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# Insurance and Finance CHRONICLE.

OFFICE:  
174 Notre Dame Street.

MONTREAL, JULY 15, 1893

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**Insurance Losses  
and Mortgaged  
Property.**

THERE appears to be a disposition on the part of loan companies in Ontario to encourage liberal borrowing amongst owners of improved property. In some cases their loans have represented an exceptionally high proportion of value, the mortgagees relying largely for protection in the fact of the property being insured for the full amount of their loans. One or two cases have arisen lately, which indicate that insurance companies are finding it desirable to rebuild destroyed property rather than pay the claim in full, which option they have the right to exercise. While this may not be so satisfactory to the mortgagees who have been accustomed to at once recover their loans through the concurrent insurance upon the mortgaged property, yet if the insurance companies will pursue the plan of rebuilding as often as possible, it is likely to teach loan companies and other parties to be much more careful in the selection of their mortgages.

**Australian  
Trade.**

THE British Columbia Board of Trade is interesting itself actively in the promotion of more intimate trade relations with the Australian colonies, made more possible by the increased facilities for communication being afforded by the new Canadian-Australian line of steamships. The statistics published in Australia have been crediting to the United States, because San Francisco had been the shipping point, trade which properly came from Canada; and the figures in the New South Wales year book have been considerably at variance with the Dominion blue book. Trade should be augmented in several directions. British Columbia now has the contract for supplying the largest mine in Australia with lumber, and lumber is an article in

which business could be much increased. With cold storage, Australian mutton might be exchanged for salmon and other fish, and the latter could find a fair market in Hawaii. Much of the Australian mail, customarily sent by way of the Suez Canal to England, will be deliverable ten days shorter from Sydney to London by way of the Vancouver route.

**The Money  
Market.**

IN view of the prosperity of the country in general, as indicated by the reports and addresses at recent bank meetings, to which we referred at considerable length in our last issue, there is a feeling of surprise that the money market remains apparently so stringent in the leading monetary centres of the Dominion. We are inclined to think that it is mainly due to a realization of the necessity of preserving a policy of extreme cautiousness. Not only is this at the present time an advantage to our financial institutions, but it also serves in a healthful way to present an object lesson to the mercantile community, and impresses the propriety of observing equal conservatism, if the pushing of business requires unwise dependence upon borrowed capital. There are times when a bank may go too far in a policy of caution, and so completely shut down upon loaning as to work a serious injury to their customers. It was a realization of this fact that led some of the leading banks of New York during the panicky days of the beginning of this month to take out clearing-house certificates as a means of providing more funds for the use of legitimate business. By thus standing in the breach, they saved themselves from the necessity of cutting off the supplies from many business concerns, and avoided precipitating a crisis that would have brought to the ground a great many otherwise solvent firms. We are doubtful, however, that the stringency reported here can be said to exist in legitimate business circles. If the banks are not loaning freely, it is mainly against those engaged in speculation. The funds of our institutions find active demand at the present time for the legitimate commercial requirements of the country. Judging from all reports, Canada is in a good condition financially and extremely prosperous; wholesale men in many sections report that collections from the country are above the average. The lessons of the Australian crisis are fresh

in our minds, and the neighboring country is passing through an ordeal calculated to severely test the strongest of their financial institutions.

**Guaranteeing  
Bank  
Deposits.**

The guaranteeing of bank deposits is a comparatively recent development of insurance practice in England. The first company to introduce this feature was one which was organized for the purpose of insuring mortgage investments; but the directors saw a promising field outside the proper business of the company, and for a premium offered to guarantee principal and interest of deposits in foreign and colonial banks. For a time this system of investment met with great popularity. The suspension of 16 banks in Australia, although a contingency that hardly could have been foreseen, has put the new form of investment to a severe test. The popular notion of the term insurance, as applied to property, is that it is an undertaking to make good what is lost or destroyed. Were this principal to prevail in the event of anything going wrong with those banks in which deposits have been guaranteed, so that the British depositors thus insured could look for an immediate restitution of their money, it would have gone very hard with the English guaranteeing companies in view of the collapse of Australian credit; but these companies are not obliged to pay their customers merely because they think a loss is threatened or the principal and interest in jeopardy. Until a depositor has failed to receive an instalment of interest at the stipulated time, or until he has failed to get the return of the sum deposited when the period for which it was deposited has expired, he cannot be said to have suffered any actual loss. Taking the view that the guarantee companies concerned have insured the contract existing between the bank and its depositor, only guaranteeing a redemption when the long-time deposits have matured, it is clear that they do not need to face any refunding of insured deposits at the present time. It is likely that under the systems of reconstruction going on in Australia, by which many of the banks will come out all right in the long run, that before many of the insured deposits have matured, the guaranteeing companies will have been saved much risk of serious loss. Perhaps it is just as well that this thing has happened so early in the history of this form of insurance, as it will have opened up much profitable experience, and will lead the public to a better understanding of the risks of sending such immense sums of money from abroad to be put in colonies where a legitimate use has not been possible for an amount of funds far in excess of the requirements of that country.

**Electricity  
as a Fire  
Hazard.**

IN looking over the fire tables of the United States, as to causes of fires, it is striking to notice the increasing prominence of electricity as a fire hazard. At the World's Fair Insurance Congress in Chicago last month, a very striking paper was read upon this subject by Mr. C. J. H. Woodbury, the vice-president of the Boston Manufacturers Mutual Fire Company. The applications of electricity pre-

vious to its use for lighting and power were not considered as forming a hazard; on the contrary, its use in connection with municipal fire alarms has been of the highest value. Until the introduction of the telephone increased the number of wires, none of the apparatus for the transmission of signals was the cause of fire, nor were the wires sufficiently numerous to be considered obstructive. When these telephone and telegraph wires come in contact with electric lighting wires, and heavy currents are conducted by them and are imposed upon apparatus which is of insufficient conductivity, the electricity is converted into heat sufficient to cause fire. Inventive genius has enabled the telephone interests to obtain devices for the protection of their instruments from this danger. Public opinion has been so much averse to the accumulation of overhead wires for lighting and transmission of power, that decided progress is being made in well regulated cities for a fully practicable system of underground wires to perform the same service. The principal dangers from underground wires are: First, diverting electricity by earth connections through conductors of combustible material and high resistance, such as buildings, thus causing fires. Secondly, the currents of electricity dissociating water by electrolysis into its two gases and then igniting this explosive mixture by an arc. Thirdly, the earth return currents used in the trolley system street railway service have impaired water mains by electrolytic action; and indeed such currents have destroyed the insulation on other underground wires, whose insulating covering was surrounded by metallic tubing. But experience is showing that for a system of illumination electricity can be made fully as safe as any other method. The essentials of safety can be said to include the necessity of preventing arc lighting lights from scattering sparks, confining the electricity to its metallic circuits, furnishing conductors of ample capacity, protecting the apparatus by properly arranged safety fuses, and arranging the switches so that they shall not cause dangerous arcs. Mr. Woodbury concludes his very interesting remarks by stating that electricity is in the position of an essential adjunct to the world's work in manufacturing and in illumination. The use of these wires conveying vast amounts of energy which can be converted from its legitimate service in illumination or power into a torch of destruction is increasing with such rapidity, that it is in this field that the work of the insurance underwriter must keep pace with the advance of constructive invention by the exercise of equally defensive methods.

The one thousand dollar gold prize of the German American Insurance Company offered for the best plans of an improved cotton warehouse from an insurable standpoint, was won by Mr. J. E. Beasley of Memphis. There were 125 contestants, but the committee was unanimous in the award to Mr. Beasley. The *Daily States* says: "Now that this plan for a standard cotton storage warehouse has been produced, the Cotton Exchanges of New Orleans and New York ought to offer a prize of \$2,500 for the best fire-proof and water-tight covering for cotton bales of sufficient width to prevent any exposure of the cotton, and not to exceed jute covering in weight."

**THE ONTARIO MUTUAL LIFE.**

In another column we take pleasure in publishing the Twenty-third Annual Report of the Ontario Mutual Life Assurance Company. This is one of those institutions which pursues the even tenor of its way without making a great deal of noise, but each year strengthens its financial condition and the interests of its policyholders. The management seems to be conservative and free from any reprehensible methods. Relying upon its merits to claim public confidence, each year seems to increase the amount of its business. As the result of the work done in 1892, we find that the amount of assurance in force at close of the year had reached \$16,122,195 or an increase of \$1,259,966 over the previous year. The number of policies issued during last year were 1968, representing \$2,676,251. The amount paid for death claims was light, there being only \$96,000 on 75 lives. The total number of policies surrendered and lapsed during the year indicated a substantial diminution as contrasted with the year 1891, while the payments to policyholders indicated a distribution of \$216,337. The total income was \$67,331 greater than in preceding year, made up of net premium income \$503,389 and interest on investments \$111,562. The assets now reported by the Ontario have been increased by nearly \$300,000 to a total of \$2,253,984, and the surplus over all liabilities, after deducting distribution amongst policyholders, has reached \$176,301, being an addition of \$20,742. Ten years progress shows an increase in assets from \$427,429 in 1882 up to \$2,253,984 in 1892, and the total amount of insurance in force before mentioned (over sixteen million dollars) is an increase from five and a half millions in 1882. Notwithstanding the increasing difficulty of obtaining liberal interest paying investments, it is creditable to the management that they seem so far successful in this as not to have felt it needful to make any reduction in dividend to policyholders. This result is largely due to economy in every department, and a favorable mortality experience. It is always a pleasure to give full credit to capable oversight and direction; and this is well earned by Manager Wm. Hendry, who is ably assisted by Mr. W. H. Riddell as secretary. We wish this safely conducted institution a continuance of the success it deserves.

**FICTITIOUS LIFE INSURANCE.**

A bad system of practice on the part of a corporate body, like a vicious habit in an individual, is hard to eradicate. This fact is strikingly illustrated in the history of life insurance in the United States. As our readers are well aware, the practice of the companies has long been to report annually to the public the total amount of insurance *written up* instead of the true amount actually delivered and settled for. There is and never was a single reason for such a practice beyond the very bad one of encouraging an apparent "boom" in life insurance by representing a purely fictitious condition of the business, distorting its real proportions and

creating confusion in the public mind. The counting of chickens before they are hatched is generally considered puerile and childish and far removed from sound business methods; and yet this is the settled practice of a system supposed to be based upon mathematical accuracy and representing interests second to none in the world. Something like a thousand million dollars of life insurance was, for instance, reported as issued in 1892 by the life companies reporting to the New York Insurance Department, and of this vast amount, more than eighteen per cent. never had any existence in fact. On the books of the companies at the head offices, "Not taken" was written in red ink against the policies representing this nearly two hundred millions of fictitious insurance, not a dollar of which stood for the protection of a single life. In the reports of the various insurance departments this large amount figures in the totals alleged to have been issued, only to be carried to the column of "not taken" and expunged from the account in arriving at any accurate conclusion setting forth the actual new business transacted.

It would be difficult to conceive of anything more absurd than this practice, hoary with age and thoroughly bad in effect, which forms a conspicuous feature of American life insurance and which thus far no one of the various companies has had the courage to abolish. We have in these columns repeatedly criticized this soap-bubble insurance style of statistics, and some of our contemporaries have sought to correct the evil, but it still flourishes in all its luxurious absurdity in uncomplimentary contrast with the practices of the life companies in every other country in the world. Under the high-pressure methods prevailing over the border, where the chief end of life insurance propagation seems to be for each company to "roll up a big business," so big as to outstrip all competitors, it seems unlikely that the companies will very soon reform this objectionable practice voluntarily. There is, however, an easy and legitimate remedy clearly within the powers of the various State superintendents of insurance. We are pleased to notice that in the June issue of the *Insurance Age* our contemporary briefly urges upon the New York Superintendent of insurance the duty of applying the remedy in making up all future official reports. He and every other State supervisor of insurance possesses the authority to prescribe the form of annual reports to be made by the various companies; and even if reports are made in the present form, he may eliminate from these reports in making up his official tables, the columns of "insurance written" and "not taken," giving simply the amount in each case actually issued. Fiction has no place in life insurance statistics. Facts are what the public want, and it is for the exhibit of facts that State insurance supervision exists. Anything less or more is a perversion of its functions and misleading and mischievous. It seems beyond the pale of argument, that if the life companies lack either the courage or the honesty, or both, to report their business as it actually exists, and in the simplest form, then the duty of the insurance superintendent is clearly to compel them to do it.

### GOOD FAITH CONSTITUTES ONE OF THE REQUISITE ELEMENTS IN LIFE INSURANCE.

The one element that is most clearly indispensable to the Life Insurance Contract is *Good Faith*—absolute and unquestionable good faith on the part of the insured to the company, and an equally absolute and unquestionable good faith on the part of the insurance company towards its policyholder. If this essential element be absent, or be impaired in even the slightest degree, the contract that should be a satisfaction and benefit to both parties consenting to and bound by it, is either vitiated or robbed of its power of affording satisfaction and benefit in the measure of the extent of the actual departure from the strict line and rule of good faith.

Upon the receipt of an application for a policy of insurance upon any life, the company to whom the application is made must carefully consider many elements of determining influence—age; sex; occupation; location of residence; past history of disease, or record of freedom from disease, or permanently impairing injury; present condition of health; height; weight; family history; the physical development and condition of the applicant. All these and other conditions are of valuable import; but the whole application in its entirety is worse than useless and unreliable if bad faith exists on the part of the applicant.

The suspicion that bad faith has dictated the answer to any one of the many questions necessarily asked in an application for a life insurance policy prejudices the applicant in the eyes of the executive officers of the company far more than anything else can possibly do, because it most inevitably suggests, and forces the belief, that bad faith underlies every other answer, and that the apparent record is a false and untrustworthy one. The inference naturally is that falsity in one answer may mean falsity in every other answer, and that the desire for insurance has its inception in the wish and intent to perpetrate a fraud and encompass the issuing of a contract, unequal in its terms and conditions as between the parties thereto, and throwing upon the Company a burden that it would not knowingly assume if the line of strict truth had been adhered to by the applicant.

Not only does the application in its entirety present itself as a basis for executive determination, but each individual answer has its own and important bearing, and, if false, may alter the complexion and assumed effect of many other answers. It is manifest that if any evidence be forthcoming that any one answer has been deliberately perverted from the strict line of truth, the whole application is in consequence impregnated with suspicion and distrust, and no longer forms the basis for a satisfactory contract. It is a well recognized legal axiom that the very essence of a *binding and valid* contract is that the minds of the contracting parties shall meet on a plane of truth, fairness and just dealing, each with the other, and that there shall be no perversion or suppression in facts, or figures, or conditions. Therefore both in fact and in law every contract made upon statements and representations that are demonstrably false is a contract void of effect—void *ab initio*—

incapable of legal force and effect. The natural consequence would be to still further discredit the validity of the contract, if not only error and inaccuracy but also *intentional mis-statement* be provable.

No reasonable and honest man desires a policy of life insurance that is not of active and legal force and effect; and no reasonable and honest man desires such a contract to be binding upon the company insuring him, without evincing an equal willingness to be bound by the truth and accuracy of his own written application—at least to the extent that honest and manly good faith secure these necessary safeguards to the other party to the contract.

In many points developed by the answers to the questions contained in an application for life insurance, the company, through its representative agents (if they be as honest and faithful to its interests as they should be), is able to have some security of corroboration, and therefore in the absence of special advice from the agent upon such points, the answers of the applicant are reasonably assumed to be true and correct. In very many other cases, however, untrue answers may be given without detection by the agent, unless he is very intimate with the applicant—and often *in spite of such intimacy*. The company is in all such cases thrown back upon the good faith and honest intention and integrity of purpose of the applicant himself. In such cases the validity of the contract depends upon the foundation on which the contract rests; and if this be false, no lasting superstructure of truth and legal force can be built upon it. If, however, the foundation is laid in absolute truth and good faith, the contract based upon it assumes a strength and inherent binding force that nothing else can destroy or weaken, except a subsequent violation of the agreed and understood contract, terms and conditions.

No such subsequent violation of the terms and conditions of a life insurance contract can occur without the deliberate and *intentional* purpose or action or omission of the policy-holder, and, therefore, such violation of a contract is clearly his own fault; and if good faith has marked its inception, the same quality and degree of good faith can secure its permanence and keep it in full force and effect, and to secure to him and to his family the full measure of benefit and protection that it was his purpose to secure.

No quality of good faith is required from the applicant and subsequently from the policyholder, that is not also required and legally exacted from the life insurance company. Assuming the good faith of the applicant, the company acts in strictly good faith towards him in its determination whether it will accept the risk tendered for acceptance or reject the application for a policy of life insurance that is made to it. If the application be rejected, such action necessarily ends the matter definitely and finally. If it accepts the proposal, and assumes that a good basis for a legally binding contract has been submitted to it, it issues its policy in such good faith that it binds itself (beyond the possibility of legal withdrawal) to assume a fixed financial responsibility on the occurrence of a fixed

and stated event, in return for certain contract payments to be regularly and promptly made to it and upon certain reasonable conditions imposed upon the policyholder.

All these elements assume good faith—not the good faith of the insured to the life insurance company only, but also in an equal or even a greater degree of the company towards its policyholder. It is not only fair and unreasonable, but also a logical legal effect, that subsequent breach of faith involved in the violation of stated and determined policy conditions should work a voiding of the policy-contract.

No safeguard is asked by the company that it is not perfectly willing to grant to the insured—it pledges its continued good faith in return for the absolute good faith that it exacts from him, and is clearly and manifestly entitled to such protection. Contracts should not be made for the exercise of the child's play of breaking them, but when once made upon a basis of truth and equity, a basis on which the minds of the contracting parties actually meet, they should be of full force and effect until their purposes of beneficial protection have been fully effected.

Considering the hundreds of thousands of claims that they pay under the obligation of fulfilled conditions of their policy-contracts, the regular life insurance companies of Canada and of the United States contest exceedingly few claims. Those that they feel constrained to contest in the interest of equity, justice and public morality, are few and far between—but as a drop in the bucket. When a claim is contested, it is always because of a violation of good faith by the other party to the contract. It is always, either because of original bad faith of the applicant, or because of his subsequent bad faith in violating the distinctly understood terms and conditions of the policy-contract.

No reputable life insurance company, such as those that are authorized and licensed to transact the business of life insurance in the Dominion of Canada and of the United States, will deliberately incur the odium that so frequently attaches to a refusal to pay even a manifestly unjust claim, unless it is clearly convinced that the insured acted so as to constitute a violation of the *bona fides* that it had a right to insist upon the observance of, in accordance with the stated terms and conditions under which the policy-contract was to remain operative.

No man need hesitate one moment in insuring his life on account of possible future complication over the company's liability. He can secure his family a protection that is absolute and infallible; and in order to do so, all that is necessary is to deal in good faith with the company when he makes his application and to preserve the same rule of good faith after the policy has been issued to him.

*The prompt payment of a claim under a policy of life insurance rests absolutely with the insured himself.* He can secure it beyond peradventure, or by the exercise of bad faith he may defeat his own purpose and intent. He can put the question of payment of the claim that may ultimately arise under his policy beyond the

slightest doubt, in the world, and all that he needs to do is *to be honest*. Let him preserve the same degree of financial honor and integrity that he would feel compelled to preserve in every other business affair and in every other relationship of life, and he need have no fear, but may know positively that when he dies the claim under his policy will be paid to his beneficiaries promptly and honorably, and as a matter of course.

It will be our purpose in subsequent issues of the CHRONICLE to take up the various points, both in application and policy, on which a strict adherence to good faith seems to be of the greatest moment; and in doing so, we may perhaps not only give valuable information to intending insurers, but may very probably be helpful to the companies also.

In these articles it will be our aim to take a strictly impartial standing, because we have just as strong a desire to conserve the interests of applicants and policyholders as we have to benefit the companies; and in this we feel that we are fully justified, because we are perfectly satisfied that the lack of familiarity of most applicants with the details of the subject of life insurance leads to error and confusion.

#### THE NORTH BRITISH AND MERCANTILE.

It is always a pleasure to deal with the reports of this giant insurance company because its business denotes progress and added strength all along the line, and the eighty-third annual report is no exception to the rule. Upon another page we publish a condensation of its salient features, indicative of a healthful year's work for 1892.

With reference to the fire branch of its business, the net premium income reached the enormous total of \$7,336,590 for 1892, being an increase over the previous year of \$126,935. The company did not escape getting a share of the phenomenal fire losses common to underwriters last year, the net losses being \$635,260 more than in 1891, and aggregating \$4,991,920 or a ratio to premiums of 68.04 per cent. Notwithstanding that the directors thought proper to declare no bonus for the year, yet the large reserve funds of the company proved its strength, and the sum carried forward is greater than in the preceding year while the dividend was the usual £1 per share. The Fire insurance fund on December 31st, of reserve, premium reserve and dividend reserve, including \$312,240 balance carried forward, aggregates \$11,257,770, which, of course, should be considered in connection with the further paid-up capital of \$3,437,500, thus indicating an indemnity power wholly admirable. The company's fire business in Canada in 1892 showed increases of \$42,375 in premiums received, and of \$3,137,171 in amount of insurance written,—while the losses paid were \$10,597 less—respectively, compared with the twelve months of 1891.

There has been extraordinary development in the Life department of the North British. This is in part accounted for by the valuable connections taken over from the Scottish Provincial, and in part by the Civil service connection. The report of 1892 shows remark-

able returns of new business in the issuing of 7,275 policies assuring \$12,323,135, on which the new premiums amounted to \$42,135, the proportion arising from the civil service section being \$227,700 of new premiums. The total income of the life branch from premiums and interest in the last year aggregated \$4,397,675, against which claims were paid with bonuses for \$2,606,460. One and a quarter millions of dollars was added to the Life insurance funds, which now aggregate \$30,508,695. The annuity fund has reached \$7,352,905.

An examination of the balance sheet, representing the aggregate results of the general trading of the company, shown \$16,832,190 to be the capital and the fire assets, and \$38,874,275 the life and annuity, thus showing a grand total of \$55,706,465 as accumulated funds. Certainly the record of this grand company deserves the highest meed of praise.

The North British and Mercantile is deservedly popular in the Dominion, and occupies a leading position here, not only in consequence of its well known solidity, but also because of its liberal and equitable dealings with its policyholders. The Company also deserves the patronage of the Canadian public, as it invests large sums of money here, thus assisting in a substantial manner to build up the country. In its Managing Director, Mr. Thomas Davidson, it has a deservedly popular and able representative and one whose reputation extends outside of the sphere of insurance circles. He has an able lieutenant in Mr. Randall Davidson as Superintendent for Canada.

#### "MARSHALLING OF ASSETS."

The equity, as between co-insuring companies, of the method of apportioning double insurance, where a general or compound policy,—covering several items in a single sum of insurance, upon one of which there may be no co-insurer, is first called to pay any loss upon such single subject before contributing with co-insurers on the remainder of the loss,—has been seriously questioned by many underwriters unfamiliar with Equity proceedings, though a similar process has long been known, in equity, as "marshalling" the assets of an insolvent estate among the creditors, the law of which is as follows:

"Where assets consist of two or more funds, and at law, a part of the creditors can resort to either fund, but the others can resort to only one of them, these courts of equity exercise the authority to "marshall" (apportion), as it is called, the assets; and by compelling the favored creditors to exhaust first the fund upon which they have the exclusive claim, or if they have been satisfied without the observance of this rule, they enable such others to receive more complete satisfaction." (Story Eq. Jur. §558; 1 Johns. Ch. N. Y. 412; 4 *id.* 17; J. P. Williams, Ch. 679; 1 Vesey Ch. 312; 19 Ga. R. 575; 1 Wis. R. 43; Ramsay Assets.)

The analogy between this rule of the Equity Courts, for the "marshalling" (apportioning) of assets of an insolvent, among the holders of unequal (non-concurrent) claims therein, and the apportionment of the several liabilities of non-concurrent insurances, under

the two kinds of policies, specific and general, with a specific item, not covered in any other policy, is complete, and the source from which what is known as the Griswold Rule, for the apportionment of what he designates "compound policies, class 2," is no longer a mystery. It was first applied directly to the apportionment of a fire insurance loss by Chief Justice MARSHALL, Court of Appeals of Kentucky, as long since as A.D. 1854, in the case of *Cromie v. Ky. & Louisville Mut. Insurance Company* (1, B Monroe, Ky. 432) under the following circumstances:

The plaintiff held a policy in defendant company for \$5000, upon a paper mill building; an addition was subsequently made to this building, and other insurance, duly assented to, was taken out covering the whole, *old* and *new*, to the amount of \$7,000, making total insurance assets to be "marshalled" \$12,000. The defendant company's policy had no contribution clause. A loss occurred by which the *old* building was damaged to the extent of \$8,377.63 and the *new* to the extent of \$1,122.37 (claims to be marshalled out of an estate of \$12,000 total insurance). The claimants were *old* building and *new* building, in their respective amounts. Then, under the Equity Rule above cited, the *new* building having an ample fund of \$7,000, out of which to pay its individual (specific) claim, must do so, leaving, in this case, assets to the sum of \$5,877.63, to be added to the \$5,000 of the specific policy, making the sum of \$10,877.63 to be apportioned to the claim of the *old* building, \$8,377.63, leaving unexhausted assets of the estate \$2,500.

The defendant company contended that it was liable for only 5-12ths. of the loss, and paid into court \$3,490.67 as their proportion, holding that the co-insurers were liable for the remaining 7-12ths. The Court held:

"Although we decline to determine in the present suit the proportion for which each of the companies is liable for the loss on the original building, which alone was insured by the defendant, while the other companies insured also the addition, we are of the opinion that even if the plaintiff's recovery in this case should be restricted to the proportionate liability of the defendants on their policy, he has shown a right to recover from them more than five-twelfths of the amount of their policy, which is as much as they have paid, and which would be the extent of their proportionate liability if the original building alone was insured by all of the policies, amounting in the aggregate to \$12,000 without taking into consideration the loss falling upon the other insurers, on account of the additional building covered by their policy, and which has suffered detriment by fire to the amount of more than \$1,100, which they must pay. The amount of this loss at least should be deducted from their policies *before* their aggregate amount is brought into calculation, by which the proportional liability of each is to be ascertained.

"Whether there should not be a greater deduction on account of their continuing liability for loss, which may yet occur on the additional building covered by the... policies, we need not and do not decide, nor



indeed have we the necessary data for such a decision."

Chief Justice Marshall, who enjoyed, deservedly, the reputation of a sound jurist, thus not only recognized but applied the doctrine of the Equity Rule, before cited, for the solution of an analogous question in fire insurance contribution among unequal claimants, thus proving the "equity" of the "Griswold Rule" in such cases.

**CHARLES DICKENS APPLICATION FOR LIFE ASSURANCE.**

A *fac-simile* copy of the original application of Charles Dickens for assurance on his life in the Sun Life Assurance Society 52 years ago shows the faith of the great novelist in the benefits of life assurance, even at that early day. The application is as follows:

**SUN LIFE ASSURANCE SOCIETY.**

**DECLARATION**

*To be made and signed by or on behalf of a Person making an Assurance on his or her own Life.*

I, Charles Dickens, born in the Parish of Portsea, in the County of Hants, on the 7th day of February, 1812, and now residing at 48 Doughty street, in the County of Middlesex, being desirous of assuring, with the Sun Life Assurance Society, the sum of £1,000 on my own life, Do Hereby Declare that my age does not exceed 26 years; that I have had the Cow Pock; that I have never had the Gout nor Asthma, nor Rupture, nor any Fit or Fits, and that I am not afflicted with any Disorder which tends to the shortening of life; and this Declaration is to be the basis of the Contract between me and the said Society; and if any untrue Averment is contained in this Declaration in setting forth my Age, state of health, Profession, Occupation, or other Circumstances, then all Monies which shall have been paid to the said Society, upon Account of the Assurance made in consequence thereof, shall be forfeited.

Dated this 9th day of February, 1838.

(Signed) CHARLES DICKENS.

**THE ROYAL INSURANCE COMPANY.**

Royal in name, this company is royal in the significance of its claim to absolute security. In reading over the report, which we publish elsewhere in this issue, for the year 1892, this claim to absolute security would seem well deserved, for the following comparative statement shows its progress:—

	Life Funds	Total Funds.
1882	\$14,390,795	\$24,210,270
1887	16,610,765	28,815,455
1892	23,651,790	40,016,325

Thus showing an increase in total funds in ten years of \$15,086,055. The fire premiums for the year ending 31st December, 1892, after deducting the re-insurances, amounted to the large sum of \$10,165,260, being a handsome increase of \$2,130,110 as compared with the previous year. The income has of course been largely augmented, owing to the amalgamation of the Queen and the taking over of the Midland Counties. A fire premium income of over two million pounds sterling (\$10,165,260) is truly magnificent. The losses were heavy, amounting to \$7,047,040, or 69½ per cent. of the premiums. But, as the Chairman remarked, the epidemic of fires in 1892 has been very curious and not

confined to any particular country nor to any particular time of the year; however, accumulation of reserves in prosperous times enabled the Royal to look on calmly and meet the succession of losses without causing a ripple on the even tenor of this substantial company's course.

The funds pertaining to fire account now amount to \$16,162,500, whilst the total funds aggregate \$40,016,320, made up as under:—

Capital paid up.....	\$1,878,510
Fire Fund, \$3,640,000	} 4,640,000
Conflagration Fund, 1,000,000	
Reserve fund.....	7,911,965
Reserve for expiring Queen Treaties....	323,280
Balance of Profit and Loss.....	1,408,745
<b>Total.....</b>	<b>\$16,162,500</b>
Add Life Funds.....	23,651,785
Superannuation Fund.....	202,045
<b>Grand Total.....</b>	<b>\$40,016,320</b>

The past year's accounts indicate the complete amalgamation of the Queen with the Royal, and also include the business of the Midland Counties, which was acquired during the year and is expected to become a profitable investment.

The life department of the company shows that its excellent management in that branch has in no sense become impaired, but evidences continued enterprise and watchfulness. The total income from life premiums shows an increase over the preceding year and aggregated \$1,900,765, after deducting re-assurances, while the interest receipts, exclusive of that on the annuity fund, were \$868,470. After paying all claims, annuities, bonuses and expenses of every kind, the sum of \$918,900 was added to the life funds, thus bringing them up to a total of \$23,853,820.

The dividend paid for the year amounts to 55 shillings per share.

The reputation of the Royal in Canada needs no commendation, as its long record of nearly a quarter of a century has fully tested the merits of public opinion towards it, as evidenced by the large amount of business obtained. During that period it has paid in losses about seven millions of dollars to the people of Canada. Its success here is largely due to the energy, zeal and ability of Mr. Wm. Tatley, whose devotion to the interests of the Royal is well known and duly appreciated. The net premium receipts for the year 1892 amounted to the large sum of \$567,387, while the losses were \$373,557. The staff of the Royal has lately been augmented by the addition of Mr. Geo. Simpson as assistant manager. Mr. Simpson has good record, and is fast becoming a favorite in Canadian insurance circles.

**AUCTION SALES.**

Public sales at auction date back to the early days of the city of Rome, Italy. Jacobus Darahouder, a jurist-consult of the 15th century, wrote a tract upon sales at auction entitled, "*Tractatus sub hastationibus*," literally "under a spear," i.e., a spear with a flag attached. In those days the property to be publicly sold was spread out in the market place, and designated by a flag, whence

comes the present use of a flag to indicate a public sale.

In ancient times in England, auction sales were held by the light of a candle. When the bidding was opened, a small candle—similar to what is now called a vesta—was lighted, at each bid a fresh one was lighted, and if no new bid was given before it went out, a second, and on that going out without a bid, a third candle was lighted, the last bidden at the time the third candle went out being declared the purchaser.

In Pepy's Diary, under date of Nov. 6, 1660, we read: "To our office, where we all met for the sale of 2 ships by an inch of candle,"—the first time I ever saw anything of the kind—where I observed how they do invite one another, and at last how they do cry, and we have much to tell who did cry last! This custom has not yet died out in England, as the following from a Bristol paper, dated March 29, 1873, proves: "The practice of letting by inch of 'candle' still prevails in the county of Dorset. At the annual letting of the parish meadow of Broadway near Weymouth, which occurred a few weeks ago, an inch of candle was placed on a piece of wood nine inches square, and lighted by one of the parish officers, the biddings were taken down by another parish officer, and the chance of taking the meadow was open to all when the candle was burning. The last bidder before the candle went out was the incoming tenant."

### THE LATE JOHN LOVELL.

It is with unfeigned regret that we record the loss which we, in common with all the journalistic fraternity of this city, as well as the public generally, have sustained in the demise of Mr. John Lovell. Even before many a man, now prominent in public life, had been born, his name had become a household word throughout the Dominion, because of his enterprise and courage in undertaking to develop Canadian literature at a period when few would have ventured upon the hazards involved. It is not only as a publisher of school books and directories, but also in his encouragement of high class literature, that the people of Canada are indebted to him. A man of strong will, but generous impulses, he always had the courage of his convictions, and in all relationships of life exhibited a character above reproach. He was always outspoken, upright and straightforward. Not only was his name honored amongst business men, but in his younger days he also exhibited on many occasions a high degree of patriotism and public spirit, having occupied a prominent position during the politically troublous times of 1837. Mr. Lovell was staunch in his adherence to his church relations, and while a devout member of the Church of England, was also possessed of that broad spirit of charity, which made him a favorite in other religious circles. As the head of a large family, his example was ever such as his descendants can feel proud of, for he has left them the heritage of a good name and success.

### FIRE LOSSES FOR JUNE, 1893, IN CANADA.

DATE.	SITUATION.	RISK.	TOTAL LOSS.	INSURANCE LOSS.
June 4	St Johns, P.Q.	Pottery	\$12,000	\$7,000
6	Truro, N.S.	Stores	35,000	10,000
3	Abbotsford, P.Q.	Dwelling	6,000	3,500
10	Montreal	Dry Goods Store	30,000	30,000
8	N. D. de Grace	Convent, V. Maria	600,000	100,000
12	Sault Ste. Marie	Stores	10,000	6,500
9	Winnipeg	Street Railway Sta.	14,000	12,000
9	Yarmouth, N.S.	Skating Rink	4,500	3,000
9	Nixon Ont.	Dwelling	3,500	2,700
10	Longue Pointe	Church & Stores	25,000	17,200
12	Belleville	Shingle Mill	8,000	2,000
5	Canterbury, N.B.	Stores, etc	15,000	9,000
11	Strathroy	Storehouse & Lum.	3,500	2,700
11	Deer Lake, N.B.	Saw Mill	12,000	5,000
	Mono Mills	Store and Hotel	6,000	4,500
18	Montreal	Boot & Shoe F'try	48,000	48,000
19	Cardinal	Stores	10,000	5,500
20	Gibson, N.B.	Conflagration	150,000	67,000
19	Niagara Falls	Planing Mills	7,000	1,500
20	St. Martin's, N.B.	Saw Mill	12,000	9,700
20	Virden, Man.	Flour Mill	10,000	5,000
20	Oshawa	Stores	4,000	2,200
22	Oka	Monastery	1,000	1,000
23	Auburn	Saw Mill	3,000	1,500
26	Montreal	Dry Goods Store	12,000	12,000
26	Ottawa	do	2,300	2,300
23	Rat Portage	Stores, etc	9,000	5,600
20	Fraserville	Dwelling	2,000	1,400
28	Toronto	Boot & Shoe F'try	6,000	4,000
	Total		\$1,060,800	\$582,300

### SUMMARY FOR SIX MONTHS.

	1891.		1892.	
	Total Loss.	Insurance Loss.	Total Loss.	Insurance Loss.
For January	\$522,200	\$462,700	\$402,000	\$301,900
" February	245,400	171,700	722,500	449,100
" March	702,100	439,900	671,030	533,530
" April	407,400	319,600	661,900	501,200
" May	597,500	296,500	319,500	197,400
" June	195,800	140,900	1,060,800	382,300
Totals	\$2,680,000	\$1,831,300	\$3,839,030	\$2,366,130

### SOCIETATE OFFICII CURÆ ROMANÆ.

#### THE FIRST MUTUAL AID SOCIETY IN HISTORY.

The old juriconsult, ScACCIA, informs us in his treatise upon *Commerce and Exchange* (Rome 1617), that there was a "Society of the Officials of the Roman Court," which organization (commerce, he calls it) was first approved of by Leo. X (made Pope 1513): then by Paul IV (1555), and subsequently by Pius IV (1557): and he adds: is to-day (1617) of very frequent occurrence in the city of Rome and in many of the States subject to the Church, as they know, who are familiar with these things, where a partnership is agreed upon for a certain period of time, usually for six months, or as may be agreed upon, with the right to withdraw on fifteen days' notice. Among the offices of the Roman Court, when they become vacant by death, some other official takes his place and pays a certain sum of money to the society, upon the risk of his life, or whatever other persons, being officials, will promise to make a *pro rata* division among their associates, of the profits arising from the office, during the continuance of the society, which money was loaned to whoever wished it at the rate of twelve on the hundred, per annum, upon the promise to return it to the

society when it ceased. But as this kind of commerce was theretofore unknown, the old writers have not treated upon it expressly. But subsequently these matters have been touched upon very briefly, and of course with little exactness, in connection with the question of usury.\* \* \* \*

This Society had its origin in the fact that the Pope had many offices at the Court of Rome, some of which were gifts, and others purchases, \* \* \* as is testified to by *Castrac* in his treatise upon the *Soc. Off. Cur. Rom.*, and John D'Azor, in his treatise, *De Inst. Moral.* Those offices which were for sale were sold for the term of the purchasers' life only, as *Castrac* writes,—and when anyone desirous of buying was short of a portion of the price, the Pope agreed that there might be several purchasers for a single office, the title to which should, however, be in the name of but one of them. Hence those who furnished the money, for the purchase of the would office share *pro rata* in the returns from such office, with the named purchaser.

The reason why the Pope sold during the life of the buyer and not longer was that during each pontificate some of the offices would become vacant, and thus to each pontificate would fall in turn the right to dispose of the same.

The value of these offices in common estimation today, and for many years past, is this: He who purchases an annual living has certainly and securely about eight scudi in the hundred. Then 1000 scudi will purchase an office which will return usually 80 scudi per annum, including all expenses. This amount will not purchase as much as it would have bought had it been in perpetuity, and transferable to heirs, and with the gain or usufruct return at the rate of 8 per cent., it is worth a greater price than if it returned at the rate of five per cent.

It is lawful that money thus exposed during life may customarily return not only 8 per cent., but a greater profit, even up to 10 and 12 per cent. Thus, 1000 scudi may purchase an office which will repay not 80 scudi only, but 100, or 120, annually. In short, it is to be observed that the money which has bought this office is not always dependent upon holding it for life by the purchaser; as it may be changed by means of resignation before the event of death of the buyer, and the obtaining of the value of the office by him cannot be prevented. Wherefore it is within the power of the official, with the consent of the Pope, to alienate his office to another by resignation, as if the vacancy had occurred by death.

At the time of the existence of this association the Ecclesiastical Law of the Church of Rome against usury was very severe, and anything in excess of six to eight per cent. interest was held to be, and punished as, usury. The only two exceptions were this Society, and what is now known as Bottomry Loans, where 12 per cent. was permitted in consequence of the nature of the risk.

A first class Canadian Life office is advertising for agents. The Company is a good one and easy to work for. To the right men good terms will be given.

### "ONLY A COLD!"

How simple the above answer seems when it follows a question as to what ails some person who is slightly under the weather: "Only a Cold."

The little prattler is momentarily neglected by the nurse, and a day of wet feet is followed by a night of restlessness. The mother is alarmed, and the family physician pronounces it "only a cold." He may or he may not know all that is involved in the answer; but days pass, and there is no change for the better. The doctor calls daily, and the usual routine is gone through with. No alarm is sounded, nor is there any thought of danger. The symptoms are suddenly found to be not so encouraging as hoped for: the feverishness increases, the throat is inflamed, the voice becomes hoarse, and soon the patient cannot speak above a whisper, the pulse increases in rapidity and the temperature becomes higher. Still, no danger is apprehended, because the favorite physician is in attendance, until suddenly, without any special premonitory symptoms, there is a spasm, a rigor which terrifies the family, and the doctor, as if it was something he was entirely unprepared for, at once informs the now thoroughly frightened household that this is a dangerous case of diphtheria, and that they may expect the worst. The worst usually comes in a few hours, and another little white monument is erected in some cemetery, simply because of a "cold." Much that has been said about this case of diphtheria will apply with equal force to the great majority of cases of scarlet fever and convulsions, to all cases of inflammation of the lungs and bowels, to the rheumatisms, inflammatory and otherwise, rheumatic fevers, etc., to which mankind is subject. In almost any case they have their origin in a "cold." A man of full habits, good appetite, a fairly free liver, unwittingly exposes himself, perchance talking with a friend on the street corner, or it may be sleeping on a damp bed; and although he feels out of sorts, he is told by his medical adviser that "he has only caught a cold, and will be all right in a few days." If he were ordered to his room, with instructions to stay there with the mercury at a proper temperature until he got well, it might be all right; but as he has "only a cold," there is no reason for being careful, so he goes about his business. In a short time he is taken suddenly ill, and the doctor, who a few days ago told him he had a simple cold, now discovers that he is suffering from an acute attack of pneumonia; it may be, or perhaps it is, a case of inflammation of the kidneys, the liver may have been attacked, or that most fiendish of all complaints, inflammatory rheumatism, may have asserted itself. Given a case such as the above with the characteristics indicated, and the chances are strongly against recovery.

Even if ordered into seclusion, it is not unusual for such a case to develop into congestion of the brain, resulting in early death, even when the greatest care is taken.

Let anyone sit down and go carefully over the list of deaths of people of his acquaintance, and if he has not previously considered the question, he will be sur-

prised at the large number of them which can be traced to a "cold."

It is not the purpose of this article to go into the question exhaustively, but we throw out the above hints as a reminder that in ordinary cases when a man has a "cold" that is giving him any trouble, he is brevetted for the cemetery, unless he takes the greatest care of himself, and even then a single exposure may carry him off. Our graveyards are full of the victims of "cold," and although people do not seem to realize the fact, the number of deaths attributable to "a cold" in answers to questions in applications for life assurance furnish striking evidence in support of this position.

#### SOME ECHOES OF THE INSURANCE CONGRESS

Those who are interested in the subject of insurance in its various branches will find plenty of entertaining reading in the number of valuable papers which were read before the insurance section of the World's Congress at Chicago, during the week beginning 19th ult. The remarks by Major C. E. Bliven in his address of welcome at the opening of the Fire Insurance Auxiliary, contains several interesting facts. Space will only admit of a few extracts. He said:—

"There are about 1,600 companies now doing business, carrying a contingent liability of over \$15,000,000,000, which is greater than the aggregate of the national debt—the funded debts of all the States, cities, towns, railroads and capital of all the national banks—a sum greater than the human mind can comprehend, and which the companies are paying at the rate of over half of one per cent. per annum, or more than \$75,000,000. The official records do not show this, because there are several hundred town and country companies that do not make official returns. The profit on this immense business has not for years been 4 per cent. Insurance should conserve all other property business. Though a business of the largest magnitude, it is often the most mismanaged. A loan upon real estate security requires examination, appraisal by experts, an abstract of title, a commission, prompt payment of interest, and in 99 cases out of 100 prompt payment of principal. A policy of insurance of like amount upon the same property may be procured for the mere asking—upon payment of a small premium—on the average about one-tenth of the annual interest paid for the loan, with an average certainty that a loss will occur equal to sixty per cent. of that premium. We do not require that the underground growth of a city should keep pace with that above ground, or require pay for the deficiency. The water distribution of cities as a rule is twenty-five years behind what it should be to-day. We have three-story fire departments for six-story buildings. We permit the erection of eight and ten-story buildings and upward on four-story water supply streets, and when we consider that it requires about a gallon of water for every cubic foot of fire area, this becomes a question of vital importance. We write risks of large area, wholly beyond the reach of water supply or fire department, without adequate extra charge for the fire hazard assumed." \* \* \* \*

The expense of doing the business has almost doubled during the last twenty-five years—taxes are required upon gross premiums, which in one State averaged for ten years 221 per cent. on the net premium received in that State. The fees and taxes in another State since its insurance department was created were sufficient to build a modern State house. The loss claims paid to individual citizens exceed, in many

States, the taxes paid by the people into their State treasury for the support of their State government. Yet our business is burdened with onerous legislation, the increased cost of which the people must pay. \* \* \* \*

Upon the need of uniformity in insurance legislation in the several States, an exceedingly instructive paper was read by Mr. George B. Luper, the Insurance commissioner of Pennsylvania. The fact of the requirements imposed by the various States upon companies being so dissimilar, makes these regulations, burdensome and useless. These evils cry for reform either in the shape of national supervision or uniform legislation. The former system, that of Federal supervision, would be apt to create legislative difficulties with States ever jealous of their right to regulate all classes of business within their own borders. The other method, uniformity of legislation by the several States, could only be made practical and possible after the people and companies are educated to see its needs and benefits. He said:—

"The only plan by which a start can be made towards uniformity of legislation is for the insurance interests to organize, and petition the governors of the respective States to appoint one or more representative men from each State to draft a law specially adapted for general use in all the States. This proposed law should provide for the regulation of all classes of insurance corporations, both foreign and domestic. It should provide for uniform fees, uniform blanks of all kinds, uniform tax laws, and, above all, it should be so plain and explicit in its terms as to insure uniformity of execution. The discretionary power lodged in the hands of insurance commissioners should be so guarded as to prevent the lordly exercise of assumed power. The details and not the general provisions should be made the important features. It is a grave error to assume that laws are uniform because they are somewhat similar in their general requirements. These are easily complied with, but endless trouble may arise because of the dissimilarity of a very unimportant blank, or because of the changing of a single sentence, or possibly a word, in an annual statement. \* \* \* \*

"\* \* \* In my opinion, 'Uniform Legislation' in a general and loosely defined sense is of little consequence or value, because it will be found that State officials will refuse to adopt the prescribed blanks if there is any sort of a chance to evade them. The national convention of insurance commissioners has made every honest effort to secure a uniform annual statement blank, but there are a number of commissioners who have failed or refused to adopt it. Of course, it cannot be expected that such a law would be adopted by all the States, nor even by a majority of them; but it is reasonable to expect that a few of our leading States would accept the conclusions of some such commission as I have described, and when once on their statute books, a starting point for future effort will have been attained." \* \* \* Insurance laws in all the States ought to be so carefully framed as to make it impossible for a citizen to be imposed upon by worthless and designing companies. They ought to be so clear and explicit in their terminology, and so faithfully executed, that the humblest citizen in accepting a policy from a duly accredited company (and it ought to be impossible for any other to exist) may know that he has a contract that will be carried out in good faith."

One of the most notable papers of the congress was "A History of American Life Insurance" read by President McCall of the New York Life. He divided

the history of life insurance into 4 epochs, beginning with the period prior to the establishment of the Mutual Life and that period largely formative which succeeded it from 1843 to 1861. The two decades covering the period from 1861 to 1880 represent the time when American life insurance began to swell to the vast proportions which it now assumes. Coming to the more recent period from 1881 to 1892, President McCall described its most notable features as being an increase in the business surpassing all previous records, the rise of industry of insurance and a greater liberality in the policy contract. He says:—

“ During the period from 1861 to 1880, while the amount at risk declined, the accumulations continued to increase, and at its close were—as we have seen—\$418,000,000; they are now over \$900,000,000. During those six years of gloom following the panic of 1873 we saw the amount of policies in force shrink to \$1,540,000,000; during the last twelve years we have seen them grow to \$4,199,000,000. In 1880 the new business of \$187,000,000 was something to rejoice over, because it showed an increase over the previous year; what then shall we say of a new business in 1892 more than five times as great? The income of the companies in 1892 was over \$220,000,000, their payments to policy holders exceeded \$100,000,000, and the increase in accumulations was \$84,000,000. Owing to a change in the legal standard for policy valuations, from the American Table of Mortality with four and a half per cent. interest to the Actuaries' Table with four per cent. interest, which took effect December, 31, 1887, the surplus although nearly \$40,000,000 more, is six per cent. less in proportion to liabilities. The law making the change to the higher standard was passed in 1884, and with three years' time to prepare for it the eleven New York companies which were affected by the law endured with comparative ease the test that compelled them to add about \$35,000,000, to their reserve funds. The average interest rate, which rules at about six per cent. up to 1886, was about five and a half per cent. in 1880 and about five per cent. in 1892. The average expense rate has increased about five per cent., and now stands at twenty-two and a half per cent. of income. \*\*\*

“ Life insurance is safe or possible only on the supposition that to the average man life is more precious than money—that the insured has a greater interest in his own life than the company has—and that he may be trusted to take care of it. Doubtless, men might live longer than they do, but life insurance is based upon actual, and not upon ideal conditions. Its reason of being is that there are risks which the individual cannot safely bear, but which the company, as an aggregation of individuals, may safely undertake in consideration of certain sums of money paid. The company is free to decline any risk offered; but when it accepts a man's money it should take his risk also without hedging and without whining. The history of life insurance has shown that its foes are those of its own household. Mortality tables have never betrayed its managers have. As it casts the beam out of its own eye it sees more clearly and acts more wisely.”

## Financial and Statistical.

### THE COMMERCIAL BANK OF MANITOBA IN SUSPENSION.

The announcement of this Bank's suspension has not occasioned apprehension in the eastern part of the Dominion, where the banks are not familiar with its bills amongst their surplus funds. Little uneasi-

ness will be felt outside of the Province of Manitoba, and not much even there, owing to the limited extent of its business. The general public of that province seem to have preferred dealing with the branch banks of the older and more reliable institutions which had been successfully established prior to the organization of the now defunct bank. The Commercial was established in 1885, and made its first return to the Dominion Government for the month of May of that year, showing a paid up capital of \$133,750. It was the outcome of the private banking firm of McArthur, Boyle & Campbell, and reports at that time hinted that the assets taken over by the chartered bank were not all desirable. These assets consisted somewhat largely of securities which had their origin during the boom period of real estate in Winnipeg. In May, 1889, the paid up capital had reached \$364,310 and in May, 1893, \$552,650, with a reserve of \$50,000, upon which the banks sustained eight branches. Our opinion is very decided that a banking business cannot be successfully conducted upon assets of real estate at speculative values. During the years 1891 and 1892 an examination of the monthly returns discloses that the capital was twice impaired, once in October to a small extent, but still greater in March, 1892,—the bank also having rediscounted with other banks. It is a matter for congratulation that under the present Banking Act no such institutions can obtain a footing. The payment of \$250,000 in cash to the Minister of Finance is a barrier which cannot well be misunderstood, and no imaginary value can be given to cash capital. This will be the first case to test the security of the Note Circulation Fund provided for such emergencies in the hands of the Government, and will no doubt show how admirably the system works. The fewer tests of this kind, however, the better it will be for the country's reputation.

A large Western city in Canada recently advertised for tenders from banks, with a view to securing the city's business. It first wanted to know what rate would be charged for over drafts, and next the rate of interest to be allowed on current deposits. Competition between two of the banks was keen, and we believe the same rate was quoted for over-drafts; but one of our largest banks offered a big rate of interest on deposits and captured the account. The said bank was perfectly safe in this, for that city rarely, if ever, has much if any deposit.

The *Australian Insurance and Banking Record* brings advices up to the 19th of May, and devotes a great deal of space to the recent financial crisis in those colonies. The unexampled convulsion from first to last exceeded six hundred and sixty-five million dollars. The monetary disturbance is simply appalling for a population of some three and a quarter millions to face. The *Record* does not add much information to that already familiar to readers in this country regarding the causes which led to the crisis, these being briefly stated as over borrowing, leading insensibly to over-lending and ultim

ately to inflation, and, with a criteria of values formed during a period of almost unexampled prosperity, the most far-seeing appear to have been deceived in a more or less degree. The economic influence of excessive loan expenditure, backed up by the placing out of a great influx of deposit money from abroad, was difficult to gauge. The truism was obscured, that sooner or later a country must depend upon its own resources, and unfortunately, at the same time, a vast expenditure on artificial works far in advance of requirements appears to have diverted attention from the necessity of developing such home resources. Instead of production and exports proceeding in even pace with borrowings from abroad in order to sustain the weight of those borrowings, the very opposite condition prevailed. Depressed market values of most of the leading Australian staples largely diminished an export movement. In fact, the greatest of all Australian staples, wool, became so depressed, that the market value in 1892 had fallen to a lower point than had been touched for at least a quarter of a century.

It has been pointed out in our columns that the great mistake of the Australian banks was their placing so much of their money upon real estate mortgage, a security not readily convertible in sudden times of need. In a place like Melbourne, with the total amount of mortgage advances on buildings and lands estimated in the neighborhood of \$150,000,000, it can be imagined how necessarily serious would be the consequences of such a shrinkage in values as followed the failing off in employment there and in the other cities, together with the restriction of imports and the declining condition of trade. The financial incapacity and thoughtlessness of the colonial governments continued long after their credit in the London market was virtually stopped. There was such a dearth of employment in the cities, that Melbourne alone lost  $3\frac{1}{2}$  per cent. of its population in 1892. Sixteen banking institutions failed in those colonies, and twelve of that number showed by their balance sheets an aggregate, due to shareholders, of \$67,348,930; due to the public, \$449,227,140; cash and investments, \$86,483,965; advances, etc., \$413,556,985; and premises, etc., \$18,025,120.

The *Record* devotes a large amount of space to the schemes for the reconstruction of several of the banks, sanctioned by the Victorian Court. Reconstruction of some kind became a necessity. In reading the reports of the various meetings, it is wonderful the persistence with which the managers all insisted upon the solvency of their institutions and that they were merely victims of the want of confidence. However, the *Record* seems to have faith in the future and that the colonies will not always remain under a dark cloud, especially as their material progress is likely to be promoted rather than hindered by a financial trouble which drives the people out upon the land; and there is bound, sooner or later, to be a recovery in the value of wool, which will infuse fresh vitality into that great pastoral industry, by far the greatest wealth-producer possessed by

Australia. Under some of the schemes of reconstruction the uncalled capital has been called up and added to the paid up capital, and this total share capital has been divided equally into ordinary shares and preference shares; and depositors have been called upon to convert the sums due them into preference shares, or to accept 15 years 4 per cent. deposit receipts, or 20 years  $4\frac{1}{2}$  per cent. deposit receipts.

## Notes and Items.

The British and Foreign Marine Insurance Co. declared an interim dividend payable 1st inst., of 8 shillings per share for the half year.

It is said that a valuable find of yellow ochre appears on the shore of Kootenay Lake in British Columbia; and in the Adams Lake district a large body of galena ore has been discovered.

Insurance Commissioner G. S. Duryee has favored us with a copy of his report on Fire and Marine Insurance in New Jersey for the year 1892, and we extend our thanks for the courtesy.

Such is the demand for hay in France, that it is reported two special steamers have been chartered to carry hay from the St. Lawrence to the French ports, where as high as \$34.00 per ton is being paid.

The Philadelphia and Pennsylvania Insurance Directory is published by J. H. C. Whiting annually in July. We have received a copy for 1893, and find it contains useful information relative to insurance matters in Pennsylvania.

The Eighteenth Annual Session of the National Convention of Mutual Life and Accident Underwriters was held from the 20th to the 23rd of June, in the Memorial Arts Palace at Chicago, at which discussions of subjects of interest were conducted.

Twenty per cent. advance in rates has gone into force in Halifax, N.S. on the new specific tariff recently made by Mr. C. E. L. Jarvis, of St. John, N.B. This gentleman has also been engaged in specifically rating country districts and towns outside of Halifax.

There was a \$210,000 blaze in Virginia, Minnesota, recently. The Royal and the North British & Mercantile had only opened their agencies the day before the fire, and as a consequence lost nothing more than their supplies. They were lucky in entering too late to participate in the loss.

The "Insurance Agent" states that the British Natural Premium Insurance Company has found it necessary to dispute a claim for £5,000, the circumstances being of an unusual and interesting character. It appears that the proposal was accepted and a post-dated cheque received in payment of the premium; but before the due date had arrived the proposer had died. The question arises whether the assurance was ever in force; and as the Company is advised that should it pay the claim without a judicial decision, an action might be instituted against it by any one of the policyholders, and to avoid such a contingency, the money has been paid into court, and it now remains for the law to decide whether or not the claim is good.

The Sun Fire office, of London, shows for 1892 a net premium income of \$5,146,630; net losses \$3,393,235, commission and management expenses \$1,650,530; loss ratio 65.9 per cent, expense ratio 32.0 per cent. A dividend at the rate of 7s 6d. per share has been declared. The total funds stand at \$9,005,300.

Accident insurance in England hitherto was limited to \$1,000 by railway ticket for third-class passengers; but the Railway Passenger's Company, of London, have taken a new departure, and now issue fatal-accident policies to third-class passengers for any sum up to \$2,500, covering accidents occurring on any passengers trains.

The Baltimore Underwriter says the firemen of Copenhagen are furnished with electric lamps which can be lighted or extinguished on the pressure of a button as occasion may require. The device is regarded as very useful in the exploration of dark passages, which the fireman is subject to during the performance of his duty.

Insurance nowadays even holds one's trousers up! This is a fact, as we find from the windows of a Manchester hosier that a pair of braces can be bought for 7 6d., 2s., or 2s. 6d., and with each pair a coupon goes, covering the wearer for \$500 against accidental death,—this risk being guaranteed by the Ocean accident and guarantee corps, limited. Next, please!—*The Policyholder.*

It has been reported that the Home, and St. Paul Fir. and Marine, and some other United States reputable fire offices intended to open up agencies in the Dominion by means of getting a provincial license. We do not think there is the slightest foundation for such a rumor. If either the Home or other companies mentioned, had any intention of transacting business in Canada, they would, in our opinion, put up the regular deposit with the Government and come in by a straight door or not at all.

The Chicago Inter-Ocean states that a Mr. L. H. Smith, an ex-Toledo operator in underground circles, has started a company called The Great Northern of Winnipeg and he has been in Chicago recently preparatory to planting agencies in the United States. Mr. L. H. Smith wants to get business by the underground route. The Great Northern is said to be a Guarantee Company, but we know practically nothing about the concern; doubtless some of our readers or exchanges will be supplying liberal information in due time.

The fire losses for June in the United States and Canada, according to the *Commercial Bulletin's* statement of fires of \$10,000 and over, amounted to \$14,213,000; adding 15 per cent. for smaller and unreported fires, it would make the grand total for the month \$16,344,950.

The following table shows the increase of fire loss in the United States and Canada during the first six months of 1893, as compared with the same period in 1891 and 1892:—

	1891.	1892.	1893.
January.....	\$11,230,000	\$12,564,900	\$17,958,400
February.....	9,226,500	11,914,000	9,919,900
March.....	12,540,750	10,648,000	16,662,350
April.....	11,309,000	11,559,800	14,669,900
May.....	16,660,395	9,485,000	10,427,100
June.....	8,587,625	9,265,550	16,344,950
Total.....	\$69,555,170	\$65,437,250	\$85,982,600

The Equitable Life Assurance Society of New York has recently added a quarter of a million dollars of city of Montreal securities to its deposit with the Insurance Department at Ottawa for the benefit of Canadian policyholders. The Equitable Life is the most progressive life assurance company in the world. Its growth and present dimensions are simply marvellous.

PERSONAL MENTION.

MR. A. J. BELL, of Halifax, favored the CHRONICLE with a call recently. He represents the Lancashire, Atlas, National of Ireland, and Insurance Company of North America, fire offices, —also the Plate Glass Department of the Canada Accident,— and does so to the satisfaction of all concerned.

Among recent callers at the Chronicle office, were Messrs. Wm. T. Stauden of New York, the well known Actuary of the United States Life Insurance Company and several Canadian offices; S. Burrows of Belleville, Mr. A. E. Brachury of Ottawa, Mr. W. S. Dresser, of Sherbrooke; Messrs. J. C. Norsworthy, Ingersoll and others.

MR. DIGBY JOHNSON, the General Manager of the Lancashire, called on THE CHRONICLE, while in the city prior to his return to England. It will be remembered that Mr. Johnson was formerly connected with the Royal, and it was a pleasure to many of his friends here to be able to congratulate him in person upon his recent advancement.

MR. CHAS. D. CORY, Managing Director of the Eastern Assurance Co., passed through Montreal on the 10th inst. on his way home from the Northwest. He appointed one firm of Allan & Williams of Winnipeg, general agents of his company for Manitoba and the Northwest Territories. Mr. Cory speaks in glowing terms of the future prospects of the Northwest and was greatly pleased with the solid healthy growth of Winnipeg.

MR. DAVID LAWRIE, of London, general manager of the Albion Fire Insurance Association, of which Mr. John Kennedy is Dominion Manager, has gone to New York whence he sails for England. Mr. LAWRIE has spent some time looking over the Canadian field, and took in Manitoba, the Northwest and British Columbia. He speaks in the highest terms of the growth and future prospects of those territories. On the whole, Mr. Lawrie expressed himself as well pleased with his visit, and looks forward to good results from Canada as an insurance field.

MR. R. G. MOFFETT, Resident Secretary at Belfast of the Gresham Life Assurance Society, when recently in Montreal, favored the CHRONICLE with a pleasant visit. It is hinted to be within the range of probabilities that the Gresham will at no distant date enter the Dominion; if so, the Company will be a welcome addition to insurance circles, as it is in every way progressive, and one of the notably solid institutions of the old country. Mr. J. H. SCOTT is General Secretary of the Gresham, and he is one of the most energetic and able Life Underwriters in Great Britain.

MR. W. S. HODGINS, the popular General Superintendent of the Ontario Mutual Life Assurance Company, is at present in Montreal with a view to establishing agencies throughout the Province of Quebec. The Provincial taxes have been paid, and a staff of agents will soon be selected to transact business. The Company has taken an office in the Board of Trade Building in this city, where agents and others can for the present communicate with Mr. Hodgins, for we believe it is his intention to give personal attention to this province for the next few months. The Ontario Mutual Life is a well managed conservative office, and we welcome it back to the province of Quebec and to the metropolitan city of the Dominion.

## The Ontario Mutual Life Assurance Company.

The Twenty-third Annual Meeting of this Company was held in the Town Hall, Waterloo, Ont., on Thursday, May 25th, 1893, at one of the clock, p.m. The meeting was fairly well attended by a number of influential and representative policyholders from various parts of the Dominion and the leading agents of the Company as well as by the prominent business men of the sister towns of Berlin and Waterloo.

The President, Mr. I. E. Bowman, M.P., having taken the chair, supported by the Manager, Mr. Wm. Hendry: on motion Mr. W. H. Riddell, the secretary of the Company, acted as secretary of the meeting. Having read the notice calling the Annual Meeting, on motion the minutes of last annual meeting were taken as read and adopted, whereupon the President read

### THE DIRECTORS' REPORT:

*To the Policyholders of the Ontario Mutual Life Assurance Co.*

GENTLEMEN,—In submitting the following statements as their 23rd Annual Report, your directors have great pleasure in being able to inform you that during the past year your company has made very substantial and satisfactory progress.

The total number of policies in force at the close of the year was 12,445, covering assurance amounting to \$16,122,195.38 on 11,220 lives.

During the past year 1,968 policies were issued for assurance, amounting to \$2,676,250, and 82 applications for \$121,500 were declined.

The net premium income for the year was \$503,389.13, and we received for interest on our investments the sum of \$111,562.13, making our total income \$614,951.26.

The total assets of the company at the close of the year were \$2,253,984.20, and the surplus, after deducting the liberal amount distributed among the policyholders, was \$176,301.30.

The amount paid for death claims during the past year was \$96,000 on 75 lives, which indicates a very low rate of mortality.

The ratio of expense to income was again reduced below that of the previous year.

The executive committee has carefully examined the securities held by the company, and found them correct, as reported by your auditors.

The depreciation in the value of real estate has not impaired our mortgage investments, the margin on our valuations being sufficiently large to meet all probable reductions.

During the past few years there has been a material decline in the rate of interest, and present indications point towards a still further reduction, and we think that it is quite probable that before long all life assurance companies in Canada may have to hold a larger reserve than that which is required to be held at present.

These two contingencies will to some extent reduce the surplus of all the companies available for distribution among the policyholders. We confidently expect, however, to maintain in the future the liberal distribution of last year.

You will be called on to elect four directors in the place of I. E. Bowman, M.P., Alfred Hoskin, Q.C., E. P. Clement and Hon. Wilfrid Laurier, all of whom are eligible for re-election.

The detailed statements prepared and duly certified to by your auditors are herewith submitted for your consideration. On behalf of the Board.

I. E. BOWMAN,  
President.

### HOW THE BUSINESS HAS INCREASED.

In commenting upon the report, Mr. Bowman said that the amount of new insurance granted was in excess of the previous year, and that the number of policies and the amount of insurance issued since Jan. 1 to May 25th, 1893, was very considerably in excess of the amount issued during the corresponding

period of last year. During that period in 1892 the insurance issued amounted to \$869,800, while during the same period this year it amounted to \$1,180,000 an increase of \$310,200.

The controllable part of the expenditure of the company had, owing to economical management of the directors, been somewhat decreased; the risks of the company had been carefully scrutinized before being taken as shown by the death rate, and the funds were well and carefully invested, as shown by the rate of interest that had been realized. Notwithstanding the fact common to all companies which had funds to invest, that the rate of interest had declined during the past year, the income derived from investments was a very handsome amount, exceeding the death losses for the year by no less a sum than \$15,000. He moved the adoption of the report.

### STEADY AND SUBSTANTIAL PROGRESS.

Mr. Robert Melvin, of Guelph, the second vice-president, said that the report read by the President had shown the affairs of the company to be in a most satisfactory condition. A fair comparison between this and other companies showed that its standing was equal to the best. The record of the Ontario Mutual had been one of steady, substantial progress. In the year 1882 the assets amounted to \$127,429, while in 1892 they had increased to \$2,253,984. These were solid, substantial assets. They were in securities available at any time for the purpose for which they were intended. They were in securities that he believed to be of the safest possible character. Because of the scarcity of investments that would yield a reasonably fair return, based on the requirements of the government reserve, it was so hard to find favorable investments that some companies were compelled to place their money in one particular line of security. This company was extending its operations to almost every safe kind of investment in Ontario, and some outside of Ontario. In 1882 The Ontario Mutual had \$5,504,478 of insurance in force, while in 1892 it had reached the sum of \$16,122,195. He thought all would admit that fair and reasonable progress had been made. Some other companies might have a larger amount of insurance in force, but in the earlier years of the Mutual the directors had felt, and he thought wisely so, that it would be well not to have too much business and not to accept the larger class of policies. Mr. Melvin seconded the motion for the adoption of the report.

Mr. L. M. Britton, Q.C., in supporting the motion, regarded the absence of a large number of policyholders from the meeting as an indication that the great majority were satisfied with the management of the affairs of the company. He announced that the directors were considering the advisability of shortly extending the operations of the company to the Province of Quebec, and stated that already a commodious suite of offices had been secured in the new Board of Trade building in Montreal. An influential friend of the company had interested himself in insurance in that province, so as to be a source of strength and profit to the company. He felt that the policyholders of The Ontario Mutual had good reason for boasting of the position which the company occupied at the present time, and reason to anticipate still greater success in the future.

Mr. Wm. Hendry, the manager, did not agree with those who thought a change to a higher reserve necessary or advisable, inasmuch as no necessity for it existed or would exist so long as the net rate of interest earned on investments, as it has done so far, exceeds 4½ per cent. An unnecessarily large reserve imposed a serious burden on a company in the cost of its investments, and also on the enhanced difficulty of obtaining desirable securities. Surplus distributions under a lower interest rate must necessarily range lower, but as this company holds a large surplus, with the view of being prepared to fill the higher reserve, if required, and considerable besides as a safeguard to contingencies, the surplus to existing members would not be for the present decreased.

Some companies doing business in this country have materially reduced the dividends to their policyholders as



compared with the previous year; but by rigid economy in every department, and owing to the low ratio of mortality experienced, this company has not been, and he hoped would not be, compelled to follow their example in this respect.

Other members having spoken in terms of gratification of the excellent standing and satisfactory progress of the company, the report was unanimously adopted.

On motion of Mr. Hendersoir, seconded by Mr. F. C. Bruce of Hamilton, Messrs. H. F. J. Jackson and J. M. Scully were re-appointed auditors.

Mr. E. M. Sipperell of St. John, N.B., moved, seconded by Mr. J. A. McKay of Woodstock, that the thanks of this meeting be tendered to the President, Vice-Presidents and Directors for the care and attention devoted by them to the affairs of the company during the past year. Mr. Sipperell strongly commended the course pursued by the directorate, and spoke in warm terms of the past progress and present position of the company. The resolution was unanimously adopted, as also one moved by Mr. Robert Baird of Kincardine, extending the thanks of the policyholders to the Agents for their devotion to the business of the company and for the very gratifying results from their exertions during the past year. This resolution and another conveying the thanks of the meeting to the Manager, Secretary and Staff for their efficient services during the past year were unanimously adopted.

The scrutineers reported that the following directors had been re-elected:—Messrs. I. E. Bowman, M.P., Alfred Hoskin, Q.C., E. P. Clement and Hon. Wilfrid Laurier.

At the subsequent meeting of the directors, Mr. I. E. Bowman was re-elected president, Mr. C. M. Taylor, vice-president, and Mr. Robert Melvin, second vice-president, for the ensuing year.

## ROYAL INSURANCE COMPANY

The annual general meeting of the shareholders of the Royal Insurance Co. was held on June 23rd, in the board room of the company, Queen Insurance buildings, 10 Dale street, Liverpool, for the transaction of the ordinary business of the company. Mr. M. H. Maxwell, chairman of the company, presided, and amongst those present were Mr. T. H. Ismay (one of the deputy chairmen), Messrs. Jas. Barrow, Joseph Beausire, John Bingham, Stewart H. Brown, Charles J. Bushell, Edw. H. Cookson, Henry F. Fox, B. Vincent Hall, Herbert W. Hind, Thos. Holder, Henry H. Hornby, Thos. H. Jackson, John Rankin, Edwd. W. Rayner and Wm. Watson (directors), Messrs. John Birch, S. S. Bacon, Edmund Taylor, J. Edgar, Alfred Fletcher, J. M. Calder (auditor), Colonel Whitney, W. C. Atkinson, John Jack, Edwd. Pierpoint, Arthur Crosthwaite, J. Corbett Lowe, H. H. Noble, J. S. W. Shaw, E. P. Parry, Thos. Goffey, J. H. Beilby (Edinburgh), W. J. Sweeney, J. L. Bailey, Wm. Chambres, J. P. Hargreaves, G. H. Ball, Reginald Bushell, Colonel Wilson, John Findlay, P. F. Garnett (solicitor), and others.

### REPORT FOR THE YEAR 1892.

The directors have the pleasure of reporting the results of the operations of the year 1892. The accounts for the year include the entire business of the Queen Insurance Co., now completely amalgamated with that of the Royal, and also the business of the Midland Counties Insurance Co., which has been acquired during the period.

### FIRE DEPARTMENT.

The fire premiums for the period, after deduction of reinsurances, amounted to \$10,165,260, and the net losses to \$7,047,040. The interest from fire fund and current balances amounted to \$152,920, and from other accounts to \$474,860, leaving a balance to be carried to profit and loss account, after deducting all expenses, of \$442,035. The fire losses are considerably in excess of the average of recent years, both as respects the number of fires and the severity of the losses. This excess has not been con-

tinued to any country in particular, but has been general over a great part of the world. In Liverpool especially, where we have so great a mercantile business, the experience has been abnormally unfavorable.

### LIFE DEPARTMENT.

During the year, new proposals were accepted for \$4,728,855, of which amount \$4,100,805 has been completed, and the corresponding annual premiums obtained to the closing of the accounts were \$151,990. The proposals declined during the period amounted to \$651,100. The total income from premiums after deducting re-assurances, amounted to \$1,900,765, and the interest received from investments, exclusive of that on the annuity fund, was \$568,470. The claims during the year were:

By death—Original sums assured.....	\$1,451,610
Bonus additions thereon.....	248,190
By matured policies (inclg. children's endowments)—	
Original sums assured.....	\$5,450
Bonus additions thereon.....	13,345
<b>Total.....</b>	<b>\$1,798,595</b>

In the annuity branch, the purchase-money received for new annuities, together with the premiums on contingent annuities, amounted to \$739,000, and the interest to \$45,420. Forty-seven annuities have expired during the year, the annual payments on which amounted to \$6,000. After payment of all claims, annuities, bonuses in cash and expenses of every description, a balance of \$918,900 has been added to the life funds, making the total accumulations of the life and annuity branches of the company, including the life and annuity funds of the Midland Counties Insurance Company, \$23,651,785. During the year the directors, after careful consideration, have adopted the Forged Transfers Acts, 1891 and 1892, and have passed the following resolution relative thereto:—(1) "That in pursuance of the provisions of the Forged Transfers Acts, 1891 and 1892, this company will indemnify against loss arising from a transfer of shares effected by means of a forged transfer, or of a transfer under a forged power of attorney, in every case where a certificate for such shares shall have been issued by the company to the transferee; the amount of such indemnity not to exceed the sum which may be necessary to replace such shares and any dividends payable thereon lost by reason of such forgery." (2) "That the foregoing resolution is passed without prejudice to the right of the directors, which is hereby reserved, to revoke or vary the same as they may find necessary or expedient."

FUNDS—After providing for payment of the dividend, the funds of the company will stand as follows, viz:—

Capital paid up.....	\$1,878,510
Fire Fund.....	\$3,640,000
Conflagration Fund.....	1,000,000
	4,640,000
Reserve Fund.....	7,911,970
Life Fund.....	23,651,785
Superannuation Fund.....	202,035
Reserve for expiring treaties of the Queen.....	323,280
Balance of profit and loss.....	1,408,745
<b>Total.....</b>	<b>\$40,016,325</b>

The Chairman then said: Gentlemen,—You have had the report and accounts in your hands for some time, and it has been usual at these meetings to take them as read. Is that your wish? (General assent.) Such being the case, and the report and accounts having been taken as read, before submitting to you a formal resolution for their adoption and approval, it may be expected of me to make some remarks, but it will not be necessary for me to trouble you at any length, as the accounts set clearly before you the position of the company. The report for the year will no doubt have given great satisfaction to the shareholders in one particular, viz., that for the first time in the history of fire insurance the Royal has acquired a fire income of over two millions sterling per annum. (Applause.) Several companies have had previously an income of a million and over

but no company has succeeded till now in obtaining a fire income exceeding two millions. That must be a source of gratification, because it carries with it the conclusion that when times improve and losses cease to be of the extraordinary character they have been for the last year and a half, the profit-giving power of the Royal will be found to have been greatly increased. But the report is not all matter for satisfaction, for the fire losses have been very heavy, much indeed beyond the average. It is true we could have made our own losses less because we have debited the year with losses both on the Queen and Midland Counties policies where we had not received the premiums, and it would have been perfectly legitimate to have written them against the funds of these companies, but they have all been placed against the year, and it is made consequently so much the worse. The epidemic of fires in 1892 has been very curious. Business had gone on very much as usual for a time, with a moderate amount of loss, when all at once fires increased enormously in number, without our being able to obtain any satisfactory explanation of the cause. They have not been confined to any particular country, nor to any particular time of the year, but have occurred over a large part of the world and at all seasons. In Liverpool, where our means of obtaining information might have been supposed to be good, every possible inquiry has been made, but we are entirely without satisfactory explanation as to the extraordinary increase both in the number and the severity of the fires. Under these circumstances we may well congratulate ourselves that in the days of our great prosperity we were sufficiently prudent to look forward to and prepare for days of adversity that might be expected to come sooner or later. During our prosperous times we happily accumulated such reserves as enabled us to meet calmly the succession of fires we have lately experienced, and to justify us in recommending the payment on this occasion of the same dividend as before, after which we carry forward to next year, at the credit of profit and loss, the very respectable amount of \$1,400,000. (Applause.) *In addition, there is a large increase in the value of our investments, particulars of which it has been customary to state at our meetings, and it will therefore, no doubt, be gratifying to you to hear that, as compared with the book values, the Stock Exchange value of our marketable securities shows a balance of over \$2,565,000 on the right side—i.e., these securities are worth \$2,565,000 more than they appear in the balance sheet. (Applause.) But that is not all—as it may be mentioned that our buildings have been largely written down as so to make perfectly certain that the values in our books are substantially below what we consider could be obtained for them if we should ever wish to sell. You will thus see how well our dividend is secured, and how large the funds are to protect us in days of adversity. It must not, however, be concluded that although the strong offices can look calmly on these fire losses, they are not making efforts to meet the position created by the increased number of fires. Not only is every endeavor being made to reduce losses, but attention is being given to readjust premiums to the altered conditions of the business, and, at the moment, the position has distinctly improved. We have had a bad year, but fire insurance is a wonderfully good business. It is 21 years since we showed a loss upon the accounts, and then that year's loss was caused by the great fire in Boston. The loss of the year now under review has to a considerable extent been caused by the conflagration in St. John's, Newfoundland. But for that fire we should have shown a substantial profit. During the intervening period of 21 years our profits have been very handsome indeed, for in that time we have increased our dividends from \$2 per share in 1872 to \$8.75 in 1892, and our fire funds have been raised from \$2,130,000 in 1872 to nearly \$15,000,000 in 1892. (Applause.) During the year we have, as mentioned at the last meeting, acquired the business of the Midland Counties Insurance Company—a very choice country business, which we have no doubt will add in years to come its share of profits to the Royal. In connection with that company we have followed the same course*

as we have done in our own business. We have written off \$2,775 from furniture account, and divided the funds, as shown on the statement printed with our balance sheet. In the fire department we have had a large increase of business with a good year. The mortality has been slightly increased by the epidemic of influenza, but, from an estimate made at the end of the year, there is every prospect of an exceedingly satisfactory amount of profit at the next quinquennium at the end of 1911. You will notice, and no doubt approve, the action of the directors in adopting the Forged Transfers Acts of 1891 and 1892. Every shareholder will for the future know that his certificate is guaranteed, and that too without any extra charge being made. (Applause.) You will also be pleased to hear that we had no money deposited for any fixed time in any of the Australian banks. We had a small amount in banks, but only current balances required in our business. There are also the remittances sent to us in bills in the ordinary course of post, payments of which remain at present in abeyance, but there is little doubt all these will be met in due time, and we have not the slightest anticipation of any loss from these items. We have a few mortgages in the colony, the interest on which may for a time be difficult to collect until matters have settled down; but if there be ultimately any loss upon them, it will only be a very moderate amount indeed, for they are all small and most of them on property in the city of Melbourne, a part indeed in the centre of the city, the value of which cannot ultimately be seriously affected. (Applause.) Gentlemen, I think that is all I have to say, and I beg to move "That the report of the directors be approved and adopted, and that a dividend of \$5.75 per share be payable on or after Tuesday, the 4th July, making, with the interim dividend paid in January last, \$8.75 per share for the year 1892, free of income tax."

Mr. T. H. Ismay: Gentlemen. I have much pleasure in seconding the resolution which has been proposed by the Chairman, that the report and statement of accounts for the year 1892, as presented, be passed and adopted. The chairman has dealt very fully with the results of the company's workings during the past year, and there are only one or two remarks I should like to add to what has fallen from him. During a recent visit to America I had opportunities of conversing with your able representatives in New York and Chicago, and learning from them the opinion held in the United States with regard to the position of fire insurance business generally, and more especially in regard to American legislation against British and other foreign companies. Whilst this is continually to the fore, you will be pleased to hear that it is opposed by the public, who do not wish to see competition restricted. Under the laws of the State of New York no one is permitted to place insurance with any company not authorized to transact business in the State, until he has filed an affidavit that he is unable to procure the insurance that he needs for the protection of his property in the companies so authorized. A list has been filed of upwards of 2,000 firms and individuals resident in the city and State of New York who have made such affidavits, and the number is growing daily. A somewhat similar condition of affairs exists in Boston, and largely also among the cotton and woolen industries in Philadelphia. In this we see the effects of adversity. Capital is withdrawn because of unproductiveness. Lines are reduced for a similar reason, and a demand for insurance has been created which is beyond the power of the authorized companies to supply. This must produce the usual commercial result—an advance in rates. The stronger companies have competed to get a grip of the business, in order that when rates advance they may benefit. This benefit we have yet to experience, but it will doubtless come. Greater firmness on the part of managers and agents is being exercised in regard to the business accepted, and those companies, like the Royal, which have been able to pass through the ordeal of the past two disastrous years, will soon begin to reap advantages therefrom. Gentlemen, I have nothing more to say, except that I feel you have to be congratulated upon, the sound position of your pro-

erty and upon the prospect of a return of the prosperity you have hitherto enjoyed. (Applause.)

The motion was then put to the meeting, and carried unanimously.

Mr. T. H. Ismay: Gentlemen,—Temporarily I take the chair, because the chairman is involved in the next resolution, which is "That the following directors retire by rotation at this meeting, but are eligible for re-election—Messrs. John Bingham, Charles J. Bushell, Henry F. Fox, B. Vincent Hall, George H. Horsfall, M. H. Maxwell, and T. Sutton Timmis; and that the retiring directors be re-elected directors of this company."

Mr. E. W. Rayner seconded the motion, which was carried without opposition.

The Chairman: Gentlemen, in expressing my thanks, I wish to say that it will be my endeavor to give my attention to the company as I have ever done, and as, I may say, all the directors have done, because I do not think there is a better attending board anywhere than the Royal Insurance Company. (Hear, hear, and applause.)

Mr. Bacon: I have much pleasure in proposing that the auditors, whom we have already tried and have had so long, be re-elected auditors for the coming year. It is perfectly true that no audit can turn a bad year into a good one, but it is very important and necessary for the shareholders to have auditors in whom they can trust thoroughly and implicitly, so that the accounts presented us may be perfectly correct, and also that we should know for a certainty that our securities are in hand. I have great pleasure in proposing that Mr. James M. Calder and Mr. John Empster be re-elected auditors for the ensuing year.

Mr. Sweeney: I have much pleasure in seconding the motion. The past year has been an abnormal one, and I have no doubt that when we meet this time next year we shall have brilliant and substantial sunshine in our affairs. Until that time comes I shall certainly say one prayer for that result.

The motion was carried unanimously.

Mr. Angus: I have much pleasure in moving "That the thanks of this meeting be presented to the chairman, deputy-chairmen, and directors of the company, to the directors and secretary in London, to the members of the boards of direction, the trustees, and the company's representatives in America; to the members of the various local boards at the branches, and to the company's agents and representatives at home and abroad, for their valuable services during the past year." After such a comprehensive resolution as that, I think you will agree with me that the Royal does not do things by halves. The shareholders will also be agreed that time will not permit of my tendering any lengthened remarks on a subject so full of scope, and which deals so extensively with details as this resolution. I could not under any circumstances do justice to it, but in commending it to you, I would remind you how thoroughly efficient all must be in their respective parts, and we cannot but admire the excellent judgment which has been shown in the selection of the gentlemen to fill all these positions. I think, however, that the distinguished position occupied by the Royal must be sufficient evidence of how thoroughly active and energetic everyone connected with the Royal must be. We have passed through bad times; and if our organization had not been so good we would have suffered more than we have done. I think we may feel thoroughly secure on this point, that if the worst is over, as we earnestly hope it is, with such officers and such connections as we have we ought to have a very prosperous year. (Applause.)

Mr. Hargreaves: I second the resolution cordially, and with great pleasure. We, as shareholders of the Royal, must feel that our boards have pre-eminently the good qualities of most Liverpool boards of directors, that they not only undertake, but do the duties of their office. (Hear, hear.) You will wish that in the future our directors will have a much pleasanter lot than during the last twelve months. It cannot be an easy matter to come to this board-room and meet the difficulties of insurance business which we see in our report.

The resolution was unanimously carried. In reply, the Chairman said: I beg to thank you on behalf of my colleagues and myself for the honor you have done us. I can only repeat what I have said before, that we all desire to do our best in the interests of the company. That concludes the business, gentlemen.

Mr. Sweeney: Surely someone will take the trouble to move a vote of thanks to Mr. McLaren.

Mr. Thomas Davies: I have great pleasure in moving that our best thanks and sympathies be accorded to him for the year of anxiety he must have passed through.

A Shareholder: I should like to second that proposition. (Applause.)

Mr. McLaren: Gentlemen, I am much obliged to you for your sympathy, which I can assure you was needed. But, after all, it is not a bad thing to have a bad year in an insurance office. The rates run down in good times. Now they are running up, and when the tide turns you will have such profits, I hope, as we have not been able to show our shareholders before. (Applause.)

The proceedings then concluded.

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for the purchase of \$31,000 of seven year City of Winnipeg Local Improvement debentures bearing interest at five per cent. per annum payable half-yearly at the Bank of Montreal, Winnipeg. Debentures guaranteed by the city and delivered here.

Further particulars can be obtained from Mr. D. S. CROMBIE, City Comptroller.

**THOMAS CILROY, Chairman,**  
WINNIPEG, 19th June, 1893. **Finance Committee.**

## Consolidated - Debentures.

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Calumet Island, P.Q.

June 27th, 1893.

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ESTABLISHED IN 1834.

Cash Capital, . . . \$2,000,000.00  
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Re-Insurance Fund, 2,112,831.71  
Net Surplus, . . . 2,580,057.92  
1,240,231.14

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CHAS. E. GALACAR, 2nd Vice-Pres.  
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The only Canadian Company putting up a Four per cent Reserve  
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We invite special attention to our Locks, Knobs, &c., the finest of  
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Subscribers to this Company's Montreal Exchange and the public may  
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To Quebec.....	60c. to Subscribers.	\$1.00 to the Public.
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Specialty in covering Electric Wire with White Lead. Also  
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*Life, Accident*  
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Examine our contract before insuring

TOTAL ASSETS, \$15,029,921.09 SURPLUS, \$2,579,794.24  
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Policy of \$5,000..... to Pay't Life Plan  
13 years Dividend Tontine.  
Age 27..... Annual premium \$ 226.00  
Total premiums paid..... 2,260.00  
Cash Settlement at end of Tontine Period :—  
Guaranteed Reserve..... \$1,905.00  
Surplus actually earned..... 1,404.90 - 3,309.90

This represents a return of all premiums paid, with a profit of..... \$1,049.90  
Free choice also given of such options as are offered by other first class companies.

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FOR 1892. PRICE, \$3.50.

**PROVIDENT SAVINGS LIFE ASSURANCE SOCIETY OF NEW YORK.**

**SHEPPARD HOMANS, President.**

**Eighteenth Annual Statement**

**FOR THE YEAR ENDING DECEMBER 31st, 1892.**

Income.....	\$ 1,902,222.39
Paid Policy-holders.....	1,181,498.36
Total Expenses of Management.....	464,141.34
Assets .....	1,287,010.23
Liabilities, Actuaries' 4% Valuation.....	605,215.00
Surplus, Actuaries' 4% .....	681,795.23
Surplus, American Experience, 4½%.....	716,395.23
Policies issued in 1892.....	19,517,516.00
Policies in force December 31st, 1892.....	76,843,241.00

\$50,000 deposited with the Dominion Gov't.  
ACTIVE AGENTS WANTED.

**R. H. MATSON, General Manager for Canada.**

Head Office, - - - 37 Yonge St., Toronto

1850 THE 1893

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IN THE CITY OF NEW YORK.

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**E. A. COWLEY, Manager Province of Quebec, Montreal.**

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**COMMERCIAL UNION**

Assurance Company Ltd. of London, Eng.

Capital and Assots, - - - - - \$27,947,330  
 Life Fund, (in special trust for Life Policy Holders) 7,343,285  
 Total Annual Income, - - - - - 7,100,000  
 Deposited with Dominion Government, - 374,248

HEAD OFFICE CANADIAN BRANCH:

1731 Notre Dame Street, - MONTREAL.

**EVANS & McGREGOR, Managers.**

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**Scottish Union & National**

Insurance Company of Edinburgh, Scotland.  
 ESTABLISHED 1824.

Capital, - - - - - 830,000,000  
 Total Assets, - - - - - 40,508,907  
 Deposited with Dominion Government, - 125,000  
 Invested Assets in Canada, - - - - - 1,415,468

**M. BENNETT,** Manager North American Department.  
**J. H. BREWSTER,** Asst. Manager.  
 HARTFORD, Conn.

**WALTER KAVANAGH,** - Resident Agent  
 17 St. Francois Xavier Street, MONTREAL.

CAPITAL -



£2,127,500

Net premiums }  
 for year 1892 }

£881,056

OF LIVERPOOL, ENG.

**WOOD & EVANS, General Agents.**

FOR THE

Province of Quebec, MONTREAL.

INSURANCE **ÆTNA** COMPANY

CANADIAN AGENCY ESTABLISHED 1821.

HARTFORD, CONN.

CASH ASSETS, \$10,915,830.00.

Fire and Inland Marine Insurance.

W. B. CLARK, President; A. C. BAYNE, Vice-Pres.; JAS. F. DUDLEY  
 Sec.; WM. H. KING, E. O. WEEKS, Assistant Secretaries.

**WOOD & EVANS, General Agents, MONTREAL.**

**Albion Fire Insurance Association**

(LIMITED)

OF LONDON, ENGLAND.

HEAD OFFICE FOR CANADA: - - - MONTREAL.

CANADIAN BOARD:

SIR DONALD A. SMITH, K. C. M. G., CHAIRMAN.  
 SANDFORD FLEMING, Esq., C.M.G., }  
 ROBERT BENNY, Esq. } DIRECTORS.

**A. DEAN, Inspector.**

**JOHN KENNEDY, Manager for Canada.**

AGENTS WANTED IN UNREPRESENTED DISTRICTS.

**UNITED FIRE INSURANCE COMPANY**  
**OF MANCHESTER, ENGLAND.**

A PROGRESSIVE COMPANY WITH AN EXCELLENT RECORD.

This Company has recently taken over the funds and business of the City of  
 London Fire Insurance Company, and is operated jointly with

**THE PALATINE INSURANCE CO., of Manchester.**

**Canadian Branch Office:**

1740 Notre Dame Street, - - - Montreal.

**T. H. HUDSON, MANAGER.**

NOVA SCOTIA BRANCH,  
 Head Office, Halifax,  
**ALF. SHORT, General Agent**

NEW BRUNSWICK BRANCH,  
 Head Office, St. John,  
**H. CHUBB & CO., General Agents.**

MANITOBA, B. C. & N. W. T. BRANCH,  
 Head Office, Winnipeg,  
**G. W. GIRDLESTONE, General Agent.**

# The British America

INCORPORATED 1833.

## ASSURANCE COMPANY.

HEAD OFFICE, - - TORONTO.

OLD                      RELIABLE                      PROGRESSIVE  
FIRE AND MARINE INSURANCE.

Cash Capital, - - - \$500,000.00  
Total Assets, - - - 1,015,570.70

Losses paid since organization, \$12,475,201.09

**DIRECTORS :**

**GEO. A. COX,**                      **J. J. KENNY,**  
*President.*                      *Vice-President.*

A. M. SMITH	JOHN HOSKIN, Q.C., LL.B.
S. F. MCKINNON	ROBERT JAFFRAY
THOMAS LONG	AUGUSTUS MYERS

H. M. PELLATTI.

**P. H. SIMS,** *Secretary.*

**C. R. G. JOHNSON,** *Resident Agent,*  
42 St. John Street, - - - MONTREAL

# THE CANADA ACCIDENT ASSURANCE COMPANY.

Incorporated in 1887.

THE CANADA ACCIDENT has acquired the business of the

MUTUAL ACCIDENT ASSO'N. (of Manchester),  
THE CITIZENS OF CANADA, and  
THE SUN OF CANADA.

THE CANADA ACCIDENT is now controlled and guaranteed by the PALATINE INSURANCE COMPANY (Limited) of Manchester, but will continue under its original name, but with new Officers and Manager, and is fully prepared to offer Accident Insurance in all its branches, together with Employers' Liability Indemnity on the most liberal terms.

**HEAD OFFICE:**

1740 Notre Dame Street, - MONTREAL.

**LYNN T. LEET,** *Manager.*

**FORTY-EIGHTH ANNUAL REPORT**

OF THE

# New-York Life Insurance Company

**JOHN A. McCALL,** *President.*

**SUMMARY OF REPORT.**

**BUSINESS OF 1892.**

Premium Income, - - - - -	\$25,040,113.93
Interest, Rents, etc., - - - - -	5,896,476.90

**Total Income, - - - - - \$30,936,590.83**

Death Claims, - - - - -	\$7,896,589.29
Endowments and Annuities, - - - - -	2,484,432.29
Dividends, Purchased Insurances, etc., - - - - -	3,613,990.75

**Total to Policyholders, - - - - - \$13,995,012.33**

Number of New Policies Issued, - - - - -	66,259
Amount of New Insurance Written, - - - - -	\$173,605,070.00

**CONDITION, JANUARY 1, 1893.**

**Assets, - - - - - \$137,499,198.99**

Liabilities, 4 per cent. Standard, - - - - -	\$120,694,250.89
Surplus, - - - - -	16,804,948.10
Number of Policies in Force, - - - - -	224,008
Amount of Insurance in Force, - - - - -	\$689,248,629.00

**PROGRESS IN 1892.**

Increase in Benefits to Policyholders, - - - - -	\$1,323,521.45
Increase in Assets, - - - - -	11,551,908.18
Increase in Surplus, - - - - -	1,063,924.79
Increase in Insurance Written, - - - - -	20,940,088.00
Increase in Insurance in Force, - - - - -	60,165,451.00

**DAVID BURKE,** *GENERAL MANAGER.*

Company's Building, - - - - MONTREAL, Canada.