allowing only $900 after 19 years payments, which can be obviated by writing the guaranteed paid up values in the policy, as many companies do, and making the allowance after 15 years, as before, $700; after 16 years $760; after 17 years $820; after 18 years, $880; after 19 years $940.

In the case of ordinary endowment policies the usual rule of a paid up in the direct proportion of the premiums paid to those payable is quite equitable and fair both to the company and the insured.

These simple rules will provide satisfactorily for about 95 per cent. of all the policies issued.

David Parks Fackler,
Consulting Actuary.

New York, Jan., 1889.

CONTRIBUTION UNDER FIRE INSURANCE.

NEW YORK BOARD FORM OF POLICY.

HALIFAX, N.S., January 2nd, 1889.

Ed. INSURANCE AND FINANCE CHRONICLE, MONTREAL.

DEAR SIR.—Having always, in a modest way, taken a deep interest in the question of apportionment of non-concurrent policies, I was attracted by the article in your December issue, under that heading. Its perusal suggested some ideas, which, as they are at variance with your conclusions, I thought I might make bold to put before you, with the hope that the doubts which at present beset my mind might be cleared away.

In the first place I was struck with the easy manner in which the New York Board contradicts the New York Board! In Mayer *vs.* American Ins. Co., the action, it seems, was defended by the company on a certain condition in what is known as the "New York Board" form of policy, while the plaintiff pressed his claim on an adjustment made by the Arbitration Committee of the "New York Board!" Is it any wonder the Courts experience great difficulty in determining the intent of the conditions of a policy? If the underwriters don't know what they mean themselves, how the dickens can they expect any one else to tell them?

It is quite evident from reading the report of the case, that the Court based its decision on the Committee's report, and while they cite certain other cases, presumably in support of that contention, it isn't unreasonable to assume that these decisions were arrived at in a similar manner, so that it is hardly with the Court, but the Committee, the responsibility lies. I fail to see anything in the Judge's decision that would lead me to conclude otherwise than that had the Committee recommended the general policy to become specific in proportion to the *value*, instead of to the *loss*, the Court would have adopted that method. They say in effect "the rule being so and so, *therefore*, etc., etc.," hence, had the rule been different so would their conclusions. And the rule might have been, too, had the personnel of the Committee been different, for very many hold, and with strong reasons, that the value of the property at risk has more to do with it than the mere incident of where the loss happens to fall. With either of these rules or any other rule for that matter, I have no fault to find, were it part of the contract; but since it clearly is not, I must confess I am unable to see by what reasoning any such extraneous matter is introduced to define what is already defined.

From the foregoing you will probably gather that, in my humble opinion, the company was right in its contention, and the Committee wrong. But that is why I write this letter, for since you concur in the opinion of the Committee, perhaps you would be good enough to give me your reasons for saying a party to a contract should do something more than that contract calls for, and by so doing you will greatly oblige

"A NOVICE."

REPLY.

Our esteemed correspondent is evidently not so much of a "Novice" as he claims to be. He takes in the situation at once. As he says, the New York Board,—as to the contribution clause of its policy and the apportionment of the loss under it by its adjustment Committee,—does contradict itself, as the Committee entirely ignored the clause. This opposition arises from the very good reason that the principle of the Board clause will ALWAYS work injustice to either insureds or co-insurers, and sometimes to both, and always in favour of the specific insurance. In the present instance,—if concurred in by the co-insurers both the general D, and the specific E, on third floor, would have been overcharged in the difference between $160.04 and $742.52 for D, and E would pay $4,450.48 in lieu of $3,873 to make up deficiency of D upon the loss on third floor.

Or if D and E objected to be bound by the clause of the defendant's policy, and insisted up an apportionment under their own clauses (the ordinary contribution clause), then the insured would come in as loser under an insurance largely in excess of his loss. Had the losses been more nearly total as to the insurance, the discrepancy would have been more striking.

This clause is the old, long discarded "Albany Rule," which was used in England some half a century ago, but soon discarded for its inequity. It was introduced or revived in the United States about 1860, being used by Mr. Heald, then adjuster for the Home of New York, in the settlement of a heavy loss at Albany,—hence its name, the "Albany or Heald Rule,"—where the Home had a specific policy. Some twenty companies were interested in the loss, and some few of the New York offices made the rule a condition of their policies, but it is noticeable that the Home was *not* among the number, nor did the subsequent National Board form of policy 1867 contain the clause.

When the New York Board form of policy was under consideration, this clause was much criticized; but through the exertions of the chairman of the policy form Committee (H. H. Hall, now manager of the Northern in New York), it was eventually adopted, though generally ignored even by the New York offices. The defendant in this case being a Boston company; but had its long-time president, now resigned, been in office at the time of the loss, it would doubtless have also been ignored in this instance; and this because the results of this rule are in direct antagonism with the principle of indemnity upon which the insurance contract is based, and which demands that no contribution shall be made between co-insurers that will fail to give the insured full indemnity within the amount of his insurance. This evidently is why both the Committee and the Court gave the Board clause the go-by in this instance.

Our correspondent says also, that the Court adopted the figures of the adjustment committee, as to the apportionment, and that probably it would have adopted any other method of apportionment had the committee suggested it. But we take it that the Court accepted the apportionment simply because it was equitable and just between insurers and insured, and in accord with precedents cited in prior adjustments, and not merely because it was recommended by the committee, which, by-the-way, would not have thus ran counter to the clause of the policy had it not seemed to them proper so to do.

Further on in his communication, however, the "Novice" becomes more apparent. He says, speaking of *value at risk*, as bearing upon apportionment of losses:—* * "For very many hold, and with strong reason, that the *value* of the property at risk has more to do with it than the mere incident of where the loss happens to fall." From this we gather that "Novice" numbers himself among the "very many" of whom he speaks, at which we are somewhat surprised, for all experienced underwriters *know* that the policy does not cover the *value* of the entire property at risk, but only any sum of such total value that may chance to be destroyed by fire within the amount of the insurance; with any amount beyond that sum he has no concern, be it hundreds or hundreds of thousands. The only exception to this rule is when the insurance may be subject to average or some other of the pro-rata limitation clauses. Then, and then only, is the value necessarily a factor in the apportionment to designate the quantum that such policy will pay in the adjustment. If the insurance be for $10,000 and the value at risk be $100,000, and it all burns, the insurer loses only the $10,000, neither more nor less; his liability is not in any way effected by the loss to the insured of this extra $90,000. In marine policies the value is always a factor, because all such insurances are made subject to average, and all losses are to be paid in the ratio that the insurance bears to such value at the time of the insurance. But under the fire policy in the absence of limitation clauses, the value beyond the insurance plays no part in the adjustment, the "very many" to the contrary nothwithstanding.

"Novice," in closing, asks for our reason for "saying that a party to a contract should do something more than that contract calls for." *We* did not say what "Novice" attributes to us; we simply cited the Court's decision with approval, as to the bearing of this clause, and will now add that while

we can call to mind numerous decisions against this clause, as being contrary to the intent of the insurance contract, we cannot call to mind a single instance where a decision has been rendered in its favor; for "the doctrine of contribution is not founded on contract, but bottomed upon the general principles of justice." And in no case can an insured be made a co-insurer, except under an average or similar clause, which is his "contribution clause," or a self insurer for any part of a loss within the amount of his insurance thereon.

It is a legal fiction that parties may make such agreements—not against good morals or the intent of the agreement—as they may see fit, and that fire underwriters may insert in their policies such conditions as they please under the same restrictions. But "Novice" will probably come to learn that *all* conditions, and stipulations of a policy cannot necessarily be enforced, simply because they form a portion of such policy.

"REVEREND" J. THOMSON PATERSON.

This person has, we must confess, developed an ability in the line of bluster which has already gained him a most unenviable notoriety. His so-called reply to our recent challenge is the latest illustration of his skilful shuffling. He has failed to obtain the certificate of any actuary in any part of the world that our assertions are not literally and absolutely true. We care not a straw for what Mr. Paterson himself may say, for he is no authority. And we cannot pass over one assertion made by him in this last matter which stamps his character for perversion of facts.

He says "the figures given above (i. e., those mentioned "in our challenge) indicate the amounts which the mortality "tables show would be necessary to provide $1,000 insur-"ance at the various ages, which would have to be paid "*until death*. * * The deception practiced by the writer "in the above article consists in an attempt to make the im-"pression that the cost of insurance is as indicated above, *i.e.*, "$6.65 at 25, and increasing each year until it reaches $1,000 "at 97." We not only "attempted to make this impression," but we stated it to be actually so in the clearest and simplest terms. And we repeat it again, and again defy Mr. Paterson or any one else to produce a certificate from any actuary of repute in the world that we are not correct in saying that the rates quoted by us are for one year term insurance and that they increase every year with the increase in age, as we pointed out. When Mr. Paterson wrote the words we have referred to, he wrote what any man who knows anything at all about mortality tables knows to be a simple positive falsehood. As we are bound by considerations of truthfulness, we cannot further discuss any subject with Mr. Paterson.

PIRACY.

It will be remembered that in our last issue we mentioned that a party had asked for the loan of one or two expensive electrotypes of illustrated advertisements appearing in THE CHRONICLE. As we had paid considerable money for them, we declined to hand them over to another journal. We have in our possession, however, a letter which shows that this or some other person afterwards went to our printer, and attempted, but without success, to bribe the man who had charge of the cuts to lend them to him. He apparently succeeded in the end in some way, for we notice the designs in a sheet called "Christmas Bells," issued by the *Journal of Commerce* the whole purporting to be copyrighted by J. A. & R., A. Reid!! The cribbing of an expensive design and copywriting it borders on the sublime.

Conduct such as this requires no comment. It stamps the character of those who resort to it.

NATIONAL DEBT OF THE UNITED STATES.

The Treasury department was organized in 1789, and then assumed the following debts:

Domestic debt of the Confederation	$40,256,802
Debts of the Individual States	19,962,219
Debts due in foreign countries	12,556,874
	$72,775,895

The following summary shows the course followed since the debt assumed a national character.

Original debt of 1789	$72,775,895
Increase during next seventeen years caused by deficiencies in revenue and by loan of $15,000,000 to provide for purchase of Louisiana	$22,947,375
Debt 1st January, 1806	95,723,270
Decrease during six years	40,513,533
Debt 1st Jan., 1812	45,209,737
Increase during war with Great Britain	82,125,196
Debt in 1816	127,334,933
Decrease during four years	36,319,567
Debt in 1820	91,015,366
Decrease during ten years	42,150,160
Debt in 1830	48,365,406
Decrease during five years	48,327,893
Debt in 1835	37,513
Increase during eight years due to payments to individual States of $27,063,430, and commercial depression	32,705,409
Debt in 1843	32,742,922
Decrease during three years	14,192,720
Debt in 1846	18,550,202
Increase during Mexican war	44,511,656
Debt in 1849	63,061,858
Decrease during eight years	37,596,694
Debt in 1857	25,165,164
Increase during four years, due to commercial depression	47,021,990
Debt 1st Jan. 1861	72,187,154
Increase during Civil war	2,685,502,417
Debt 1st Sept., 1865 (highest point)	2,757,689,571
Decrease during ten years	615,091,259
Debt 1st Jan., 1875	2,142,598,312
Decrease during five years	130,799,808
Debt at 1st Jan., 1880	2,011,798,504
Decrease during five years	593,250,133
Debt 1st Jan., 1885	1,418,548,371
Decrease during four years	284,486,113
Deb 1st Jan., 1889	1,134,062,258

"AVERAGE" AGE AS A CRITERION OF ASSESSMENT SOCIETIES.

By David Parks Fackler, *Consulting Actuary, New York.*

In the State of Pennsylvania, Assessment Life Insurance Associations are required to report the maximum, minimum, and average ages of their members, in the belief that these data, particularly the latter, will enable the Insurance Commissioner and the public to form a fair judgment as to the condition of those associations.

This supposition, however, is entirely mistaken, for inferences based on the "average age" of the members may be extremely erroneous, far more so indeed than the premiums and reserves which the "actuaries of the new school" used to calculate from the "expectation of life" instead of from the commutation tables. The gist of the matter lies in this, that the average rate of mortality to be expected from a certain membership will not be the same as the rate of mortality corresponding to the average age of its members; for example, if there be 1000 members aged twenty-five, and 1000 aged sixty-five, the average will be forty-five, but the death rate to be expected among the 2000 members will not be the rate at age forty-five, but at a much higher age. Taking the American Experience Table as the basis, the deaths in one year among the younger men would be eight, and among the older forty, or forty-eight in all, which divided by 2000 would make the average death rate 2.4 per cent., or very nearly the rate for the age of fifty-nine, fourteen years older than the "average age."

That this is not such an extreme case as some readers may suppose will be seen by examining the case of the Mutual Reserve Fund Life Association, which reports to the Pennsylvania Insurance Department that the minimum age of its members is 14, the maximum 75, and the average 43. Let us experiment to find what combination of lives of ages from 14 to 75 would yield an average of 43; adding together the age 14, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, and using the age 50 twice, the sum is 559, which divided by 13 (the number of lives) gives exactly 43 years as the average.

Now set opposite to each of these ages its rate of mortality per 1000 persons assured—Am. Experience—and add the same:

Age 14	7.60	Age 50	13.75
" 20	7.50	" 50 (2d)	13.75
" 25	8.06	" 55	18.57
" 30	8.43	" 60	26.69
" 35	8.95	" 65	40.13
" 40	9.79	" 70	61.99
" 45	11.16		
		Total	236.73

Dividing the total by 13 gives 18.21 as the average rate of mortality per 1000, for persons evenly divided among the ages mentioned above, and neglecting in favor of the association, the oldest age, viz., 75.

This average rate, 18.21 is very nearly the rate at age 55—so that we see to regard the Mutual Reserve Fund as an association of persons aged about 43—with a probable mortality rate of only 10.52 per 1000, might be a great mistake.

That association reported to the New York Insurance Dept., for the date of Dec. 31, 1887, that the "net present value of all policies, computed as renewable terms insurance, for sixty days, Actuaries' Table of Mortality, with four per cent. interest," was $383,062. The New York Insurance Dept., expressly declines to endorse this calculation, and the statement by the association might mean either that its certificates were good severally for sixty days from the last due date for payment on each, some being just about to expire, and others having sixty days yet to run, so that the average time to run would be thirty days; or else that all certificates were good for sixty days' insurance, or up to March 1st, 1888. In the latter case the cost of a year's insurance on all the certificates would be six times the above valuation, or about $2,300,000, which, divided by the insurance reported to be in force $156,550,000, gives about $15 per $1,000 as the average net premium for one year's insurance. This rate corresponds to that of age fifty—Actuaries' Table—which is quite a high average mortality age for a society in its seventh year, and indicates that the average age at admission must have been high. In regular companies the average premium on policies generally corresponds to the rate at age forty, according to the writer's experience; but as the scale of charges in assessment societies would seem peculiarly attractive to elderly men, it is probable that in all those that do not limit the age of admission to under 45 or 50 years, the average age of entrants is higher than in the case of regular companies.

In an article published in the *Insurance Monitor* of June, 1883, the writer showed that in the Mutual Benefit Life Insurance Co., of Newark, the virtual average age had not become higher than 52 years, when the company was thirty years old, that company being instanced because its published experience afforded data by which its statements could be easily tested.

In this connection it may be said that the writer has always found the average insurance under policies issued at age thirty materially less than at age fifty, both for individual companies and for companies generally. This is well illustrated by Meech's Tables pages 88 to 92, and 108 to 111, where the average policy issued at ages 25 to 29 is shown to have been under $2,500, while for ages 50 to 54 the average policy was over $3,000.

In the first experimental calculation regarding the true average age in the Mutual Reserve Fund, the amounts insured at each age were assumed as the same, and not taken into consideration; but the fact, that the amounts of insurance under policies on middle-aged men generally average appreciably higher than the policies on young men, necessarily throws the practical average death loss rate higher even than the average death rate.

The United Brethren Mutual Aid Society of Lebanon, Pa., almost the oldest, and until lately the boast of all assessment associations, affords a very striking illustration of the error in regarding "average age" as a reliable criterion of condition. In this society, despite the effort of its managers to get "new blood," the average age for all classes combined, as reported to the Pennsylvania Insurance Department on Jan. 1st, 1888, became about 55½, at which age the mortality, by the American Table, would be about 19 per 1000; but, as the actual death rate has gradually risen to 40 per 1000, it appears that the true average mortality age is about 65.

Though the "average age" is not a reliable factor for calculations, any more than is the "expectation of life," still, like the latter, it may often be an interesting fact for experts, as well as for the public generally, and it may be well to state here a simple mode of estimating it which may not be known to all readers; it is as follows:—

Make a list of the policies in force, stating the policy number and the birth year of the insured, omitting the century; thus a man born in 1845 is registered born 45, then add up the years of birth and divide by the number of certificates, which gives the average birth time in the century, assuming that each member was born on January 1st of his birth year, but as the average birth time would be the middle of the year, we add one-half year to the quotient just obtained. If we thus find the average birth year to be 1845½, we obtain by subtraction 43½ as the average age on Jan. 1st, 1889.

To facilitate such calculations from time to time in the history of the society, the book containing the record of terminated policies should have a column for the entry of their birth years, the sum of which column deducted from the corresponding sum for the policies issued, and combined with the total found at last estimate, will give the amount to be divided by the number then in force, and the quotient thus found, increased by one-half year, is the then average birth year of the membership.—*Spectator*, N.Y.

CAN FIGURES LIE?

A MOST MISLEADING AND UNFAIR TABLE.

A Montreal trade paper has published a colored chart, which gives a most striking comparison of the capitals of the fire insurance companies doing business in Canada. This is no doubt interesting, but we regret to say that two very misleading tables have been annexed to the chart. The writer of the tables may perhaps try to shelter himself behind the assertion that his figures are from the official government statements, but that will not relieve him from the responsibility of having grouped those figures in such a way as to deceive his readers. It is the latest illustration of the fact that figures can lie, and lie most grievously too, although they may when taken separately be correct in themselves.

The first objection we have to make is to the amazing assumption that the immense solid cash assets, set aside as reserves by all the companies, are no security to the policyholders ::: Does not our contributor know that those reserves are not only a security, but *all* the security that is needed according to our government department? Anything a company possesses beyond these reserves, whether it be capital or surplus, is just so much *extra* beyond all the government considers necessary. And yet this verdant writer never even once mentions the assets at all :: His way of putting matters is, to say the least, exceedingly deceptive.

In the next place our novice, while ignoring the cash assets of the companies, brings in with a great flourish of trumpets, the subscribed but unpaid capital, as a solid and good "security." Now we do not deny that uncalled capital is often of great value, but can it be named in the same breath with the realized and invested assets of the company? And what is to be thought of the judgment of a man who includes the subscribed capital, but rejects the invested reserves? It is really laughable.

But yet again, has not the extent of a company's business to be considered when estimating the value of the security their assets afford to their policy holders? As an illustration, suppose that two companies have each a surplus, beyond their ordinary reserves, of $1,000,000. The one, however, has ten times as many risks and ten times the amount outstanding as the other, and has therefore an ordinary reserve of, say, $10,000,000 against the $1,000,000 held by the other. Are they equally strong? Decidedly not; for the one has only $1.10 for each $1 it requires to have on hand, while the other has $2 for each $1. The *proportion* of assets to liabilities must be considered as well as mere size. A company which confines its business to a comparatively small section of the world does not require as large a capital or as large reserves as a company whose operations extend to the four quarters of the globe, and which transacts in addition several kinds of insurance besides fire. And yet, although smaller, it may be just as strong, or even stronger, in reality than its competitor.

We must not forget, too, that many of the cosmopolitan companies have a large proportion of their assets locked up in deposits with the governments of foreign countries, for special protection of residents there. Of what value are these amounts as security for Canadian assurers? Absolutely nothing.

Some of the headings of the columns in the tables under review are moreover most unfortunate. No doubt unintentionally, they are so worded as to convey very erroneous impressions as to what is really meant. For instance, who at a first glance would suppose that "capital subscribed," included not only the uncalled but the paid up capital; or that "deficit" is merely the impairment of capital, or that "Net security to policy holders" does not include the assets set aside as reserves?

A prominent Lawyer when examining the tables said to us, "Why, according to this table these companies having a deficit are insolvent." And yet such was of course by no means the intention of the writer.

We can only regret in summing up that such an unfortunate and misleading table was ever allowed to see the light, and it is not agreeable to think that it is a Canadian trade review which is responsible for the serious and glaring injustice which is done to many companies, including all the Canadian ones. We would advise our contemporary to leave insurance alone for the future until he knows more about it.

The extra copies he may sell will in no way compensate for the untold damage he may do by his ignorance. We hear that those companies which were induced to circulate the sheet did so without a proper examination of what it contained and its glaringly deceptive and unfair comparisons.

It is a pity they were ever distributed, but it is pleasing to know that some of the companies have taken steps to undo as far as possible whatever evil has been done. We have for instance seen a manly and straightforward letter from the manager of one of the largest companies expressing regret that he had circulated any of the copies as they are as he now sees, unjust in several ways. Such a letter has the true ring to it, and does the writer infinite credit.

AN INTERESTING CASE.

An important and interesting point has arisen in connection with a claim which has recently been made under a policy on the life of a resident of the province of Quebec. The assurance had been running for a number of years, and the premium for 1888 became due, according to the terms of the policy, on a Sunday. No grace was allowed, and according to the laws of the province, a payment which falls due on Sunday must be made on Saturday. This was not done in this case, although it is claimed that the money was in the house ready to pay to the agent on Monday morning. The assured, however, died at eleven o'clock on Sunday night, and on Monday morning the agent refused to accept the premium, claiming, it is said, that as it had not been paid on Saturday, the policy was not in force. We would be sorry indeed to believe that any life company would take advantage of such a technicality as this, for even if the strict letter of the law were on that side, justice and

honor would be on the other. But as we understand that this whole question has been referred to the head office, we have no doubt but that a wise and liberal course will be followed.

But just what effect did the non-payment of this premium have? It is claimed that, as a consequence, the policy lapsed. If so, when did it lapse? Did the fact, that the premium for this year fell due on Sunday, and should therefore have been paid on Saturday, cause the policy to expire on Saturday night? We by no means think so. Premiums are payable in advance, and the payment or non-payment of this premium can have no effect whatever on the length of time for which the *previous* payment made the assurance valid. The year already paid for cannot be shortened, because the premium for the next year has not been paid. Moreover, the policy, by its terms, would have been continued in force if the premium had been paid "on or before" the date mentioned in the policy. If that date had been any business day, a payment at any hour "on" that day, even up to twelve o'clock midnight, would prevent the assurance from lapsing. It is evident then that the previous premium covered all the time up to the last moment at which the new premium could be paid,—that is until twelve o'clock midnight on Sunday. The policy was therefore in full force when the assured died, at eleven o'clock, and the claim is, in our opinion, a valid one, and the payment of the next year's premium is not necessary. Should the assured, however, have unfortunately lived till five minutes past midnight, the policy would, as a matter of strict law, have been void at the time of his death, although, as we have said, we hope that no life company would take advantage of such a technicality.

THE ANNUAL MEETING OF TORONTO BOARD OF C. F. U. A.

(Communicated.)

The Annual Meeting of the Toronto Board of Fire Underwriters was duly held in this city at the Rooms of the Association, on Tuesday and Wednesday 15th and 16th January. There was a fair attendance of members, and just a sprinkling of the managers of companies from Montreal, to give some needed change of coloring, as otherwise the complexion of the annual meeting would so nearly resemble the hue (and cry) of the weekly gathering, as to be hardly distinguishable from it.

The Agenda contained fourteen numbers, as musicians would say, and after reading the minutes of last meeting, was discussed.

No. 4. The consideration of altering rates on dwellings in Toronto, and either to advance or lower them, was negatived.

No. 5. To reconsider rating on churches, negatived.

No. 6. The position of two companies in reference to the Toronto Board was considered very earnestly, and the remarks and suggestions were interesting. It was decided to have deputations wait on the parties, and endeavor to have them a *little more* in sympathy and touch with the Local Board.

No. 7. *Specific Rating for Toronto.*—This was negatived also. The gentleman advocating it thought that as we are indebted to the East for wise men and much wisdom, therefore the specific rating begun at Quebec, and now extended to Montreal, it would be well to adopt and bring Toronto in the same category as those cities. "Not this time, Mr. D., some other time," said the majority.

Nos. 8 *and* 9. Called for more legislation. Consequently were also negatived. Too much legislation, too many rules, will kill the best voluntary organization ever projected.

No. 12. To impose a fine on companies in certain cases. Negatived promptly. Somebody breathed a name (I think the name was Clark Wallace), and an unanimous "no" resulted.

No. 13. Being the unlucky number of course did not carry. It proposed the adoption of the C. F. U., classification of buildings in Toronto, negatived.

No. 14 *and last.*—It had been proposed to allow a small percentage off rate, to parties who provided tarpaulins to protect goods from damage by water in event of a fire, This also was negatived.

From the above it will be seen that this year's meeting was remarkable, rather for what it did not do than for what it did. As one comically remarked, the meeting might have been engineered by a photographer, judging from the number of negatives.

R. N. Gooch, President, and Lewis H. Moffatt, vice-president, were re elected. Secretary Robert McLean also retains his well-earned official status.

The meeting, pleasant and harmonious throughout, dissolved on Wednesday.

TORONTO, 17th Jan., 1888.

Biennial Message of the Governor of Kansas, a copy of which has been received at this office, for which we tender [illegible] send us.

FIRE BUSINESS IN 1888.

It gives us great pleasure to be enabled to present in this issue, the results of the fire insurance business in Canada for the year 1888, which will be found on page 23. We delayed the issue for some days, in order to be able to give these results, and we beg to thank most heartily the officers of the several companies who, in some cases at considerable trouble to themselves, gave us their figures. The only companies whose figures we were unable to obtain are the Citizens, Connecticut Fire, and the London and Lancashire Fire, so that we have estimated their figures and added them to the totals; but this will not, in any event, materially effect the general results.

We congratulate the Fire offices on the favorable shewing for the year.

The total net premium income was	$5,303,211
" net losses incurred were	2,857,533
Making the aggregate ratio	55.88

The comparative results, for the several years 1884 to 1888, will be found at the foot of the Table.

AN ACCIDENT WHICH COST THE INSURANCE COMPANIES $54,000.

Albert D. Kean, of Orillia, barrister, arrived at Orillia from Toronto at 2.30 p.m. on 7th inst., alighted on outside of platform, and in passing around the sleeper, slipped on the ice and his legs passed over the rails. The wheels of the sleeper passed over his legs. Medical aid was summoned and the legs amputated. He lived for 22 hours only. He was insured for the following amounts:—

Company.	Amount.	Date of policy.
Canada Life	$5,000	October, 1882
Sun	5,000	July, 1886
Federal	5,000	December, 1886
North American	3,000	April, 1887
Manufacturers Life	5,000	November, 1887
Manufacturers' Accident	5,000	July, 1888
" "	5,000	December, 1888
London Guarantee	5,000	June, 1888
Traveler's Accident	5,000	November, 1888
Canada Accident	5,000	December, 1888
" "	3,000	January 4, 1889
Temperance and General	3,000	.....
	$54,000	

THE M. BENNETT, JUN., AGENCY,

AT HARTFORD, CONN.

We are officially informed that both Companies of this agency, the Lion Fire and the Scottish Union and National, have been exceedingly successful in the business of 1887.

The Lion, after paying a dividend at the home office, carried $40,000 to surplus account. At the American Branch the gain upon the business was $49,333, and with interest added was $75,000. The sum of $24,842 was remitted to the home office during the year, leaving a surplus in U.S. assets of $496,126.91.

The Scottish Union gives a profit for the year of $67,203 and plus interest receipts, shews gains to be $121,000, making a total gain of nearly $200,000. The sum of $49,760.77 was remitted to the home office, leaving a gain in surplus of $69,523, and a gain in assets of $104,061. Total assets in the U.S., January 1, 1889, $1,525,910.53, surplus $1,142,775.45.

Considering the condition of the fire business in the States and the results for the past year, we think that Manager Bennett is to be congratulated upon the success of his Companies at home and at his agency, and we have no doubt that our feelings are shared by the home offices.

The Scottish Union has invested in Canada over $1,300,000.

IMITATION THE SINCEREST FLATTERY.

Mr. L. C. Norman, Insurance Commissioner for the State of Kentucky, has contributed to the Louisville *Insurance Herald*, a lengthy exposition of the difference between assessment and regular life assurance. He adopts the idea of the chart which we published some months ago, showing the curve followed by the natural premium rates, as compared with the level premium. The cut in Mr. Norman's essay bears a remarkable similarity to that which appeared in THE CHRONICLE

ARE RESERVES NECESSARY IN LIFE ASSURANCE.?

The *Commercial World* of London, England, has an important article in a recent issue, dealing with the question of reserves. It shows clearly the manner in which the cost of assurance increases with advancing age, and that the reserves required by the mortality tables are merely the amounts by which the level premiums exceed the cost of assurance in the early years of every policy, and that these reserves are drawn on in the later years to make up the deficiencies arising then. The article in question refers to our explanation of the reserve published in the August, 1888, issue of THE CHRONICLE, and indeed follows our line of argument very closely.

THE "INSURANCE TIMES" OF NEW YORK.

How are the mighty fallen! It is a wonder that poor old Stephen English, with all his faults, does not turn in his grave to see the position now occupied by the *Insurance Times*, which he created by his genius. Last fall the editor of the *Times* sent to various prominent life men in Canada a proof of an article, reflecting in the strongest terms on some of the younger Canadian companies. This article, it was said, would appear in the next issue of the paper, and the editor asked how many copies of it he could dispose of to each of the rival companies. That article, however, never appeared. In its place there did appear,—what? A most fulsome glorification of the Federal Life! What caused the rapid and complete change of front? The assistant editor has admitted in writing that the first article did not appear because it came to the ears of some of the parties interested, and they made representations which induced him to withdraw it. This is no doubt the exact state of the case. We do not of course insinuate that the *Insurance Times* would allow itself to be bought up. Of course not. The fact that it probably did not receive as many orders for extra copies as it expected had nothing to do with the matter. It was purely a matter of conscience with it, undoubtedly.

Great destruction of valuable Insurance Charts at Montreal, loss estimated at $1,500. Some of the fire companies have been busily engaged during the past few days in destroying valuable fire insurance charts, with red and blue lines (mis)-representing the relative strength of the various fire offices transacting business in Canada. There were millions of subscribed but unpaid capital in them. Three of the fire offices saved theirs by having taken the precaution to stow them away in their vaults, where the flies couldn't get at them and disfigure those red and blue lines.

Stowed away tenderly
Examined with care!
Fashioned so ingeniously
And yet so (un)-fair.

NEW BRUNSWICK BOARD OF FIRE UNDERWRITERS.

The twenty-fourth annual meeting was held at the Board Room in St. John, 14th January, 1889.

All the Companies forming the Association were represented.

The President made the following address :—

I have to thank the members of the Board very heartily for the kind support they have given me during the year.

At its beginning there were some slight difficulties before us, which however soon passed away, and during its latter months the Board has been able to give an almost undivided attention to the adjustment of rates; no need having arisen for the discussion of questions connected with its organization or its rules,—questions which, after all, find their happiest solution in the mutual good-will of the members, and their ready loyalty to the important principles which the Association represents.

During the year the amendments made, since the last general revision, to the tariffs, have been printed, and all changes in the rates are now placed in hands of the members and sub-agents regularly after each meeting of the Board.

The Companies associated in the Board number twenty-seven, the same as when the year began; and represent by far the greater proportion of the fire insurance business of the Province. So long indeed as the best efforts of the Board are directed to the fair apportionment of the rate, in regard to the actual cost of the hazard assumed, it must continue to merit the support, not alone of the conservative companies, but also of those among the insuring public who realize the importance of its work.

It is too soon to secure exact returns of the business of the year, but it may be safely said that the fire insurance business of New Brunswick during 1888, taken as a whole, has been fairly remunerative. Altogether, probably, about $400,000 have been paid in the Province for fire insurance premiums during the year. Three or four Companies perhaps may have lost the share of this sum which they have received. This is to be expected where, in the division of business, but a small proportion insufficient to give a fair average can fall to the lot of each. But by far the greater number will, I think, be able to report some return for the large liability, reaching probably forty millions of dollars, which has been assumed

I think that the members of the Board all feel that the Association has itself contributed in many ways to produce this fortunate result. Probably in all America there does not exist a Board at whose meetings a more loyal and united feeling is shown than at those which it has been our privilege, for years past to attend. And I believe that this is due, not alone to the desire of the members to treat each other with the courtesy of gentlemen, and, without unfaithfulness to their own Companies, to assist rather than interfere with each other's work, but also very largely to the sound principles on which the business of the Board has been conducted, each member, as time passes on, feeling it to be more and more his interest, as well as his pleasure, to support its rules.

The tariff reductions authorized in 1887 have, I think, been appreciated by the insuring public. The Inspector who examined the business risks of St. John, last autumn, on behalf of the Board, reports indeed that he has never known them to be in such good condition generally before. The feeling is I hope upon the increase that, where the business of fire insurance is itself conducted with ordinary care, the rates paid will depend to a very considerable extent upon the carefulness of the general public. In each community indeed these rates will, I believe, sooner or later adjust themselves to the actual fire loss; where it increases they will advance, where it lessens, competition, either within the Board or without it, will soon lead to reductions. Such general advances or reductions are indeed beyond the Association's control. Its province is rather to exert a healthy influence upon the conduct of the business, and to apportion the general rate required from the Province equitably among the various risks; the safest receiving the most favorable terms; the most dangerous being charged proportionately, but subject to fair reductions as improvements really calculated to lessen the fire hazard may be introduced.

I have now to return into your hands the trust which a year ago you kindly reposed in me, and I do it with the hearty wish that our future years may prove as successful as the last.

At the election of officers, Mr. W. M. Jarvis (L.& L. & Globe)was unanimously re-elected President, and Mr. Peter Clinch Secretary.

The following members of the Board were appointed as the rating Committee for the ensuing year—Messrs. D. Russell Jack, N. B. & M.; B. G. Taylor, National & Atlas, and Edgar H. Fairweather, Ætna & Hartford.

GENERAL AGENTS AND DEFUNCT OFFICES.

The question as to the respective rights of managers, or general agents, of companies withdrawing from business, when working under contracts as to time, compensation, etc., has recently arisen in the city of Chicago, by the unexpected withdrawal of the Washington F. & M. of Boston, and the Clinton Fire of New York, each of which reinsured their outstanding policies in other offices. The general agents of these companies in that city now refuse to pay over any balances in their hands, until a fair and equitable arrangement shall be made by these companies for the loss respectively sustained by them through the breaking of their contracts, without cause on their part. The companies have commenced suit for an accounting as to these balances, and the result, though scarcely questionable, is looked for with some anxiety by other general agents and managers, as affecting their several interests.

The question to be decided will be whether the withdrawing from business will be a sufficient cause for the closing of the contract, without any compensation to their general agents for thus breaking up their business, a contingency for which no provision had been made in the contract.

As a rule, where managers or general agents hold their positions under specific contracts, they cannot be summarily removed, except for cause shown as against them, under penalty of damages. But just what effect the closing of business by the companies may have as a warranty for closing, any outstanding agency contract has not, within our knowledge, yet been specifically decided by the courts.

The general rules touching the case are to the following effect: The powers of an agent may be terminated by revocation of authority; by its own limitation, express or implied; or by death or insanity of the principal, or by the insolvency of the company. The trust committed by the principal to the agent, being personal, ceases with the death of either party. The question here is, "Is the voluntary withdrawal from business by these offices equivalent to death as principals?" This is the point to be decided, on which will hang the question of damages to general agents; outside of this question the points are in favor of the general agents, as follows :—

"The termination of the agency may be by a counter-

FIRE INSURANCE BUSINESS IN CANADA FOR THE YEAR 1888.

WITH COMPARATIVE RESULTS FOR THE YEARS 1884, 1885, 1886 AND 1887.

Compiled by THE INSURANCE & FINANCE CHRONICLE *from figures supplied by the Companies.*

COMPANIES.	Business in 1884-5 and 6 — Loss Ratio. To Premium Receipts.			Business of 1887.			Business of 1888.		
	1884.	1885.	1886.	Net Premiums.	Net Losses Incurred.	Per cent. of Prem.	Net Premiums.	Net Losses Incurred.	Per cent. of Prem.
CANADIAN OFFICES.				$	$	$	$	$	$
(*Canadian Fire Business only*).									
British America	57.10	61.30	58.00	206,603	147,233	71.26	201,197	137,673	68.42
Citizens	65.42	63.02	68.00	209,590	166,816	79.62	.....	.....	.....
Mercantile, Waterloo	.....	.....	71.50	91,482	50,758	65.32	*91,333	48,623	53.23
Quebec	57.37	46.47	57.71	80,118	61,254	71.13	*94,290	56,805	60.34
Royal Canadian	57.00	61.85	92.25	163,898	124,627	76.04	213,594	143,972	67.40
Western	69.92	44.46	52.62	337,972	172,478	51.04	340,480	172,492	50.66
Totals	65.35	56.12	64.37	1,095,663	732,168	66.81	1,155,464	666,471	57.72
BRITISH OFFICES.									
Atlas	.....	.....	.....	*32,969	21,724	65.90	45,895	25,671	55.93
Caledonian	68.07	56.15	80.82	105,529	68,568	64.98	*100,000	66,800	63.09
City of London	48.96	46.86	87.98	167,043	126,473	75.72	*148,021	104,295	70.17
Commercial Union	73.78	64.26	74.58	282,272	190,662	67.05	291,305	142,738	48.98
Fire Ins. Association	69.74	70.13	66.45	106,188	88,403	83.34	117,682	82,762	70.32
Glasgow and London	81.30	59.40	70.68	259,637	181,313	69.82	292,155	167,148	57.21
Guardian	50.67	54.13	67.28	162,545	118,738	73.05	*178,020	94,592	53.13
Imperial	48.11	49.64	60.13	183,971	90,868	49.38	‡211,478	95,754	45.27
Lancashire	68.51	59.01	71.56	192,695	93,070	48.76	*178,000	80,660	45.28
Liv. & Lond. & Globe	54.16	53.53	87.93	234,817	159,400	67.88	*250,088	130,493	52.05
London	58.94	80.29	77.70	72,350	58,600	80.10	*74,000	34,000	45.94
Lon. & Lancashire	59.45	67.44	56.73	101,400	55,218	54.67	.....	.....	.....
National of Ireland	59.00	69.74	98.16	73,840	58,530	79.26	73,414	39,540	53.87
Northern	86.64	52.45	89.27	153,157	101,946	66.57	169,928	91,567	54.00
North British and Mer	61.93	48.95	62.43	304,736	194,059	63.67	‡308,168	169,136	54.88
Norwich Union	55.71	54.66	57.43	84,795	59,163	69.77	*88,000	41,194	46.81
Phœnix, London	74.16	47.68	69.83	219,841	115,666	52.60	*202,584	97,873	48.31
Queen	60.96	55.39	61.52	213,316	120,089	56.56	230,000	103,850	45.15
Royal	64.09	60.16	49.37	521,141	329,991	61.59	523,128	273,051	52.36
Scot. Union and National	35.00	35.01	26.25	100,695	46,596	46.37	117,624	57,129	48 05
Totals	64.15	56.59	68.01	3,572,987	2,272,250	63.58	3,768,184	1,954,523	52.08
AMERICAN OFFICES.									
Ætna	46.74	60.23	70.50	124,413	72,691	58.42	130,764	73,588	56.42
Agricultural, N.Y	40.61	60.91	68.62	79,578	53,995	67.85	*76,000	45,000	59.21
Connecticut	.....	.....	40.90	34,344	22,132	64.45	.....	.....	.....
Hartford	58.00	57.60	56.51	121,796	68,588	56.31	128,310	67,762	52.75
Phœnix, Brooklyn	43.06	47.89	57.13	81,216	93,700	115.40	60,045	27,827	30.78
Totals	50.19	57.45	58.44	441,341	311,106	70.51	439,563	239,539	53.81
RECAPITULATION.									
CANADIAN OFFICES	65.35	56.12	64.37	1,095,663	732,168	66.81	1,155,464	666,471	57.72
BRITISH "	64.15	56.59	68.01	3,572,987	2,272,250	63.58	3,768,184	1,954,523	52.08
AMERICAN "	50.19	57.45	58.44	441,341	311,106	70.51	439,563	239,539	53.81
GRAND TOTALS	63.00	56.01	66.09	5,109,991	3,315,620	64.88	5,303,211	2,857,533	53.88

GENERAL RECAPITULATION FOR THE YEARS 1884-5-6-7-8.

YEARS.	Premiums.	Losses.	Per cent.
	$	$	
Business of 1884	4,980,138	3,161,262	63 60
Business of 1885	4,891,868	2,766,563	56.61
Business of 1886	4,911,984	3,263,144	66.09
Business of 1887	5,109,991	3,315,620	64.88
Business of 1888	5,303,211	2,857,533	53.88
Total 5 years	25,192,122	15,364,122	60.98

c For 13 months. *Approximate. † British Columbia estimated. ‡ Not including B. C.

mand of authority on the part of the principal, at the mere will of the principal; and this countermand may be at any time before the contract is completed, even though there be an express agreement not to revoke. But when such authority is coupled with an interest, or when it is given for a valuable consideration, or when it is a part of a security, then unless there is an express stipulation that it shall be revocable, it cannot be revoked. (Story Ag'y., sec. 476, 477; 2 Livermore Agency, 308, 309; Paley Agency, 184, 185.)

When the authority has been partially executed by the agent, if it admit of severance, or of being revoked as to the part which is unexecuted, it may be revoked as to the unexecuted part; but if it be not severable, and the agent by its execution in part will sustain damage, it cannot be revoked as to the unexecuted part, unless the agents be fully indemnified (Story Ag'y., sec. 466).

As to termination of an agency by death of the principal, the following authorities hold that an agency does not terminate by death of such principal where the authority is coupled with an interest. (Story Ag'y., sec. 483; 2 Livermore Ag'y., 307; 3 Paley Ag'y., 187; 4 Campb. 325; 2 Kent Comm. 643).

Without intending to prejudge the question, we feel assured that the agents have a good cause against their companies, and are warranted in retaining any funds in their hands, until a final settlement by the courts or otherwise.

NEW YEAR'S RESOLUTIONS.

This is rather an ancient subject; but as we have just now an affinity for the antique, it may not be out of place to moralize for a while on the advantages of beginning the year with good resolutions. We do not refer to those which are made just about midnight, after the first day of the year has been spent in a round of jollity and good fellowship, and the head gear begins to shrink, so that it no longer comfortably covers the seat of the intellect; nor do we refer to resolutions which are the result of a whining review of last year's operations, and only inspired by a selfish desire to improve one's own comfort, position and prospects. It has become the fashion to "swear off" at the beginning of the year, but we fear the resolution is often "treated" too soon for its efficiency, as a sign of reformation. In the main, we do not object to the "swearing off" process, provided the stimulus comes from a disposition to do better; but we are among those who think that it is better to make no resolutions than to be forever repenting their breach. At any rate luxuries to which some of our readers have hitherto been accustomed may be dispensed with, the social bottle of green seal may for a while be left in the seclusion of the cellar of the vendor, the brilliant furnishings can be dispensed with, if it costs an effort to procure them, the faultless raiment can be allowed to wait, and the old faithful garment forced into still more extended usefulness. The pleasure trip can be put away into the future, and even the opera house, with its attractive and fascinating surroundings, can for a while afford the absence of the frugally inclined or the impecunious. But there is one duty which cannot remain unperformed without danger. Danger, not only to the peace of mind of the individual, but to the imminent peril of his family; danger alike to the household and to the commonwealth. What, then, is this most important of duties? What is it that enters so largely into the economies of our times, that its neglect is so far reaching in its results? What is it that makes it impossible for pauperism to rear its horrid front in its presence? What is it that, when the breadwinner is stricken down, steps to the front uncomplainingly, and boldly exclaims "I will take his place?" What is it that alone can be depended on to make home comfortable, no matter even if the husband and father has been called upon to lay down a burden of debts and disappointments, which have borne him to the earth, and which with their constant knawings have worn out his life? What is it that can, unaided, set at defiance the whole army of claimants against the estate, whether sheriff or creditor, with less of legal barking, with which to draw from it the last shilling it will produce, even if it should result in the family being turned into the street? What is it that enables the widow to keep her little ones about her, to educate, clothe, and fit them for honorable positions in life, independently of outside aid? A life insurance policy will do all this; when every other earthly scheme fails, the policy stands by as a willing friend. When the darkest hours of bereavement come, and there seems to be none to look to for help, the policy lends its unselfish aid; when hungry creditors, some of whose claims, it may be, would be impossible of enforcement in the lifetime of the husband, claim for their pound of flesh, the policy clothes the widow in a coat of mail, strong enough to withstand all their furious onslaughts. Is it not enough that the family head is removed, that the partner of her joys and sorrows, the companion without whose counsel and assistance life seemed well nigh impossible, should drop out of sight without the widow having at the same time to struggle for her daily bread? Is it not enough that the little ones should be called upon to mourn the loss of a tender and sympathetic parent, without having to go out from the home of their infancy, to battle with the world in the stern struggle for existence? Should not then, life insurance be a proper subject for resolution, at the beginning of the year? Should it not be one of those things in connection with which our best resolutions should be taken? And should not every man, whom the Great Father has privileged to surround himself with dependents, resolve that the first act of the year shall be to insure his life for an amount sufficiently large to enable those, for whose support and maintenance he is responsible, to live without him in comfort, should he be called away suddenly? We think it admits of no argument, that duty admits of no excuse, that no man is doing his whole duty who fails in this particular; that an honest resolution, to do the best that can be done, can only be fulfilled by insuring for an amount equal to the value of the life of the father to the family.

Let our readers take this into their serious consideration. Let them act with manly promptitude, and let not the early days of this year pass, leaving them uninsured.

THE TRAVELERS' INSURANCE CO.

From the Report of the Travelers' Insurance Company for the year 1888, we gather the following figures:

Total assets $10 382,781.92. Liabilities....$8,341,571.51. Surplus as to Policy holders $2,041,210 41. Capital $600,000.
Claims paid in 1888 to Life policy holders $580,542
Claims paid in 1888 Accident policy holders..$1,050,505.28
Total of Claims paid in both Departments....$15,899,776.40

The foregoing figures speak well for the progress of this favorite Company with the insuring community, especially in the accident branch. The increase in both branches and its large assets are evidence of its continuous progress and prosperity, and warrant the advice, "Get a policy in the Travelers'."

The Canadian department contributed its full quota to the above results, the gain in accident premium income during the past year being about fifty per cent. The total accident premiums reaching about $100,000. During the month of December the Travelers paid $30,000 in claims through its Montreal agency alone. Its energetic chief agent and attorney, Mr. William Hanson, is to be congratulated on the above showing.

NOTES AND ITEMS.

Mr. H. S. Homans, of Paris, Manager for Europe of the New York Life, is dead.

The Home of New York is about to resume the Marine, coast-wise, insurance business.

The Rebate Committee is to hold a meeting at the Murray Hill Hotel, New York, on 30th inst.

The Liberty Insurance Company, of New York, has reduced its capital stock from $1,000,000 to $500,000.

Bound Volumes VIII. of the INSURANCE AND FINANCE CHRONICLE are now ready for delivery. Price $3.50 per volume.

The Scottish Alliance Insurance Company, Limited, is the title of a new company just launched at Glasgow, Scotland.

Miss Karolina Widerstrom, the first lady doctor in Sweden, has been appointed examiner by the Thule Life Insurance Company.

The Hemisphere is the name of a new Marine company, which is being organized in Marseilles, France, with a capital of £80,000 stg.

Mr. Emery McClintock, of the Northwestern Mutual Life, has been appointed Actuary of the Mutual Life Insurance Company of New York.

The Chicago Opera House was damaged to the extent of $20,000, by fire and water, last month. It was supposed to be an "absolutely fire-proof" building.

The Anti Rebate Bill has been passed by the Legislature of Vermont. The Georgia Legislature has a similar Bill before it, which will also most likely pass.

Mr. George W. Parker, late general manager of the Equitable Life Assurance Society for Great Britain, is now acting as local agent for London and Yorkshire.

Mr. D. E. Sheppard.—Through mistake we gave this gentleman's address in his card inserted in last month's CHRONICLE as Perth, it should be Carleton Place.

L'Urbaine Life Assurance Society of Paris, France, has opened a branch office in London. It has been established for 22 years, and has funds amounting to £1,561,000.

Chronicle, N.Y., Christmas Number, for 1888. We cheerfully acknowledge the receipt of this collection of "cartoons" published heretofore in the various issues of the *Chronicle*, and now gathered into one.

City of London Fire Insurance Company.—The loss ratio of this company during the past year for Ontario, Manitoba and Nova Scotia was about 50 per cent., while Quebec and New Brunswick averaged over 150 per cent.

Insurance Directory of the Pacific coast 1888; the publishers, the *Pacific Underwriter*, San Francisco, will please accept our thanks for a copy of this valuable directory to laws and usages current upon the Pacific coast.

The Hon. John A. McCall, formerly Superintendent of New York State Insurance Department, and now Comptroller of the Equitable Life Assurance Society, has been elected a member of the board of directors of the Company.

Among the Callers at the office of THE CHRONICLE during the past few weeks were: Messrs. J. B. Carlile, Toronto; E. P. Heaton, New York, A. Dean, Toronto, Wm. G. Black, Ottawa; F. J. Nixon, Chesterville; J. Lavoie, Iberville; and others.

Starke's Pocket Almanac and General Register for 1889, being the 48th year of publication. We acknowledge the receipt of the above-named valuable Register for all Canadians or others desiring information upon Canadian affairs. Published by J. Theo. Robinson, Montreal.

Rebates again.—We learn that an anti-rebate bill will be introduced into the Maine Legislature, similar to the one recently passed in Vermont. The Maine bill will have a rider to the effect that any company ascertained to be allowing rebates shall have its license revoked.—*Chronicle*, N.Y.

Calendars.—We acknowledge with thanks the receipt of Calendars from the following: Atlas, British America, Lancashire, Economical, North American Life, Royal, Standard Life, London & Lancashire Life, Sun Life, London, Guardian, North British, Queen, Northern, and Messrs. Bentley & Co.

Fire Insurance in the Lower Provinces.—From a rough estimate made of the percentage of loss to premiums of all the companies in the Maritime provinces, the result gives an average for N.B., N.S., and P.E.I., of about 45 per cent. during the past year. One agency in N.B. had a loss ratio of 2½ per cent.

According to the thirty-first annual statement of the United States Life Insurance Company, of New York, very satisfactory progress was made during the year 1888. The new policies written amounted to $6,335,665, total insurance in force $25,455,249, total assets $5,976,240.82, and net surplus as regards policyholders $689,028.65.

The Survival of the Fittest; or, Truth Stranger than Fiction. We were pleased to observe that our esteemed contemporary, the English *Review*, in its issue of December 5th ult., copied the above article from THE CHRONICLE, but through inadvertance omitted to give us credit for it. It is not often that *The Review* sins in this direction.

Presentation.—The Eastern Ontario agents of the Sun Life made a Christmas presentation of a handsome cane to General Agent R. Junkin, with a very complimentary letter. Mr. Junkin is to be congratulated upon this evidence of appreciation of his agents, and we trust that he will survive the "caning" process, and be all the better for it.

O'Brien *vs.* Mutual Reserve Fund.—The plaintiff in this case claimed $10,000 upon a policy of assurance. The defence of the Mutual Reserve Fund was misrepresentation and concealment in the letter of application. The case was tried recently in the United States Circuit Court in Boston, and was dismissed, as the jury were unable to agree.

David Burke.—We are pleased to state that Mr David Burke, the genial General Manager for Canada of the New York Life Insurance Company, has quite recovered from an attack of diphtheria, and has resumed his duties. Mr. Burke has the sympathy of his many friends and the insurance fraternity generally in his sad bereavement by the death of his child.

Complimentary.—"I enclose subscription with pleasure. THE CHRONICLE is invaluable to me as an insurance agent of 33 years standing!!—J. R." "I may be permitted to say that I believe much of my success is due to the careful reading of THE CHRONICLE; if a man wants to be strong on sound insurance principles, let him peruse THE CHRONICLE —G." We could fill pages with similar notices, but our modesty will not permit us.

Finch's Insurance Digest:—We again call attention to this very complete and handy digest of Insurance decisions, its complete Index to the several cases, and the copious summary of the points in each case, cannot but be appreciated by lawyers, agents, and others when desirous of information as to the law points in any complicated case. Price $2.00. For sale at the office of INSURANCE AND FINANCE CHRONICLE, Montreal.

Glasgow & London Insurance Company.—The result of the business in the Canadian department for the past year is given as follows:

Premium income....	$360,000	Cancellations.....	$32,000
Other income.....	44,000	Expenses.....	93,000
		Losses.....	232,000
		Balance in favor...	47,000
	$404.000		$404 000

Annual Fire Loss in the United States and Canada, for the years 1884 to 1888, is given by *The Review*, N.Y., as follows:—

1884.....	$112,000,000
1885.....	94.200,000
1886.....	116,600.000
1887.....	129,264,400
1888.....	123,290,520
Total for 5 years.....	$575,354,920

The Spectator, 1838-1839, Anniversary Number. Our thanks are tendered to the publishers of the *Spectator* for a copy of this interesting "Anniversary Number" of that journal, containing a mélange of history, biography and other information connected with insurance in its various branches, useful and entertaining to underwriters generally. It contains a reminiscence of the early days of insurance in the form of a fac-simile of Policy No. 1 of the Ætna Insurance Co., dated Aug. 17, 1819, signed by Thomas K. Brace, president.

The Eastern Assurance Company of Canada:—An act to incorporate this Company was passed at the last session of the Dominion Parliament. Object,—to carry on the business of fire insurance. Its capital stock is to be $1.000,000 in 10,000 shares of $100 each; so soon as five hundred thousand dollars has been subscribed, and one hundred and twenty-five thousand dollars paid up, it can commence business, and within one year thereafter at least fifty thousand dollars of additional capital shall be paid in. Head office to be at Halifax, N.S., or such other city as may be decided on by the directors. *The Keystone* Fire Insurance Company of St. John, N.B., with a capital stock of $500.000, of which $50,000 is to be paid-up before commencing business, also received an act of incorporation, as previously noted in these columns.

New York State Insurance Department, Supt. Maxwell has just issued a circular to all companies operating in the State of New York, notifying them that owing to the reduction of expenses of the department, the rulings of 1887 and 1888 will continue through 1889, and no charges for fees, taxes or dues will be made to the several companies or associations during the present year, except for copies of any papers on file at the Department. The statutory and reciprocal fees collected and to be collected from companies of other States and countries are believed to be ample to cover the expenses of the Department during 1889.

Well done for New York. It is to be desired that other Insurance departments should come to the same decision at an early date, for these department expenses bear heavily upon the companies.

Manufacturers' Life Insurance Company—At the last moment as we are going to press, we have received the annual report of this Company. We have not space to do more than point out the wonderfully large amount of new business which has been secured during the year. This is the best evidence of the immense energy which Mr. Carlile has thrown into his work. Sir John A. Macdonald, as President of the Company, naturally referred with pleasure to this feature, and was as usual in fine humour. The closing remarks made by him were crowded out of the usual place, but will be read with interest. They are as follows:—

It is difficult for me to determine to what extent my own connection has benefited the Company; but one thing is certain, that having put my hands to the Life Insurance plough I intend to keep them there as long as I can be of service to you (applause). The future of the Company I believe is bright, and many of those here present may live to see the day when the Manufacturers' Life will become one of the recognized institutions of this fair Dominion, in which many of us take pardonable pride (applause), and I must say that if I found myself out of office at any time, I should be competing with Mr. Carlile for the post of Managing Director of the Company (laughter and applause).

I do not profess to have a very deep insight into the mysteries of Life Insurance, but I am sufficiently acquainted with sound business principles to see that the policy of those who have been most active in the management of the Company is one that is far reaching,—a policy that may not be appreciated by those who think more of the present than of the future, but nevertheless I believe that in the space of a year and a half a basis has been laid upon which a great structure may be built.

I have much pleasure in moving the adoption of the report. (Sir John resumed his seat amidst. (Loud applause.)

Geo. Goodeham, Esq., seconded the adoption.

After which several stockholders complimented the Directors on the progress of the Company.

The retiring Directors were re-elected, after which the meeting adjourned.

Bonds, Mortgages, etc.

The Editor of the INSURANCE & FINANCE CHRONICLE will be glad to hear from Insurance Agents and others who may have or know of any Municipal Debentures to be disposed of in their neighborhood. We have inquiries for Investments of this nature in amounts ranging from $500 to $500,000. Please address the Editor INSURANCE & FINANCE CHRONICLE, Montreal.

MANUFACTURERS' LIFE
INSURANCE COMPANY.

SECOND ANNUAL REPORT.

SECOND ANNUAL REPORT

Of the Directors of the Manufacturers' Life Insurance Company, presented at the Annual General Meeting held at the Board of Trade Council Chamber, Leader Lane, Toronto, on Tuesday, the 15th day of January, 1889.

Right Hon. Sir John Macdonald was called to the Chair, and Mr. J. B. Carlile acted as Secretary.

In presenting this report, we think it desirable that we should offer some remarks having special reference to the figures contained therein.

It will be seen that there appears in our report a slight impairment of capital, which might be viewed with concern by some who are unacquainted with the relation which, in a case such as ours, the capital bears to the general reserves.

In a Life Insurance Company, capital is, as it were, the anchor by which the company is held in place during the earlier years, when unusual expenditure is necessary, in order that afterwards the reserves may be increased through the agency of the Premium Income secured while the lives insured are fresh from the hands of the Medical Examiners, and before adverse selection, caused by the withdrawal of good lives, begins to tell upon our mortality.

The Executive Officers of this Company have realized that the policy of getting a large amount of paying business on the books was of vital importance, and that it was worth an effort and liberal expenditure of means to accomplish this object.

(Prof. Cherriman, M.A., F.I.A., F.R.S.C., late Superintendent of Insurance, stated in one of the Insurance Reports that percentages of expenses to income was not a proper gauge of the economy of management of a company, and should not be quoted as such.)

The result has been that at no time in the history of Life insurance in this country have such results been attained as we are able to exhibit here to-day.

The Company has received during the year applications for insurance, amounting to $6,000,000. There were 2,772 for $4,801,000 accepted and policies issued. Others amounting to $545,800 upon 287 lives have been declined, not coming up to the standard required by the Company, and applications for $653,200 were approved or incomplete, or otherwise deferred at the date of the Report.

We have now on our books at the end of sixteen months actual work, a larger premium income, representing a larger amount of business than some of the most successful companies have been able to secure after many years of arduous labor, as will be seen from the Government Blue Books.

We are aware that we might have pursued a different course, spent less money, and found ourselves at this time with a business of a couple of millions, with a correspondingly small income. But as we have said before, the Executive have not felt that course to be the wisest, and time will demonstrate the wisdom of their decision.

If gentlemen present will take the trouble to look carefully into the question, they will see that it is only during the earlier years of a Company's history that much profit can be expected in the way of earnings from mortality.

The business being all newly selected, we have not experienced anything like the mortality provided for, thus enabling the Company to legitimately spend more of its premium income in securing new business than would be wise in later years, when adverse selection had lowered the standard of the lives exposed.

We may here state that a large proportion of our business is on such plans that the premiums show a larger percentage to the amount insured than is usual; at the same time the reserves absorb a very large portion of the premiums.

This will naturally strengthen our position in the future, and enable us at a very early date, not only to make good the impairment, but also lay a substantial rest in addition to the statutory reserve.

We wish to make another remark at this point, and that is, that our expenses are not as large in proportion as in some companies doing a much smaller business; but being larger in the aggregate, it appears to our disadvantage in the matter of impairment.

We cannot too strongly impress upon all present the value of having a large premium income: without it there is no earning power; with it, the success of any company is assured.

A company may, by the strictest economy, succeed in keeping its expense account exceedingly low, but if it is done at the expense of its vitality, the procedure is unwise and dangerous. On the other hand, a large expenditure is not only excusable, but commendable, if its equivalent can be shown in premiums on the Company's books.

Although it is an unusual course for new companies to pursue, we decided to submit our policies for valuation to the Insurance Department at Ottawa, and the report is before you to-day in the Company's General Report.

The Company has grown rapidly in public estimation, as is attested by the continuous volume of business received from all quarters of the Dominion, and this fact, taken in conjunction with the labor bestowed by the Directorate in conducting the Company's affairs, has been a powerful incentive to the office staff and the agents, to use every possible effort to widen the area of the Company's usefulness on the field, so that during the year just past, obstacles that seemed almost insurmountable have been overcome and results accomplished which are usually only reached by years of steady application.

The growth of the Company has been rapid, and the volume of business proportionately large, necessitating, in the opinion of the Executive, the appointment of a Secretary-Treasurer, and for this responsible position Mr. J. L. Kerr has been selected.

Mr. Kerr has ably filled a similar position for many years, and brings with him a large experience. Those interested in the Company are to be congratulated on his appointment.

This Report would be incomplete did we not tender our thanks to the district Managers, Inspectors, and Agents of the Company everywhere, for their extraordinary efforts on behalf of the Company, and also to the office staff, for whom no hours seemed to be too long, no work too heavy. All have borne their fair share in bringing about this most satisfactory state of things.

All the Directors retire, but are eligible for re-election.

JOHN A. MACDONALD, *President.*

GEO. GOODERHAM, WM. BELL, } *Vice Presidents.*

J. B. CARLILE, *Manager.*

MANUFACTURERS' LIFE INSURANCE COMPANY.

Cash Account.

1888.		1888.	
To Cash on hand, Jan. 1st	$ 7,230 38	By Salaries, Commissions, Medical Fees, Rent, Taxes, License Fees, and other expenses of Organization and Management	$85,851 60
" Cash for Premiums	115,714 33	" Death Claims	9,000 00
" Cash for Premiums in advance	4,419 29	" Surrendered Policies	650 00
" Cash Interest	3,970 50	" Re-insurance Premiums	2,382 07
" Reversions	992 96	" Investments—	
" Stock	500 00	Including Mortgages, Reversions, Life Interests, Office Furniture	61,661 39
" Investments Repaid—		" Cash on hand, &c	3,782 40
Government Bonds $25,000 00			
Debentures 5,500 00			
	30,500 00		
	$163,327 46		$163,327 46

Balance Sheet.

1888. Assets.		1888. Liabilities.	
By Market value of Dominion Bonds	$53,000 00	To Re-assurance Fund, as per Superintendent's Certificate below	$110,478 30
" Mortgages on Real Estate	62,434 97	" Premiums paid in advance	4,419 29
" Life Interests	4,050 00	" Death Losses, waiting Proofs	5,000 00
" Reversions	3,454 12	" Contingent Fund (providing for Medical Fees, Re-insurances, &c)	7,110 13
" Bills Receivable	9,751 85	" Ten per cent. off to cover cost of collecting outstanding and deferred premiums.	6,040 66
" Interest due and accrued	1,729 73		$133,048 38
" Outstanding Premiums	37,648 98	Surplus on Policy-holders Account	90,722 89
" Deferred "	22,757 60		$223,771 27
" Office Furniture	4,493 33	Capital Stock paid up	$127,320 00
" Commuted Commissions	6,525 00		
" Promoters' Account	7,395 13		
" Advances to Travelling and Provincial Agts. for Organizing purposes (secured)	6,748 16		
" Cash on hand and in Banks	3,772 40		
	$223,771 27		

NOTE:—

Surplus as above on Policy-holders' Account ..... $ 90,722 89

To which add, Uncalled Capital Stock 493,680 00

Total Surplus on Policy-holders Acct 584,402 89

which is equal to $5.29 of Assets for each $1.00 of Liability to Policyholders.

J. L. KERR, *Sec.-Treas.*

We have examined the Books, Documents, and Vouchers, representing the foregoing Revenue Account, and also each of the securities for the property in the above Balance Sheet, and certify to their correctness.

Signed, H. J. HILL, EDGAR A. WILLS, } *Auditors.*

We, the undersigned, hereby certify that we have examined the Securities held by said Company and find the same correct.

Signed. T. G. BLACKSTOCK, F. NICHOLLS, } *Auditing Committee of the Board.*

Office of the Superintendent of Insurance, Ottawa, Ont., Jan. 11th, 1889.

J. B. CARLILE, Esq.,

Managing Director Manufacturers' Life Ins. Co., Toronto, Ont.

DEAR SIR,—The following is the result of the valuation of your policies as at the 31st day of December, 1888:

TOTAL RESERVE, $110,478.30.

In making this valuation, the Institute of Actuaries' Table of Mortality with 4½ per cent. was used.

I am, Sir, your obedient servant,

W. FITZGERALD, *Superintendent of Insurance.*

Sir John A. Macdonald said:

It becomes my pleasing duty to move the adoption of the report which you have just heard read.

The past year has been remarkable when you consider that most other companies have been complaining of the dulness of trade, which however does not appear to have affected our business. Judging from the experience of several of the older companies, it is evident that we have been making great progress, and the rate of that progress, I am told, is unprecedented in the history of insurance.

Our Policy is liberal, and provides for the payment of losses immediately on proof of death, and in the majority of instances the claim papers have not been in the office 48 hours before they were approved and cheque mailed.

During the year we have had 11 death claims, although the expectancy called for a larger number. In fact, the mortality for the past year has been wonderfully low, which evidences the excellent judgment with which the lives have been accepted. ****

Correspondence.

[We do not hold ourselves responsible for the views expressed by Correspondents.]

TORONTO JOTTINGS.

Editor CHRONICLE,

SIR,—"A citizen of no mean city," it was thus one of the grandest men of all the ages described himself, when explaining, at a very important crisis in his history, just who he was, and whither his teaching was tending. Such also is the feeling of every citizen of "Toronto the good," in this the beginning of the year of our Lord 1889. The census which has just been taken has proved that the city is growing rapidly in population; its growth in area has long been a marvel. Among the cities of the world Toronto now occupies a prominent place. I would not like to say with any degree of positiveness, just how many cities in the world are larger, but I venture the assertion that the guesser who attempts to settle the question in that way will be far wide of the mark, as there are not very many anywhere. In the meantime let us congratulate ourselves on our standing among the prosperous cities of the century.

A RUN THROUGH THE OFFICES.

1888 has been a good year, taken all round. Some of the companies show substantial gains, and there are a few which will show some falling off in new business.

The Mutual Life reports a large business, and the Merritt Bros. certainly merit success, if indefatigable attention to business is to count for anything.

The North American is also jubilant, and talking big for the future; while the Confederation has had a most satisfactory year. The Sun Life, under the administration of Alderman Gilbert, has gone on the "still hunt" plan, and has succeeded well. The New York Life, I will be able to tell you more about after the Government report is printed. The contemplated change in the Equitable agency is not to take place, Mr. Dennis having been prevailed upon to continue his agency. The British Empire is one of the well handled companies, and one whose agents let other companies alone. They have done well. The Manufacturers have set a pace which it will be hard to follow Their success has been wonderful as regards volume of new business, over $5,000,000 actual issue in about eleven months, they having adopted a policy as to closing their policy register, which if persisted in will always work to their advantage, *i.e.*, the issue of no new policies during the last month of the year. Mr. Carlile and his staff are to be congratulated.

The business of the Ætna suffered somewhat from Mr. R. Harper's temporary withdrawal; but as he has again cast in his lot with them, better things are looked for. The Temperance and General have had a good year, but do not seem to have got on a boom as yet. However a conservative course is always safe, provided it does not dwarf the growth of the company.

Business is what is needed. Premiums are a prime necessity, and the company which fails to get them is making a mistake.

I hear nothing of the Federal, but as its system is one of the "cheap?" ones, it does not count for much.

The old Canada seems to need no special notice. It has been so long a household word that it is always sure to do a good business.

The Ontario Mutual is not as well known as it might be in Toronto. Altogether, however, life insurance is becoming more and more popular year after year.

SAD BEREAVEMENT.

Much sympathy is felt for Mr. Thomas Kerr and family, on account of the loss of two of his children during the last few days, by diphtheria. Mr. Kerr is deservedly much thought of by the life insurance fraternity, he being one of the few men in the business who refrain from abusing other companies and agents. His course has always been honorable and straightforward, and the Standard Life is to be congratulated on his continued connection with it.

GAS MONOPOLY.

We are among those who are blessed with a monopoly, and the sort of monopoly that it is hard to fight; but the fun is about to begin. On every hand complaints are being made of the poor quality of the illuminant supplied our citizens, but the Gas company's secretary retorts, —no pun intended—that the gas is good or the Government inspector is a liar, to all of which our most ample alderman replies, "Call no man a liar unless he is a Central Bank liquidator." Seriously, a movement is on foot to destroy the grinding tyranny of this corporation, and active measures are now being taken to form a new company, which undertakes to supply a better quality of gas, at thirty cents per thousand feet, than we are now getting at $1.25. Besides, the stuff which we now suffocate our families with, is so destructive to gilding and decorations of all kinds, that many first-class families object to its use, and are burning kerosene instead.

In the meantime the innocents from the sidelines continue to "blow out the gas," and the vile stuff furnishes occasional subjects for the coroner and the boys in the Medical schools, while a gigantic reserve is being piled up for the company in a manner surprising to those good men, who thought that they had gotten legislation last year which would control the gas company.

A QUESTIONABLE PRACTICE.

It is alleged on good authority, that one of the life agencies in this city has for a long time been the head-quarters of a system of business, which is creditable neither to the company nor its agents. A man becomes embarrassed and unable to pay his premiums, when, through arrangement between the company and the agent, such changes are made as enables the latter to control the policy in his own interest, he giving the insured a pittance for its transfer.

It is said that the agent already has so many policies of this class that it is with extreme difficulty he can make his monthly reports.

A test case is threatened in one instance on the part of former beneficiaries, just as soon as the insured dies, the object being to determine whether such things are legal.

I am waiting to see what will come of it, and will give you full particulars in due course. Any one acquainted with the workings of the laws in regard to life insurance, and the surroundings of the business, can readily see how widows and children could be robbed in this way, with comparative impunity.

A JUDICIAL FARCE.

Our Toronto Board of Trade is a sort of little republic, making and administering its own laws, even where trade and commerce are concerned, and where the sacredness of contracts is adjudicated upon. A most unrighteous decision has recently been rendered in one of their arbitration cases, and the party who suffers by the decision having submitted the case to arbitration has, it seems, no redress. The case was this: A bought a quantity of barley from B, at 65c. per bushel, with the proviso that it would grade as No. 1. A dispute arose as to the grading, and the matter was referred to C for settlement. His decision was that the barley was not equal to grade 1, but that B must take it at a reduced price. Such an utterly absurd decision was amazing for a while, but it has since been stated that C had himself sold some grain which was refused, on account of improper grading, and that he was endeavoring to compel the purchaser to take it at a reduced figure. It is claimed that he wanted a precedent, and made it at the first opportunity.

This is only one more proof that no man having even the remotest interest in the effect of any decision should be allowed to be even a juryman, to say nothing of giving him practical control as in this case.

A FUNNY EPISODE.

One of those peculiar things which are sometimes aired in our inferior, Courts came to the front recently in the case of Wells *vs.* Wheeler, being a suit on a promissory note for the recovery of what was alleged to be the first premium on a policy in the Mutual Reserve Fund. It seems that Wheeler, who is the bursar of the Central Prison here, and a well known citizen, was induced to make application for a certificate in the Mutual Reserve, and gave his note for the entrance fee. Before he completed the business, indeed before he was examined, he learned enough to satisfy him that the insurance furnished by the Mutual Reserve was not the kind of security he wanted to provide for his family so he declined to go on with the transaction.

The agent Wells entered suit for the purpose of compelling payment, and under examination before the judge swore that of the $24, the amount of the note, he had paid the agent $23 as commission. At this point the discussion was taken up by the judge, who rather pertinently asked, "If out of the premium of $24 you allowed the agent $23 as commission, where was Wheeler to come in? Where was the money to pay his claim to come from?" This seemed a poser for both the plaintiff and his attorney. To have told the court that the $24 was only a bonus paid for the privilege of being allowed to pay his annual premium by assessments would have looked strangely absurd, and as no satisfactory explanation could be given outside of that, the plaintiff's claim dropped out of sight, and he was non-suited on his own evidence. Of course we all know what the explanation should have been, but such as it was the plaintiff did not dare to give it, preferring to be mulcted in costs to telling what he knew about co-operatives. This is what may be expected when these concerns have the temerity to attempt to enforce their claims in Canadian Courts.

INSURANCE CALENDARS.

This is the time of year when the Calendar is abroad in the land, when the leather-faced chromo agent worries managing directors and general agents, when the unsophisticated artist gives full play to his imagination and floods the country with the scintilations of his genius. I have seen some beautiful calendars this year, many of which we would not attempt to describe; one, however, I think deserves more than passing notice.

In my salad days I can remember with what a thrill of genuine pleasure I used to look at the beautiful newly painted farm waggon, resplendent in red lead and black stripes. And this calendar brings it all up again. The Fenian emblem in the centre takes me back to the days of the agitation for repeal—which would be long before your time or the company's either, and the damsel in the fore-ground indicates so plainly the dam-sel (l) which the agent votes the whole concern when he receives it for distribution, that it more than pleases me. As there is no rose without a thorn, so there is no magnificent enterprise without a corresponding drawback, and this lovely work of art is no exception.

It grieves me to ponder over the extravagance which must have pervaded the atmosphere of the head office when this calendar was ordered, and what hours of auspicious care must have been spent in choosing the chaste design. If the man who invented it had been chased, there would have been much less profanity to the acre than there is now. I went into an office to-day and found the chief inspector in tears, and the manager trying to console him. "Its no use," said he, "I've worked for this company for years, I have tried to do my duty. In the pursuit of business, I have been compelled to do some things I would rather not do just a day or two before I died, but to ask me to distribute this calendar is more than I ever bargained for." As for the firm of lithographers whose name appears at the foot, their sun has set. An atrocity such as that should never be forgiven. The celebrated order of Gen. John A Dix, "shoot him on the spot," is the only appropriate judgment in their case."

NEMESIS.

London Letter.

(From our own Correspondent.)

THE PANAMA CANAL.

Editor CHRONICLE,

DEAR SIR,—The great financial event we are all discussing here is the threatened collapse of the Panama Canal Company. It is true that there is, in its financial aspect at least, rather a French than an English affair; but it is a true instinct I think that makes the people of this country feel that they are greatly interested in the question, Who will cut the canal through the Isthmus of Panama? In company with, I believe, most people who have given the matter much attention, I take for granted that a canal will sooner or later be cut, and that vessels of all sizes will sail from the Atlantic to the Pacific, and *vice versa*, without the dangerous necessity of rounding either of the Capes. Whatever the advantages may be that will be obtained from a free waterway through the Isthmus, it is evident that the people of this country will have the benefit of them in a greater degree than any other European people. Both our maritime habits and our geographical position render this result certain; and it is therefore of the highest importance to us that the Isthmus canal, when cut, should be in good hands. It seems probable that these hands will not be French. The Panama Company appears to be hopelessly bankrupt. Lesseps himself has resigned, and with him goes the glamour of a name which probably has alone enabled the company to draw an enormous amount of French savings which it has expended. How much this amounts to it is not possible to ascertain with any certainty, but it may be fairly assumed that more than fifty millions sterling has been *sunk*, and little if any of it will ever float again. There is unfortunately little trust to be placed in the reports as to the amount of work done, still less as to know how much work remains to be done. There is a vague estimate that about thirty millions sterling more will complete the canal, and the French Government are being strongly urged to take the matter up. But great as the pressure brought to bear upon them is—and some think that a declaration of the bankruptcy of the Panama Company might actually upset the established government of France—the statesmen of France will not take up the business with a light heart. If the cutting of the canal became a French Government affair, very awkward questions would arise. For one, I have often wondered why our mutual friends, the Yankees, allowed a French Company to take the work in hand; but I am coming to the conclusion that our mutual friends knew what they were about. It seems that there is a cheerful little mountain stream called the Chagres, which has a volatile way of suddenly rising about 40 feet more or less in flood time, and that before the canal can be made the Chagres has to be barred out with a dam. It is just barely possible that the engineers of the U.S. know rather more about the ways of such streams as the Chagres than M. Lesseps, and were quite content to allow the French company to go on cutting till they got tired of it, in the locality to which their concession applied.

INFANTILE INSURANCE.

I wrote you that the question of infantile insurance was troubling us; but from France comes even worse news. If we reduce the number of our babies by insuring their lives, our neighbors are reducing theirs by dispensing with producing the babies at all. Whether the world would be better or worse for a reduction in the number of French people is a question that would probably be answered differently in different places—say this or that side of the Rhine; but to the French nation the question of population is absolutely vital. If Frenchmen are dying out, all efforts of the nation to recover its lost prestige are vain. Individuals will get richer, but the State will get weaker; and as the necessity for thrift becomes less necessary, the desire to save will grow weaker, and, in particular, assurance, the most enlightened form of saving, will fade away. There are, however, a great many Frenchmen still left, and perhaps they will presently adopt the English custom of coming over to your side to find wives, and then we shall see what we shall see.

THE FIRE FIEND.

The all-devouring man of fire is swallowing, one after another, all our fine old English houses, and many who were not interested in fire business in any way were troubled to hear, last week, that Shobden Court, in Herefordshire, was being burnt down. Happily the worst fears were not realised, as the neighbors rendered all possible assistance, and the fire was extinguished before it had done very much damage,—under a thousand pounds is the amount estimated,—but it was a near thing. Large country houses are the worst private house fire risks we have; and well alight there is no hope for them, and even their priceless contents can seldom be saved.

BIMETALLISM.

I see my friends, the bimetallists, had a meeting the other day, and that one of their speakers, Mr. H. Chaplin, M.P., is reported to have said that "the subject of bimetallism up to a recent period was practi

"cally a sealed book, and the great difficulty in their way was to make "it understood." I quite agree with this gentleman, as far as the above remark goes, and can assure him he will find the task of making bimetallism understood—in his sense—a very difficult one indeed.

INSTITUTE OF ACTUARIES.

You have of course seen the Presidential address of Mr. Sutton, at the opening of the session of the Institute of Actuaries. I hope his idea, that the need of the public for the services of the professional actuary is on the increase, will gain ground, for certainly the number of professional actuaries is on the increase, and I sometimes wonder how they will find a field for the use of the powers they have so laboriously obtained. The examinations are made more and more difficult, but the cry is, still they come (I mean, of course, candidates come), and also they pass, but where a good many of them will pass to, in the future, I can't imagine.

I meant to write you something about a proposal to hold the census here every five years instead of ten, but I have exceeded my usual allowance space already, so will postpone this matter.

TAMESIS.

The resignation of M. Lesseps is now denied. I have, however, just seen *Le Figaro*, and in an account of an interview between Lesseps and a writer in this paper, the former speaks of "les nouveaux administrateurs provisoires." This looks very much like a superseding of the old management of the Panama Company.

OTTAWA LETTER.

Editor CHRONICLE,

DEAR SIR,—December is well termed the anxious month, particularly so to those agents who work upon the profit bonus system, and have escaped fairly well during the balance of the year, the anxiety grows in intensity each day until the clock strikes 12 on the night of the 31st. I have for years admired the philosophical beauty of the following maxim, "Hope for the best, be prepared for the worst, and take with equanimity whatever happens;" that is all very nice, but when you come to putting it into actual practice, faith of this kind is not to be summed up by every wish and desire; fish is fish and flesh is flesh, and the old Adam of human nature is pretty strong even in insurance men.

During the past month there has been particularly little to chronicle here in the Fire Insurance line. This city has not only been passed through the last month of 1888 exempt from heavy losses, but has added another to its good record of many years. Ottawa and Chaudiere have proved a bonanza to the insurance companies. I wonder how long this small loss ratio would require to continue before that august Underwriters' Association would voluntarily take into consideration the lowering of the rates. We frequently hear of places where, owing to heavy losses, rates are increased; now, if this is not a jug handle rule, here is an excellent opportunity of applying it the other way, and I am sure it would prove a very acceptable New Year's gift to the capital. Twenty-two alarms were rung during Dec.; total loss, twenty-one hundred dollars. A peculiar co-incidence is that this is just twice the number of alarms for Nov., and that the loss ratio to each is the same.

Although we are dull as any country town, from a conflagration point of view, pray don't imagine there is no news, or that we suffer from the blues; oh, dear no, the municipal elections have been upon us for the past three weeks, and the surly scribes and growling ward politicians and bitter partizans have been venting their spleen in the columns of the daily press and on the stump, "sowing their petty scandals thick, in hopes that mud will somewhere stick." There was an unusually large number of aspiring aldermen and keen contests in several wards, and the result of the polling last night showed that considerable new blood will be infused into the council of the present year; but as is always the case, the principal interest centered in the contest for the Mayor's chair. Alderman Erratt, one of the candidates, is a prominent furniture dealer, and by the way something of a sport, being partial to a game of "base-ball," or a horse that beats two forty. Doctor Valade, his opponent, is a respectable medical practitioner, but without any experience as a municipal legislator. The doctor claimed the seat partly as a moral victory, owing to the attitude of his opponent on the non-exemption of church property from taxation, but principally on account of his being a French Canadian; and though the national ticket was run pretty strong, the doctor's prescription proved unpalatable to a majority of the citizens, he being distanced on the home stretch some 478 marks. So Mr. Erratt has the honor to hold the ribbons over the city council's course for 1889. And we feel sure a careful and sagacious "Umpire" has been selected to watch the important financial games that will be played. The geographical boundaries of Ottawa have been extended, and the public pulse beats warm in sympathy with further progress and greater developments; but the new chief magistrate knows how to drive carefully, as he has been acting mayor for the past six months.

Regarding the ex-Mayor, rather a peculiarly comical piece of history may be chronicled. A protest was entered against his election a year ago, and it has been kept dangling, and adjourned in the courts ever since upon various pretexts, much to the chagrin and annoyance of the legal gentleman conducting the prosecution. It is told that on one occasion the Court proposed to adjourn again until a certain date, the lawyer retorted, "You can adjourn until the day of judgment, as far as I am concerned; there would be one advantage, however, on that date, your Honor would not be acting in a judicial capacity." But the court finally decides on the 31st Dec., and indeed, except for the payment of costs, the ex-Mayor of Ottawa would, I think, submit with much serenity to the process of being unseated. He has served nearly the whole term, and apparently the highest point of his ambition seemed to be a desire to clothe the office with a sort of conventional regalia and dignity. The pleasure of recalling the numerous instances in which he has displayed himself in all the glory of a mayor de facto will not be destroyed by the knowledge that he was not mayor de jure. The gold chain has glittered, and the gogeous robes have been worn—yes, the ex-mayor has had all the fun, and a legal decision can't deprive him of it.

The Governor General gave a reception in his office from twelve to two o'clock New Year's day, and over six hundred citizens of Ottawa paid their respects to his Excellency. Lord Stanley like his predecessors aspires to be popular, and judging from the list of names, no Milesian estates seem to stand in his way.

It is understood that the long standing water rent question, between the Ottawa River lumbermen and the Dominion Government has been settled for about $59,000, on condition that their leases which expire next year are renewed for 21 years, so that those who feel disposed can subscribe to the next Ottawa county election, feeling this arrears scarecrow cannot again be hung out to frighten them.

The city of Hull, which has been held classed amongst the "hazardous" by Insurance companies for many years is making efforts to merit more favorable esteem in the future. Two fires occurred Xmas and New Years weeks in wooden buildings, and the waterworks and brigade gave a very good account of themselves, confining the flames in each case to that portion of the wooden dwellings in which they orginated,—although to judge either by past experience there were much signs of a general conflagration. But it has since transpired that the defect in the new waterworks during the recent large fire was caused by the want of knowledge of the engineer in charge, who did not know that the valves were three-quarters throttled.

The late respected Mr. Cunningham Stewart, whose funeral took place on the 28th ult., was a great believer in Life insurance; he carried $18,000.

What an abnormal winter we are having. Oct. and Dec. bags seem to have got mixed, but then let not a veteran like myself commence to dilate upon such a theme. Sufficient for the present is the little I have let loose.

"SENEX."

OTTAWA, Jan. 8th, 1889.

MUNICIPAL TAXATION.

VICTORIA, B.C., 10th Jan., 1889.

Editor INSURANCE AND FINANCE CHRONICLE.

DEAR SIR,—Could you kindly inform me, for the benefit of the insurance fraternity here generally, by what means companies have in various municipalities been enabled to successfully resist the imposition of the tax which such municipalities have endeavored to levy? Here in Victoria there is a tax of $300 a year levied upon each company represented under a Provincial Act, intituled "The Fire Companies Aid Amendment Act, 1871." Perhaps you could kindly furnish me with such information as might enable us to bring about some change?

Yours faithfully,

B. C.

[In reply to our correspondent B. C., we can only say that municipal taxation is very common in cities of the Dominion, and we know of no means by which it can be avoided. The only recourse the companies have at command, in our opinion, is to follow the course pursued in other localities to meet this imposition, and that is to make it a factor in fixing insurance rates, and raise them accordingly, as in any other business; we can suggest no more appropriate remedy.—ED.]

AN AGENT'S RIGHTS.

To Editor INSURANCE & FINANCE CHRONICLE.

DEAR SIR,—What is your opinion of an Agent's position where he takes a company into a *new territory*, succeeds in closing up a large *old* business during six years (all advertising, etc., at his own expense), and now the Company wants to divide up his territory, and there being no *written* contract *pro or con?* The agent spending his own money to build up a business for *old age*. Let me have your views, please.

AN OLD SUBSCRIBER.

[We can express no positive opinion on such a matter as this, as it is entirely a matter of contract between the company and the agent. An agent who, at his own expense and risk entirely, builds up his company's business in his district, certainly deserves not only just but liberal treatment at the hands of that company in future years, even if there be no written contract. But on the other hand the company cannot reasonably be asked to relinquish their right to subdivide the territory, if by so doing they can secure a greater amount of business from it. There should be little difficulty in effecting an arrangement, by which the interest of the agent in the renewals in the section to be taken from him, would be justly dealt with. —ED.]

LEGAL DECISIONS IN INSURANCE CASES.

COMPILED BY

MESSRS. MONK & RAYNES, ADVOCATES, MONTREAL.

SUPERIOR COURT, MONTREAL.

THE HERALD PRINTING AND PUBLISHING CO., *Plaintiff;*

vs.

THE NORTHERN INSURANCE CO., *Defendant.*

Fire Insurance—Duration of Risk—Proofs of Loss—Waiver.

This was an action to recover $3,000.00 damages under a fire insurance policy, by which the Defendants insured the Plaintiffs' property, as therein described, against loss or damage by fire occurring "at any time between the 26th day of August, 1885, and the 26th day of August, 1886, both inclusive," and which was renewed on the same terms by a renewal receipt on the 26th August, 1886.

On the 26th August, 1887, between 7 p.m. and midnight, the Plaintiffs' property so insured was destroyed by fire. Some days previously the Defendants' agent had notified Plaintiffs that their insurance would expire at noon on the 26th; and on that day, but long previous to the fire breaking out, another Insurance company gave an interim receipt to the Plaintiffs for a like sum of $3,000.00, to take effect, according to the statement of the agent who got it, from the expiration of the risk with the present Defendants. This new risk was reported by the agent to his principals as one of their usual risks from noon.

The agents of all the Companies interested, with the exception of Defendants, attended a meeting called by circular, and declared themselves satisfied with the proofs of loss, etc., furnished by Plaintiffs; and, later on, all the companies with the same exception paid the amounts of their various policies. When the Defendants' agent received the circular calling the meeting above referred to, he wrote on it "not on the risk," he considering that the policy had expired at noon on the day of the fire; and acting on that principle he refused to furnish Plaintiffs, agent with forms for making out the proofs of loss. Notwithstanding this refusal however, which the agent of the Company Defendant persisted in, on the above-mentioned ground, Plaintiffs furnished proofs of loss with particulars of their claim on the 21st September, and in the following December issued the present action, which was heard before Hon. Mr. Justice Johnson, without a jury.

The learned judge in rendering judgment divided the questions at issue into the following:—

1st. Whether the property was insured at the time of the loss.

2nd. If it was, are the Plaintiffs precluded from recovering in this case, by any of the conditions of the Contract, either as regards the time or mode of compliance, or as regards waiver or renunciation by the Defendants, of their rights to insist on them.

3rd. The amount of the loss.

With regard to the first point, an attempt was made by the Defendants at the trial to prove that there was a custom of trade in existence, by which all policies expired at noon, and that therefore the policy in dispute was not in existence at the time of the fire, this pretension was however disposed of by the Court as follows: "Upon the first question, "the precise time of loss as coming within the limit covered by the "Insurance, I intimated at the hearing the inclination of my opinion, "which was, and still is, that where you have plain terms stating that "two whole days are to be included they would be inclusive; and that "anything short of a contrary stipulation or a clearly established and "invariable custom, so general and clear that the Plaintiffs should be "presumed to have known it, would prove the Defendants' contention. "All that is proved is that a stipulation, limiting the time to noon of "the last day, is used frequently and to a considerable extent; but nothing like a universal custom among insurers without stipulation is "proved at all. The frequency, or the general use of the stipulation "limiting the time to noon, is one thing; a general custom, so to limit "it without stipulation, is quite another. Indeed, the former seems "even to negative the latter, for it would be useless to stipulate if the "custom makes it so plainly understood without it. * * * * * * "The agent's admission, that the forms of the Northern Company's "policies had been changed so as to terminate the risk at "noon, since the difficulty arose in the present case seems a "practical admission that there was no binding custom, and that "the stipulation should be made in order to bind the parties. "The notice which the Defendants' agent sent some days "before the fire, that the policy would end at noon of the 26th only in"timated the will of one of the parties to the contract, and of course "could not alter it without the assent of the other. If it could, he "might just as well have said it would terminate at any other "hour, or any other day.

"Then as to the second insurance with the Scottish Union and "National, I take it to be invoked to show that the Plaintiffs themselves understood the limit of time to be what Defendants contend for. "The facts are that the Plaintiffs applied for an insurance in the Scottish "Union, and a receipt was granted them on the day of the fire; but, "Mr. Robertson, Jr., who acted as the Plaintiffs' broker, proves that it "was expressly agreed between him and the agent of the Scottish "that the risk in that company was only to take effect from "the expiration of the insurance with the Northern Company. "Whether that is evidence of the time which the new risk was to run "or not, it is clearly not evidence of the intention of the Plaintiffs to "make the new risk run from noon. From the evidence of Mr. Kavanagh, I think the truth of this matter can be clearly seen. The Scot"tish Company is one of those which stipulate for the expiry of their "risks at noon. They had either to alter their forms in use, or go to "noon, the next day, leaving the Plaintiffs uninsured for 12 hours "from midnight of the 26th; therefore it became a matter of precise "understanding that the Scottish Union risk would only commence "when the Northern's risk ended.

"The Court, therefore, holds that the Plaintiffs' property was insured "by the Defendants at the time of the loss."

With regard to the second question the judgment ran as follows:—

"The next question is as to the Plaintiffs' compliance with "the 13th condition. The condition 13, on the back of the "policy subject to which the contract was made, and which "is declared to be part of it, is in these words: *Any person "entitled to make a claim under this policy is to observe the following "directions: (A) He is forthwith after loss to give notice in writing "to the Company. (B) He is to deliver within 15 days after the fire a "particular account of the loss as the nature of the case permits.* Now "if I understood rightly the evidence of Mr. Tyre which was given "with the most perfect good faith and consistency, it means this, viz., "that the Plaintiffs (to use the terms of the condition itself) were not "entitled to make a claim at all. This was the very first word on the "subject after the fire, and it was certainly also his view some days "before the fire, for he had sent notice several days before the 26th "that the risk would terminate at noon on that day. He never swerved "from that position from the moment he wrote on the notice of loss "sent by Mr. Ewing, 'not on the risk,' till the 9th of September, "when he refused to furnish forms of claim to Mr. Whyte, obviously on "the same ground; and I must say that in my opinion he acted with "perfect consistency in refusing to facilitate proofs of loss, in which he "maintained that his Company had no interest.

"But having once taken that ground, and having stuck to it all "along, the position he took must have its legal consequences. It "would hardly appear reasonable or just, to say nothing of any rule "of law on the subject, that the Defendants should repudiate all lia"bility and treat the thing in that way, and at the same time expect to "exact from the Plaintiffs a performance of conditions which on that "view of the matter had become superfluous.

"They could hardly say (using the words of the condition itself) "'you are not entitled to make any claim under the policy,' which is "no doubt exactly what they meant, and at the same time expect the "insured to prove a claim which they had no right to make. Indeed, "it seems evident from the firm stand Mr. Tyre took on the subject, "that if the most conclusive proofs had been forthcoming in due time "and form, he would certainly have asked Mr. Whyte, 'what interest "he could have in proving a loss, when he had already been told that "he was not insured.'

"I don't of course in the remotest manner attribute the slightest "want of sincerity or good faith to Mr. Tyre, quite the contrary. It "cannot be said that this was not a fair or proper question for him to "raise, any more than it can be doubted that it has been most properly "pleaded, and most ably argued. All I mean to say is, that the Defendants' position is untenable. A man says he is your creditor under "a contract of insurance, and when he asks you to pay, you repel him "with the answer that he is not insured. He then sues for his money, "and you turn round and tell him that the conditions of insurance are

"to apply nevertheless if there was one. He properly answers in such a "case that you have waived your right to exact the performance of the "conditions. The legal consequence of the answer of the Agent so un- "equivocally given is, in the opinion of the Court, that compliance with "the condition was waived and dispensed with, and no proof of loss "was necessary.

"I referred to authority on this point at the hearing. The leading "decisions are all cited by May, and the result is stated in No. 469.

"469. 'A distinct denial of liability and refusal to pay, on the ground "that there is no liability, is a waiver of the condition requiring proof "of the loss. It is equivalent to a declaration that they will not pay, "though the proof be furnished; and to require the presentation of "proof in such a case when it can be of no importance to either party, "and the conduct of the party in favor of whom the stipulation is made "has rendered it practically superfluous, is but an idle formality, the "observance of which the law will not sustain. * * * * * So, "if the insurers throw any obstacles in the way of the insured in his "efforts to bring the proofs within the requirements of the condition. "* * * * In other words, the insurers will not be allowed to "insist upon a deficiency which they have contributed to produce. And "of course the waiver of the proof is a waiver of the condition that pay- "ment is not to be made until a limited time after the proof, so that in "such case suit may be brought at once upon the denial of liability, "although the time within which after proof of loss, the payment would "be demandable, may not have expired?' So that under this authority "the Plaintiffs need not have waited thirty days after the time for "proof of loss to bring their action. And under this authority, too, if "the condition 13 had been (which it was not) a condition that pay- "ment was not to be made until after proof of loss, even such a condi- "tion as that would have been waived; and under this authority, too, "the refusal to furnish a form of claim when it was asked within the "stipulated time, if held to be 'an obstable in the way of the insured "in his efforts to bring the proofs within the time stipulated by the "condition,' would operate a waiver of the condition.

"Art. 2478 of our code expressly recognizes the same doctrine; it "requires the insured to conform to the conditions 'unless they are "waived by the insurer.' The French version is '*à moins que l'assu- "reur ne l'en dispense.*' Holding this to be the law, there is an end "of the questions of notice and proofs of loss. The first was given, "the second was dispensed with; and if you dispense with notice and "proof I do not see how you can insist upon them. I am not required "therefore to consider whether the proofs of loss (supposing any to "have been required), which were actually made, would satisfy the "condition, nor yet to consider what the condition itself was, whether "directory merely or operating a forfeiture. Whatever may be per- "mitted by the artificial rules of pleading as to the right of suggesting, "in separate pleas, separate and inconsistent things, I must look at all "the facts proved in this case, and I see that the foremost pretension "of the Defendants before they came into court was that they were not "on the risk, and there is a manifest contradiction and injustice in "saying that, and then pratically saying they are on the risk, and that "certain conditions attaching to it have not been fulfilled. It is very "true that the Court holds now that the Defendants were on the risk, "but they took their own ground at their own peril, and when it goes, "their case goes with it as far as waiving the condition is concerned; "for the question is no longer whether they were or were not, but "whether they, by saying and insisting they were not, dispensed with "the performance of the condition."

The learned judge then took up the 3rd question as to the extent of the loss, which, as it involves no question of law, we do not consider necessary to produce here. Judgment for Plaintiffs for amount of policy with interest and costs.

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