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Merchants Bank of Canada.

Established 1861.
HEAD OFFICE: Montreal.
 Paid-up Capital, \$5,799,200.00
 Reserve Fund. 1,920,000.

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Acres Scotia and New Brunswick—Bank of Nova Scotia, and Merchants Bank of Halifax.

A general banking business transacted.
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Established 1836.
HEAD OFFICE: Montreal.

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Established 1865.
HEAD OFFICE: Quebec.

Paid-up Capital, \$1,200,000.00

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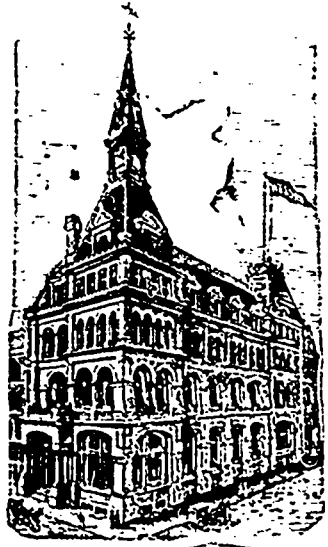
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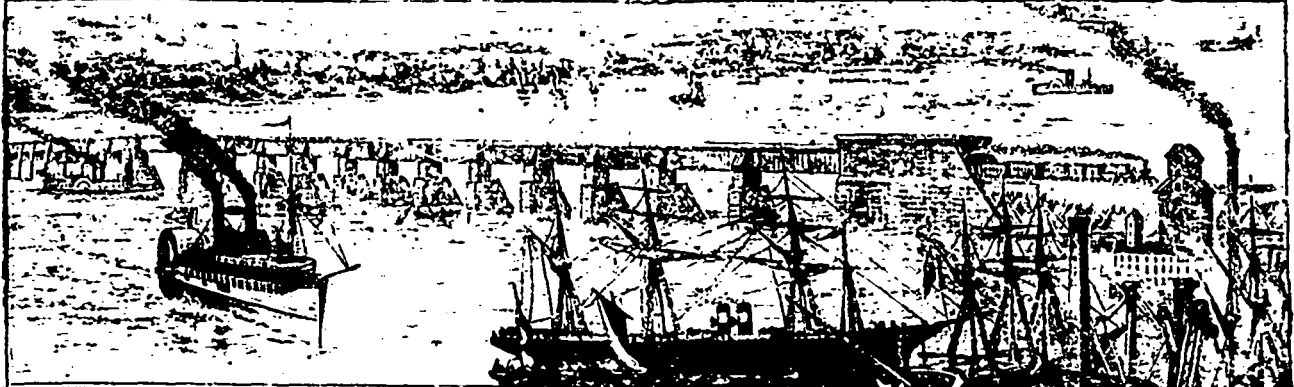
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No. 10.

Insurance and Finance CHRONICLE.

VOL. VIII.

Office: 1724 Notre Dame Street.

MONTREAL, OCTOBER, 1888.

Subscription, \$2.00 per ANNUM.

Insurance and Finance Chronicle.

PUBLISHED MONTHLY,
R. WILSON SMITH,
Editor and Proprietor.

OFFICE: 1724 NOTRE DAME ST., MONTREAL.

Annual Subscription (in advance)	\$2.00
Single Copies	.20
Per Hundred Copies	18 00
Prices for Advertisements on application.	

All Communications intended for THE CHRONICLE must be in hand not later than the 25th of the preceding month to secure insertion.

ANNEXATION.

It is amusing to hear some of our French Canadian neighbors talking of annexation to the United States as a cure for the evils which their political leaders would have them believe they are suffering from. We know but little as to the constitutionality or otherwise of the *Meistrates' Act*, which was disallowed by the Dominion Government, and we have no intention of discussing such an intricate legal question, which could be more satisfactorily settled by the Privy Council than by any private opinion; but this we do know, that no person with a spark of patriotism, or the least desire to see harmony and good-will prevail between the different races of the Dominion, would for one moment argue that it was hatred to the French race as such that had prompted the disallowance. It is possible, and indeed probable, that the lack of sympathy between the conservative government at Ottawa and the liberal government at Quebec may have had something to do with the matter; but that race feeling had the very least to do with it is simply absurd. It might as well be claimed that the long conflicts of the Federal authorities with Manitoba over the Red River Railway, or with Ontario over the boundary line, were due to race prejudice. There is no more ground for it in the Quebec case than in the others. And yet, sad to say, the local politicians of this province, who were hoisted into power by inflaming the French Canadian national feeling over the Riel matter, are determined to prevent that anti-English feeling from cooling, and have seized upon this disallowance as a peg on which to hang their theory

discrimination against Quebec, "because it is French and Catholic." And it certainly is a strange commentary on the alleged loyalty and non-aggressiveness of the French Canadians that a skillful demagogue can twist the rabble around his finger, so to speak, and drive them to the polls to vote as he wishes, by merely shouting a few anti-English sentiments and saying that his opponent is on that side.

And some of these politicians speak of annexation as a cure for all their "evils!" It needs but little reasoning to convince us of the insincerity of such talk. The majority of the French Canadian Roman Catholics have little love for anything English, but on the other hand their hierarchy are most determinedly opposed to any move in the direction of annexation, and wisely so, so far as their own interests are concerned. But what view does the Protestant element in the population take of the matter? We are firmly convinced that every outburst of Quebec "Nationalism" adds many English-speaking converts to the annexation idea. Independence is practically impossible for Canada, if for no other reason, than because of the lack of harmony in language and religion in her population. We must either remain a dependency of Great Britain or enter the United States. And the number is rapidly increasing of those who look to annexation, as the solution of the French problem. The French are about one-third of the population of Canada, but they would immediately drop entirely out of sight in a united North America, for they certainly would not then be more than one in thirty, and they would in the course of a generation almost entirely lose both their language and their isolated nationalism. The face of Quebec itself would rapidly change, and liberal ideas and just laws would take the place of our present sectional legislation.

But we wish it to be distinctly understood that we are not annexationists. Far from it, we are attached to the old land by many ties, and desire to live and die British citizens. And we further believe that annexation would be in many respects a calamity to Canada, for we have enough conceit to believe that our general population is of a deeper, more earnest, more moral and more religious type than that of the United States; and that a closer connection, which would imply the spread among us of American habits of thought, would infallibly lower somewhat this high national standard of which we are proud. We therefore do not at all look upon annexation as a thing to be desired for

itself, and if we were to take it up it would be because it was forced on us as the lesser of two evils, for the minority in Quebec would certainly rather be ruled by people of their own race, even if American, than by the French hierarchy. But if the aggressiveness of the latter were but to cease, all cause for the unhappy antagonism at present prevailing would at once cease with it, but this we are afraid is a vain hope.

ANNEXATION OR FEDERATION.

The lesson taught by the ancient fable, where the mariner to escape Scylla falls foul of Charybdis, is that by keeping the middle course, we may steer clear of both evils; and it seems to us that the good ship Canada is, through the mismanagement of those who are either guiding the helm or pulling the ropes, drifting one moment towards the whirlpool of Annexation on the one side, and the next heading for the rock of Imperial Federation on the other.

Those in favor of Annexation,—in which we include Commercial Union, the two being as we have already demonstrated synonymous and inseparable,—have champions of undoubted ability, comprising among them the *Toronto Mail*, and Professor Goldwin Smith, who appeal with very forcible arguments to the pockets of a people already beginning to feel the burden of heavy taxation, pointing out with perfect justice that whereas the debt and the charges thereon in the United States are rapidly decreasing, both absolutely and also relatively per head of the population, our own debt and its charges are on the increase. They likewise put forth that the markets for our products, which at present are necessarily restricted by our limited population and fiscal policy, would be enormously multiplied by annexation or free commercial intercourse with the States, although it may be remarked that the latter country has itself a super-abundance of almost every article we can produce, at the same time annexationists fail to comprehend that the great market which purchases the surplus food does not lie in the States or Canada, but in England.

Those, on the other hand, who advocate Imperial Federation may be said to appeal more to the heart than the head, inasmuch as they run up the flag of loyalty, and draw gorgeous and patriotic pictures of the grand consolidation of the empire, as though the latter were on its last legs, and gradually crumbling to pieces for want of what our dear friend Mrs. Chick would call "an effort." As a part of this saving effort it is proposed that the colonies, ours among the number, should send representatives to the Imperial Parliament to have a voice in government of the Confederated Empire, so that we may contribute our share towards the Federal exchequer, at least we presume so, as it could scarcely be expected we could vote upon an Imperial measure without bearing our share of the responsibility attaching thereto, and this scheme would certainly not tend to lighten our taxes; while another proposition that Great Britain should discriminate in favor of Colonial produce, as against the produce of foreign countries, may, at the first blush, appear a tempting bait, but we cannot believe the idea would ever be seriously entertained by the English Parliament, since it

would be a complete reversion of that Free Trade policy by which the Mother Country has gained for herself the markets of the world. More than forty years ago England demolished her—metaphorically speaking—Chinese wall round her own shores,—and we entirely doubt her ever re-erecting that wall, even on an extended scale.

Now, in submitting that both Annexation and Federation would signify, so far as we are concerned, National annihilation, especially the former, as our very name in that case would be blotted out, at the same time the fact that either one or the other find numerous and influential supporters, is a sign that there is discontent with the present state of things somewhere, and it is better to look the matter squarely in the face. We do not think the problem is difficult of solution, and it would be more dignified if, in acknowledging our cart had become wedged in a rut, we would put our own shoulder to the wheel instead of calling upon some passing Hercules to assist us.

We are not going to deny, having indeed more than once stated in these columns, that our debt has attained serious proportions, and together with our taxes is increasing at a more rapid ratio than our population. For this, unfortunately, we have no one to blame but ourselves, having been allowed full liberty to carve out our own destiny, and considering our resources and population we have no hesitation in saying that we are to-day suffering from the error of over-government. That a country with our limited amount of trade, and whose people only number some four and a half millions, should have to stand the burden of nine different governments is of itself quite enough to retard, if it does not altogether check, our progress. We are paying three or four times as much as there is any occasion to do for necessary legislation, and it would be difficult to estimate the annual cost to us for jobbery, which must accompany an army of politicians who have little to do and yet must make a living out of us. Take first the Maritime Provinces with under 900,000 inhabitants, and it is useless to argue that in addition to the Dominion Government those Provinces should require three distinct local Parliaments, each with an upper and lower house, and a lieutenant-governor, in order to legislate for that small population! One of the Provinces, Prince Edward's Island has only a little over 100,000 inhabitants at the most! Then, turning to our own Province of Quebec, and we find a Government, which in order to get the funds to meet the charges on the debt it has saddled us with, to pay for the magnificent public buildings in which to carry on its functions, the salaries of its officials, and endow the religious institutions of the majority, resorts in the first place to a so-called conversion scheme, which not only brings discredit upon the Province but tends to shake security in the undertakings of the Dominion itself; and secondly it passes an act to tax commercial institutions and corporation, which places a burden upon capital and trade such as cannot fail to be most injurious to the progress and best interests of the country. Worse than all it has deliberately set nationality against nationality, and in a pettifogging party spirit sown the seeds of discord where before there was peace and good-will. We do not make

these remarks with any desire, as the *Gazette* might think, of insulting Quebec, but are simply stating plain facts, and it is this spirit of small-minded provincialism which is the evil we are laboring under, and unless checked, will, we are convinced, so far kill Canadian nationality that the middle course of continuing to build up our country will be missed, and we shall perforce be driven to choose between Annexation and Federation. What we need is to weed out our different provincialisms, and, acting together as Canadians all bent upon the general good, cut down our heavy expenses, encourage immigration to the utmost, and remove, as far as possible, all embargoes upon trade and commerce, so as to enable us to compete in other markets besides our own, and we shall then be able to reduce our debt and taxation, and have a future before us worthy of those races from which we sprang, but otherwise the old adage of a house divided against itself will be assuredly true with us as with others.

THE SURVIVAL OF THE FITTEST.

When we entered on the criticism of this pamphlet we were inclined to think that the author was probably sincere in his statements, and that the amazing assertions in it were due more to sublime ignorance than to wilful misrepresentation. But his later letters have shown such skilful twisting of words and sentences, and such unfair and deliberate evasions of the truth, that we can no longer regard him as a fair antagonist, and decline to have any further controversy with him. It is only necessary to read our criticisms, side by side with Mr. Paterson's letters, to recognize at once the bad faith of the writer, and, at the same time, how completely he fails to answer our objections any further than by a show of words and side issues. As the closing chapter of this controversy, we print elsewhere Mr. Paterson's letter, italics and all, as it appeared as an advertisement in three Montreal papers, and will again pass a few running comments on it, just to show its weakness and its deceptive character.

Misstatement No. 1.—What a skilful twisting of words! Our critic simply inserts the words "who insure" into his previous assertion, and then says he "repeats" what he said before! But the statement is by this change entirely altered. What Mr. Paterson said before was, that the mortality after age 60 does not need to be considered, and he stated that as the mortality tables, leaving out all deaths after age 60, show that \$12.10 per \$1,000 is sufficient to carry the risk up to that age, therefore \$12.10 is sufficient to carry all these lives to maturity and pay all their claims. We pointed out the absurdity of this, and showed that, although people enter a company only up to about age 60, they by no means all die before that age, and that their claims must be paid at ages all the way up to 97. The mortality after age 60 cannot therefore be ignored, and we pointed out that it is so very heavy that nothing but a large reserve fund can save a company then from ruin, and that the \$12.10 is entirely insufficient then. Mr. Paterson's reply to this is to alter what he said before, and then says he is "repeating" it, when he knows he is not.

Misstatement No. 2.—Our diagram represented nothing of the kind. It showed what the natural or assessment premiums are, according to the mortality table, on a person who enters at age 45, and who lives to age 97. And that there may be no misunderstanding we repeat here in figures just what our diagram did represent.

Age.	Level Premium.	Natural Premium.	Level Premium exceeds Natural Premium.	Natural Premium exceeds Level Premium.
	(1)	(2)	(3)	(4)
45	\$27.54	12.19	\$15.35	.....
50	27.54	15.95	11.59	.....
55	27.54	21.03	6.59	.....
59	27.54	27.54	.....	.....
60	27.54	29.68	.....	\$2.14
65	27.54	43.43	.....	15.89
70	27.54	62.19	.....	35.65
75	27.54	98.36	.....	70.82
80	27.54	144.65	.....	117.11
85	27.54	209.88	.....	182.34
90	27.54	279.45	.....	251.91
95	27.54	637.04	.....	609.50
97	27.54	1,000.00	.....	972.46

Misstatement No. 3.—Our critic is here taking the case of the person who lives to 100, and pays according to the assessment plan. He will no doubt pay about \$9,000 besides interest for his \$1,000, for he has been unfortunate enough to live, and while he has been paying for other people's death all his life he has not died himself. In an assessment company for every \$1,000 paid in claims \$1,000 must be received in premiums. The heirs of the lucky ones who die early draw \$1,000 for \$10, \$20 or \$30, and the balance comes from the other members. The man who lives to 97 has in that year to pay a premium equal to the whole \$1,000 assured on his life. He has before this paid perhaps \$8,000 towards the claims of others, and because he lived to be the last man he lost all that, and had to pay for himself! This is where the beauty of assessment insurance (?) comes in. Had he taken a level premium policy his yearly payment could never have exceeded the original amount, and his assurance would be sure.

Misstatement No. 4.—We have already refuted this, and it is hardly necessary to repeat that "the average duration of all the policies was a little less than 8½ years," up to that date. In the case of the Institute of Actuaries Hm. table (the government standard), the following are the exact figures:

Persons assured	130,243
Of whom there had died up to the time of the investigation	20,521
And had dropped out	35,024
And were still remaining in force	74,698

Mr. Paterson would have his readers believe that because the average duration up to that time was about 8½ years, therefore all the policies were cancelled after 8½ years of average duration. But how about the 74,698 persons (nearly sixty per cent. of the whole) whose policies were yet in force? All the years that they continued thereafter were in addition to the 8½ years, and by the time they are all cancelled by death or otherwise, they will no doubt have increased the average from 8½ years to 20 or 25 years.

Misstatement No. 5.—This would be "unsolved problem" is very easily disposed of. The premiums will be received not for nine years as we have shown but for about twenty to twenty-five years, and thus the income with the interest on the reserves very easily meets all the death claims. Something harder next time, please. An eight year old child can answer that.

Misstatement No. 6.—This is refuted on its very face. Mr. Paterson in his pamphlet denounces the old line companies because they add a percentage loading to the premiums for expenses. This rarely if ever exceeds twenty-five per cent. of the gross premiums, and even if we suppose that no part whatever of that were returned as profits, but

the whole amount spent in expenses, those expenses would only amount to the twenty-five per cent. of all the premiums paid. If we assume for the moment that only \$3,549,600 will, as stated by our critic, be paid in premiums, then the total expenses will amount to, say, 25 per cent. of that, or say \$887,400, instead of \$12,500,000, as our author's vivid imagination conjures up!

But it is a rather new and unexpected turn of affairs, to have an assessment agent argue that the old line companies do not charge enough to pay their claims. If their charges are too low, what is to be said of the charges of the assessment concerns?

Misstatement No. 7.—This is another illustration of the changing ground taken by our critic. He formerly claimed that \$12 was sufficient to carry on all the risks of a life company to maturity, without any assistance from and independent of the reserve element. Now he shifts the ground, and says that his society has a reserve which will provide for the increasing cost! Where will he be next?

But then too, as regards this much boasted reserve. According to the last government returns, the total cash or invested assets of every kind belonging to the Mutual Reserve Fund was.....\$1,396,127.19
The assurances in force were.....\$156,554,100.00

The total cash assets were thus only about 90 cents! for each \$100 assured. And we are calmly told the interest on this is sufficient to prevent the premiums from increasing with the age!

Misstatement No. 8.—Mr. Paterson knows enough to know that the dividends which may be paid to stockholders have no connection with the rate of mortality which a company will experience. And as to where these dividends come from it must not be forgotten that the capital itself is invested and yields a good rate of interest itself to the company, and unless the dividends exceed that, there is no drain on the policyholders at all. Moreover, our largest old line companies are purely mutual, having no stockholders at all.

Misstatement No. 9.—This is a most misleading style of argument. To begin with, reason as he may, Mr. Paterson cannot overcome the naked fact that the experience of British companies proves that the mortality among the older life companies is several times as heavy as that of the general population. The plea that perhaps all the English companies make fraudulent returns is childish, and shows to what an extreme the assessment advocates are driven in their efforts to disprove this simple solid fact. But "truth is mighty and will prevail."

Nor is it strange that the mortality in an old company is so much above that of the general population. The heavy death rate of infancy is offset by the extremely light mortality of the "teens." But there is nothing to offset the heavy mortality prevailing in old age. Infancy is moreover a very short time, and only a small proportion of the general population are infants, while in an old life company a very large proportion of the members are very aged.

But let us just assume that Mr. Paterson were right, and that the death rate will on the average be only 12 per 1000 all through life. Here is how it would work out:

Members.	Members.
Entering at age 30, say 10,000	
120 deaths next year leaving at age 31 9,880	
119 deaths next year leaving at age 32 9,761	and so on = at age 110 3,850
and so on at age 33 9,642	" " 100 2,300
" " 35 9,414	" " 200 1,200
" " 40 8,862	" " 300 500
" " 50 7,848	" " 400 240
" " 60 6,940	" " 500 110
" " 70 6,150	" " 600 45
" " 80 5,450	" " 700 20
" " 90 4,850	" " 800 8
" " 100 4,300	" " 900 5
	" " 1,000 1

Verily there will be Methusalehs again, according to our critic, and there will need to be if the pretensions of the co-operatives are to be carried out.

Misstatement No. 10.—When it is necessary to charge the officers of one hundred English companies with presenting grossly fraudulent and untrue statements of accounts, in order to substantiate one's position, there is evidently not much to be said. The statement, too, that the hundreds of officers connected with these companies have not perjured themselves, as they did not *swear* to their fraudulent statements, is rather laughable than otherwise. And our critic is evidently in sublime ignorance of the fact that since 1870, and in consequence of the failures referred to by him, all the English companies are compelled by law to furnish statements according to a prepared form to the British Government Board of Trade, and that these returns are published by the Government.

This question has now been discussed in our columns very exhaustively, and we believe that as a result most of the agents in the country have a truer idea of the relations between the two plans of assurance, and of the absolute necessity of a proper reserve, in order to enable any company to pay its claims when the members become old. But now, so far as we are concerned, the discussion is closed.

MR. D. PARKS FACKLER'S OPINION.

It is amusing to hear Mr. Paterson of "Survival of the Fittest" fame asserting that our expose of the inherent weakness of the assessment system, and of the necessity of proper reserves being maintained by life companies to meet the losses of old age, "is a direct contradiction of the statement of the most reliable authorities." It is curious if such is the case that he cannot find some actuary who will point out where we are incorrect, if what we have said is such a "direct contradiction" of their views.

While on the subject of authorities, we last month gave our friend a nut to crack in the shape of a quotation from Mr. Sheppard Homans. And now we have before us a letter from Mr. David Parks Fackler, the consulting actuary, of New York, than whom there is no greater authority on such matters on this continent, or in fact in the world. After several complimentary remarks regarding our article on this question, Mr. Fackler says that "it is a fair and forcible presentation of the subject." Who is now in "direct contradiction" to "the most reliable authorities?"

MEDICAL EXAMINATION UNNECESSARY.

As late as 1857, in England, an examination by the medical officers was not prescribed as a necessary preliminary to the granting of a life policy. Nor was a certificate from the medical attendant always asked for in those days. The by-laws of the Amicable Society required every applicant for membership who resided within fifteen miles of London to appear in person before the court of directors, and "make oath" that he or she is in a good state of health and hath no distemper which, according to the best of his or her knowledge, judgment or belief, may tend to the shortening of his or her days." The attendance of applicants residing more than 15 miles from London was dispensed with if they submitted certificates of good health, by the minister and church warden of their parish.—*West Rev. Co.*

THE FIELD FORCE.

The companies may organise their boards of direction with the greatest skill, and conduct the internal affairs of their offices with the utmost care, but if with all this they have not in the field a thoroughly disciplined and loyal force, they will find themselves in an unsatisfactory condition, and will be unable to make such a showing as will induce the public to give them that measure of confidence which is absolutely necessary to their success.

We have been led to consider this question, owing to complaints which have reached us to the effect that some of the companies are treating their agents in a rather cavalier manner. We do not mean by this that any special indignity is being heaped upon them, and indeed we do not know a class of men less likely to allow themselves to be imposed upon; but there are too many men who seem to think that the success of the particular company in which they chance to hold official positions, is in the main attributable to them.

We do not wish to detract from the importance of any officer of a company, but we know that it is easier to secure a fairly successful head office official than it is to get a good life insurance solicitor. The official may make fair progress, and backed by an indulgent board of directors, so long as he makes no serious mistake, he is taken to be a successful man. The solicitor has not such adventurous surroundings. Everything he does must be done by himself. Every application secured by him means just so much of personal effort, so much of wear and tear, and so much of that kind of devotion to his work which is so rare among business men. We use this phrase advisedly, such persistency in such surroundings as is necessary to success in the life-assurance canvass is exceedingly rare. The man who, by grace of the plethoric state of his bank account, chances to sit on the board of some life insurance company may be at times induced to underrate the agent and his efforts, and he probably flatters himself that his name in connection with the company accounts for a very large amount of the business it is doing. But let such undecieve themselves.

There are many men who are managing with apparent ease large and important enterprises, who would not be able to earn a modest living at life insurance. It is one thing to sit in a counting-house, and keep track of a large staff of commercial travellers, manipulate the capital kindly placed at your disposal by an indulgent or defunct parent; and quite another thing to go out single-handed among the people and educate them up to the standard of life insurance, and make your livelihood out of the business while so doing. No life insurance man succeeds in insuring more than a ridiculously small percentage of the people he talks to. In a large majority of cases he meets with scant courtesy, and in thousands of instances he is met with a rude, blunt negative. Managers and directors who have never been in the field themselves fail to appreciate these things, and are prone to think that an agent's life is much easier than it is. One thoroughly trained and conscientious agent is worth more than a whole board of directors in building up a company's business. Without a loyal corps of agents, no company can hope to succeed. It becomes the duty then of the companies to look well after the interests of their agents. They should recognize and appreciate their efforts, and render them such encouragement as will nerve them for still more persistent struggles.

A thoroughly trained force is daily becoming more and more necessary. Time was when any man who could talk was able to do business; now, however, to do the work intelligently, and in a way that will prove satisfactory all round, agents must be well informed. It is not always the so-called smart men who succeed the best. The ease with which some men acquire a smattering of any subject is destructive of the industry necessary to master the subtle details of life underwriting, so that while the reputedly brilliant man is groping in the dark, the plodder who keeps

persistently at work is sure of ultimate success. Let not those who are responsible for the well being of the companies overlook this fact. They may be treating with indifference the very man who will make his mark in the life insurance field. They should not build too much on appearances, nor should they be too ready to ridicule out of the work the man who does not at once master the intricacies of the business.

Two lads in a small village school in Scotland were so widely different as to apparent capacity, that they were the common talk of the villagers. John, bright and active, keen and sharp, a brilliant scholar, the pride of the village. Walter, stolid, dull, and commonplace, always in trouble on account of unmastered lessons, and looked upon as a dullard. Each fulfilled his destiny. John became Baillie John, of his native town—the admiration of his schoolfellows, while Christendom bows in veneration before Walter as the author of the Waverly novels, but for whose fame John never would have been heard of outside of his native hamlet. This sort of thing is transpiring around us daily, and at times the companies are making the mistake of attaching too much importance to glibness of tongue, and not enough to untiring industry. Many of our companies have seen the difficulties we refer to, and by a system of judicious training have succeeded in putting in the field a corps of men who do credit to themselves and to the business, while others seem to have no system, but select their agents in the most haphazard manner, and are content if business comes in, without reference to whether it is done by systematic lying or ignorant misrepresentations. Either does incalculable damage to a company's reputation, and both can be made to cease if the companies only set about their work in a proper manner. This they will do when they realize the importance of having a well drilled force in the field, and not before.

SURRENDER VALUES.

There is probably no subject in connection with Life Assurance which has caused so much controversy, and concerning which so great a divergency of practice exists than the solution of the question, "How much should an office give for the surrender of its policies?" The popular idea with regard to surrender values is that, when a man is unable or unwilling to continue the payment of his premiums, he ought to have returned to him the full amount he has actually paid, and the argument advanced in favor of this is that as the company has not had to pay the sum assured by the policy in question, it has in hand all the premiums which have been paid, and should return them to the member on his retirement. A careful consideration of this point will show the fallacy of this argument. Suppose 1000 members each agree to pay £2 at the beginning of each year, on condition that on the death of each individual £100 should be paid to his representatives, and suppose that ten die each year, and for simplicity's sake assume that the claims are paid at the end of the year in which death occurs. The first year the Society would receive in premiums £2,000, which, invested at 3 per cent., would amount at the end of the year to £2,060, and it would pay away in claims £1,000, leaving the funds in hand at the end of the year £1,060. If now the surviving members were to decide to dissolve the Society, the share of each member would be 1-990th part of £1060, or £1, 1s, 5d, which is 18s, 7d less than he has paid in. Similarly, if the Society were continued for another year, and at the end of the second year the funds in hand were distributed amongst the survivors, the share would be the 1-980th part of £2131 4s or £2, 3d, 6d, which is £1 16s 6d less than was paid in. It will therefore be seen that the statement, that the company has in hand all the premiums that have been paid, is by no means correct. Although the particular member under the consideration may not have died, others have, and the company has had to pay their claims, and a portion of the payments made by the surviving members has gone to make up the claims of those members who have

died. Indeed, the true principle of co-operation underlies the whole business of life assurance, whereby the sums assured of those who die young are in part paid out of the premiums of those who survive. The premium is usually calculated, so that the amount payable each year shall be the same during the whole duration of life. It consists of two parts: one part is to provide for the due payment of the sum assured when death occurs; and the other part, technically called the loading, is to provide for expenses and profit. If the assurer were to pay each year only that premium which was actually necessary to provide for the temporary assurance for that year, he would have to pay a gradually increasing premium which at the commencement of the policy would be less than the uniform annual premium referred to above, and greater during the latter years of assurance. Leaving out of the question that portion of the premium which is to provide for expenses and profit, and which it is assumed would be applied each year for the purpose for which it was intended, it is absolutely necessary that the excess of the whole life premium over the premium for temporary assurance should be set aside by the company and accumulated at interest, so as to form a reserve for future years when the temporary assurance premium shall be in excess of the whole life premium. It would seem then that although the withdrawing member may not be entitled to receive back the whole of his premiums, he is at least entitled to receive the whole of this reserve; but it will be seen that in justice to the remaining members, even this sum is too large, and a deduction must be made from it.

There can be no doubt that if a person felt he was in a very bad state of health, he would not surrender but would rather use every effort to retain his policy in force by borrowing the money to pay his premium or otherwise, in order that his representatives might receive the benefit of the assurance, and consequently in the majority of cases applications for surrender would only come from healthy lives who would have no difficulty in obtaining an assurance elsewhere at tabular rates. Should many surrenders be carried out, the company would have left on its books a large number of deteriorated lives, and the rate of mortality would be considerably increased by the withdrawal of the healthy ones. To compensate the remaining members for this disturbance in the rate of mortality, it is only fair that a deduction should be made from the reserve, and that withdrawals should only be allowed on such terms as would result in no loss to the society.

Further, a company, in order to maintain its vitality, requires a certain amount of new business to replace the waste caused by deaths, lapses and surrenders. In order to obtain this new blood, it is compelled to put forth an expenditure largely in excess of that which would be required for collection of the renewal of premiums. It looks for part of the loading on the future premium to repay this increased expenditure, and a loss is sustained if it does not receive this loading owing to the party surrendering his policy. It is only just on this account therefore that a deduction should be made from the withdrawing member's reserve. The amount of these deductions is usually determined by the actuary, who considers each case on its own merits; but some offices publish in their prospectus tables of fixed surrender values, so that a person may see at the outset what sum he would receive should he at any time desire to discontinue his payments. From the foregoing remarks it will be seen that it is to the interest of the office to retain its policyholders, instead of offering them a premium to withdraw by granting excessive surrender values; and agents would do well to discourage as much as possible applications for surrender, remembering the trouble and expense that has been incurred in obtaining the assurances, and that every surrender means a loss of income, and a withdrawal of a source of profit to the office.—*The Insurance Agent and Review*, London, Eng.

FAILURES OF LIFE INSURANCE COMPANIES

AND ASSESSMENT SOCIETIES COMPARED.

A correspondent of the *Chicago Tribune*, Mr. W. S. Walker, writing of the assessment lies about the failures of life insurance companies, says:

The assertion of a "benevolent" insurance society paper, that "of the 822 life insurance companies organized in the United States, forty-seven only are yet alive," is a rather elastic use of the truth, when it is known that there was never more than one-tenth that number of regular companies in the country. As to the failures, they have almost wholly been confined to those organized during the over-buoyant days of the war of the unnatural "flush times" immediately thereafter. But those that failed yielded something even in the hands of incompetent receivers, the policyholders getting back from thirty to ninety per cent. of their dues, besides having had their insurance during the life of the companies. Life insurance failures of regular companies have resulted in a net loss to their creditors of less than one-half of one per cent. of the money invested,—a most remarkable showing, unequalled by any other interest in existence. But did ever anybody hear of anything being obtained from the ruins of a dead assessment association? The statement, that the co-operative concerns "give actual insurance while they last in much the same way fire companies do," is erroneous, because:

1. Fire companies are backed by capital, experience, ability, and ample legal resources. The assessment life societies have none of these financial essentials, and not much of the other.

2. Fire insurance calculations from the companies' standpoint are based on the fact that most of the insured buildings will not burn. Real life insurance is based on a knowledge of the truth that every policyholder must die, and that the money must be ready to promptly meet the loss.

The assessment societies are failing continually, leaving nothing for their creditors, of course, because they do not claim to have anything to leave. The annual reports of every state insurance commissioner in the Union contain accounts of the collapse of these societies. But the regular companies having eliminated from their ranks, the imperfectly organized institutions that sprang into life during the inflation period simply cannot fail, except through dishonest management, and nothing of man's devising has yet been perfected to absolutely guard anything against that contingency. Official malfeasance could ruin the Bank of England, but it probably won't any more than it will ever bring serious loss to the members of any of the standard life insurance companies.—*Weekly Underwriter*.

CITY OF LONDON FIRE INQUESTS ACT.

The Act of Parliament, empowering the holding of inquests into the causes of fires in London, received the Royal Assent on June 28th ult. The following are the heads of the clauses:—

Inquest to be held by Coroner.

Commissioner of police to report to Coroner.

Coroner to exercise same jurisdiction as when holding an inquest upon view of a dead body.

All proceedings to assimilate as nearly as possible to proceedings at an inquest upon view of a dead body.

Jury may find verdict of arson.

Coroner to take and sign depositions.

Report on inquest and copy of depositions to be forwarded to Lord Mayor and Home Secretary, and to be supplied upon payment for same.

Power to enter and view premises.

Costs of Act.

Finance Chronicle, London.

LIFE ASSURANCE

CONSIDERED AS

AN ELEMENT IN THE POLITICAL ECONOMY OF A NATION.

We have been favored with a nicely bound copy of an essay with the above title, by Mr. William T. Standen, Actuary of the United States Life Insurance Company of New York. The author shows clearly the great value of Life Insurance to the State. The nation is composed of individuals, and if one family suffers, all suffer, to a greater or less extent. Life assurance can thus fairly claim to be a public benefactor of immense importance, seeing that by its means so many thousands of families are yearly saved from the poverty which would otherwise follow the death of the breadwinner. Instead of becoming burdens on the public funds or on private charity, the widow and orphans are enabled to live respectably with the proceeds of the policy which the father bought and paid for himself. And instead of the children growing up in ignorance and poverty, and too often crime, they are sent to school, and so educated as to take their place as worthy members of society. Any government therefore, which by taxation or otherwise in any way hampers our life companies, is very short-sighted, and is in fact acting against the best interests of the nation as a whole and the working classes in particular.

THE PROVIDENT SAVINGS LIFE

ASSURANCE SOCIETY.

The Provident Savings Life, of New York (Sheppard Homans' Company), seems to have struck an "upward curve" in the way of mortality, the losses during the first six months of 1888 having been \$224,687, against \$372,400 for the whole of 1887. By the by, we note also that while the management swears to having paid \$368,981.46 in "dividends to policy-holders" in 1887, it does not report a dollar paid on this account during the first six months of 1888. It is to be noted too that, while the income of the company in 1887 was \$1,002,313.56, during the first six months of 1888, it was but \$372,926.48. With increasing death losses and decreasing income, it is no wonder that "dividends to policyholders" have wholly disappeared.—*The Guardian, Boston.*

ANENT CONSULTING ACTUARIES.

Some time ago we republished the "Canteen Papers" (a satire on the Tontine Plan), which incidentally poked fun at consulting actuaries as a class, but we may say that the humour was probably enjoyed by no one more than Mr. D. Parks Fackler, the Consulting Actuary of New York, to whom we were indirectly indebted for the copy from which we made the reprint.

Neither Mr. Fackler nor the Hon. Elizur Wright were among the consulting actuaries referred to in that satire; and, of all who were then in business as consulting actuaries and practically connected with Life Insurance, Mr. Fackler is probably the only one now in business as such alone, the others having died or become engaged as actuaries in the offices of particular companies, or in other business, so that they only occasionally act as consulting actuaries.

Mr. Fackler was in the Mutual Life of N. Y. from 1859 to 1865, when he resigned and went to England; on his return he began his present business, was immediately engaged by several companies, and took an independent office.

His business has been of such a character, that much of the time its expenses for office and clerks have exceeded the receipts from any one company, and letters bearing simply his name and business go to him in the great Metropolis as promptly as though fully addressed.

Many actuaries of companies have graduated from his office, among whom we may mention Mr. W. Campbell Macdonald of the Confederation Life; Mr. Oscar B. Ireland of the Mass. Mutual; Mr. Wm. T. Standen of the United States Life, and many others.

"THE GOVERNOR."

The last government blue book shows the actual position of the British America Assurance Company to have been, at 31st December last, as follows:

Total Assets.....	\$1,130,912.19
Total Liabilities in all countries.....	638,343.81
<hr/>	
Balance to credit.....	492,568.38
Capital paid up.....	500,000.00
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Impairment of capital.....	\$7,431.62

When the "Governor" assumed control in 1880 there was a surplus over all liabilities of \$215,145, so that in eight years the whole of this has disappeared and an impairment of over \$7,000 taken its place. It is true that some of these years have not been propitious for the insurance companies generally, but such a continuous and deplorable run of misfortune cannot be ascribed to chance. There is evidently something rotten in the State of Denmark, and the fact that the decadence of the company is co-incident with the advent of the governor is instructive.

INSANITY NO EXCUSE FOR NON PAYMENT

OF PREMIUM.

Among the legal decisions offered to our readers in the June issue of THE INSURANCE CHRONICLE, was a very interesting case where, because of insanity, the certificate holder of a Benevolent Society failed to pay the assessments as required by the by-laws of the Society.

The case was carried to the courts, where the refusal of the society to pay the death benefits was sustained under their rules; the decision being in full harmony with all prior jurisprudence upon the subject, as is fully explained by Mr. May in his valuable work on Insurance Law. He says:

"The payment of the premium on or before the day specified in a policy from year to year is a condition precedent, and its non-payment from year to year as it becomes due works a forfeiture of the policy; and the fact that the insured is stricken with paralysis on his way to the office to pay his annual premium does not excuse the non-payment or save the policy. This was not the intervention of an act of God in such sense as to be the foundation of an excuse. The payment of the premium is an act which can be performed by others than the insured, and does not depend upon the continued capacity of the insured. In point of fact, a man may be mentally and morally, and even physically, incapable for years of existence, yet the premium may be paid by his friends or relatives, or those interested in his case. And so they often are. The act required is *not necessarily a personal act*, but may be performed as well by others, and the failure therefore of the insured to perform it personally does not show that the act could not have been performed."

The High Tribunal of Germany has decided that in a case where the policy was by its terms made forfeitable for non-payment of premium, there was no excuse because the policyholder happened, at the time the premium was due, to be the subject of an apoplectic seizure, but that the forfeiture was absolute.

"Time is of the essence of the contract," and under the condition of a contract requiring that the premium must be paid by a certain time or the instrument will be void by its own terms, the courts cannot dispense with the requirements

nor excuse its non-performance. It is unlike a duty created by law, the performance of which may be excused if performance is rendered impossible by "Act of God;" but is a duty created by the contract, which the insured must perform or lose the benefit of his certificate, as in the case under consideration.

"An act of God" is an accident which arises from a cause operating without interference or aid from man; such a condition of affairs rendering an act impossible will excuse the performance, but not otherwise. (1 Parson's contracts 635). Hence "failure to pay is neglect to pay."

LIFE UNDERWRITERS' ASSOCIATION OF MAINE.

ADDRESS OF PRESIDENT DEWITT.

Samuel Johnson said: "Integrity without knowledge is weak and useless; knowledge without integrity is dangerous and dreadful." Let your competition be manly, honorable and straightforward; always present the merits of your own company in the best light you possibly can. Your mission is not to destroy the credit, character or reputation of the management of other institutions; the day of that sort of competition is past, and your association and associations of like kind elsewhere are a living protest against the return of this element into the business. Your mission is to build up your own company, and to do this you must conduct your competition with your neighbors so as to win the confidence of the public, and to that end must deal with all in an honorable and highminded manner.

In the preparation of this paper I have tried to avoid dry statistics, but it seems to me that some statistical reference to the growth of life insurance in this country would not be inappropriate.

In the year 1864 all of the companies reporting to the Insurance departments of Massachusetts and New York State had in force 148,104 policies, representing \$386,896,839 of insurance.

December 31st, 1877, which was about the close of the years of depression, the companies reporting to the departments named had on their books 643,266 policies, representing \$1,568,671,101 insurance; while December 31st, 1887, the companies had 3,254,517 policies—(including industrial insurance)—and \$2,817,193,065 amount of insurance.

During the year 1887, the combined life insurance companies reporting to the above named departments paid the beneficiaries of their policies \$36,947,051 in death claims alone, and their total payments to policyholders were \$70,296,294.

This total represents an amount of \$225,000 per day paid to beneficiaries of policies by the life insurance companies of this country, and there is probably no business in this or any other country which has distributed so much money per day where it has done so much good. Probably not ten per cent. of these claims paid went where the money would add simply to an accumulation already large enough, but this vast sum was bestowed where it served to relieve necessity, not absolute want, but in a majority of cases disagreeable necessity. This record exhibits the joint labor of the official staff of the home offices and of you gentlemen in the field. A creditable record surely!!

Gentlemen, while we are all in this business for the same reason that others are in any of the walks of life, namely for the business opportunity it affords to us; yet when we come to look upon the result of our work and the benefits to mankind growing out of it, we have reason to be proud of our calling.

The dry goods merchant sells his goods and they are worn out; the money paid and the goods purchased have both become of no avail to the buyer. The grocer sells his goods which are consumed, and both the money and goods lost to the purchaser. The merchants are the only ones who grow rich out of these transactions. While you gentle-

men in the pursuit of your business not only receive a fair compensation for your services, by the payments from the purchaser for your goods, namely, life insurance policies, yet when the bread-winner lays down his head and dies, the reward of his purchase has not disappeared, but takes the form of a benefaction, and appears at the hearthstone, bringing with it happiness, comfort and prosperity to his survivors.

This leads me to my concluding thought, which is, what does this business represent?—what does this business do?

It represents a future home for widows and orphans—the comfort and happiness of families that otherwise would be destitute, the prevention of crime by the abolition of poverty—the loyal love and forethought of the head of the family in furnishing the protection which the policies of insurance afford to those he will leave behind,—and the fostering of the families which otherwise would be scattered to the four quarters of the globe: because the bread-winner has gone to his "long home" after having been unable from any cause to provide in any other way for those left behind.

TO BECOME INSURED IS TO BECOME RICH.

An eminent French writer, Eugène Reboul, upon the subject of life insurance, says:

"Life assurance, or the contract by which man transforms a temporary income into a capital, or permanent income for the benefit of his family, is certainly a noble and disinterested enterprise. To assure one's self, however, ought not to be considered an act of self-denial and pure devotion, and for two reasons: First, assurance is not simply a guarantee against risk, but is an investment. In the second place, a person who assures his life for the benefit of his family, or a third person, renders a service, not only to others but to himself as well, for he adds to his fortune and becomes richer than before. This peculiar fact we will now endeavor to explain.

I have somewhere read in a little book, from which I venture to quote:—"Our creditors are the plagues of life, and were there no insurance, they would persecute us brutally, summarily and without notice. * * * To possess houses, ships and harvests is to offer them as hostages to fire, the sea and the tempest; to have a wife and children is to surrender them as hostages unto death. * * * All of us, whatever our names or station, are born the debtors of chance; by assuring our lives then, we simply pay a debt, and a debt for which the payment is most earnestly demanded, since by neglecting to settle it we are liable to be utterly ruined.

"The premium of assurance is not then, a sacrifice made but a debt paid, for 'whosoever pays his debts increases his wealth.' The wisdom of nations has never discovered an axiom more just. Is it not the same thing whether you have ten thousand dollars more in bank, or have ten thousand dollars less of debt to pay?"

I am well aware that there is a certain class of debtors who prefer to receive ten thousand dollars, cash in hand, than to reduce their debts by double that amount, but they are fools, and the wisdom of Poor Richard is addressed only to the wise. Therefore to diminish one's liabilities, or to increase one's assets, is to enrich one's self. This is clear, and to comprehend it the skill of an experienced accountant is not necessary.

The poor fellow understood it, who upon being complimented in regard to his approaching marriage, pleasantly summed up the prospect in this reply: "My wife will have eight thousand dollars, which, added to my resources, will make a capital of six thousand dollars." Assurance is both advantageous and productive; gives certainty for uncertainty; and the stability and definiteness which it imparts to undertakings, in themselves hazardous, are equivalent to an actual increase of capital. The truth is then demonstrated that to become assured is not to impoverish one's fortune but to increase it; in other words, to become assured is to become rich.—*United States Review.*

FIRE INSURANCE MANAGEMENT AND DIRECTORS.

The *Chronicle* of New York city, in commenting upon our article under the above heading in our September issue, says:

"Our Canadian contemporary is right, we think its remarks may be considered to apply very forcibly to some foreign companies, which appoint numerous "managers" in this country, and then overburden them with orders from the home offices. The truth is the American business of foreign fire insurance companies has often been unprofitable because the companies have divided the country among too many "managers," giving to none of them the absolute power in his own territory that a manager should have. The effect of this policy has been to compel the "managers" to press for business in every corner of their territories, and the result is the companies have been loaded up with risks they ought never to have assumed. What a foreign insurance company ought to want is a profitable business, one carefully selected, that can be relied upon to pay a profit. One manager in the United States, with the whole country as his field, with no other instruction than to make as much money for his company as he can, ought to be able to show a good balance of profit every year. He could select the cities wherein he would do business and appoint the highest grade of agents. He would play the game alone, and not run the risk of having some other department lose more money than he can make."

A QUESTIONABLE INSURANCE CLAUSE.

Amongst the conditions of some of the Irish insurance policies is to be found the following "incendiary clause": "This policy does not cover loss or damage by fire to property, occasioned by or happening through its own spontaneous fermentation or heating, or by or through invasion, foreign enemy, riot or civil commotion, or the act of an incendiary."

This clause, the *italicised* portion of it we mean, seems to underwriters on this side of the Atlantic as antagonistic to the very intent and purpose of fire insurance. If the policy does not cover losses caused by incendiarism, without the knowledge or consent of the insured, or his complicity in any way, what does it cover?

Such a clause, unknown outside of that locality, would indicate that incendiarism was rampant in Ireland; and that while the underwriter was content to assume all ordinary insurance risks, surrounding circumstances compel him to make this damaging exception, for his own security. This does not speak well for the morals of the community in that country.

Under ordinary conditions a fire policy is supposed to indemnify its holder against all damages from the fiery element, of whatsoever kind, not wilful in himself, but we here find an especial exception against the wilful acts of others than the insured, which though it may be made lawful by the acceptance of the policy by the assured, yet at once robs it of a large portion of its value as an indemnity against fire losses.

MORTALITY EXPERIENCE OF THE

SCOTTISH WIDOWS FUND LIFE ASSURANCE SOCIETY.

The mortality experience of this Society for the past seven years is published in the *Insurance Agent* as follows: Epidemic, 179; uncertain, 245; nervous system, 667; respiratory, 743; circulatory, 473, digestion, 315; urinary, 255; generation, 5; locomotion, 16; integumentary, 6; violent, 135; sudden, 9, old age, 182; unascertainable, 16, total 3,246. The percentages of the whole were: respiratory, 22.8, nervous, 20.5, organs of circulation, 14.5; digestion, 9.7; urinary, 7.8, uncertain seat, 7.5; old age, 5.6; epidemic, 5.5, violent, 4.1. The average age at death was 56.1. Of 8,417 under 25 there were only 28 deaths, and but little more, proportionately, between 25 and 30 years.

BRITISH INSURANCE STOCKS.

Average price (per cent. of amount paid up) of stocks of some leading companies, during the last nine years.

COMPANY.	Paid up capital.	Amt. subscribed per share.	Amt. paid per share.	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.	1887.
Atlas	£ 144,000	£ 50	£ 6	p.c. 297	p.c. 285	p.c. 312	p.c. 312	p.c. 308	p.c. 258	p.c. 258	p.c. 275	p.c. 285
Brit. & Foreign Marine....	200,000	20	4	412	506	547	562	537	542	576	562	562
*Caledonian.....	90,000	25	5	£80½	£79	£84½	£78	357p.c.	350	410	470	.....
City of London Fire.....	200,000	10	1	.....	.....	200p.c.	144p.c.	69	75	50	62	41
Commercial Union.....	250,000	50	5	365 p.c.	440p.c.	535	455	395	350	320	365	402
Edinburgh Life.....	75,000	100	15	263	267	287	282	265	.....	280	276	.....
Employer's Liability.....	100,000	10	2	.....	.....	.....	125	144	100	87	88	91
Guardian	1,000,000	100	50	135	159	152	144	130	125	122	130	145
Imperial Fire.....	300,000	100	25	619	610	630	590	556	586	613	634	638
Lancashire.....	272,986	20	2	389	419	434	369	291	256	241	281	303
Life Association of Scotland.	87,500	40	8½	350	313	330	303	305	326	354	363	.....
Liver. & Lon. & Globe.....	391,752	2	2	788	941	1105	1055	1050	1155	1270	1485	1660
Lon. & Lancashire Fire.....	185,200	25	2½	256	260	220	190	171	183	237	311	336
Lon. & Lancashire Life.....	15,000	10	1½	.....	.....	.....	.....	.....	.....	225	250	277
London Assurance.....	448,275	25	12½	496	504	520	494	457	412	382	412	410
North Brit. & Mercantile.....	625,000	25	6½	680	880	1060	500	436	418	476	564	620
Northern	300,000	100	10	394	475	550	515	465	422	425	490	550
Norwich Union Fire.....	110,000	100	10	1030	1100	.....	.....	.....	.....	778	.....	.....
Phoenix .....	.....	.....	.....	£ 316	£ 307	£ 324	£ 292	£ 253	£ 217	£ 212	£ 220	£ 243
Queen	200,000	10	1	362p.c.	388p.c.	394p.c.	331p.c.	250p.c.	228p.c.	241p.c.	316p.c.	350p.c.
Royal.....	300,000	20	3	725	929	1042	992	971	975	1017	1175	1256
Scottish Union & Nat. A.....	282,571	20	1	344	366	375	350	294	269	275	288	.....
Standard Life.....	120,000	50	12	602	621	617	519	441	421	418	395	.....
Star Life.....	5,000	25	1½	1100	1120	.....	.....	.....	.....	1320	.....	.....

The above table includes most of the British companies doing business in Canada. We greatly prefer the percentage plan of quotations which is in general use on this side of the Atlantic, as it shows the ratios at a glance and allows comparisons to be made between companies. We have taken as the average price the mean between the highest and lowest sales of each year.

*Shares reduced to £5 in 1883. †The company is unlimited and practically a partnership. The shares have no face value.

London Letter.

(From our own Correspondent.)

Editor CHRONICLE,

DEAR SIR,—Although there are few professions which offer less temptation to swindlers than Life Insurance, nevertheless the omnipresent knave finds occupation there also. We are having a fierce controversy here on the question whether the insurance of infants is as innocent an arrangement as the character of the parties principally interested ought to make it. Some ugly statements have been made, pointing plainly to infanticide, and on the other hand the defenders of the practice (not of infanticide, but of infant insurance, I mean) argue that it is impossible to imagine human nature so degraded as to suppose that parents would kill their children for the trifling sum for which they can get them assured. I hope the latter contention is true, but I remember that a Royal Commission on Friendly Societies made a report some 14 years ago, and the facts stated therein certainly led me to conclude that the assuring of the lives of infants was not conducive to their longevity. It must be admitted that the children selected for insurance would in all probability be not the most promising infants, and the parents would, as far as they could, secure policies on the lives of their more moribund babies. Nothing is more dangerous than to draw conclusions from statistics; but up to 1874 it certainly appeared that in those parts of England, where the practice of insuring the lives of infants was most customary, the probability of the infants growing up was least. Whether the infants died because they were insured, or were insured because it was their custom to die young, I cannot say. The interesting fact, both to the infants and the actuary, was that they did die, and as *de mortuis nil nisi bonum*, we must not blame the infants. Whom are we to blame then? Not, I trust, the parents. Perhaps the system. This at least is a safe course of conduct, for like Sidney Smith's "Board" the system has no soul to be—and is physically incapable of being attacked *au derrière*.

Whatever objections there may be to the practice of insuring the lives of infants, there can, I think, be none to the scheme which I see has been started by the Edinburgh Accident Company, viz., to insure the lives of horses. Anyway it can scarcely do the horses any harm. It won't pay to kill a horse for the sake of getting the insurance money, for, unlike so many individuals of the human species, he is worth the amount for which he is assured. I fail to see, however, how the difficulty of proving the identity of the "deceased" is to be overcome, as the old adage says "twixt dead horses there beant much to choose," and how, when a defunct grey dobbin is produced, the assuring office is to know that it is the same grey dobbin upon whose life they have issued their policy, I am at a loss to understand. The human accessories of birth, death and marriage certificates are not, at present, bestowed upon horses, but if the system is to work well, something of the kind must be introduced.

It may be objected that the insuring of the lives of our four-footed friends would lead to a great increase of horsecide, or equicide, or whatever the proper word is, but this would be a by no means unmixed evil for the horses, at all events for those of them who were not "insurable lives," and, as I have said, these alone would be in danger. I remember that some time ago an ingenious person found out a way by which an omnibus horse, instead of being killed in about three years, which is, I believe, the usual average of life of an omnibus horse, could be made to work at least six months longer, and he laid great stress on the humane nature of his proposal. But an omnibus driver of my acquaintance told me that, judging from his own experience, he was of opinion that if anybody would go into the Company's stables and ask the horses there if they would like an

extra half-a-year of it, he would receive as reply a universal "nay." On the whole then I am disposed to cordially welcome the proposed horse insurance system, but I cannot refrain from expressing my regret that in the prospectus of the office I have named I find no mention of asses. I would respectfully submit, that, in the ordinary human insurance office no invidious distinction of this kind is ever made, but that those members of our race who belong to the, ahem, not-horse variety of the species are welcomed, not to the ranks of policyholders only, but also in many cases to considerable honour and emolument in the management. I trust, therefore, that a similar catholicity of sentiment will prevail in the horse insurance world, and that the animal, whose tenacity of existence is almost without parallel, will not be excluded from the benefits of the scheme, amongst which I trust will be a provision for old age. This latter might be an annuity or a poleaxe at the option of the assured.

After such a pegasus flight as this, I find it quite impossible to condescend to the trumpery details of ordinary insurance offices and such like, but I think that a recent railway decision here is worthy of a few words. It has been decided that a railway company has no right to turn a passenger, who has no ticket and won't pay his fare, out of the railway carriage in which he has by any means obtained a seat, and further that if the passenger says he has paid for a ticket, the Railway Company have to prove that he has not. This is no doubt excellent law, but I think some people will be mean enough to get a good many lifts for nothing, unless this excellent law is speedily altered. How is a railway company or anybody else to prove that a man *has not* done anything?

TAMESIS.

EXTERNAL, VIOLENT AND ACCIDENTAL MEANS.

The Supreme Judicial Court of Maine has, in the case of McGlinchy v Fidelity and Casualty Co. of New York, recently promulgated a very interesting decision, where the policy expressed liability only for losses or injury caused by "external, violent and accidental means." The facts are briefly as follows: McGlinchy was driving, when his horse took fright and suddenly sprang into a run, and ran a considerable distance before he could be controlled, narrowly escaping collision and other obstructions. McGlinchy escaped seemingly without direct or immediate injury, but was at once seized with great sickness and severe pain, and died within an hour after reaching home. There was no evidence that the insured was not of a sound constitution; the Company declined to pay, upon the ground that the insured had not died from "external, violent and accidental means."

Chief Justice Peters, rendering the opinion of the Court, said:

1. Clearly, the death of the insured resulted from accidental means.

2. But did death come from external means? We think it did. The contention of the Company that, as the death was produced purely by fright, not by the aid of any physical means whatever, the means through which death was produced must be considered as internal only, we cannot yield to. Suppose any person inquires of another what caused the death of a friend, and the answer be that he died from fright, would the question be more than half answered? In most conditions and in almost every sense, fear is the effect of something. There must be some active cause behind it, in the present case it was no more than an agency through which the accident acted; it was a dependent and not an independent factor in the series of operating forces. It was no more the real cause of the death than a hammer in the hands of a workman, who strikes a blow with it, is the cause of such blow. The efficient true cause, dominating all other causes in the combination, was the misbehavior of the running horse. The act of the horse was the

beginning; death was the end. Our belief is, on the facts legitimately before us, that death was produced by a ruptured blood vessel about the heart, and that such rupture was caused by the extraordinary physical and mental exertion which deceased put forth to save his children and himself from injury; and we have come easily to the conclusion, as between the parties to this action, that physical and external cause effected the death.

3. "The company insists that under its policy the insurance does not extend to any bodily injury, of which there shall be no external or visible sign upon the body of the insured. Clearly this clause is applicable to injuries not resulting in death, for otherwise there could be no recovery for such fatal injuries as drowning, freezing, poisoning, suffocation, and concussion. The insured has an unusual chance for feigning an internal injury to defraud his insurers; whilst the dead body is an external and visible sign that an injury has been received."

The liability of the Company was so plain and apparent, that we wonder how the company ever expected to avoid its payment, by such weak and unworthy quibbles. It is just this kind of defenses set up against honest claims that has given rise to many objections to insurance, as well as the question "What is it worth to insure the insurers?"

THE MORAL HAZARD IN FIRE UNDERWRITING.

It would unfortunately, seem that the heritage of fraud and deception, which caused the expulsion of Adam and Eve from the Garden of Eden, will still crop out on occasions to a greater or less extent in the transactions of some of their descendants. And among the numerous branches of commercial operations carried on throughout the business world, we can call to mind at this moment no one of them so open to and so frequently made the victim of the machinations and evil designs of unscrupulous men, and one where one of the contractants—always the defendant and never the plaintiff—is so completely at the mercy of the other, as in what has been most aptly designated as the "unequal contract" of fire insurance.

At the outset insurance was considered to be of the nature of gambling, a betting upon contingencies; "in effect, nothing more than a wager, for the underwriter who insures at five per cent. receives five pounds to return one hundred upon the contingency of a certain event; and it is precisely the same in its consequences as if he had betted a wager of ninety-five pounds to five that the ship arrives safe; or that a certain event does or does not happen" (2 Black. Comm. 459). And, we may add, in fire insurance especially, thus gives the insured every opportunity for winning the bet by some fraudulent means or another, for the issuing of a policy is a virtual declaration of the underwriter of his trust in the insured; that he will be and do right in what he commits, and that he will not be dishonest in what he omits. Thus "the ignorance of the underwriter becomes the opportunity of the rogue," who seldom fails to seize with avidity upon all such occasions which chance may throw in his way, to force insurers to pay or compromise exorbitant if not dishonest claims rather than submit themselves to the tender mercies of the courts; or, if some more resolute underwriter decides to trust his case to the arbitrament of the courts upon its merits, rather than to pay what he knows to be dishonest claims, he must act entirely upon the defensive; upon him falls the burden of proof of the falsity of the claim, all knowledge of which remains solely in the claimant. And if perchance he secures a verdict in his favor on the ground of fraud, as will occasionally occur when the case is too clear to be ignored, he can have no criminal recourse against the fraudulent claimant, whose only penalty will be that he forfeits the money under the policy. Gerard Malynes well said nearly three centuries since, "assurers are very fitly compared to orphans, because they can endure much wrong but cannot commit any."

It is this peculiarity of the insurance contract by which man's probity is so sorely tempted and tested, that creates what is called by fire underwriters, for want of a more fitting designation, as the

MORAL HAZARD,

which, as recognized in fire underwriting, has reference not only to the honesty, good standing and moral character of the person, socially and commercially, but also and especially to his business characteristics, as shrewd, careful, pains-taking, or the reverse, careless, remiss, slipshod and indifferent as to results and consequences, a condition quite as likely to result to the detriment of the underwriter as downright dishonesty.

Moral hazard may consequently, be divided into two classes or kinds. First and most important the

CRIMINAL HAZARD,

where wrongful purpose, acts or intention, dependent upon human will, actuate the insured, and although physical causes may be employed, the prime and determining causation is very properly styled "criminal hazard," because it can be punished at common law when sufficiently proven.

The losses of insurance companies attributed to this criminal hazard are by many underwriters estimated to reach from twenty to forty per cent. of the total; but while it cannot be reasonably disputed that losses from this source are frequent and sometimes heavy, it is exceedingly doubtful if such a large percentage of losses, as is often attributed to it, arises from purely criminal intent, for it would be not only a stretch of imagination and belief in human honesty or gravity as well as a libel upon human nature, to suppose that every third or fifth customer would, on suitable opportunity, set fire to his own property for gain, and then have the cheek to make claim upon the underwriter for his money; a condition of affairs that fire underwriting experience, bad as it is in this particular, will not bear out.

The second phase of the moral hazard applies to the man when divested of its criminal side, such as above recited, his moral character, manner of conducting his business, etc., not so directly attributable to human will where crime in some of its forms is the result.

Thus it is that the leaven of the "Old Adam" of human nature, as it crops out in the daily transactions of his descendants, forms an ever present "unknown quantity" of greater or less import to the underwriter, in the equalization between premiums and losses. This moral hazard forms a large moiety of the risk which staggers the underwriter in his efforts to adjust a price to the hazard of a risk, as does the "cause unknown," which mostly emanates from the same fountain-head, to puzzle the adjuster when brought to confront a suspicious loss, the origin of which is involved in mystery.

The material hazard of a risk can be readily measured or estimated with sufficient definiteness for practical purposes; but the moral hazard, the innate perversity of mankind, has never yet been priced. But it does not follow that in recognizing the existence of moral hazard in certain cases of fire underwriting, that all men desiring insurance are dishonest, any more than it follows, as a consequent sequitur, because we have penal laws against murder upon our statute books, that all men are murderers, or would be murderers, but for the terrors of the law. It is this exception, as to human depravity, that is the salvation of fire underwriting.

If all men were honest, insurance could be afforded at very low figures, as compared with present rates, but inasmuch as so much of the original "Old Adam" yet remains concealed among his descendants, though of remote degree, and manifesting its ubiquitous presence promptly where-

ever and whenever opportunity for fraud and deception offers, as underwriters, as well ancient as modern, have learned to their cost, though with all of this long and dearly-bought experience they have not yet been able to locate its presence *in advance*, with any certainty, the innocent must suffer with the guilty; the honest merchant must pay for the delinquencies of his dishonest confrère: the thrifty manufacturer must be assessed an additional rate upon his own legitimate premium to meet the losses incurred by his shiftless rival; and so on throughout the various ramifications of trade and commerce, relying upon insurance indemnity in the event of loss by fire for their salvation from bankruptcy. Honesty must bear the burdens of dishonesty.

Competition is the great promoter of moral hazard. In the eagerness of companies and agents to secure business, the old landmarks of safety are overlooked, risk after risk and hazard upon hazard, both moral and material, are assumed without due and proper examination as to present condition, physical or moral. And, unfortunately, there is little hope for improvement until undue competition shall be reduced within legitimate bounds, as companies shall not only find time and opportunity to scan the offerings made to them by their agents, but shall scrutinize both property and owners with reference to the rate for the one, and the financial condition, honesty and reputation of the other; and when the latter may chance to fall below the standard, decline the business, for no rate can compensate for deficient morals in the applicant. But this is a strain that few local agents can stand; it interferes with their commissions, and moral hazard is just as rampant among agents in this respect as among insureds. And even after all this care and discrimination, the chances will be that risks will be taken, and the names of parties will be found upon the books—after loss develop the fact—which should never have been there; but the company will have done its duty, so far as within its power, in stemming the tide of competition, which, at times, threatens the entire demoralization of the business.

Christopher Columbus:—Those who live to witness the four hundredth anniversary of the discovery of America, 1892, now but four years hence, will probably have an opportunity to see the only direct living heir of America's discoverer; his name is that of his ancestor,—Cristobal Colon; he is now engaged in the Spanish department of the New York Life Insurance Company, and, as we understand, if spared until that time, will take part in the proceedings on that occasion. It is no small stretch of the imagination to conceive that after the lapse of four centuries, the only living representative of the great discoverer should stand upon shores, and take part in the proceedings mapped out on the arrival of this anniversary, and still more so that we find this representative taking a prominent part in the extension among his countrymen of the blessings of Life insurance.

Unsound Offices.—**The Press.**—Were it not for the Insurance Press, bogus insurance companies would be far more plentiful than they are, and live much longer than they do. As it is, this pest of the business is quickly spotted and eliminated. We believe that this service, gratuitously rendered, is not fully appreciated by the many honest and honorable companies in whose interest it is done. The insurance press is the watch-dog of insurance, and the cases where it fails to do its duty are rare.—*Insurance World*, Pittsburg.

Among the late Gov. Bodwell's legacies is said to have been an insurance policy for \$20,000, payable to sundry young men who have been connected with his business operations, the policy having been taken with the condition that it should be kept secret until his death.—*Leviston Journal*, Me.

MERCHANDISE UNDER INSURANCE.

The term merchandise, when strictly construed, is held to include only those things which merchants buy and sell, either at wholesale or retail,—property not to be kept on hand unchanged; but to be used for the purposes of trade and commerce. It is applied to personal chattels only, and to such only as are not required for food, or for the immediate support of the family; but such as remain after having been used, or which are used by slow consumption. But the mere fact that a thing is sometimes bought and sold does not make it merchandise in all cases. So also, while merchandise is always property, property is not always merchandise. Articles kept for use in a building, though bought for that purpose, are not merchandise in such use. So with furniture, wearing apparel, books, and fuel supplies for the house, in the use of the owner they would be chattels or property simply; but the same articles held in storage by a warehouseman, or sent to an auction store for sale, would, under the warehouseman's or auctioneer's policy, be merchandise.

Merchandise is classified by fire underwriters at non-hazardous, hazardous, extra-hazardous and specially hazardous, the several classes, and what they embrace, were formerly given at length upon the reverse of the policy. The separation into classes is to arrange the subjects according as their several liabilities to damage, or predisposition to combustion, may be more or less remote, and they are rated accordingly; and whenever merchandise is referred to by classes, it is needful that the division of classes should be found upon the policy. Insuring a class of goods will include whatever is usually contained in such class, whether extra-hazardous or not.

The custom has been heretofore to write the policy on "merchandise hazardous and extra-hazardous," or on "hazardous and non-hazardous," as the class may be, without any other designation as to what the property may be, so that no information as to what the goods were is to be had from the policy. These several classes were abbreviated into *haz*: *ex-haz* or *non-haz* from which came the name of the "lazy man's policy": it saves time, but creates confusion. However, from its indefiniteness and consequent misunderstandings between insurers and insureds, when brought to the test by a loss, this custom—more honored in the breach than in the observance—has now ceased almost, if not entirely. It is much more concise and definite to say: "on merchandise, consisting chiefly of foreign and domestic dry goods, and other goods, not more hazardous;" there can then be no dispute as to what is covered by the policy, it carries with it its own explanation.

The phrase, "merchandise without exception," or "of every description," is in frequent use; but either of these forms unless qualified by some limitation, is equivalent to "merchandise hazardous and specially hazardous," the effect being to make the policy liable for any class of property usually bought and sold as merchandise, even to gunpowder and other inflammable and explosive articles of commerce, if found among the stock when loss occurs.

The phrase: "customary in his line of business," and in manufacturing risks: "necessary to and used in the factory" or in the articles manufactured, would be something more definite, where everything should be clearly defined, and where just what the policy is liable for should be perfectly clear and beyond question.

INSURANCE IN CANADA IN 1887.

We make the following excerpts from the report of the Superintendent of Insurance for the Dominion for the year 1887 :

FIRE AND INLAND MARINE INSURANCE COMPANIES.

During the year 1887 the business of fire insurance in Canada was carried on by 32 active companies, of these 6 were Canadian, 22 British, and 5 American. Inland Marine Insurance was also transacted by 5 of them (3 Canadian and 2 American), and Ocean Marine by 4 of them (3 Canadian, and 1 American). This list of companies differs from that of the previous year, by the addition of two British companies, viz., the Atlas Assurance Company and the Employers' Liability Assurance Corporation (Limited).

FIRE PREMIUMS AND LOSSES IN CANADA IN 1887.

The cash received for premiums during the year in Canada has amounted to \$5,244,502, being greater than that received in 1886, by \$312,167; and the amount paid for losses has been \$3,403,514, which is greater than that paid in 1886, by \$102,126. The ratio of losses paid to premiums received is shown in the following table :—

	Paid for Losses.	Received for Premiums.	Rate of Losses paid per cent. of Premiums received.	The same for 1886.
Canadian Companies,	764,321	1,121,435	68.16	66.75
British do	2,335,034	3,693,992	63.21	68.19
American do	304,159	429,075	70.89	56.59
Totals.....	\$3,403,514	\$5,244,502	64.90	66.93

Taking the totals for the last nineteen years, according to the nationalities of the companies, the following are the results:—

FIRE INSURANCE IN CANADA FOR THE NINETEEN YEARS, 1869-87.

	Premiums received.	Losses paid.	Rate of Losses p. cent. of Premiums.
Canadian Companies....	\$21,254,057	\$15,583,576	73.32
British do	42,249,550	31,237,557	73.94
American do	5,473,114	3,839,686	70.16
Totals.....	\$68,976,721	\$50,660,819	73.45

If we had excluded from these tables the year of the disastrous fire in St. John, N.B. (1877), the average loss-rate would have come out 64.67.

The rate per cent. of premiums charged upon risks taken in 1887 is shown in the following table:—

	Gross amt. of risks taken during the year.	Prem's charged thereon.	Rate of Premiums charged p. ct. of Risks taken.	The same for '86.
Canadian Co's	\$100,206,925	\$1,476,669.91	1.3522	1.2820
British do	377,090,054	4,178,041.12	1.1064	1.1291
American do	45,859,509	489,877.38	1.0682	1.0544
Total....	\$532,757,088	\$6,145,188.41	1.1535	1.1575

The increase in the amounts taken in 1887, as compared with 1886, among British companies is \$28,581,537, and among the American companies is \$3,759,525. Among Canadian companies there is a decrease of \$5,336,881.

BRITISH FIRE COMPANIES.

The total cash receipts from premiums were \$3,693,990, being an increase of \$236,746, as compared with the previous year; the payments for losses were \$2,335,032, being \$12,401 less than for 1886; while the general expenses amounted to \$999,715, being \$127,120 greater than in 1886, thus leaving a balance of \$359,243 in favor of the companies. In the previous year this balance was \$237,216.

Paid for losses.....	\$2,335,032
“ general expenses.....	999,715
Total.....	\$3,334,747
Received for premiums.....	3,693,990
Balance in favor.....	\$359,243

The following detail gives the balances for the different companies :—

Balances in Favor—Atlas \$669,16; Caledonian, \$4,124,50; Commercial Union, \$10,176.89; Employers' Liability, \$19,906.72; Guardian, \$639.04; Imperial, \$42,706.07; Lancashire, \$47,487.73; Liverpool and London and Globe, \$10,403.93; London and Lancashire, \$9,120.51; North British \$32,824.38; Northern, \$10,462.35; Phoenix of London, \$51,834.28; Queen, \$42,212.98; Royal \$5,723.29; Scottish Union and National, \$39,313.45. Total, \$407,605.28.

Adverse Balances—City of London, \$7,633.73; Fire Insurance Association, \$30,126.53; Glasgow & London, \$511.03; London Assurance, \$4,394.84; National of Ireland, \$3,973.38; Norwich Union, \$1,752.96. Total, \$48,367.47.

Total balance in favor, \$359,242.81.

The British companies have done a larger volume of business than in 1886, at a slightly less rate of premium, at a higher rate of expense, and at a less rate of loss.

Collecting the results for the thirteen years, from 1875 to 1887, as regards the receipts for premiums and the expenditure of the British companies, we find :—

Paid for losses (1875-87).....	\$25,514,760
do general expenses.....	7,923,376
Total payments.....	\$33,438,136
Received for premiums.....	33,780,074
Excess of receipts over payments \$	341,938

It will be noticed that the adverse balance which has been in existence from year to year since 1877, due to the exceptional circumstances of the conflagration at St. John in the last mentioned year, when the losses paid by British companies amounted to nearly five millions, has been at last reversed, the close of the year 1887 showing a favorable balance of \$341,938, as appears from the following table:—

BALANCES FOR BRITISH COMPANIES, FROM 1875 TO 1887.

Year.	Balance.	Year.	Balance.
1875.....	+ \$ 51,765	1882.....	+ 481,511
1876.....	+ 89,015	1883.....	+ 439,797
1877.....	- 4,210,951	1884.....	+ 443,919
1878.....	+ 676,458	1885.....	+ 674,984
1879.....	+ 210,430	1886.....	+ 237,216
1880.....	+ 727,389	1887.....	+ 359,243
1881.....	+ 161,162		
Final balance.....	+ \$341,938		

AMERICAN COMPANIES, 1887.

The Marine business of the Phenix of Brooklyn will be here included, and also Inland Marine insurance done by the Aetna.

The receipts for premiums were \$441,642; the payments for losses \$325,160, and the general expenses, \$116,531. Hence for every \$100 of premiums received they were spent, on the average, \$63.73 in payment of losses, and \$26.39 in general expenses.

The following detail gives the balances for the different companies :

Balances in Favor—Aetna Fire, \$31,311.47; Connecticut Fire, \$1,310.18; Hartford, \$34,187.80. Total \$66,809.45.

Adverse balances—Agricultural of Watertown, \$6,190.38; Phenix of Brooklyn, \$60,667.90. Total \$66,858.28.

Total adverse balance \$48.83.

The results of the total business of these companies, from 1875 to 1887, inclusive, are as follows :—

Paid for losses (1875-87).....	\$3,142,388
“ general expenses.....	869,300
Total payments.....	\$4,011,688
Received for premiums.....	4,409,682
Excess of receipts over payments. \$	397,994

CANADIAN COMPANIES.

In considering the Canadian companies, the business outside of the Dominion in Fire insurance of these companies has been taken into account, as well as their Marine business, since the separation of expenses between these branches is not made.

The following table gives the distribution of the Fire business between Canada and elsewhere, and shows that the foreign business has been, on the whole, less favorable to the companies than the home business :—

FIRE INSURANCE, 1887.
(IN CANADA).

Company.	Amount of Risks taken during the year.	Premiums received.	Losses Paid.	Rate of Losses paid per cent. of Premiums received.
British America	\$15,748,411	\$211,585	\$131,933	62.35
Citizens'	20,279,186	206,340	170,235	82.50
Quebec	6,863,112	84,670	61,254	72.34
Royal Canad'n	17,226,809	162,212	126,196	77.80
Western	32,622,712	338,010	172,064	50.90
Totals.....	92,740,290	1,002,817	661,682	65.98

(IN OTHER COUNTRIES).

Company.	Amount of Risks taken during the year.	Premiums received.	Losses Paid.	Rate of Losses paid per cent. of Premiums received.
British America	\$50,968,414	\$533,757	\$376,045	70.45
Citizens'	746,313	15,160	31,807	209.81
Quebec	92,442	1,448	Nil.	0
Royal Canad'n.	15,312,605	125,800	74,806	59.46
Western.....	70,583,602	820,547	554,465	67.57
Totals.....	137,703,436	1,496,712	1,037,123	69.29

The subjoined table gives the rate per cent. of losses paid, as compared with premiums received upon business done in Canada and in other countries by Canadian companies, during the years 1878 to 1887, inclusive; a perusal of which will show that the Canadian business has, throughout, been much more favorable to the companies than the business transacted in other countries:

(IN CANADA).

Year.	Premiums received.	Losses Paid.	Rate per cent. of Losses paid as compared with Premiums received
1878.....	\$591,495	\$241,345	40.84
1879.....	552,090	287,729	52.12
1880.....	459,653	219,954	47.85
1881.....	428,795	304,488	71.01
1882.....	543,126	334,000	61.50
1883.....	606,557	436,800	72.01
1884.....	550,188	376,969	68.52
1885.....	983,555	518,633	52.73
1886.....	996,562	655,534	65.78
1887.....	1,002,817	661,682	65.98
Totals.....	6,714,838	4,037,334	60.13

(IN OTHER COUNTRIES).

Year.	Premiums received.	Losses Paid	Rate per cent. of Losses paid as compared with Premiums received
1878.....	\$ 1,251,923	\$ 737,430	58.90
1879.....	1,309,902	923,242	70.48
1880.....	1,377,310	885,293	64.28
1881.....	1,439,085	1,085,846	75.45
1882.....	1,413,989	1,137,399	80.44
1883.....	1,483,941	1,136,380	76.58
1884.....	1,401,051	1,122,882	80.15
1885.....	1,485,078	1,051,090	70.78
1886.....	1,499,840	1,049,575	69.98
1887.....	1,496,712	1,037,113	69.29
Totals.....	14,158,831	10,166,260	71.82

The assets of the six Canadian companies doing Fire business amounted at the end of the year to \$4,097,436, covering a total amount of insurance of all kinds of \$288,066,931, being at the rate of \$14.22 for every \$1,000 of insurance in force; they have also a reserve of subscribed capital not called up, amounting to \$1,646,460, making a total security of \$19.94 for every \$1,000 insured. The liabilities of the same companies amounted to \$2,406,288, made up as follows:

Unsettled losses.....	\$ 318,890
Unearned premiums..	1,956,476
Sundry.....	130,922
Total.....	\$2,406,288

The unearned premiums are here taken to be the *pro rata* proportions of the gross premiums for the time unexpired in the cases of Fire and Inland Marine insurance, and the whole premium in the case of a current Ocean risk. The surplus of assets over liabilities available for the protection of policyholders, independent of the reserve of subscribed capital not called up, amounts to \$1,691,148.

The capital stock of these companies, paid up or in course of payment, amounts to \$1,578,797, and the result shows a surplus of this capital to the amount of \$112,351. At the end of 1886 there was a surplus of £299,720.

The following table gives the condition, at the end of 1887, of all the Canadian stock companies in reference to their surplus or impairment of paid-up capital.

FIRE AND MARINE INSURANCE COMPANIES, 31ST DECEMBER, 1887.

Company.	Subscribed Capital.	Capital paid up or in course of Collection.	Surplus over all Liabilities, including called-up Capital.	Impairment of called-up Capital.	Reserve of subscribed capital not called-up.
British Am.	\$ 500,000	\$ 500,000 00	\$ cts.	\$ cts. 7,431 62	None
*Citizens'..	1,009,800	799,557 18	.....	123,256 83	920,700
Quebec ...	225,000	199,247 00	14,512 32	.....	125,760
Royal Can.	1,500,000	1,400,000 00	96,806 05	.....	100,000
Western...	1,000,000	500,000 00	36,416 85	.....	500,000

* This is on the whole business, including life.

† As reduced by Act of Parliament.

A comparison of this with the corresponding table for the previous year shows the following results :—

Loss or deterioration during 1887 :—

British America, \$58,084.34; Citizens' \$82,591.45; London Mutual, \$18,687.10; Quebec, \$8,854.05; Royal Canadian, \$2,2850.21; Western, \$7,583.60.

Including the whole business of the mixed companies, as well outside as within the Dominion, it appears that the Canadian companies have received during the year 1887 a total cash income of \$3,479,889.99 (exclusive of \$1,243.18 received on account of capital stock), which is made up as follows :

	1887.	The same in 1886.	The same in 1885.	The same in 1884.
Premiums.	\$ cts. 3,346,968 91	\$ cts. 3,090,851 40	\$ cts. 3,089,381 09	\$ cts. 2,990,995 28
Interest & dividends..	114,522 46	113,304 35	107,151 57	117,679 52
Sundry...	18,398 62	25,828 55	16,044 77	16,286 55
Totals ..	3,479,889 99	3,230,074 30	3,212,577 43	3,124,961 35

In the same way the cash expenditure during 1887 has been \$3,552,501.51 distributed in to:—

	1887.	The same in 1886.	The same in 1885.	The same in 1884.
Losses paid	\$ 2,397,382 03	\$ 2,128,942 82	\$ 1,987,256 67	\$ 2,165,708 63
General expenses	1,031,696 74	926,299 50	917,879 59	871,037 06
Dividends to stockholders	123,422 74	114,809 02	99,896 73	102,675 50
Totals	3,552,501 51	3,170,051 34	3,003,032 99	3,139,421 19

Thus, it appears that for every \$100 of income there has been spent \$102.08, namely, for losses, \$68.89, for general expenses, \$29.64; and for dividends to stock-holders \$3.55. Hence, also, for every \$100 of premium received there has been paid out \$71.63 for losses, \$30.82 for expenses, and \$3.69 for dividends to stockholders.

The total cash income received by the Canadian companies during the 13 years from 1875 to 1887 inclusive is \$43,845,017.91.

The expenditure of the same companies during the same period of 13 years amounted in the aggregate to the sum of \$44,938,171.84, thus showing an excess of expenditure over income to the amount of \$1,093,151.93.

LIFE INSURANCE.

The business of Life insurance has been transacted by 29 active companies, of which 11 are Canadian, 10 British and 8 American.

A license was issued during the year to one company, viz., the Manufacturers' Life Insurance Company, and since the close of the year 1887 an American Company, viz., the Germania Life Insurance Company, has received a license.

INSURANCE EFFECTED DURING THE YEAR.

The total amount of policies in Canada taken during the year 1887 was \$38,008,310, exceeding the amount taken in 1886 by \$2,836,962. The Canadian companies show a gain in 1887 of \$4,215,855, while in 1886 they gained \$4,407,999, and on the other hand the American companies have a decrease of \$391,654 as against an increase of \$3,644,729 in 1886, and the British companies have also a decrease of \$987,239, whilst in 1886 they had an increase of \$103,632, the total increase in 1887 being \$2,836,962 as above stated.

The respective amounts effected are:—

Canadian Companies.....	\$23,505,549
British do	3,067,040
American do	11,435,721

So that the amount taken by native companies exceeds that taken by the British and American together by over \$9,000,000.

The total amount of insurance in force in 1887 at the close of the statements was \$191,694,270, which shows the large increase of \$20,378,574 over that of the previous year, being distributed as follows:—

	Total in force.	Increase.
Canadian Companies.	\$101,796,754	\$13,614,895
British do	28,163,329	937,722
American do	61,734,187	5,825,957
Total	\$191,694,270	\$20,378,574

Among the eight active American companies, the increase was \$6,158,099, while in the retired American companies, which had at risk \$5,609,022 at the close of 1886, the decrease has been only \$332,142, of which \$155,145 was terminated by death or maturity, and \$176,997, or less than 4 per cent. of the existing insurance, was terminated by surrender, lapse or removal.

Canadian policies in force.

Omitting the industrial policies of North American, London Life and Metropolitan, the following table gives the number of Canadian policies in force at the date of the statements:

	Number.	Amount.	Average Amt. of a Policy.
Canadian Companies....	59,829	\$ 101,566,100	\$ 1,698
British do	13,838	28,163,329	2,035
American do	34,440	60,878,367	1,768
Totals	108,107	190,607,796	1,763

The average amount of new policies is, for Canadian companies, \$1,843; for British companies, \$1,943, and for American \$2,085. The corresponding amounts last year were \$1,807, \$2,192, and \$2,167.

DEATH RATE.

The death rate among insured lives in Canada, as far as can be gathered from the returns of the companies, was 7.99 per thousand. The average death rate for the last eight years is 8.442.

The total amount paid to policy-holders during 1887 is as follows:

Death claims (including bonus additions).	\$1,903,179
Matured endowments do	267,795
Annuity holders.....	6,743
Paid for surrendered policies.....	287,089
Dividends to policy-holders.....	770,399

Total.....\$3,235,205

Hence for every \$100 premiums received, there has been paid to policy-holders \$52.99, leaving \$47.01 to be carried to reserve, expenses and profits.

Taking the mean of the amounts in force at the ends of 1886 and 1887 to represent the amount of risks current for the year, and comparing it with the premiums received and the claims paid (excluding the annuity business), we find the following results:—

The average rate of premiums received for every \$100 of current risks is:—In Canadian companies, \$2.95; in British \$3.20; in American, 3.86; and for all companies the average is \$3.28.

The average rate of claims paid for every \$100 of current risks is:—In Canadian companies, \$0.86; in British \$1.52; in American, \$1.57; and for all companies the average is \$1.19.

CO-OPERATIVE COMPANIES.

The business of life insurance upon the assessment plan has been transacted by four companies, of which three were Canadian and one American.

The total amount of policies taken during the year 1887 was \$7,860,000, which is less than the amount taken in 1886 by \$1,924,755. The net amount in force at the end of the year was \$25,255,613, which shows an increase of \$3,259,254 over that of the previous year.

The amount of insurance terminated by death was \$174,965, and by surrender and lapse \$4,440,707, giving for every \$1,000 of current risk \$6.75 terminated by death and \$171.28 by surrender and lapse.

The total terminations amount to 58.72 per cent. of the amount of new policies. The amounts of termination were distributed as follows:

	By Death.	By Surrender and Lapse.
Canadian Companies.	\$105,815	\$2,471,357
American do	69,150	1,969,350
Total	\$174,965	\$4,440,707

To be Continued.

Correspondence.

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

TORONTO JOTTINGS.

Editor CHRONICLE.

DEAR SIR,—The holidays are gone, our great Industrial Fair is over and people have again settled down to business.

Real estate is becoming more active. Transactions are more numerous, and while prices have not advanced very rapidly lately, there is no perceptible shrinkage in values. Everything points to a brisk business being done this fall, and real estate agents are consequently in good spirits.

CENTRAL BANK AFFAIRS.

The excitement in this case is subsiding. Broker E. S. Cox, who was arrested some weeks ago on serious charges, has been acquitted, the prosecution having utterly failed to produce any evidence sustaining the indictment.

It now appears that Cox was actually a loser personally through negotiations of the deposit receipts in question, he having purchased them while in funds and afterwards hypothecated them to raise money.

What strikes an outsider as curious is that a defendant in such a case as this, while conscious of innocence, and in possession of evidence which would clear him at once if heard, is debarred from producing such evidence, even when the prosecuting attorneys give way to unholy tempers at the weakness of their case and, make use of expressions in their presumably privileged capacity, which they would hesitate to use outside of the courts in the presence of those they attempt to injure and defame.

TEMPERANCE COLONIZATION COMPANY.

Another chapter in the drama of this peculiar concern has been completed. At a recent sitting of the Court of Queen's Bench in this city Sir Thomas Galt, in giving judgment in a case in which the company had sued to recover certain moneys from a subscriber, stated that the evidence showed that the "contract was induced through fraud, misrepresentation and deceit," and ordered the return of all moneys paid. And this judgment was concurred in by Justices Rose and MacMahon. This puts that institution in a strange light, and may lead to such an array of law suits as will keep our courts busy for some time. Already some of the designing ones, who made large additions to their private fortunes through skilful manipulation of the shares and privileges of this great society, are looking anxiously about for some means of escape from the inevitable process of disgorging.

Unless this judgment is reversed on appeal, there are men occupying prominent positions who will be placed in peculiar positions.

Indeed, it would have been better for them had they been the loved of the gods, as then they would not have had to meet such difficulties as are morally certain to beset them in the near future. Some one has suggested that the saying that "honesty is the best policy" is a villainous paradox, and that the man who is only honest from policy is grossly dishonest. However that may be, it would be money in the pockets of many of these gentlemen, if no higher motive than policy had kept them free from participation in this questionable scheme.

It goes without saying that a good many of these men were honest, and knew nothing of the nature of the company but what they were told by the promoters; but some of these who have made the name of Saskatoon so dishonorable, if they only get their deserts, will not need to have any "thought for the morrow" for a series of years. In fact, "their bread shall be given them and their water shall be sure."

A CANADIAN DR. LAMBERT.

It may not be known that we have among us a man so gifted in the science of life underwriting, and so conversant with what Richardson calls the "storage of life," as to take upon himself the responsibility of deciding for his company the prospective longevity of an applicant for life insurance without reference to age.

With him, physical development, general appearance, family history, and last if least, the brokerage paid him by the agent, on settlement days, are the passports to the delights of carrying life insurance in a certain company. There is nothing new in this gentleman's coercing his medical examinations where it was possible, but this latter scheme

is a new departure, and one which bids fair to be profitable—to the Dr. Lambert of Canadian life underwriting.

THE SURVIVAL OF THE FITTEST.

Again you have flayed the Reverend writer of the foolish pamphlet and again your article on that subject is worthy of the widest distribution, inasmuch as it utterly annihilates the pretensions—there were no arguments of this later "Daniel." By the way, is this the same Reverend who a few years ago lectured in one of our central cities on the claims of the Mutual Reserve? and who afterwards left its embrace and betook himself to Montreal as a great, big man in one of those pestiferous old liners which steal so much money, and who made such a woeful failure of it, that he was compelled to return to his first love? If so, I do not wonder that he has learned that all men die at age 60. Isn't that about what he claims? and that you must not count those who die at greater ages? Shades of Willey and Wright *et al.*, whither are we drifting? What is our insurance department for, that assessment companies are allowed to issue certificates which cover up under a cloud of verbiage the fact that premiums must increase, and deceive our people into accepting such alleged contracts? Even supposing these concerns should live a few decades, the inevitable necessity for increased assessments, which will perforce drive out all the very old people to die uninsured, should be a sufficient warrant for the interference of the Government. The education of the people on this phase of the assessment question is necessarily slow, as the daily press is so largely the creature of the advertising contract, that the vilest fraud is commended if it pays for the puff, while responsible companies can hardly get common fair play.

One class of these concerns deliberately assesses its dupes for funds wherewith to subsidize the press, while the regular life companies having liabilities to meet are prohibited from complying with these exorbitant demands, and therefore fail to receive the assistance that is so liberally given any sort of fraud which can raise money enough to pay for what it wants inserted. The public cannot believe that the editor of their favorite paper, whatever he may do as a politician, will deliberately lie about such an important matter as life insurance, and he does not because he knows no better, and besides, he shelters himself behind the statement that it is not he that is lying but the chap who writes the local.

Nevertheless, if there is a matter in connection with which our daily press almost as a whole is doing a grievous wrong in assisting to deceive and rob the public, it is in this question of life insurance. So long, therefore, as this sort of thing continues, so long pamphlets such as you have so ably answered will have their influence, so long will large numbers of the public be swindled, unless the Government does its plain duty in putting a stop to the operations of every such diabolical concern.

LORD STANLEY'S VISIT.

Our new Governor General has been here, and has won universal commendation by his careful, able and judicious utterances, no less than by his affability and tact.

Coming at a time when retaliation was a burning question, our people were brimful of that sort of apparently reckless enthusiasm, which burns in the British breast when an injustice is being done Her Majesty's liege subjects.

To say that his welcome was hearty and enthusiastic would be expressing it too mildly. Such an outburst of unrestrained expressions of loyalty to Queen and country, it has seldom been my privilege to witness. Our people are soundly Canadian, and if anything were needed to prove their devotion to the old land it is such an unprovoked and, under the circumstances, cowardly action as that of President Cleveland.

We had our days of quiet brooding over the celebrated message; we had no opportunity to express our views. The calm dignity of our rulers and our leading papers gave no chance to tell what we thought and felt.

The arrival of Lord and Lady Stanley proved the safety valve, and if ever vice-regal honors were heaped on deserving heads that was the occasion.

There of course was the usual "fly in the ointment," I mean the windy and in some cases inane addresses which they were compelled to listen to, but they listened without an apparent twinge of disgust, to

them all. Why should such things be allowed? If a rule were made that hereafter on all occasions of vice-regal visits, but one address should be allowed, and that one prepared by some man of tact and education—not by some committee man, whom chance has put in a place he is unqualified by nature and education to fill, it would be an immense relief to all concerned, and the mouthings and mumblings of some of those who read the addresses could well be dispensed with. What a weariness of the flesh it must have been to listen to them!

OUR GREAT FAIR.

Our old friend Barnum's "greatest show on earth" has been outdone in our Industrial Exhibition this year. We talk of 50,000 or 60,000 people assembled in one place with a glibness which would imply that such sights are an every day occurrence, but as a matter of fact it is very seldom that one is privileged to see such a crowd. There is no doubt, however, that nearly 60,000 people visited the exhibition grounds on Citizen's day, Monday, the 17th September, which means that there were over 1,000 persons to the acre, and with all this terrible crush which lasted about twelve hours there were but six arrests,—three for trespass and three disorderlies.

This speaks well for the people who were present, and emphasizes the soundness of the contention that the absence of strong drink means the discontinuance of crime. The fair in all its departments was a magnificent success. The live stock, machinery and the exhibits of manufactures of all kinds were a revelation to many who had hitherto stayed away from various motives; while the exhibits of agricultural products from the prairie province were a marvel. But the greatest show was the people. It is a question if anywhere on earth one could find 60,000 people crowded together in so small a space, and where there was such an entire absence of the appearance of anything like poverty; all looked bright and happy. Every one was well dressed, and on all sides health and good spirits abounded. Everybody seemed at peace with his neighbor, and the police were only ornamental, as their services were hardly ever required. The management certainly deserve the thanks of the whole community for the energy and judgment displayed in bringing about such magnificent results. Of course there is a good deal of circus about it, but it brings the crowd, and as that is what the public desire, I suppose there should be little grumbling. One amply built alderman has a letter in a city paper complaining that when he was in the midst of a most interesting speech about the breeding of the "Shropshire Down" as a Canadian industry, suddenly his entire audience deserted him, and on enquiry he was amazed to find that the cause of the stampede was that there was a woman performing on a trapeze.

The worthy alderman ought to know better than to attempt to set himself up as an attraction, in opposition to a pretty woman in tights, at an entertainment where a large number of people attend whose conscientious scruple forbid attendance at the wicked theatres, and other places where the human form divine is "adorned the most."

After all, the results are very satisfactory to the city. Every business place puts on its best appearance, and places which are only furnished up once a year are brightened up for the Exhibition.

NOTES AS ASSETS AFTER THE LAPSE OF POLICIES.

It is now no secret that in a certain quarter, notes given on account of life policies, but which had never been paid, were alleged to have been carried forward as assets for years after the policies had lapsed.

It is rather a nice point to determine whether such a note should be held as an asset at all, and if so on what basis as to value. An ordinary premium note, such as the half credit notes given companies doing business on credit plan, are of course of no value, after the lapse of the policy, but it strikes me as if a note such as I have referred to is fairly entitled to rank as of some value, provided the maker was responsible, and the note collectable. Of course, to make the note valid the policy must have been delivered, and just here is where the difficulty appears. Some of the companies do not deliver the policies until the notes are paid, in which case the notes cannot be collected, no value having been received, so it is a question of some moment to insurers as to just how much of that kind of paper is held by the company in question. The Superintendent should inform himself on these points, and in so informing himself, he should be careful in getting the evidence, as he has some men of genius to deal with. "Nemesis" has been taking notes—not premium notes, but something to "prent," and would like some information from an authoritative source.

NEMESIS.

NEW YORK LETTER.

Editor I. & F. CHRONICLE.

DEAR EDITOR:—Your New York correspondent has been negligent of your interests of late, but he has had so much to do in the inspection of neighboring seaside places,—a task of considerable importance as you may well imagine,—that a mere statement of the cause is all that is necessary to ensure the sympathy and forgiveness of your readers.

Talking about seaside places reminds me of a "scare" which has recently visited the offices, and disturbed the presidential calm and dignity of the chief officers of the companies doing business in Atlantic City, a favorite watering-place on the Jersey Coast. Atlantic City is a "city" of hotels and boarding houses, frame from one end to the other, exposed to the sweeping westerly winds from the Ocean, and liable to a serious conflagration without proper protection. For some years an effective water supply has been furnished by the Atlantic City Water Company, but in the absence of any acknowledgment by the municipality in the shape of a check in payment of services rendered, the water company endeavored to force a day of reckoning by dismantling the hydrants. Imagine therefore the consternation of some of our managers with a snug liability of \$300,000 (I know one company having that amount at risk) when they received telegraphic advice that the means of protection in a frame "city" had been entirely cut off! Add to this the knowledge that summer hotels do burn when the season is over, particularly when no money has been made, and you have as good a remedy for corquency as by submitting to a course of Turkish Baths, or by dosing with "Allen's Anti-fat."

Since last I wrote you, eleven native companies and one British company have been peacefully laid to rest, as far as American business is concerned at least; and now if Dan e Rumor is not in error, there are others within measurable distance of a premature grave. The old "Howard" died of dry rot, and there are other companies with such little life that a fresh breeze will cause their crumbling ruins to be scattered to the four winds; but it is no secret that some of the newer companies with too much life may possibly have to succumb, while the Doctors meet in solemn conclave and pronounce the cause "out-grown their strength." Do not be alarmed therefore if within the next few months you hear of considerable mortality, and be not unprepared for the possibility of a still further reduction in the number of British companies doing business on this side.

In local circles the "brethern" have been agitated by being called upon to select a treasurer to the New York Board of Underwriters. This position has been held for some years by Mr. W. A. Anderson, president of the defunct "Mercantile," and recently appointed Superintendent of Surveys in connection with the same Board; the remuneration attaching to the office is \$1200 per annum, and as the position can be held in addition to an official connection with one of the companies or indeed to any other position, it is a "plum" for which there was eager competition and much close canvassing. The voting which took place yesterday was by ballot, and was limited to those gentlemen enrolled as members of the N.Y. Board. The decision was in favor of Mr. W. M. St. John, President of the Standard Fire Insurance Company of New York, than whom a better selection could not have been made. I have already said the voting was limited to gentlemen whose names were recorded as members of the Board, and I am told it was a touching sight to see the Inspectors refuse the vote of Mr. Henry W. Eaton, Manager of the "Liverpool & London & Globe," because forsooth his name was not registered; it seems strange that a great corporation like the L. & L. & G. should not have some say in a matter of this kind.

The British companies doing business in this country are building nests for themselves, and evidently mean to make their strong position more strongly felt still. The Royal, Liverpool & London & Globe, and Imperial now have fine buildings of their own. The Commercial Union is adding a large extension to the one it already has, and foundations are being laid for the Northern's building. This evidence of progress is clearly supported by the gain reported in the recent semi-annual statements; the question is, where are they going to stop?

Amongst recent visitors, perhaps the most prominent has been Mr. Chas. G. Fothergill, General Manager of the London and Lancashire

Fire Insurance Company of Liverpool. Mr. Fothergill has many friends in this country, and he therefore met with a cordial welcome. He expresses himself well pleased with the progress of the Company on this side under the management of Mr. Jeffrey Beavan, who, although maligned by certain Insurance papers, is rapidly pushing his Company to the front rank.

I had the pleasure of recently meeting the proprietor of the Toronto Budget; I hope his Branch Office scheme will meet with success, but I am afraid it will not do so.

Losses still keep up, and the prospect for a good year is very doubtful, indeed. September has been "hotter" than usual, the losses for the first fifteen days of the month exceeding the whole amount for the month of September last year.

The announcement of the new officers for the old "Aetna" has caused some astonishment in the City. Mr. J. F. Dudley, for some time Assistant Manager of the North British and Mercantile, has been appointed Assistant Secretary, and thereby hangs a tale. "They say"—the change is very acceptable to Mr. Dudley, who has of late not been at all comfortable in the N. B. & M.

New York, Oct. 2, 1888.

AMERICUS.

THE SURVIVAL OF THE FITTEST

versus THE INSURANCE CHRONICLE.

Editor INSURANCE AND FINANCE CHRONICLE.

SIR,—I positively deny, and defy you to prove, that there is a single "misstatement," either in my pamphlet, "The Survival of the Fittest," or in my reply to your criticism of it; each and every statement being substantiated by the most incontestable proof, taken either from Official Returns, or from old line Actuaries of un doubted authority.

Your assume that, inasmuch as you are the Editor of "THE INSURANCE AND FINANCE CHRONICLE," nothing more is necessary on your part than simply to contradict, and assert, and that your mere assertion will be accepted as proof positive, notwithstanding the fact that it is a direct contradiction of the statement of the most reliable authorities.

You must remember that no amount of assertion or contradiction can negative facts, and that "Truth is mighty and will prevail."

I repeat that the cost of life insurance for death losses is regulated by the mortality indicated by persons who assure between 15 and 60 years of age, and not by the higher ages of 70, 80, 90 and 100 years, (1) as the diagram in your article represented (2). Men who insure in an Assessment Company will not die any sooner than those who insure in an old line company; and therefore, the cost for death losses will be the same, or nearly the same, in both. It is only necessary to add up the sums which you set down as indicating the cost on the assessment plan, in order to see that it would require an annual premium of \$300 for 30 years, or \$9,000 to secure \$1,000 of life insurance. (3)

I agree with you that "this is nonsense," but it is the kind of nonsense which you used in order to deceive and prejudice the public against Assessment Insurance.

You state that "The experience of the older English companies shows that the average life time of policies is very much more than nine years." This is another sample of the ease with which you make statements that are the direct opposite of truth. On page 35 of "Principles and Practice of Life Insurance," by N. Willey, he says "The Combined Experience, or Actuaries' Table" was prepared by a committee of eminent actuaries, on the data afforded by the combined experience of seventeen of the principal life insurance offices in England, and that "the average duration of all the policies was a little less than 8½ years." (4)

I again submit for your consideration an "Unsolved Problem," which is an answer to the one you have used as a Goliath for years.

"Payments to be made; 10,000 claims at \$100 each. \$10,000,000"
 \$39.40, average level premium, per annum on each
 of the 10,000 policies 394,400
 If this is paid for 9 years, as an average
 duration of all policies \$3,549,600
 Deficiency 6,450,400 (5)

It is a fact, that for every \$1.00 paid in death losses, the average old line company expends \$1.24 in management; consequently, the sum to be made up is \$22,500,000; but, as will be seen by the above calculation, \$3,549,600 is all that will be contributed by those of the 10,000 whose policies become claims, hence the total deficiency is \$18,950,400. (6)

"Now, a company can only pay out what it receives," and "how can" \$3,549,600 "pay" \$22,500,000? You will find the solution of this problem in "The Survival of the Fittest," chapter vi.

In regard to your quotation from Sheppard Homans, to the effect that "Pure Insurance, un mixed with banking or investment, involves the payment of natural premiums, which inevitably and inexorably increase with age," and that the only way to avoid these increasing rates is to pay largely in excess of the requirements for current death claims

in the earlier years, and thus provide a fund out of which to draw in the later years;" I answer, 1st,—The Mutual Reserve provides a fund which enables it to furnish life insurance on the natural premium plan at one-half the rates of old line companies, and without increasing the cost as age advances; and in this it excels all other companies, whether on the Homans or any other plan.

2nd. The fact that this fund is increasing at the rate of over \$1,500 per day, and now exceeds \$1,700,000, is an evidence that it will most effectually answer the purposes for which it is accumulated. (7)

3rd. All the companies offering insurance on the Homans plan are Stock Companies, and must provide dividends for their stockholders, and this is why their premiums must "inevitably and inexorably increase with age." (8)

It appears from the Annual Reports to the Superintendent of Insurance for 1887-8, that the dividends paid to the stockholders of the Aetna, the Canada Life, and Confederation Life have exceeded \$500 daily, or \$366,282, during the last two years, notwithstanding the fact that the total business of these three Companies combined is nearly \$3,000,000 less than that of the Mutual Reserve!!!

Here is a "problem"? How can stock Companies pay \$500.00 per day in dividends to their stock-holders without first collecting it from their policyholders, and yet furnish life insurance at the same rates as the Mutual Reserve, which, instead of having to pay dividends to stock-holders, has an interest income of nearly \$100,000 annually from its Reserve, or Emergency Fund, every cent of which is applied to the reduction of the cost of insurance?

You admit that the average amount required for the payment of death losses at all ages, in the New York Life, and the Mutual Life of New York, has been less than \$12.00 per \$1,000 insured during the last twenty-eight of the forty-five years that they have done business, and it is self-evident that, if the death rate of a promiscuous population is only 14/74, the death rate of an insurance company made up of selected lives, is not likely to exceed 12.00 per 1,000. In answer to this you say, "People enter life at birth, but they only enter any Insurance Company at middle age." This is THE MOST CONCLUSIVE ARGUMENT that could be used to prove that the death rate of an insurance company cannot possibly be as great as that of an entire community, as it is a well-known fact that more than one-half of all who are born into the world die before they are twenty-five years of age. An insurance company made up of the entire population would have to provide for the death losses of all who died in infancy in middle and in old age. (9)

The officials of English companies can, if they are so inclined, represent that the amount paid out in death losses is four times greater than it really is, without the slightest danger of perjury, inasmuch as they are not required, and do not, swear to the statements which they make. And, if what you say is correct, it is evident that they do enter, under this heading, sums that are never so disbursed, for, what company could stand a death rate of "\$40, \$50, or even more, for each \$1,000 insured," or continue (as you state) to "spend in death claims more than their entire income from both premiums and interest?" (10)

In proof of my statement that English companies do not make sworn reports, I refer you to the "Blue Books" and to Nathan Willey's "Life Agents' Instruction Book," p. 18. Speaking of the advantage of the State Insurance Department, he says: "Contrast this trait of our companies with the condition of life companies in England, where so many failures have occurred in life insurance, and where they are still occurring. There, secrecy of administration is the rule; the internal conditions and working of every company is carefully hid from the public eye, and the policy-holder or agent knows nothing but the 'glittering generalities' of assets and policies in force, which the directors and officers please to publish."

In the discussion of the subject so far, if you have proved anything, it is that all who require life insurance should take it in the Mutual Reserve, as you admit that the death rate of an insurance company can be limited to less than \$12 per \$1,000 insured for the first fifty or sixty years, but that after that it steadily increases until it exceeds the income, and the failure of the company is inevitable. If your statements are correct, then, the older the company, the less reliable it becomes in point of security, as it is proportionately nearer its mortal doom.

The whole of the present generation will have passed away before the Mutual Reserve will enter upon the awful and critical period, and the coming generation may not require the protection of life insurance.

Yours truly,

J. T. PATERSON,

Author of "The Survival of the Fittest; or, Truth Stranger than Fiction."

London Lloyds are taking fire risks in the United States, but the condition of their policies require that at least four represented English offices shall be on the risk on the same terms, rates and conditions as accepted by such represented English offices, otherwise the policy to be void. Upon investigating a recent loss, where there was a Lloyds' policy for \$1,000, there were only two English offices on the risk. Result not yet reported.

CHÔMAGE INSURANCE:

The universal condition of the fire insurance policy is simply an agreement to make good to the insured all such immediate loss or damage, not wilful, nor exceeding in amount the sums insured, as shall happen by fire, to the property covered by or named in the policy; such loss or damage to be estimated according to the actual cash value of the property lost or damaged at the time of the fire. The damage must be actual, by fire and to the property, and not constructive or consequential upon the loss or injury, such as loss of time, derangement of business, loss of interest upon capital, plant, or machinery, etc. So that the insured, however fully covered by ordinary insurance, as to the value of the property at risk, not unfrequently becomes a heavy loser through consequential, or constructive damages beyond the mere money value of the property destroyed, in loss of time before his business can be reinstated, and other contingent circumstances for which his simple fire insurance affords no indemnity, for the underwriter does not in all respects, stand in the place of his insureds.

But inasmuch as any interest which may be injuriously affected, pecuniarily, by fire is recognized as insurable under a fire policy, there are, nevertheless, other important consequences resulting from losses by fire, that frequently reach considerable amounts, and are insurable in the same manner. To meet these unprovided for contingencies, and afford the merchant and others indemnity for such losses sustained, the plan of what is known in France,—where it originated— as Chômage insurance was introduced some years ago, but was first applied to the insurance of workmen's wages in the event of the compulsory stoppage of work and wages, in consequence of the burning of the places at which they worked. It was subsequently extended to cover the loss of revenue from capital, plant and machinery, etc., when caused by the destruction of property under insurance, whether by merchant or manufacturer; who may thus hold, simultaneously, a regular fire policy upon his building and contents, and another on an entirely distinct interest, though based upon the productive value of the same property, by which a certain per cent. of interest is guaranteed thereupon, from and after the fire loss during such time as from the circumstances of the loss, the capital may remain totally or partially—but compulsorily—unavailable to the insured, the limit of the Chômage insurance corresponding with amount of direct fire insurance upon the property, and the rates were the same.

The underlying principle of Chômage insurance is the same as that of rent and lease policies; re-insurances, policies on profits, or on commissions unearned. The principle was at one time, applied to a considerable extent among the New England manufacturers, under the name of produce policies, guaranteeing against failures to fill contracts when caused by fires. The following is one of the forms of policies used for this purpose:—

"To cover in all his factory buildings known as the mill.***Against the loss arising from damage and destruction of his buildings or machinery by fire, either or both, which damage or destruction may prevent the manufacture of goods. And the amount insured is to be \$21,325, to be reduced \$137, for each working day. In the event of any loss or damage of the building or machinery by fire, by which the daily manufacture is prevented, then the loss under this policy is to be calculated at \$137 per day for such loss or damage by fire to the building or machinery as aforesaid, from the date of such loss or damage, until the same shall be repaired, or to the termination of this policy."

The assured warrant that any loss or damage to the building and machinery shall be repaired as soon as possible; no claim to be made for less than a day.

The bearing of such a policy is very evident; and as it covered a strong moral hazard its use did not continue for any considerable time.

The principle of rent and lease insurance, is precisely the same; but in practice it is shorn of much of its moral hazard because the rents are fixed, and not subject to contingencies as to value at the time of any loss.

Soon after Chômage was introduced into France, it caused quite a stir among the fire insurance companies, many of which went largely into it; but of recent years we hear but little or nothing of it, from which it would appear that it has gone generally into disuse. Nevertheless the principle remains, and could some method be devised by which the moral hazard could be eliminated there is no reason why it should not be practised like any other branch of fire underwriting.

REGARDING PAYMENTS OF DIVIDENDS.

We extract the following from the Report of the Superintendent of Insurance of the Dominion for the year 1887, which may be of interest to some of our readers.

I desire also to draw attention to the provisions of an Act of the late Province of Canada, not heretofore published in the insurance reports, which should not be overlooked. I refer to 19 and 20 Vic., Cap. 89, which is as follows:—

"An Act providing for the payment of dividends by Insurance Companies."

"Whereas it is expedient for the security of persons effecting assurance with, and of the subscribers to the stock of, the various fire, life, marine and other insurance companies already chartered, or that may hereafter be chartered by the Provincial Legislature, that no dividend or bonus be declared or paid unless from the surplus earnings or profits arising or made from the business of such companies over and above the paid up capital thereof: Therefore, Her Majesty, by and with the advice and consent of the Legislative Council and Assembly of Canada, enacts as follows:—

1. If the managers, directors or trustees of any fire, life, marine, or other assurance company, incorporated by the Legislature of Canada, or of Upper Canada or Lower Canada, shall knowingly and wilfully declare and pay any dividend or bonus, out of the paid up capital of said Company, or when the Company is insolvent, or which would render it insolvent, or which would diminish the amount of its capital stock, such Managers, Directors or Trustees, who may be present when such dividend or bonus shall have been declared, and which said dividend shall be paid, shall be jointly and severally liable for all the debts of the Company then existing, and for all that shall be thereafter contracted while they shall respectively continue in office; Provided always, that if any such Managers, Directors or Trustees shall object to the declaration of such dividend or bonus, or to the payment thereof, and shall, at any time before the time fixed for the payment thereof, file a written statement of such objection in the office of the Company, and also in the registry office of the city, town or county where such Company is situated, such Managers, Directors or Trustees shall be exempt from such liability."

Section 37 of the Companies' Clauses Act, being Chapter 118 of the Revised Statutes of Canada, which, by the terms of the Acts of Incorporation, is applicable to all companies incorporated by the Dominion Parliament for several years past, is substantially to the same effect as the Act 19 and 20 Vic., Cap. 89, above quoted.

Expensive Cigarette Smoking.—The wife of a well known citizen of the United States, who was stopping at a first class hotel in Paris, went to sleep with a cigarette which she had been smoking still lighted in her hand. A fire resulted, and the furniture and other property was destroyed. There is a law or custom in France which provides that in cases of fires in hotel apartments the insurance company shall pay the landlord, and then collect the sum paid from the tenant of the rooms if it can be shown that carelessness caused the fire. Mrs. Fenton was astonished to find a short time ago that in this case the insurance company had begun suit for 80,000 francs paid to the landlord, and that her smoking cigarettes was urged as the cause of the fire. She cabled her husband, who was at a loss for some time to account for the insurance company's discovery that his wife smoked cigarettes. Upon inquiry, however, it transpired that a man with whom the husband had previously had some trouble, and who was acquainted with the wife's cigarette smoking habit, had informed the company of the fact.—*U. S. Review*,

NOTES AND ITEMS.

Brisbano, Queensland, has had a 2,000,000 dollar fire.

The Insurance Losses by the recent Baltimore, Md., fire aggregate \$764,050.

Rumor has it that the Mutual Fire Insurance Company of New York, contemplates entering Canada.

Henry B. Hyde, President of the Equitable Life Assurance Society, has returned from Europe.

Mr. George E. Robins has resigned the secretaryship of the British America Assurance Company.

The Estimated Cost of the New York fire department for 1889 is \$2,281,177.

The Mutual Life Insurance Company has entered France. Mr. E. B. Cachard has been appointed manager.

Mr. Joseph Kennerly Rumford, A. I. A. Sub Manager of the Queen Insurance Company, has been appointed General Manager.

The Texas business of the Fire Insurance Association has been re-insured in the Norwich Union, and its Ohio risks in the Liberty of New York.

Mr. A. G. Routhier has been appointed special agent and inspector of the British Empire Life Assurance Company for the district of Quebec.

The Saugeen Mutual Fire Insurance Company, of Mount Forest, Ont., is reported as contemplating going into liquidation.

The Manufacturers' Accident Insurance Company of Toronto has presented that city with an ambulance waggon.

It is rumored that La Prudence, a French fire office, will shortly enter the United States. Its capital is 500,000 francs.

A Heavily Insured Lady.—We learn from our English exchanges that Lady Annie Verner, of Eaton, who died recently, had \$50,000 (£10,000) assurance on her life.

Mr. John M. Crane, late Secretary of the Fidelity and Casualty Company, has been appointed New York Manager for the Union Mutual Life of Portland, Me.

For every \$100 received by life companies in Canada there has been paid to policyholders \$52.99, leaving \$47.01 to be carried to reserve, expenses and profits.

"Five cent" insurance, in the fire way, is quite in vogue in Camden, N. J., opposite Philadelphia.—five cents per week for \$500 insurance on furniture.

Mr. George Thornton, Superintendent of agencies of the New York Life Insurance Co., New York, was in Montreal the beginning of the month and favored us with a call.

A recent rain storm in New York caused three fires in Harlem; the water slaked the lime in a number of barrels in some buildings in course of erection, and thus the flames were started.—*Fire and Water.*

Canadian Fire Offices received \$43,845,017.91 during the 13 years, 1875-1887, and expended \$44,938,171.84, thus showing an excess of expenditure over income of \$1,093,151.93.

Our Mr. J. D. Elliott will have the pleasure of calling on some of our subscribers and friends during the next few weeks on behalf of THE CHRONICLE.

Co operatives in Canada.—The amount terminated by death in co-operative societies in Canada during 1887 was \$174,965, while the amount terminated by surrender and lapse was \$4,440,707.

British Fire Offices paid for losses and expenses in Canada in the 13 years 1875-1887, the sum of \$33,438,136; and received for premiums \$33,780,074, showing a favorable balance of \$341,938.

American Fire Offices received in premiums in Canada during the 13 years, 1875-87, \$4,409,682, and paid for losses and expenses \$4,011,688, showing an excess of receipts of \$397,994.

Mr. Charles R. Burt, Secretary of the Connecticut Fire Insurance Co., of Hartford, has been in Montreal for some days looking about for a desirable agent to succeed Mr. Walter Kavanagh, who formerly represented the Company.

The United States Life Insurance Company has increased its business for September by \$100,000 over that of September, 1887. There is an increase of \$600,000 so far this year over that of the corresponding period of last year.

The total number of policies in force in regular life companies in Canada on December 31st, 1887, was 108,107, assuring \$190,607,796, the average amount of each policy being \$1,763. The total amount paid to policyholders during 1887 was \$3,235,205.

A new Competitor for Accident Insurance.—It is stated that the Aetna Life, which has had an accident charter for some time, will probably establish an accident branch on the 1st of January next. It will be conducted independently of the life business, and have a separate paid-up capital.

The Glasgow and London Insurance Company held a convention of its agents at Shaftesbury Hall, Toronto, during exhibition week. The unprofitable nature of farm business, insurance wise, was generally discussed, when Manager Stewart Browne got some valuable suggestions regarding it from his agents.

The Employers' Liability Assurance Company, Limited, has joined the Canadian Fire Underwriters' Association. Mr. F. Standliffe, General Manager for Canada of the British Empire Life Assurance Company, is also representative of the Employers' Liability.

Elevated Electric Railroad.—A novel electric railroad is undergoing construction in a suburb of St. Paul, Minn. It is to be an elevated structure, the cars to be suspended below close to the street level; to hang from sets of wheels, taking motive power from the track, charged with electricity. A speed of from eight to ten miles an hour is claimed for the cars when in motion.

Baltimore Fire.—Had it not been for the delay caused by the network of overhead wires, the recent large conflagration at Baltimore, Md., might have been gotten under control before so much damage was done. The Hayes extension ladder could not be raised, and consequently the hose had to be carried up the stairways by the firemen, in order to reach the upper floors. It was while thus engaged that the seven firemen lost their lives through the explosion, and seven more severely injured. Let Montreal take warning.

The Manufacturers Life Insurance Company:—A change we understand is contemplated in the official staff of this company, by the appointment of a Secretary. Rumors reached us that Mr. A. H. Gilbert, of Toronto, had been offered the position, and that he accepted. It would be difficult for the Manufacturers to secure a better man. Just as we go to press we are informed that the matter has not been definitely closed.

Among the callers at the office of THE CHRONICLE during the past week were: Messrs. J. H. Brewster, assistant manager of the Scottish Union, Hartford; Chas. R. Bart, secretary of the Connecticut Fire, Hartford; George Thornton, superintendent of agencies of the New York Life, New York; Jas. Lockie, Waterloo; L. H. Hudon, Quebec; J. M. McDougall, Stanstead; A. G. Routhier, Quebec; Mr. Sanderson, Toronto, and others.

Mr. C. E. German who has for some years been connected with the extensive insurance Agency business of his father, Mr. G. G. German, of Strathroy, has taken up his headquarters at London, Ont., as general agent of the Ontario Mutual Life for the counties of Middlesex and Lambton, as well as the city of London. Mr. German is a live, pushing insurance agent, and we wish him every success in his new field.

W. P. Mott.—Since our last issue, Mr. William Paterson Mott, Chief Clerk in the Imperial office, Montreal, has joined the great majority. He died on Sept. 17th ult. in the 28th year of his age. Mr. Mott was connected with the Imperial for some years, and was very highly esteemed by his confrères and the management. He possessed considerable ability, and was fast making his way to the front rank in the insurance business, and had apparently a bright career before him when death cut it short.

Farm Risks.—The writer asked one of our insurance managers, who has given this subject a good deal of attention, a few days ago: Why is farm business so unprofitable? His reply was: "in consequence of the moral hazard in connection with heavily encumbered small farms." The problem seems to be of sufficient importance to warrant the F. U. A. in appointing a special committee to look into the matter, and it would, no doubt, also be desirable to confer with some of the agents on the subject.

Weekly payments for Fire Insurances.—It has just leaked out that the Home Insurance Co., New York, has for some time past been applying the principle of weekly payments of premiums to fire insurance, in a manner similar to that of the Metropolitan and other life offices. The business is carried on only through an up town agent in New York and in Philadelphia. The experiment is confined chiefly to household furniture of German families, and has, so far, proved profitable, the Germans being as a rule both careful and honest.

Ætna Insurance Company.—Mr. J. Goodnow, who has been Secretary of the Ætna for twenty-three years, has been elected President as successor to the late Mr. Hendee. Mr. W. B. Clarke, Assistant Secretary for twenty-one years, has been elected Vice-President; Capt. Andrew C. Bayne, Secretary; and Messrs. J. F. Dudley and W. H. King, Assistant Secretaries. With such an experienced, practical underwriter and financier as president, assisted by such efficient officers, the old Ætna will continue in the even tenor of its ways, as one of the most successful and honorable fire offices on this continent.

A Policyholder in the Accidental Death Insurance Company, of England, who had paid his premiums promptly for twenty five years, scratched his ear with a thorn while out shooting last October. Blood poisoning

set in and he died from its effects within two weeks. The company resisted payment of the claim, on the ground that the accident was not the direct cause of death, which the medical certificate gave as erysipelas. The court, however, decided that erysipelas in this case was caused by the accident, and directed the company to pay the claim. The policy was for £1,000.

Steam Boiler Inspection:—During the month of May, also, the inspectors of the Hartford Steam Boiler Inspection and Insurance Co. made 3,983 inspection trips; visited 7,951 boilers, inspected 2,754 both internally and externally, and subjected 519 to hydrostatic pressure. The whole number of defects reported reached 6,237, of which 781 were considered dangerous; 36 boilers were regarded as unsafe for further use. And yet all the insurance wanted, in nine cases out of ten, upon the several factories containing these same unsafe boilers, could be had of the fire companies for the asking.

There is money in it.—"I believe there is money in those accident and life insurance companies," said old Barkins. "They allow you \$1,500 for an eye, \$3,000 for two eyes; \$1,500 for an arm, or a leg, and \$3,000 for two arms or two legs, but they only give your widow \$5,000, if you die. Well, its easy enough to see that you can make more than \$5,000, if you die, kind'er slow. First lose yer leg, then yer arms, then yer eyes and then die, that's three \$3,000, and the \$5,000 fer your widow besides, \$14,000 altogether. I tell you Jim, there's money in that, and I'm going to git insured right now."—*Fireman's Herald.*

Obituary.—We regret to announce the death of Mr. R. A. Elmer, President of the American Surety Company, of New York. He had been in excellent health lately, and on Monday, 1st inst., did an unusually heavy amount of work, went home and dined with his family as usual, but between 9 and 10 o'clock he got a stroke of apoplexy which terminated fatally in a few hours. He was in the prime of life, his age being 46 years. He was very highly esteemed by all who came into contact with him, a prominent and capable business man, attractive in manner and appearance. He will be mourned by a large circle of business acquaintances and friends.

Rumors.—Mr. Gerald E. Hart, General Manager of the Citizens Insurance Company, informs us that there is no truth whatever in certain rumors which have been floating round regarding the Citizens, and that there will be no change made in either the administration or policy of the company. He also states that the recent "call" has been responded to beyond the most sanguine expectations of the Directors and management. It gives us pleasure to make the above statement. We have always advocated the desirability of the company getting a larger amount of its subscribed capital paid-up, for while the shareholders are amongst the best known and wealthiest men in Canada, nevertheless, it seemed to us almost impossible to conduct its affairs profitably with such a limited cash capital.

The Retaliation Message.—*The Insurance Messenger* of Junction City, Kansas, notifies the British Crown and Canada, "that the United States government fears God Almighty and nothing else in the world, and all the British army and navy and all of Canada's army and navy cannot prevent her acquisition by us if we only say the words. To an American the British army and navy have no terrors, and all the reference heretofore made by way of threat or bluff by the Canadian Government to the effect that 'British gun boats were behind Canada' is all a humbug, and would only serve to make the Americans more determined in their defense of constitutional liberty." The idea of a man who can talk like that being the Editor of an Insurance Journal! You should become a Senator right away. Great Scott! how it would yelp at the British Lion.

An agent of the Mutual Life has found out a new reason why a man should insure his life. He writes to the home office: "I called upon one of our very best 'business men and wrote him for \$10,000. When I had completed the application he asked if I knew why he 'insured. (He is a single man, 29 years old.) The 'reason was, he wanted to make a will and lacked \$10,000 'to go around. With this insurance policy he makes '\$359 (the premium) represent \$10,000 in his will." There could certainly be no more sensible or acceptable bequest than a life policy in some good regular company. —*Ins. Age.*

A curious Live Stock Insurance Case:—One M, insured a horse in a live stock company for \$225, the insurance expiring on June 5, 1888. The horse was lame, and had been ailing for some time from an incurable disease, so that a society for the prevention of cruelty to animals ordered M, under penalty of legal prosecution if he refused, to kill the suffering animal. The horse was killed on June 4th, one day before the expiration of the policy. On June 7, M, made a claim upon the insurance company for the \$225. The Company, of course, refused to acknowledge any liability, upon the ground that the horse did not die of any disease, but was killed by its owner, hence there was no claim upon the company.

Mr. "C—" was caught in a heavy rain storm last summer while walking out in the country, and took shelter inside a trunk of an old tree, and waited patiently until the clouds rolled by. He then attempted an exit from his shelter, but the heavy fall of rain had so swollen the wood that the hole which had let him in by a scrape was now too small to allow him to get out. Mr. "C—" thereupon sat him down, and began to think of all the mean things he had done in his life, and he remembered he had long been in the habit of borrowing his INSURANCE CHRONICLE from a neighbor instead of paying his subscription like a man. At this thought he felt so "small" that he slipped out of the tree quite easily.

Something unusual:—The Directors of the Broadway Insurance Company, New York city, have unanimously declared an extra dividend of fifty per cent. from the surplus of the company. The company has for some time had about one hundred thousand dollars lying idle in bank, because no opportunity offered for its profitable investment. It will still have a surplus, equal to the amount of its capital, \$200,000, which will be amply sufficient for all emergencies. This company was organized in 1849, just after the great fire in New York in 1845, and has done a profitable conservative local business, without branching out into the agency field; had it done so, the chances are that this bonus division of \$100,000 would not have been needed to get rid of an idle surplus.

The Insurance Companies and Fire Losses.—As a matter of business, the companies are not interested in lessening the fire loss—the greater the prevalence of fires, the more the insurance which prudence will compel to be carried, and the higher the price to be paid for it. Another and probably stronger reason has driven the companies more and more from attempts to investigate and punish this crime. If the attempt is made by the company to resist, or even closely investigate the cause of a loss, the word at once goes that it is trying to shirk the contract and defraud the loser. To such an extent has this prejudiced sentiment gone, that it is a common saying that companies cannot get justice in the courts. They have come to recognize this, and coupled with the fact that litigation, with its adverse advertising, is more expensive than the payment of losses indiscriminately, have almost ceased to investigate causes of fires, or to resist losses. To-day, the companies transacting business in this Commonwealth undoubtedly pay a hundred unjust claims or amounts in excess of actual loss, to one resistance of an honest demand.—*Insurance Commissioner Merrill.*

Double headed Agencies.—Of all the absurdly impolitic things to do, it would seem that the palm must be awarded to the action of a fire insurance company which has more than one agency in a city, and permits them to compete with each other in the matter of rates, in which opinion we fully concur. Yet there are several companies doing business in this city with double-headed agencies,—companies claiming to know all about how business should be done. The Board here may prevent them from cutting rates, except in the way of rebates, but regardless of that point the company places itself in competition with itself, and puts itself in a position to be placed in double amounts. We know of a recent case where the second agent took a risk that had been declined by the older agent, and made a loss greater than the amount of premiums that he will collect in a whole year.—*Cincinnati Price Current.*

Baltimore fire.—A very extensive fire occurred in the city of Baltimore, on Sunday, 16th September, early in the morning, attended not only with heavy loss of property, but loss of life, caused by the sudden falling of the walls of one of the buildings, by which nine of the firemen were enclosed within the burning building where they had gone with the hose to fight the flames from the inside, because the telegraph and other wires outside prevented the raising of ladders by means of which the flames could be reached from the outside. Of these nine men, only two escaped alive, and they were saved only by the exertion of their comrades at great risk to themselves.

The members of the Fire Department of the city of Baltimore are insured against death from accident in The Accident Insurance Company of North America. Mr. Rawlings, on learning the sad event, at once telegraphed to the company's agent to draw for the money at sight; the insurance amounts to \$500 for each family, in addition to which the city pays each family \$500. There is also about \$500, each family from the Fireman's Relief Fund. Private subscriptions are also coming quite freely.

The total insurance on the burned property was about \$760,000, which will cover the loss.

The Montreal Fire Brigade.—Another month has gone by and yet a new chief has not been appointed. At a recent meeting of the fire committee the members amused themselves by calling one another such names as "acrobat," "clown," and "jumping jacks," and these men are yet at large. Seriously speaking, we have been forced to the conclusion that a new chief will be of very little practical value if under the direct control of such a committee. The plan in vogue in several cities of the United States might, we think, be advantageously adopted in Montreal, namely, that of three commissioners having control of the brigade. Let one be nominated by the Board of Trade, one by the City Council, and the other by the Fire Underwriters. There is little to be gained by appointing a nominal chief, who would be under the control of political hacks or quarrelsome old grannies. Since writing the above, the Committee has taken one step toward the appointment of a new chief. It has got rid of Chief Patton, who has been dismissed with the understanding that he will get a bonus, which considering the number of years he has served the city he is entitled to. We would be glad to see Capt. Beckingham appointed as he seems to us to be the most suitable of the applicants in every way.

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LEGAL DECISIONS.

ACCIDENT INSURANCE.

WHOLLY DISABLED.

Young v. Travelers' Ins. Co., S.F.C., Me., 13 Atlantic Rep., June, 13th, 1888, p. 896.

Provision of the policy was: "If the insured shall sustain *bodily injuries*, which shall, independently of all other causes, immediately and wholly disable and prevent him from the prosecution of any and every kind of business pertaining to the occupation under which he is insured, then he shall be indemnified."

Held: That to enable him to recover, he was not required to prove that his injury disabled him to such an extent that he had no physical ability to do what was necessary to be done in the prosecution of his business, but that it was sufficient if he satisfied the jury that his injury was of such character and to such an extent, that common care and prudence required him to desist from the labor, and rest as long as it was reasonably necessary to effect a speedy cure.

INTENTIONAL INJURIES.

Travelers' Ins. Co. v. McKoukey, U.S., S.C., 20 Chicago Legal News, 335, June 16, 1888.

The policy excepted death from "intentional injuries inflicted by the insured or any other person."

Held: "If the insured was murdered, then his death was caused by intentional injuries inflicted by another person. Nevertheless, the insured was murdered, the plaintiff was entitled to recover; in other words, even if death was caused wholly by intentional injuries inflicted upon insured by another person, the means used were 'accidental,' to him, and therefore the company was liable." The United States Supreme Court decided this to be error.

The insurance was against accident, an 'intentional injury' is not an accident.

EXTERNAL SIGNS OF INJURY.

McGlinchy et al. v. Fidelity and Casualty Co. (S. F. C., Me.) Atlantic Rep., 13, June 20, 1888.

The Court in this case held that the clause common in accident policies, that the insurance does not cover "any bodily injury, of which there shall be no external and visible signs upon the body of the insured," does not apply to fatal injuries, but to such only as do not result in death.

EVIDENCE OF ATTENDING PHYSICIAN.

Mutual Reserve Fund Life Association, 17 Insurance Law Journal, 474.

Where, by a special clause in the application, made a part of the policy, the insured waived any provision of law preventing a physician from disclosing information acquired while attending the applicant, it was *Held:* "That the waiver was valid, and such evidence was admissible against the objection of the beneficiary."

FIRE INSURANCE.

IRON-SAFE CLAUSE; DUPLICATE INVOICES.

Brown v. State Ins. Co., S.C., Iowa, N.W. Reporter, June, 1888 p. 135.

Where the conditions of the policy required the insured to keep his books of account secure from fire, and he fails to do so if the Company fail to insist upon a forfeiture under this clause, by requiring the insured, after a fire, to produce duplicate invoices of purchases and vouchers, for several years prior to the fire, the Company thereby waives all right of forfeiture, and is liable to the insured.

NON-OCCUPANCY.

Hartshorne v. Ins. Co., N.F. Court of Errors and Appeals, June, 1888.
When the policy on a barn provided that non-occupancy of the dwelling house, the policy should be void:

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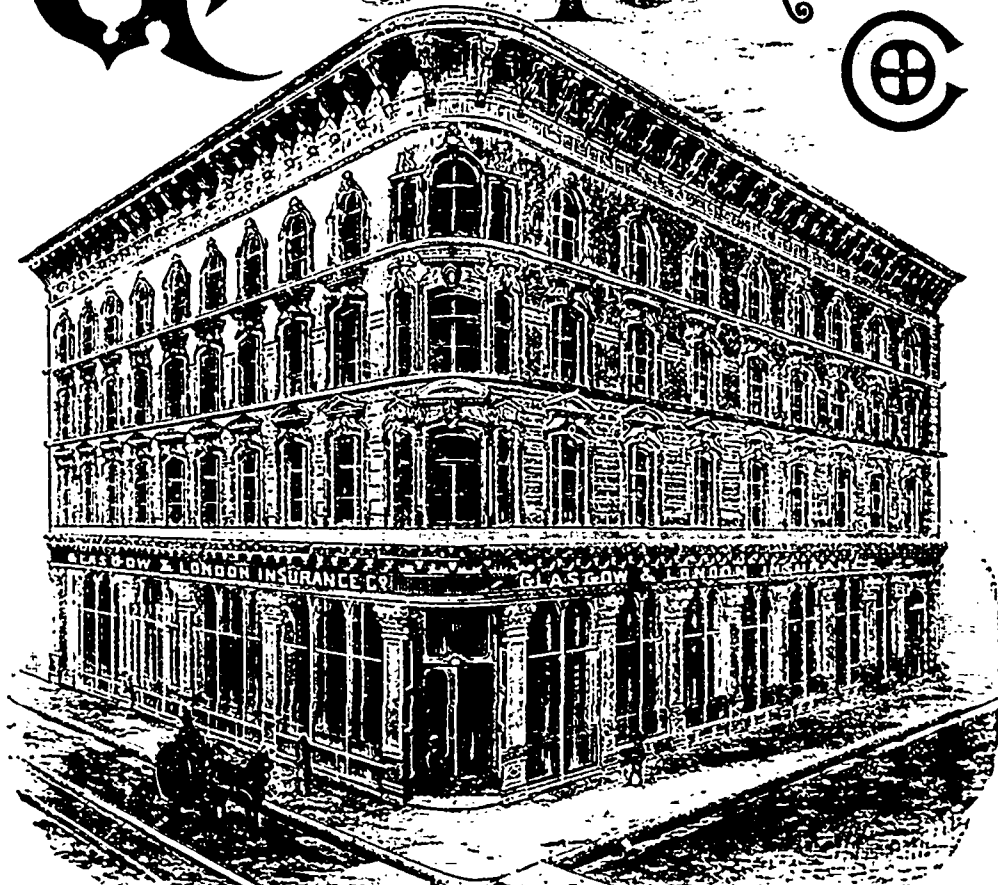
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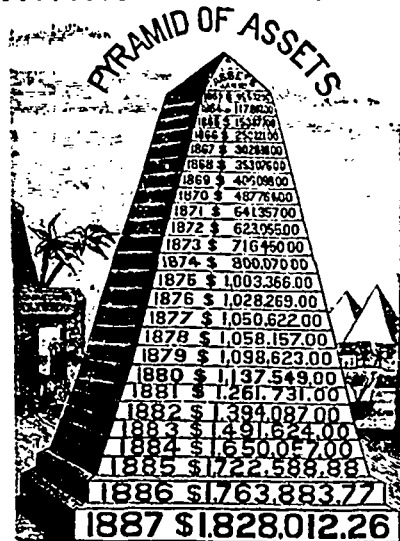
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Bound in Leather Back and Corners and Cloth Sides, Price, \$3.00

MATTE'S INTEREST TABLES

AT THREE PER CENT.,

365 Days per annum,

Bound in Leather Back and Cloth Sides, - - - Price \$3.00

MORTON, PHILLIPS & BULMER,

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1755 and 1757 Notre Dame St., Montreal.

WM. C. DAVIDSON & CO.,

LITHOGRAPHERS,

Engravers and General Printers,

KING'S BLOCK, 643 CRAIG STREET,

SPECIALTIES:

MONTREAL.

Insurance Supplies and Commercial Work.

PHENIX
INSURANCE COMPANY,

OF BROOKLYN, N.Y.

CASH CAPITAL, - - - - - \$2,000,000.00
 REINSURANCE FUND, - - - - - 1,570,726.37
 UNADJUSTED LOSSES, - - - - - 196,052.39
 NET SURPLUS, - - - - - 1,011,690.37
 TOTAL CASH ASSETS, - - - - - 4,778,469.13
 DEPOSIT WITH DOMINION GOVERNMENT, - - - - - 100,000.00

J. V. BARLEY, General Agent.

Satisfaction Guaranteed.

Presentation Addresses Illuminated
 from five dollars upwards.

All Addresses done on Parchment.

EDWIN COX & CO.,
 Engravers, Illuminators

AND RELIEF STAMPERS,
 114 St. Francois Xavier Street,
MONTREAL.



REGISTERED.

D. BENTLEY & CO.,
 Mercantile Printing House,
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SPECIAL ATTENTION GIVEN TO INSURANCE PRINTING OF ALL KINDS.
 Fine Work. Personal Attention. Moderate Prices.

THE LEADING FURNITURE HOUSE.

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FURNITURE

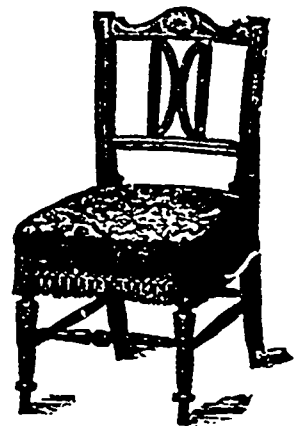
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BEDDING,

AND IMPORTERS OF

BRASS and IRON

BEDSTEADS



WM. KING & CO.,

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Facilities for turning out large orders promptly
 Special attention given to Retail Orders

B. HAL. BROWN,
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Assurance Company

LONDON AND LANCASHIRE LIFE

of London, England.

HEAD OFFICE FOR CANADA: MONTREAL.

This Company has deposited with the Receiver General, in approved Canadian securities,
over One Hundred Dollars, for each One hundred Dollars of liability,
thus affording absolute security.

AGENTS WANTED. *Special Terms.*

WILLIAM ROBERTSON,
GENERAL MANAGER.

AGENTS WANTED
IN UNREPRESENTED DISTRICTS.

The Fire Insurance Association

(LIMITED)


OF LONDON, ENGLAND.

HEAD OFFICE FOR CANADA: MONTREAL.

THE FUNDS OF THE COMPANY ARE:

FUNDS IN HAND AS AT 31st DECEMBER, 1885	- - - -	\$1,039,825
CAPITAL FULLY SUBSCRIBED	- - - -	4,500,000
DOMINION GOVERNMENT DEPOSIT	-	\$100,000.00

JOHN KENNEDY, Manager for Canada.



NEW YORK LIFE
 ORGANIZED
1845.
INSURANCE COMPANY.

346 & 348 BROADWAY.

WILLIAM H. BEERS, - - - - - President.

1888.

CASH ASSETS, - - - - -	\$83,000,000
SURPLUS, (State Standard,) - - - - -	12,000,000
INCOME, 1887, - - - - -	22,000,000
POLICIES IN FORCE, - - - - -	113,000
INSURANCE IN FORCE, - - - - -	\$358,000,000

The following Table shows the results of Tontine Policies in the NEW YORK LIFE, taken at different ages and on different plans, and maturing in 1887, after an insurance of fifteen years,

KIND OF POLICY.	Policy taken at Age.	Annual Premium per \$1,000.	Total Premiums in 15 Years.	Cash Value of Policy.	Cash Value More or Less than Total Premiums Paid.
Ordinary Life.	25	\$19 89	\$298 35	\$296 46	\$ 1 89 Less.
	30	22 70	340 50	351 51	11 01 More.
	35	26 38	395 70	421 89	26 19 "
	40	31 30	469 50	513 74	44 24 "
	45	37 97	569 55	638 24	68 69 "
20-Pay't Life.	50	47 18	707 70	796 69	88 99 "
	25	27 39	410 85	481 21	70 36 "
	30	30 36	455 40	543 72	88 32 "
	35	34 08	511 20	622 61	111 41 "
	40	38 83	582 45	716 87	134 42 "
20-Year End't.	45	45 03	675 45	837 27	161 82 "
	50	53 38	800 70	990 30	189 60 "
	25	47 68	715 20	1,000 65	285 45 "
	30	48 55	727 95	1,012 69	284 74 "
	35	49 79	746 85	1,034 25	287 40 "
15-Year End't.	40	51 78	776 70	1,066 08	289 98 "
	45	55 04	825 60	1,122 70	297 10 "
	50	60 45	906 75	1,215 37	308 62 "
	25	66 02	990 30	1,483 76	493 46 "
	30	66 77	1,001 55	1,499 20	497 65 "
15-Year End't.	35	67 85	1,017 75	1,523 28	505 53 "
	40	69 49	1,032 35	1,558 46	516 11 "
	45	72 14	1,082 19	1,618 59	536 49 "
	50	76 59	1,148 85	1,718 20	569 55 "

DEPARTMENT FOR CANADA:

HEAD OFFICE, 23 St. John Street, MONTREAL. - Branch Office, Mail Building, TORONTO.

DAVID BURKE, GENERAL MANAGER.