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SUMMARY OF 39th ANNUAL REPORT.

New York Life Insurance Co.

OFFICE, 346 & 348 BROADWAY.

Wm. H. Beers, Vice-Pres't and Actuary.

Morris Franklin, President.

BUSINESS OF 1888.

Received in Premiums.....	\$10,948,486.77	
Received in Interest, Rents, etc.....	2,712,863.89	
Total Income.....		\$13,661,350.66
Paid Death-claims.....	\$2,263,092.29	
“ Endowments.....	452,229.80	
“ Annuities, Dividends, and for Surrendered Policies.....	3,984,068.31	
Total Paid Policy-holders.....		\$6,699,390.40
New Policies issued.....	15,561	
New Insurance written.....	\$52,735,564.00	

CONDITION JAN. 1, 1884.

Cash Assets.....		\$55,542,902.72
*Divisible Surplus (Co.'s Standard, 4 per cent.).....	\$5,002,514.17	
†Tontine Surplus “.....	2,236,096.04	
Total Surplus at 4 per cent.....	\$7,238,610.21	
Surplus by State Standard.....		\$10,300,000.00
Policies in force.....	69,227	
Insurance in force.....	198,746,043.00	

PROGRESS IN 1888

Increase in Income.....		\$1,710,704.87
Excess of Income over all expenditures.....	4 559,334.78	
Excess of Interest over Death-losses.....	449,771.60	
Increase in Assets.....	4,742,505.90	
Increase in Divisible Surplus (Company's Standard, 4 per cent.).....	53,672.38	
Increase in Tontine Surplus “.....	144,723.86	
Amount added to Tontine Fund.....	1,116,939.00	
Amount paid on Matured Tontines.....	972,215.12	
Increase in Policies issued (over 1887).....	3,383	
Increase in new Insurance “.....	11,410,044.00	
Increase in Policies in force “.....	9,077	
Increase in Insurance in force “.....	27,330,946.00	

* Exclusive of the amount specially reserved as a contingent liability to Tontine Dividend Fund.
 † Over and above a 4 per cent. reserve on existing policies of that class.

THE NEW-YORK LIFE has now perfected a policy called **Non-Forfeiting Limited Tontine Policy**, which combines the non-forfeiture features originated by this Company in 1860, with the valuable options and benefits of the “Tontine Investment Policy.” This policy marks the latest advance in life insurance. By a combination of non-forfeiture and Tontine privileges it obviates the objections heretofore made against both the ordinary policy and the ordinary Tontine, and it is confidently recommended as (1) the safest life policy issued, as regards liability to lapse; (2) the most desirable, as regards character of privileges and benefits; and (3) one of the most profitable, as regards cash returns.

CANADIAN BRANCH OFFICE,

UNION BANK BUILDING, NOTRE DAME STREET.

MONTREAL.

DAVID BURKE, SUPERINTENDENT.

INSURANCE ROYAL COMPANY.

GENERAL RESOURCES.
 CAPITAL
\$10,000,000
 INVESTED FUNDS,
\$28,000,000.
 SURPLUS OVER LIABILITIES.
\$9,616,424.
SHAREHOLDERS LIABILITY UNLIMITED.



CANADIAN POLICY-HOLDERS SECURED BY \$800,000 DEPOSITED WITH GOVERNMENT IN ADDITION TO OTHER DOMINION INVESTMENTS.
CANADIAN PREMIUMS EXCEED \$600,000.
RATES MODERATE.
LOSSES EQUITABLY ADJUSTED — AND — PROMPTLY PAID.

CANADA LIFE ASSURANCE COMPANY
 — ESTABLISHED 1847 —

HEAD OFFICE, - - - HAMILTON, ONTARIO.

Capital and Funds, about - - \$7,000,000. Annual Income over - \$1,200,000.

- A. G. RAMSAY, Pres't.** **R. HILLS, Secretary.** **ALEX. RAMSAY, Superintendent.**
J. W. MARLING, Manager Province of Quebec, 180 St. James St., Montreal.
J. D. HENDERSON, Agent, Toronto.
D. MACCARVEY, Secretary, P. McLARREN, Gen. Agent, Maritime Provinces Branch, Halifax, N.S.
GEO. A. COX, General Agent, Eastern Ontario Branch, Peterboro.
W. L. HUTTON, General Agent, Manitoba Branch, Winnipeg

The Ontario Mutual Life Assurance Co's
 HEAD OFFICE, WATERLOO, ONTARIO.

DOMINION DEPOSIT - - - \$100,000.

The only purely Mutual Life Company in Canada.

Total number of Policies in force, Dec. 31, 1883, 5,241 | Covering Assurance to the Amount of - \$6,572,719.71.
Total Net Assets - \$525,939.42. | Net reserve to credit of policy-holders \$492,177.47. | Surplus, \$43,761.96.

The Company's Reserves are based on the Actuaries' "Table of Mortality," and four per cent. interest—the highest standard adopted by any life company in Canada, and one-half per cent. higher than the standard used by the Dominion Insurance Department.
 The rapid growth of the Company may be seen from the fact, that in 1-70, the first year of its business, the total assets amounted to only \$6,216, while last year they reached the handsome total of **\$533,705.55!**
I. E. BOWMAN, President. **W. HENDRY, Manager.** **W. H. RIDDELL, Secretary.**

CONFEDERATION LIFE ASSOCIATION.
 HEAD OFFICE, TORONTO, ONT. A HOME COMPANY.

GUARANTEE CAPITAL, \$1,000,000. **GOVERNMENT DEPOSIT, \$80,300.** **CAPITAL AND ASSETS, 31st December, 1883, \$2,153,728 \$8**

Confines itself to Legitimate Life Insurance. Affords Security to Policy Holders, unsurpassed by any other Company.
 The system of Distribution of surplus employed by this Association secures, with other advantages, the following:
 1st. It avoids the weakening effect of paying too large profits in the early years of the policy, and the consequent inability to do justice, as the policy becomes older.
 2nd. It strengthens the position of the Association, and consequently the security to the policy-holders.
 3rd. It secures an increase in profits from year to year, and an equitable share to each kind of policy.
 4th. It does away with the objection, "that endowment and limited payment policies are taxed for the special benefit of ordinary life policies."
Policies Non-Forfeitable after Two Years, and Indisputable after Three Years.
Hon. Sir W. P. HOWLAND, O.B., K.C., M.G., President. **J. K. MACDONALD, Managing Director**
MAJOR J. MACGREGOR GRANT, St. John, Manager for New Brunswick. **AUGUSTUS ALLISON, Halifax, Manager for Nova Scotia.**
E. J. JOHNSTON, Montreal, Manager for the Province of Quebec.

DECEMBER

1884



VOL. IV.

No. 12.

OFFICE:
102 St. Francois Xavier St. }

MONTREAL, DECEMBER, 1884.

SUBSCRIPTION:
\$2.00 per ANNUM }

"INSURANCE SOCIETY"

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

OFFICE: 102 ST. FRANCOIS XAVIER ST., MONTREAL.

Annual Subscription (in advance) - \$2.00
Single Copies (in numbers less than 100) - 0.15
Per Hundred Copies - - - - 12.50
Prices for Advertisements on application.

With this number, INSURANCE SOCIETY closes its fourth year. We take this opportunity to thank our subscribers and advertisers for the patronage so liberally given by them during 1884, as well as for the many words of encouragement which we have received from them. The object we have always kept in view, and for which we have constantly striven, has been the encouragement of those sound and conservative principles which alone can bring success to our underwriters. We have been ever ready to expose in an impartial and disinterested way, the rottenness of those concerns which deserve it, as a reference to our columns will testify. That popular delusion and snare, "the-pass-round-the-hat-after-death-idea," has received its quota of our pages. A reference to the annual index, which is inserted in this number, will show, moreover, that many of the principal questions arising in connection with both fire and life underwriting, have been dealt with in a series of continued articles, which are well worth preserving for future reference,—some of them being from the pen of one of the best known insurance authors on this continent—. We have felt flattered by the many quotations which our contemporaries, both in the United States and Great Britain, have made from the columns of INSURANCE SOCIETY, and beg to thank those who have in addition given the journal kindly notices.

The subscription price of INSURANCE SOCIETY will in future be Two Dollars per annum. The increasing size and value of the journal make it impossible for us to supply it at a lower rate. In conclusion, we wish all our readers

The Compliments of the Season.

CONTRIBUTION IN FIRE UNDERWRITING.

PART VI.

From the specimens given, in our August issue, of some of the more prominent of the many rules, so-called, heretofore in use for regulating the contribution of co-insurers to a general loss, it is quite evident that, as an entirety, they fully warrant Mr. Hore's criticism upon them when he says of them "Rules (made by the offices from time to time) exist for the regulation of apportionments, but they are all more or less of an empirical nature. In many cases they give anomalous and inequitable results; frequently they are interpreted by different offices as justifying different apportionments of the same loss; sometimes they are disregarded altogether, and they all fall very far short of being applicable to all possible cases." Until this whole system of English rules, so called—for nothing can be entitled to be called a "rule" that fails to work equitably between all parties under all circumstances—has become so complicated and confusing that no one even pretends to understand or apply them, so that, what an adjuster is supposed to have to do in regard to an adjustment entrusted to his care is to make the apportionment in accordance with the *practice* of his office, with special reference to these rules; and whether the adjustment be right or wrong is none of his affair so long as he follows the traditions of his office, for if to-day his company pays more than its equitable proportion, to-morrow it may pay less, thus, in the course of the year, the company's average is about equal, the whole, however, being a matter of chance and good-luck, rather than of skill and judgment.

Under this state of affairs it became evident to the thinking, reasoning portion of the insuring community in England some years since, that something more definite and certain should be found to meet the needs of insurers than the conglomeration of crudities then known as "rules," of which Mr. David Christie, then of the Sun Fire Office, in 1859, said: "The different systems in operation are unnecessarily complicated, and the machinery by which each is set in motion so crude and unconnected, that the wonder is, not that any attempt at improvement has given rise to a word of warning, but rather that the cumbersome construction should have lasted so long. It has been said that no better

reason can be assigned in support of present practice than that an office expects to recover by it at one time what it loses at another. This reliance on the caprice of fortune indicates how little the principles of average are understood, and how strongly attached the offices must be to a system in itself eminently defective, when so little sign of effort has been evinced to replace it by a more intelligible rule."

The state of affairs, in the matter of contribution of co-insurers to fire losses, in England, remains to-day about what it was described to be by Mr. Christie in 1859. This anomaly may be ascribed to two causes: *first*, the red tape manner of doing business in England, where, from the ingrained habits of the nation, everything must pass through the circumlocution office before it can be adopted, so that although the system of apportionment has been, as has been shown, found sadly defective and inefficient, yet veneration for the fathers has prevented any effective effort to improve matters. The *second* cause may be said to result from the first, viz., the refusal to permit any case to go before the Courts for adjudication by which some starting-point could be established as a precedent for future cases. The offices prefer at all times to pay the loss, and then settle the apportionment among themselves by compromise if necessary; hence the chances are that it will be a long time before we shall find any improvement in this respect in the Mother Country.

As was said on a previous occasion, the old English rules were, with other insurance doctrines, transplanted to America, and for a time were applied or misapplied to losses under American policies. But it so happened that there is not that veneration for the practices of the fathers on this continent, where the offices were not as homogenous or so united in interest as in the Mother Country, and contested cases of adjustment frequently came before the Courts for adjudication; and as long since as 1854 in the United States, by the Court of Appeals of Kentucky, in the case *Cromic vs. Kentucky Mutual Insurance Co. et al.*, the doctrine that where one policy covered two subjects, and a second policy covered one only of the same subjects, the subject covered by the first policy and not included in the second should be first paid before the first policy could be brought into contribution with the second, and then only in its remainder after paying for its own specific item, which is the rule of the Fire Underwriters' Text Book for compound policies Class 2, and which has been frequently discussed in our columns heretofore.

Without entering further into detail we think that we have shown the "why and the wherefore" some more equitable and effective rules for apportionment of losses among co-insurers should have been adopted long before the present practice came into existence.

Life Insurance is a provision for the future. Such provision must be made in the present. Now Co-operative insurance meets nothing but current death cost. The present cost is made cheap by leaving the future to take care of itself. For this reason the Assessment method lacks security and perpetuity, and should be shunned by all who want to leave behind them for the protection of their dependents the legacy of sound and unailing insurance.—*The Chronicle, N.Y.*

WHEN IS THE FIRE POLICY ENTIRE?

We have been asked to explain the legal construction of a policy of fire insurance covering upon a dwelling \$2,000, and on the furniture therein \$500, for a single premium upon both. A condition of the policy stipulates that "the true title of the insured and any incumbrance upon the building shall be disclosed, or the policy shall be void." The building subsequently burned, when it was discovered that there was a mortgage upon it which had not been disclosed at the time the insurance was taken out. The company claims that the policy is void entirely for want of notice of the incumbrance, as provided for by the stipulation of the policy. The insured, on the other hand, contends that the policy, if voided at all, is so voided only as to that portion, \$2,000, which covered the realty, and remains valid as to the remaining \$500 on the furniture, about which there is no question of concealment. Query: which party is in the right?

Simple and seemingly plain as this question is, it has been decided in both ways,—that is, in favor of the company at one time, and at another in favor of the insured,—by the Courts on different occasions, until we can say of it as the famous orator Dupin, sen., of the French bar, said of court decisions in general, "that they were greatly mixed for and against." As a rule, however, the doctrine in such cases has heretofore been that where the consideration, or premium, paid, or to be paid, is entire, the contract should be held to be entire, though the subjects of it might consist of separate and independent items. But where the price to be paid is applied to separate and distinct items, the contract should be construed as separable (2 Barn. and Ald. 882; 22 Pick, Mass., 457; 10 Johns, N.Y. 203; 29 U.C.Q.B. 73.)

In the case of *Merrill v. Agricultural Insurance Company*, decided in the New York Court of Appeals, May 21, 1878, this question was ably argued. The case was in fact similar to the one under discussion, being upon building and furniture, separately valued or covered, though the premium was entire. The policy was held void for breach of condition—incumbrance without notice—upon the building only, the Court holding that while the policy was void as to the buildings, the valuations being separate though the premium was entire, the contract was separable and the insurance was valid as to the chattels; the case being different from those where fraud had been perpetrated whose vice would permeate the whole contract, an encumbrance on the building would not affect the chattels therein; nor is there any reason to assume that either risk would not have been as readily accepted separately and together.

In the case in question it will be noted that the forfeiting clause stipulates that incumbrance upon the building, undisclosed, shall render the policy void, which brings the case under the rule of *Merrill v. Agricultural Insurance Co.* above cited. And this case in connection with the fact that "forfeitures are odious to the law," and the further fact that, where there can be two constructions put upon a policy, that one which will more fully indemnify the insured must be taken. We are of the opinion that the policy in the case under consideration is "separable," and the insurance upon the building only is void, that upon the furniture remaining valid.

ACTING IN VIOLATION OF LAW.

THE MUTUAL RESERVE FUND IN CANADA.

OFFICE OF THE SUPERINTENDENT OF INSURANCE.
Ottawa, Dec. 16th, 1884.

R. WILSON SMITH, ESQ.

"INSURANCE SOCIETY," Montreal,

SIR.—In reply to the questions, contained in your letter of 12th inst, I beg to return the following answers.

Q. 1 "Does the Mutual Reserve Fund Life Association of New York transact the business of Life Assurance within the meaning of the Life Assurance Act of 1877?"

A.—Yes, in the opinion of the Department of Justice.

Q. 2. "Is it licensed under that Act to transact the business of Life Assurance?"

A.—No.

Q. 3. "Is it empowered by any other Act to do business in Canada?"

A.—No.

Q. 4. "Has it any legal status in Canada, or have Canadian members any recourse against it in the Canadian Courts?"

A.—No, as to the first part of the question; I do not know as to the second part.

Q. 5. "In short, is not the Society at present transacting business in Canada in violation of the laws of the country?"

A.—If it is transacting business in Canada at present, such transaction is in violation of the law.

Your obedt. servt.,
(Signed), J. B. CHERRIMAN,
Superintendent of Insurance.

This is the "Honorable" Society which the Honorable R. M. Wells, M.P., Ex-Speaker of the Ontario Legislature, endorses "with all the influence of his name and character."

One would naturally expect that a Member of Parliament, and a prominent lawyer, would be the last to countenance in any way the open violation of the laws of the Country.

THE MUTUAL RESERVE.

ONE OF THE EFFECTS OF OUR OPEN LETTERS TO THE ONTARIO BOARD OF DIRECTORS.

(From the *Toronto World*, Nov. 27, 1884.)

THE CANADIAN GENERAL MANAGER THREATENS THE WORLD

With a Libel Suit—Why His Canadian Directors Resigned
—Only on the Board for Their Names.

To the Proprietors of the *Toronto World*.

I notice in this morning's issue you have made a malicious attack on this association. Without discussing the animus which prompted you to this course, but which the public will be in due time advised of, I trust in your own interests you have taken precautions to get indemnified from the old line monopoly companies before commencing your attacks upon this association. We have already made one or two examples before the courts of such libellers as yourself and the insurance journal you refer to, and have forced from them humble retractions. I greatly mistake the character of the officers of the Mutual Reserve, if the same course taken with the *New York Spectator*, *Insurance Times* and other libellers will not be taken in Canada—"Verbum Sap."—Yours truly.

J. D. WELLS, Manager.

ASSESSMENT INSURANCE.

From *The World of Thursday*.

An action was lately brought against one Angell in the California Courts, for illegally acting as agent for a mutual reserve fund association which is not licensed to do business in that state. The pleas of the defendant are instructive. He claimed that "the Mutual Reserve Fund Life Association was not a life insurance company but a mere society for the collection of assessments and their distribution to beneficiaries of deceased members. The association, it was urged, did not issue special contracts, and its certificates were legally worthless. Their payments were optional with the association and with its members. All contributions by the members were entirely voluntary, the association had no recourse against its members, nor could any claimant recover the amount of any judgment against it."

The INSURANCE SOCIETY published in Montreal, from which the foregoing is taken, demonstrates conclusively if their deductions are correct that this so-called life insurance which has lately come into Canada, is a trap to catch the unwary, and one against which the public ought to be warned. A number of prominent Canadians who lent themselves to some of these assessment companies as local directors are now anxious to have their names removed from their printed documents.

The World has simply to say that it made no malicious attack, that it was prompted by no animus, that it took no precautions to be indemnified from the old line monopoly companies and that if "J. D. Wells, General Manager," wishes to make one or two examples before the courts, *The World* is quite willing to assist—but J. D. Wells, General Manager, should have a care that he is not one of them. "Verbum Sap."

Just now *The World* will not discuss the merits or demerits of the peculiar kind of insurance that the "Mutual Reserve Fund Association" professes to give, it is more to the point to expand the last sentence in the article of Wednesday's paper, and which is really the sore point with J. D. Wells, General Manager.

A few weeks ago when J. D. opened out "the head office for Canada" at "65 King street east," and advertised (in *The World* among other papers) for insurers and for "reliable agents everywhere," he also stated in his announcement:

ONTARIO BOARD OF DIRECTORS.

Hon. S. C. Wood, ex-treasurer of Ontario.
G. W. Yarker, manager of Federal Bank.
C. J. Campbell, assistant receiver-general for Ontario.
J. W. Langmuir, manager Toronto Trusts Co.
Wm. White, Gen'l Supt. Can. Pac. R.R., Ontario division.
John Burns, director of Standard Bank.
Warring Kennedy, Saumpson, Kennedy & Gemmel.
Charles O'Rielly, M.D., Supt. of Toronto hospital.
Hon. R. M. Wells, M.P., ex-speaker of Ontario.

The announcement of these names was altogether premature on the part of J. D. W., at least so the majority of them say, and for some reason or other they have been withdrawn. Here is what some of them said yesterday:

Hon. S. C. Wood—I was to be chairman, but when I found that their charter gave them no power to appoint a Canadian board, that we were only directors on paper and had no authority over the funds of the association, and found out exactly where we stood, most of us withdrew. What brought me to a sense of the compromising position we held more than anything else was a man came to me and said: Mr. Wood, is this association all right, I had \$17,000 on my life in other companies, I've dropped them all and put it in your association, is it all right? I found they looked to me as sponsor of a company in the management of which I had no voice.

C. J. Campbell—I with others was appointed prematurely. The association has no power to appoint directors in Canada until the by-laws are amended, which will doubtless be done when the deposit has been made with the Government.

J. W. Langmuir—I am not on the board. The charter of the company was subsequently found not to admit of the appointment of a Canadian directorate with proper powers to regulate the affairs of the company in this Province. I therefore refused to act.

Warren Kennedy—I am on the board, but several of the original members of the board have resigned.

Dr. O'Reilly—That list in *The World* was premature. I believe another board is being formed.

Mr. Yarker could not be found, but it is stated that he is among those who resigned.

Now this is what troubles J. D. Wells, Gen'l Mgr. In his own quotation of the proverb, *Verbum sat sapienti*.

EDWARD B. HARPER, ESQ.

PRESIDENT OF THE MUTUAL RESERVE FUND LIFE ASSOCIATION OF NEW YORK.
HIS OPINION OF ASSESSMENT SOCIETIES.
Harper ag'inst Harper.

What our distinguished friend, Mr. Edward B. Harper, thought of such mutual assessment associations three years ago may be seen in the following verbatim copy of a circular, published by him upon the subject:

"SOCIETIES" V. LIFE INSURANCE.

"\$1000 must be paid in assessments alone, for each \$1000 received from societies, ten per cent being collected for expenses. In the John Hancock, under the above plan, \$1000 insurance costs on the average but \$5.67, or about one-half. In societies old members receive no income from their previous payments, but their assessments increase as they grow older. In the Hancock, under the above plan, old members pay no premiums after twenty years; and thereafter they receive an annual cash income from their previous payments. In societies a neglect to pay assessments causes a loss of all previous payments. In the Hancock, under the above plan, \$2.50 is secured and guaranteed for each \$1.41 paid; this, too, in addition to the current insurance furnished while the annual premiums are paid. In societies, if there are 1000 members the average duration of life being thirty-three years, thirty deaths on the average must occur per year. New members only increase the number to die, and thereby increase the assessments. If only 'six members out of 1000 should die per year,' it would require 166 years for 1000 members to die.

"No society can pay out more money than it receives. If it agrees to pay \$1000 to each member, it having no other source of revenue, then each member on the average must contribute \$1000 in addition to the current expenses. Those who live long must make up the deficiency on those who die early. Therefore societies possess the elements which must cause in the future, as they have caused in the past, their early dissolution, thus bringing disappointment at a time when many of their members cannot secure genuine insurance, on account of ill-health, poverty or advanced age; all the money paid to these societies by these living members being absolutely lost.

"The John Hancock's income from its investments now on hand to the credit of its members (not including the premium income) is more than enough to pay its entire losses and officers' salaries.

"\$1 at compound interest becomes \$8 in 33 years, the average duration of life. The John Hancock Mutual Life Insurance Company receives compound interest—its business is based upon it—while societies do not receive, and

their business is not based upon compound interest. And it is a fact that not one man in one thousand receives compound interest throughout life except through life insurance companies.

E. B. HARPER."

(Now Pres't of the Mutual Reserve Fund Life Association.)

WHY IS IT?

Why cannot men of ordinary sagacity apply to insurance transactions the same measure of common-sense which they exhibit in other directions?

Why cannot prudent and sensible business men understand that insurance which is worth having is worth paying an adequate price for?

Why cannot they perceive that insurance which is offered below cost is the sort of insurance which does not insure?

Why are they so ready to accept statements of financial results in the working of fallacious systems of insurance which a little exercise of common-sense would show them to be impracticable?

Why cannot they open their eyes wide enough to discriminate between that which is genuine and that which is bogus, that which is honest and that which is fraudulent, that which is legitimate and that which is illegitimate?

Why cannot they remember that what they or their assigns want, in the event of loss of property, or loss of life, is indemnity, reimbursement, reparation, not the emptiness of false pretence and false promises.

Why cannot they, when the contrast is drawn between regular life insurance and hat-passing assessment, be more prompt to acknowledge the security of the one and the insecurity of the other, the responsibility of the one and the irresponsibility of the other, the faithful discharge of the duty by the one and the default and eventual failure of the other.
—*Baltimore Underwriter.*

Remedy for Fire Losses.—The various causes assigned for the present unsatisfactory condition of fire underwriting by the principal Underwriters in the United States, according to our contemporary the *Spectator*, are:

A decrease in the volume of insurance written, consequent upon the general depression in all kinds of business.

Inadequate Rates.

Excessive Fire Losses.

Unwarranted competition, and

The exorbitant exactions of the brokers, who are enabled to enforce their demands because of the unwise competition between companies.

Our contemporary goes on to say that the Underwriters are unanimously of opinion that the remedy for this exorbitant fire loss is to be found in the adoption of the three-quarters loss clause in all policies, which provides that the insuring companies shall only be responsible for three-quarters of the damage caused by fire. It is contended in favor of this plan that if property-owners are deprived of the possibility of making a profit by the burning of their property there will be fewer fires. But there are some company managers who refuse to insert this clause in their policies, and so long as a few hold out against it there is no hope of its being adopted generally.

If property-owners had to bear the quarter of any loss caused by fire, that there would be less fires caused by carelessness, and that more safeguards would be adopted to prevent the occurrence of fires, no reasonable doubt can be entertained.

CLASSIFICATION IN FIRE INSURANCE.

PART III.

We continue this subject from page 264 of the November issue of INSURANCE SOCIETY.

The present chaotic condition of fire insurance rates is an evidence, if one were needed, that heretofore no practical uniform system of classifying the business of the companies, by which the value of the hazard can be properly, or even approximately, measured, has been generally adopted. To be sure, some few of the more practical offices have systems of classification more or less extensive; but the want of harmony among even these few, as to the basis on which their plans are founded, make them almost valueless for the purposes intended, because of the various experiences of the several offices, and the different methods of recording them, where only an uniform and homogenous system can be of any practical service in elucidating the vexed question of the actual cost of insurance, and where the actual measure of internal hazards, as indicated by the various classes or kinds of losses, inherent, external, fraudulent or otherwise, furnishes the basis of the rates to be affixed, to make them adequate to the hazards assumed; and this measure can only be found, approximately, if not exactly, by a thorough system of classification which shall embrace not only a plan for the registration of the risks themselves but also of the various losses among them, with their causes and costs, as they may occur.

As has already been said, no system of classification can be made to embrace every class of hazard in detail, without rendering such classification more cumbersome in bulk than valuable in facts. Nor is this minuteness of detail needful for the practical purposes of the business. A few of the more prominent mercantile and manufacturing hazards may be made the subjects of individual classification, while the remainder can be grouped into classes with reference, as nearly as may be, to the greater or less similarity of hazard as to a common inflammability and combustibility, thus presenting, at a minimum cost of time and labor, a system of practical classification within the reach of every company disposed to avail itself of its present opportunities.

From the aggregated results of such a classification of hazards written and losses incurred thereon, the cost of each class can, under the operation of average, be measurably approximated, sufficiently so at least to be a valuable and suggestive aid to the formation of a fair judgment as to the value, insurance-wise, of any classes of business that may chance to be offered; and classification can go no further than to aid and assist judgment in such cases.

The principle which underlies insurance in all of its branches is that, given sufficient statistics, the result of recorded experience of each class of risks upon which to form a reliable ratio of average, the affixing of a premium rate adequate to cover the risk assumed, is a mere matter of commercial computation. There should be no more difficulty in thus fixing rates for the most hazardous than for the least hazardous risk, any difference in the hazard

being compensated for by a proportionate increase in the premium rate. To properly apply the law of average, however, we must first obtain the statistics,—the larger and more comprehensive they may be, the broader the average, and, consequently, the more closely will the ratio approximate the true results to be established.

Nevertheless, while, as a matter of theory and of general practice, the doctrine of average admits of definite statements in numbers, yet, when applied to fire underwriting statistics it can, of necessity, only be expressed in the most general terms; hence it seldom occurs that the results desired can be so nearly approximated in any case as to dispense with the exercise of judgment in its application, and more must not be expected of it than its ordinary application is intended to supply as an auxiliary to experience seconded by judgment and intelligence competent to estimate and apply the information thus furnished.

Another point to be noticed and remembered, is that, as knowledge and improvements generally increase, and what might not inappropriately be termed the "inner history" of many of the extra and specially hazardous classes of the business, becomes better known and understood, the records of the past, under the influence of such advancement, will lose some of their pristine values, in consequence of improved methods of manufacture and modes of manipulations. This will only be an additional incentive to maintain the system of classification from year to year, so that recorded statistics shall keep pace with the onward progress in the customary subjects of insurance.

The subject of fire losses among the different classes, and their causes, is secondary only to that of the premiums received in ascertaining the cost of insurance; they should therefore be classified upon the same general system as are the premiums, with a view to show just why and under what especial conditions the several classes of risks do burn; whereby fires from hazards inherent to each class, and for which each is duly chargeable, may be distinguished and separated from simply accidental causes to which any and all classes of risks may be subject, and which are not necessarily entirely imputable as losses to such classes. To do this effectually, the several causes, such as inherent, direct or accidental, fraudulent, remote or adjoining fires, and unknown, should be severally classified, with their several amounts of insurances and the amounts of losses thereon; and these causes and their amounts duly aggregated, when found, and applied to their several classes, in contradistinction to the several amounts of premiums received thereon, and this continued for a series of years, will present a "fire history" of each class registered that cannot fail to be invaluable as indicating what risks may be desirable, money-wise, and what undesirable for the underwriter. Such a classification of losses will also decide, as far as figures can decide, the much-mooted questions of losses arising from over-insurance, and the proportions of fraudulent to honest losses, which are now but matters of opinion and guessing.

The matter of business expenses, loading, etc., which forms so great a factor in the life branch statistics, has no necessary application to the classifying of fire hazards and losses. It comes in, as a matter of course, in the making up of the yearly results, from which the average rate of expenses can be deducted; and when the profits—or balances

rather—shown by the classification are considered, these expenses can be deducted, and an approximation at once arrived at, which can be verified by the more concise details of the company's books.

That such results can be reached with but a comparatively small amount of detail and labor has been verified by a number of offices now classifying their business upon this system in the United States; and we trust that ere many more moons shall have waxed and waned in the Dominion many of our leading companies and agencies will have adopted this, or some similar plan of learning the first great lesson of their calling, and that is the cost of the indemnity they offer to their customers.

FIRE INSURANCE AS A TEST OF WEALTH.

Statistics are generally considered somewhat dry reading, but at the same time they are also instructive and must occasionally be used to check random statements, otherwise the latter will have a very prejudicial effect with the masses, who are too apt to accept such statements, when not controverted, as bearing the stamp of truth upon them.

In our June issue, by an article on "Native Manufactures," we endeavored to dispel a few of the delusions attempted to be forced upon the public regarding the enormous strides Canada had been making of late years in her cotton and woollen factories owing to her protective tariff, and we now propose to examine the much-vaunted wealth of our country, the trumpets of which are so continually being sounded in our ears.

That the undeveloped resources of Canada are prodigious we will gladly admit, but that her present accumulated wealth is very small is quite as apparent if we look closely into the matter. It is curious to note the data brought forward by the papers (generally from a political standpoint) in support of the prosperity, or otherwise, of a country, one side arguing that low wages and cheap living means poverty and destitution to the land in which they exist, while the other side will reason in exactly the opposite direction—The one will point to the pauperism of the United Kingdom in support of its views, closing its eyes to the poverty round its own doors, and the other will paint the latter in vivid colors, thrusting the former as far as possible out of sight. We believe to the unprejudiced mind it will be evident that of late years wealth has been diffused more evenly than it was up to the end of the last century, and that this is especially the case in new countries which have started untrammelled by many of the old customs or traditions belonging to past times. Nevertheless, it will generally be conceded that extreme wealth and abject poverty still walk side by side, and that the richer any city becomes the more the poor will crowd into it. London and New York are good illustrations of this adhesion of poverty to wealth, and it would seem that, whether the country be old or new, republic or monarchical, Lazarus will always be found hanging round the gates of Dives. However, with the moral, political or economical aspect of this question we have nothing to do, nor would this be the medium through which to discuss the same, and we are simply prepared to give a few facts taken from Fire Insurance Records, which may be ac-

cepted as a fair criterion of the accumulated wealth of a country, not so much by the premiums paid as by the amounts insured.

We will therefore now lay before our readers some figures we have collected showing the amounts of property covered as compared to the population in Canada, the United States, New York State, and London (Eng.) respectively, the same being (without re-insurance) as follows:—

	Est. Population	Amount Insured against fire.
Canada for 1883.....	5,000,000	\$513,580,303
U. States for 1883.....	56,000,000	9,440,409,187
N. Y. State for 1883.....	5,000,000	2,880,432,062
London for 1882.....	4,500,000	3,483,575,705

The figures in the second column, so far as Canada and the States are concerned, are taken from the returns given to the Dominion and New York State Departments and are therefore not strictly accurate, as there are several companies in both countries which do not report, but the said figures are near enough for our purpose, and from them will be observed that the amount insured "*per capitum*" stands, leaving out fractions, respectively thus—

Canada.....	\$102
U. States.....	169
N. Y. State.....	576
London.....	773

Regarding the last, however, we must remark that the amount insured is taken from the returns made by the Companies for the purpose of assessment by the Salvage Corps, and it is quite probable that the area thus covered does not contain nearly the estimated population we have given, which would of course increase the amount "*per capitum*" in London to even more startling figures.

It will thus be seen that Canada stands considerably lower than any in point of accumulated wealth, and consequently it follows that the field open to Fire Insurance in the Dominion is still comparatively very limited, and only a small income can be expected for some time. To make this yet more obvious we may point out that one company alone in the States (the Liverpool and London and Globe) last year insured the sum of \$528,439,136 or more than all the companies reporting to our Insurance Department did for the whole Dominion. Taking the entire premiums we find the following comparisons, viz:

Canada.....	\$4,624,741 or about 90 cents per capitum
U. States.....	91,048,273 " " \$1.80 "
N. Y. State.....	17,290,510 " over \$3.00 "

As to London we have no means of getting at the amount of premiums, but doubtless the same would show a much lower ratio compared with the foregoing.

Some will probably be startled by what we have just laid before them, which we have done to dispel the exaggerated ideas many have of our country's wealth without any desire not to acknowledge the progress we are steadily making, but there are companies whose managers imagine that there should be no difficulty in securing speedily a large and profitable income in Canada, and yet when we take the total premiums just given, remembering such to be on all classes of business, it will be seen how difficult it must be

for a company of conservative tendencies to do anything but a small business at the commencement from such a field. Nevertheless we find that since 1880 the fire premiums in Canada have increased at the rate of about \$400,000 a year, and so for a Company willing to wait it is quite possible a fair return may eventually be looked for, though from what we have shown it is palpable that, until our population be increased four or five fold, there will not be sufficient accumulated property to open an extensive field for Fire Insurance.

It is no use shutting our eyes to one important fact, namely, that the more densely populated a country becomes the greater will be the amount required to be insured against fire, as value of property increases with the population, in spite of the pauperism or other drawbacks which may accompany such increase; and as an observant Scotchman (Manager of an Insurance Company) remarked to us recently: "what Canada wants to roll up her wealth is 20,000,000 inhabitants instead of 5,000,000."—Until this takes place Fire Insurance in the Dominion must remain of very moderate dimensions for the simple reason that there is not the property in the country requiring insurance.

ARBITRATION IN FIRE INSURANCE.

It is a well known axiom of law that contracting parties are at liberty to make such agreements between themselves as they may elect, and be reciprocally bound thereby, provided only however, that such agreements shall in no way contravene the law, or be repugnant to good morals. And yet, in judicial practice, it is quite as well settled that such contracting parties cannot obligate themselves reciprocally and irrevocably by mutual agreements, that all differences arising under any contract, and going to the root of the matter in dispute, shall be decided by an arbitrator, even when mutually selected for that purpose; or, in other words, they cannot mutually agree to throw each other out of the courts for their remedies, should either of them select such a method of settlement.

For a long period in the early years of insurance, the arbitration clause,—which may be said to be coeval with marine insurance,—was extremely odious to the court judges, not only in England, but also in France. On one occasion, while delivering an opinion in a case before the House of Lords, Lord Campbell said that this feeling of animosity by these judges was due to no higher source than self-interest; as, in the earlier days, these judges were remunerated out of the fees collected by trials; hence they were exceedingly jealous of anything tending to curtail the jurisdiction of their courts, and diminish the revenues arising from judicial business. He further stated that there can be no doubt that this principle survived in higher jurisprudence long after this method of paying the judges had been changed, and there has been a good deal of uncertainty as to what is the real state of the law upon the subject. Hence it follows that in England, where precedent is strictly followed, all decisions upon arbitration have been formulated upon this basis; holding that the arbitration

clause of the insurance policy was an attempt to form a private tribunal to replace or oust the ordinary judicial tribunals of the country, and was, hence, in so far, void and of no effect.

Speaking of precedent in judicial decisions of his day, the well known, irate old gentleman, Dr. Johnson, made the following caustic remarks: "No oppression is so heavy, and lasting as that which is inflicted by the perversion and exorbitance of legal authority,—the robber may be seized, and the invader expelled, whenever they are found; they who pretend no right but that of force, may, by force, be punished, or suppressed; but, when plunder is perpetuated by a judicial sentence, fortitude is intimidated, wisdom confounded, and the villain remains secure in the robes of the magistrate."

More recent decisions, however, tend to more liberal sentiments in the construction of the legality of this clause, so far at least, as to hold that parties may agree that the measure of the amount of damage shall be agreed upon by arbitrators, as a condition precedent to all actions at law.

Arbitration as a method of settling disputes is coeval with underwriting, especially in the marine branch, where from the distance of the locality of the loss, and the absence of facilities of access to remote points in those early days, and the many circumstances attending losses which could not be satisfactorily known at the time of adjustment at home, the *amiable compositeur*—amicable compounder—as the arbitrator is termed in France, was generally called upon to lend his friendly aid in the settlement of disputed claims between insurers and insureds under such circumstances. The ordinance of France, A.D. 1681, provides for such reference as a clause in all policies; but nevertheless such stipulation is not binding, so that either party is at liberty to adjust differences of opinion by arbitration in preference to going into the courts. In England, as stated by Lord Campbell, the law of arbitration had long been an unsettled one, as early as 1698, the submission of disputes to arbitrators was authorized by law, and their awards were made equivalent to the finding of a jury. And in 1852 judges of Superior Courts were by law authorized to order compulsory submissions to arbitration.

But there must be a definite and uniform custom of insurance practice in this matter; and that will be the best which permits the system to develop and practice its own laws. Arbitration tends to solidify usage, rather than to depart from it; but all interests should be competently represented. The jurisdiction of arbitration, and the finality of his award could be left to grow with a growing custom, changing what is now an incidental occurrence, superficial in character and limited in action, to an effective and far-reaching force. Then, through the instrumentality of the amiable compounder lengthy law-suits would be avoided, and both money and time saved to all concerned.

The "Great Eastern."—The *Great Eastern* steamship, which has lain so long idle, was chartered for twelve months by a syndicate to be taken to New Orleans at the end of November. She will be exhibited there, and turned into a floating hotel during the exposition. A double force of hands will be employed to get her ready for sea.—*Daily Paper.*

CO-OPERATIVE LIFE INSURANCE.

THE FALLACY OF THE ASSESSMENT PLAN, AS A SUBSTITUTE FOR LIFE INSURANCE, ILLUSTRATED FROM THE RECORDS OF THE BEST SOCIETIES.

Five years since, nine of the most permanent-looking of the assessment associations of Pennsylvania were selected and their history given, as to membership and death losses, during each year from their beginning. As successive years have rolled round, the experience of an additional twelve-month has been added, and the figures given. Two years ago, three of the original nine companies were unable to hold the confidence of their members, and came to a dead halt. The other six still live, and had a membership in 1877, 1880 and 1883 as follows :

Names of Associations.	Membership in		
	1877.	1880.	1883.
Mutual of Pottsville.....	83	95	89
Odd Fellows, Montrose	1,393	900	282
Lake Shore Masonic.....	1,260	1,259	1,103
Temperance Mutual.....	2,850	1,445	931
Home Mutual, Lebanon.....	1,002	3,064	1,336
United Brethren, "	14,237	12,064	9,662
Totals.....	20,315	19,427	13,433

A very rapid decline will be noticed during the last period of three years, compared with the first. New members are not now so easily found, and many old ones seem to think they have paid long enough, now that assessments are levied five and six times as fast as they were at first.

There were, at one time, in the State of Pennsylvania no less than 236 of these assessment societies. Now there are only 24, and all of these have a very sickly look, as if their days were numbered. The list we give above, being six of our original nine, constitutes one-quarter of the whole number above ground in that important State—the birth-place of the assessment plan.

Below will be found the record, year by year, for ten years past, of the three largest Pennsylvania societies, of the Southern Tier of New York State, and of the London Masonic, of the Province of Ontario :

TEMPERANCE MUTUAL BENEFIT.

Year.	New Mem- bers.	Total Members.	No. of Deaths.	Costing per \$1,000.
1874.....	563	935	4	\$4 27
1875.....	507	1,389	8	5 17
1876.....	551	1,549	14	9 03
1877.....	1,094	2,305	25	10 80
1878.....	415	1,757	23	13 08
1879.....	597	1,939	11	5 67
1880.....	483	1,445	33	22 83
1881.....	332	1,329	23	17 30
1882.....	49	957	20	20 90
1883.....	146	931	16	20 40

ODD FELLOWS MUTUAL.

Year.	New Mem- bers.	Total Members.	No. of Deaths.	Costing per \$1,000.
1874.....	207	1,888	11	\$6 51
1875.....	241	1,802	17	9 21
1876.....	153	1,676	21	12 53
1877.....	87	1,393	19	13 64
1878.....	100	1,248	19	15 27
1879.....	220	1,097	20	18 23
1880.....	6	846	23	27 18
1881.....	3	539	10	18 55
1882.....	3	419	8	19 09
1883.....	0	282	13	46 09

UNITED BROTHERS MUTUAL AID.

Year.	New Mem- bers.	Total Members.	No. of Deaths.	Costing per \$1,000.
1874.....	1,713	7,033	8	\$8 24
1875.....	3,721	9,900	110	11 11
1876.....	3,378	12,102	135	11 15
1877.....	4,035	14,237	243	17 00
1878.....	4,633	13,826	256	18 51
1879.....	2,019	12,409	252	20 30
1880.....	1,967	12,684	308	24 28
1881.....	1,465	12,059	296	24 54
1882.....	1,093	10,947	335	30 60
1883.....	767	9,662	272	28 15

SOUTHERN TIER MASONIC RELIEF ASSOCIATION.

Year.	Average Members.	No. of Deaths.	Costing per \$1,000.	Av. in Periods.
1869-70.....	742	5	\$6 50	\$5 50
1871-74.....	2,180	24	10 75	11 00
1875.....	3,311	37	11 25	
1876.....	3,728	58	15 50	13 90
1877.....	4,052	58	14 30	
1878.....	4,273	51	11 90	15 57
1879.....	4,403	73	16 60	
1880.....	4,295	60	13 90	17 85
1881.....	4,065	66	16 20	
1882.....	9,787	73	19 00	16 70
1883.....	3,458	68	16 70	

LONDON MASONIC MUTUAL BENEFIT.

Year.	Average Members.	No. of Deaths.	Costing per \$1,000.	By Periods.
1872-73.....	1,740	14	\$8 04	\$8 04
1874.....	1,960	16	8 10	10 30
1875.....	2,250	25	11 50	
1876.....	1,944	25	12 80	10 83
1877.....	1,697	21	12 30	
1878.....	1,603	20	12 40	15 30
1879.....	1,555	12	7 80	
1880.....	1,475	27	18 31	13 80
1881.....	1,446	20	13 80	
1882.....	1,447	20	13 80	17 40
1883.....	1,492	26	17 40	

These figures should be carefully examined in order to note the rapid increase of members, so long as the death losses called for less than \$10 or \$12 on each certificate of \$1,000, and then the decline of membership as the cost went up to \$15, or \$20 or \$30.

The Temperance Mutual closed the year 1883 with no less than thirteen widows' claims unpaid. It collected, during the year, \$13,336, of which only \$8,982 could be paid to sixteen claimants—about \$500 to each. The expenses consumed the other \$4,354. A vigorous and expensive effort seems to have been made to get in new blood, without much result. It is scarcely likely to outlive the present year.

The Odd Fellows Mutual will scarcely make another appearance in public, its large membership of 1,802, in 1875, having now dwindled away to 282, in consequence of increasing death losses rendering it impossible to draw in new members. It is the same old story over again. The total receipts were \$3,611, of which the widows got only \$3,159—\$269 each.

Our Masonic readers will be interested in the "Southern Tier" and the "London Masonic" statistics. The ties of brotherhood seem to have been more effectual in their case than in others, in preventing, as yet, a stampede of healthy members but their death losses, nevertheless, continue to grow heavier, and the disaster will be all the more terrible when it does come.

It should not be overlooked that, in the column "cost per \$1,000," in the above tables, expenses are not included. In some cases, such as the Temperance Mutual, the expenses would add one-half to the figures for 1883, giving

about \$30 instead of \$20.40 as the real cost for each \$1,000 certificate. This shows clearly enough the folly of looking to assessment societies for life insurance.

The rates charged by life companies for insurance are guaranteed to remain stationary, or to decrease, if insured "with profits," while the cost in the five societies, in 1883, as above shown, can not be guaranteed not to become double in another five years. Indeed, no guarantee can be had that all the healthy members will not cease to pay assessments next year, in any society, and thus bring the whole machinery to a sudden stand-still. Your good intention is not insurance for your own family; nor can the good intentions of other honest men be insurance. Some widows and orphans have been benefited by "purely philanthropic collecting agencies," but more have been sadly disappointed. The facts are that the promoters of these societies have not placed them upon a sound basis, and when tried by the test of time they are found wanting.—*Monetary Times*, Toronto.

THE INSURANCE SITUATION.

The insurance situation just now may be fairly summed up, concisely, thus: life and guarantee insurance, profitable and prosperous; accident insurance, decidedly profitable; steam boiler insurance, successful, if unwise rivalry and competition between the two or three companies doing this business do not kill the chances of profit; marine insurance, unpromising of profit this year; fire insurance, clearly profitless, so far as the reported increase of fires during this year over previous years furnishes any basis of estimate.

As matters stand, the life, guarantee and accident companies are in the fore-front as regards profitable results in 1884. How the steam boiler underwriters may come out will depend upon their own notions of the average result of trying to cut each others' throats. The marine companies, as a body, have made no money, although leaders, like the Atlantic, of New York, the Boston Marine, and the North America, and the Delaware Mutual Safety, of Philadelphia, will probably come out ahead. The inland or lake underwriters, as a rule, will probably come short, except that in individual instances—such as the *Ætna*, of Hartford, and the Continental, of New York—an exceptional profit may be garnered.

But, as regards the fire insurance companies—especially those whose operations have covered the entire country through the agency field—the outlook for profit in 1884 is plainly a dissolving view. As figured up from month to month throughout the year, from the fire records carefully compiled from our own columns, the fires of 1884 have been excessive, beyond all precedent, except where such extraordinary events as the Chicago and Boston and St. John conflagrations have come in to upset all average calculations. Up to November 1, the fire losses have been certainly ten or twelve million dollars in excess of all average years of which any accurate statistics or estimates exist. This fact, of itself, is a demonstration that—in the absence of any favorable offset fire insurance has this year made no progress as a means of profit to stockholders, or a guaranty of security to policyholders. There has been, as everybody knows, a shrinkage in the value of investment securities since last May, which cannot be ignored in this connection; for it must be an influential factor in making up the annual statements on December 31. Further than this, the recent withdrawal from business of several heretofore successful fire companies, justifies the proposition that the business of fire underwriting, as such, has not this year been even usually successful, not to refer to the particular discouragements which have forced several withdrawing

companies into liquidation. The results of the first six months of fire insurance business, which have had due record in our columns, prove that, up to July 1, few of the companies, large or small, agency or local, had made any gain on their business, or added anything to the surplus reported in January.

Beyond question, the continuance of an unprecedented number and severity of fire losses during the later portion of the year, so far, has prevented their getting any profit during the last half of the year, which would make even the shortage of the earlier months. Nor does the fire record of November give much encouragement as to helping out the account. And December is yet to be heard from. Experience justifies the fear that the last month of the year will pile up losses for the fire underwriters which in many cases will compel them to forego all expectations of profit, and in many instances force them to present doleful annual statements. Many a small local company in the past has gone along through almost an entire year, with every hope of a profitable result, only to find a set-back in the last week of December, whose effect was to transform a promising annual statement into one of a very different kind. This may happen to a number of our local companies, whose only good luck has come from the extraordinary exemption New York has this year had from large fires. So that a single exceptionally big fire within our own city limits may yet bring permanent grief to a number of our purely local offices, whose previous exemption from losses may have inspired over-sanguine calculations.

The truth is that fire underwriting is not only a matter of average which requires essentially many years and an extensive territory to determine its results—but it is also, from the nature of things, a precarious undertaking which demands capital, accumulated surplus funds, and, above all, special, expert managerial ability which will make capital secure to stockholders, surplus funds accumulative, and skilful management effective in giving policyholders a complete guarantee that contracts of insurance mean indemnity, pure and simple and all the time. Insurance which does not insure, out-and-out and beyond peradventure, is not insurance at all, and only those companies whose management, record and financial position furnish this certainty to the property owner are deserving of trust from those who need and pay for complete indemnity, upon which the security of credit and property depend.

In this view of the matter, which is the only common-sense view to be taken of the subject, it is now more than ever clear that, since commercial credit, capital invested in buildings or merchandise, household comfort, and even the safety of human life, depend upon the success and substantial character of our fire insurance companies, the fact remains that the average citizen is personally and vitally interested in whatever will tend to make insurance a sure thing, both for himself individually and for his neighbor or debtor also. Consequently, it is this same average citizen's interest, as well as his patriotic duty, to do what he can, in the exercise of his individual influence, and in the locality where he lives, to help rather than hinder the fire insurance companies in securing sensible building laws, adequate water supply, efficient fire department service and equipment, police guards against incendiarism, proper and prompt punishment of arson, and a quick investigation of the origin of all fires to which any suspicion may attach. Such action on the part of the individual property owner and citizen, whether insured or uninsured, would reduce this inordinate fire waste (which naturally makes fire insurance profitless, and to that degree weakens it) to a minimum, and so increase the security and comfort of those whose business credit and personal interest

are in the keeping of this important and far-reaching scheme.

It is time that this aspect of the case came home to the individual citizen. Insurance companies are in no sense benevolent institutions. They are founded and capitalized for money-making purposes. They are relied upon to furnish indemnity, not profits, to those who buy their policies. These policies or contracts of indemnity are sold at a price which presumably will pay not only cost but a fair profit on the capital invested. To obtain this cost, not to speak of profit, fires must be reduced in number and average far below the number now obtaining—or else the price of insuring must be advanced to a point which will be a burden on almost every kind of business. There will be no need of higher rates of premium under a normal fire loss. But the companies are enduring an abnormal loss ratio because of an unusual degree of popular recklessness. The abnormality the insurance companies cannot stand nor should they be expected to. It is for the people of this country—and this means the individual property owner—to see that fires shall decrease. Else the people of this country—which likewise means the average property owner—will have to face and endure an increase of fire insurance premiums which will make them squirm and squeal—*The Review, N.Y.*

The Life Association of Canada.—As foreshadowed by us some time ago, the Life Association of Canada has made arrangements to retire from the field and reassure its risks with other companies. The directors in their report to the policyholders, recommend them to choose the New York Life in which to continue their policies. It will be remembered that Mr. David Burke, the former manager of the Life Association, is now the general manager for Canada of the New York Life. The Life Association could continue and pay all its claims in full, but it is better in the interests of the policyholders that they should be transferred to some larger company where they will have a better prospect of receiving dividends on their policies.

The Monetary Times says:—It is very desirable that people should understand their liability in receiving papers from the post office, which they sometimes pretend they do not want, and refuse to pay for, but yet read. A case which is of interest to publishers and readers recently came before Judge Doyle in the Division Court at Goderich. A resident of Huron has been receiving the Goderich *Star* from its present publisher, and, when billed with an account for four years, refused to pay, on the ground that he had not ordered the paper and had notified the former management, some eight years ago, that he did not want it. The paper had not been discontinued then, and his name still appeared on the subscription list assumed by the present publisher. The Judge held that as the defendant had given no notice to the plaintiff, but had still received the paper, he was liable for the four years claimed, and gave judgment accordingly, in favor of the publisher.

The Royal Canadian.—Notice was given in the *Canada Gazette*, on Saturday, of the intention of the directors of the Royal Canadian Insurance Company to apply to Parliament for authority to reduce the capital stock to five hundred thousand dollars, each share to be twenty-five dollars, of which twenty dollars paid up and five dollars subject to be called in; and to amend the charter of the Company, by granting authority to reduce the number of directors to not less than seven, by altering the day for the annual general meeting to the last Thursday in February, and providing for the closing of the ballot for the election of directors after the expiration of ten minutes after one hour without any vote.—*Montreal Star.*

“VALUATION OF PROPERTY AT RISK.”

On page 267 of the last issue of *INSURANCE SOCIETY* was an article under the caption “Valuation of Property at Risk as a Factor in the Adjustment of Losses.” In a portion of the discussion an example was given of the operation of the average clause when found in connection with a specific or non-average policy upon the same loss, as follows:

Company A on building.....	\$2,500
“ B “ subject to average.....	5,000
Value of building, \$10,000; loss, \$6,000.	

Company B being subject to average, the primary step will be to find its (insurance) liability under the average clause, as follows: As \$5,000 insurance is to \$10,000 value, so will \$2,500 be to the liability. In this sum B will contribute as *insurance*, with A presenting the following as the apportionment of the insurance:

Company A insures.....	\$2,500
“ B “	2,500
Total insurance.....	\$5,000
To pay loss	6,000

One of our managers calls the correctness of these figures in question, and says that B's contributive insurance should be \$3,000 instead of \$2,500, as we give it.

As we are always willing to acknowledge an error, *when we make one*, we would be glad to have Manager show us how he makes \$3,000 the half of \$5,000. Our columns are open to him for the explanation, and when he proves the proposition we will “acknowledge the corn.”

Since writing the above we have been informed that an *attempt* has been made to criticise said article. We have not the time nor space to show up the utter fallacy of this criticism in this issue but shall do so in our next.

THE POSITION OF LIFE INSURANCE.

Life insurance claims for itself a prominent position in every-day life, and demands from us greater consideration than we bestow upon any other investment. It asserts itself as being of more value to us than any mere business undertaking, and shows that its usefulness is equally apparent from a variety of standpoints. Its claims to importance are by no means unreasonable, for it has the power to bestow benefits which raise it above the sphere of ordinary commercial routine, and place it on far higher ground than can be reached by any other investment. One chief reason of its pre-eminence is due to the fact that it is wholly unique. All other money investments, although they may differ in detail, are practically identical. They possess the power of bestowing pecuniary and present benefits. This is all they are able to do for us, and none of them profess to rise above that level. Life insurance, however, while it is able to bestow similar benefits to those granted by other investments, goes far beyond their capabilities, by providing for the future as well as for the present. By every plan but life insurance the future is wholly beyond our influence and its uncertainties remain unprovided for. With life insurance the opposite is the case. The future is cared for equally with the present, and possible dangers are counteracted before they can occur. In a word, life insurance gives safety, and is the only means whereby we can gain this inestimable boon. No wonder, then, that it claims to be of higher standing and entitled to more consideration than other investments, for if this were its only argument, it would still be a sufficiently strong one to carry the point in its favour.—*Policy Holder.*

ANNUAL REPORTS TO CANADIAN GOVERNMENTS SHOW THAT THE MOST PROSPEROUS INSURANCE AGENCIES USE BLOCK PLANS **SYSTEMATICALLY.**

In Five Years, 1879-83, 17 Co's using Plans **systematically** show 6.09 p. cent. profit.
 " " " 9 " " spasmodically " 1.57 " loss.
 " " " 4 Co's not using any Plans. " 34.98 " loss.

Totals, 5 Years.	Premiums.	Losses.	Loss Ratio.	Expense Ratio.	Losses and Expenses.
Supporters (average 17)	\$13,955,654	\$8,647,661	61.96 p.c.	31.95 p.c.	93.91 p.c.
Some Plans (" 9)	4,564,396	3,028,434	66.35 "	35.22 "	101.57 "
None (" 4)	1,222,757	1,328,428	108.62 "	26.36 "	134.98 "

DETAILS EACH YEAR.

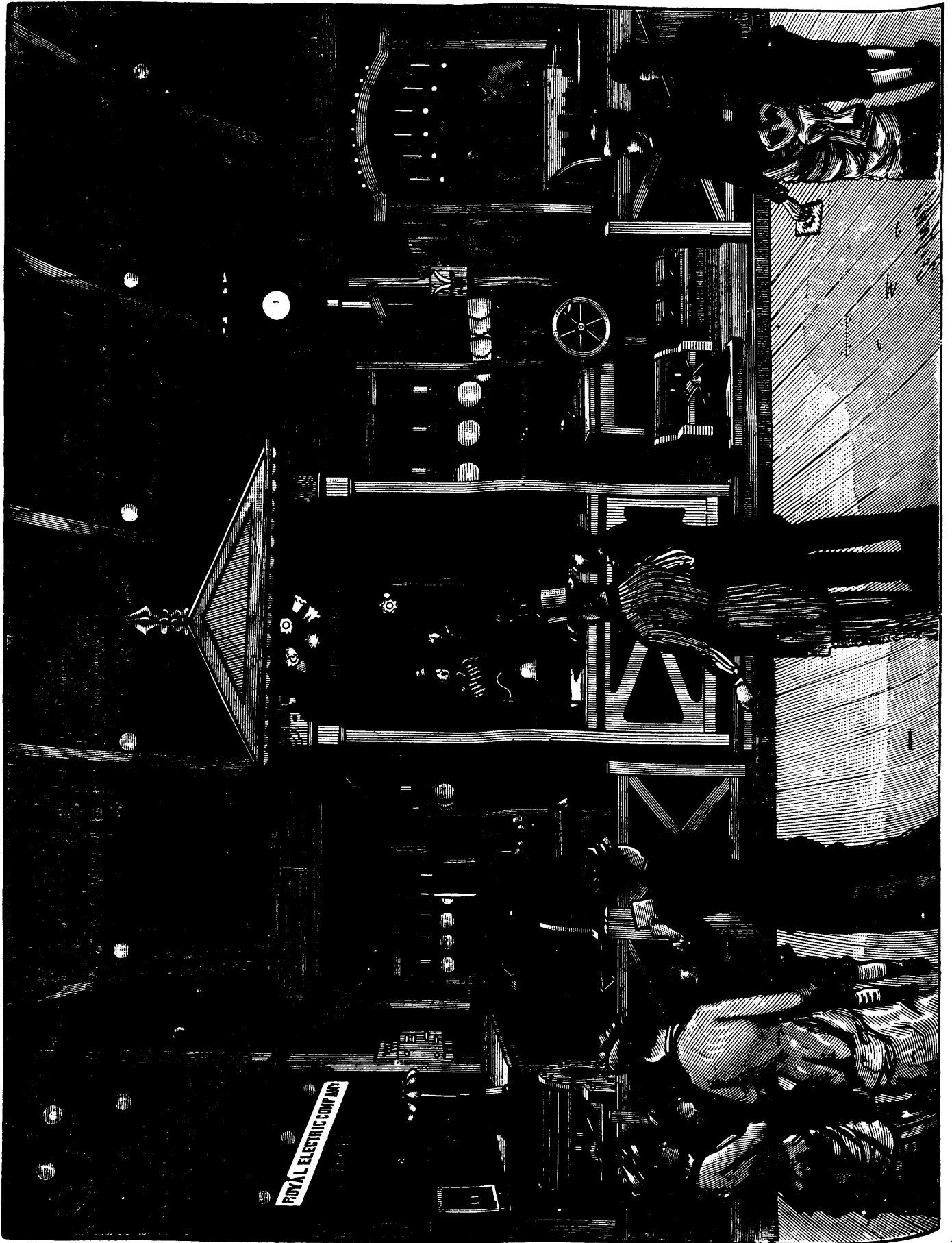
SUPPORTERS.	Premiums.	Losses.	Loss Ratio.	Expense Ratio.	Losses and Expenses.
1879 - 16 Cos.	\$2,286,706	\$1,403,529	61.39 p.c.	31.55 p.c.	92.94 p.c.
1880 - 15 "	1,978,971	760,284	38.40 "	31.70 "	70.10 "
1881 - 15 "	2,326,225	1,636,411	70.34 "	32.02 "	102.36 "
1882 - 18 "	3,348,734	2,159,081	64.47 "	31.95 "	96.42 "
1883 - 22 "	4,015,018	2,688,356	66.95 "	32.53 "	99.48 "
SOME PLANS.					
1879 - 11 Cos.	824,147	619,167	75.12 "	32.25 "	107.37 "
1880 - 13 "	1,413,370	650,806	46.07 "	32.74 "	78.81 "
1881 - 10 "	1,276,835	1,064,331	83.35 "	31.35 "	114.70 "
1882 - 7 "	686,042	471,779	68.76 "	30.50 "	99.26 "
1883 - 5 "	364,002	222,351	61.08 "	39.24 "	100.32 "
NONE.					
1879 - 10 "	493,392	454,685	92.20 "	35.40 "	127.60 "
1880 - 7 "	443,588	299,984	67.57 "	33.29 "	100.86 "
1881 - 2 "	171,476	478,902	358.00 "	38.10 "	396.10 "
1882 - 1 "	49,867	47,632	95.52 "	23.84 "	119.36 "
1883 - 1 "	64,434	47,225	73.29 "	21.18 "	94.47 "

N.B.—Years 1879 and 1880 include Companies reporting to Dominion and Ontario Governments.
 1881-1883 only those reporting to Dominion Government.
 10 per cent. has been added for all Foreign Head Office expenses.

Two Years' Subdivision--General and Partial Support.

	Premiums.	Loss Ratio.		
1882, General, 13 Cos.	\$2,341,261	61.55 p.c.	31.82 p.c.	93.37 p.c.
1883, " 14 "	2,446,011	65.34 "	32.34 "	97.68 "
1882, Partial, 5 "	1,007,473	71.25 "	31.95 "	103.20 "
1883, " 8 "	1,569,007	69.48 "	32.80 "	102.28 "

Partial reference to Plans is of little avail—the value is in Systematic Use.



THE THOMSON-HOUSTON EXHIBIT AT THE INTERNATIONAL ELECTRICAL EXHIBITION, PHILADELPHIA.

REPLY OF THE MUTUAL RESERVE FUND LIFE ASSOCIATION OF N. Y.

To the Editor and Proprietor of "INSURANCE SOCIETY."

SIR:—I beg to acknowledge the receipt of your letter of the 17th ult., in which referring to the fact that my name appeared as a local director of "THE MUTUAL RESERVE FUND LIFE ASSOCIATION," you politely tell me that my "position is a remarkable and unenviable one"—that I have "little if any personal knowledge of the business"—that the company to which I belong "will surely come to grief," and that I am assuming a grave responsibility in "thus guaranteeing it with all the influence of my name and character."

I am very much gratified, as are no doubt the other gentlemen to whom you addressed similar letters, that you wrote them "solely in the interests of the public," and not in the interests of those old line rival insurance companies in Montreal whose organ you own and edit. It is of course much easier to pardon what seems, to say the least, a very unusual proceeding, if one is assured that the act is prompted by a noble benevolence, rather than by interested or personal motives.

(The letter here indulges at some length in abuse of a contemporary. We are in no way responsible for the opinions of any other paper, and have no desire to publish an attack of this kind.) Ed.

(1.) You also quote Sir Leonard Tilley as saying that "The Co-operative insurance system opened many avenues to fraud."

You do that gentleman great injustice in thus misapplying his words. It is perfectly clear that he was referring to those notorious frauds known as "grave yard insurances," and not to respectable assessment institutions either domestic or foreign. These are his words:—"As the profits and charges for commissions are made on each assessment, the more numerous the deaths, the greater will be the returns, and hence arises a temptation to increase the number of deaths by insuring bad lives. This has been repeatedly done in the notorious grave-yard insurances in the State of Pennsylvania and elsewhere."

I need hardly say that in the case of THE MUTUAL RESERVE no "profits or charges" are made or included in their assessments. It has no shareholders, makes no profits and distributes no dividends. The expenses are wholly met by a fixed charge of \$2 upon each \$1,000 of insurance, and it devotes every dollar of its assessments towards the payment of death losses and to its reserve fund. I know something of the care with which applications for insurance are criticized by the medical officers of the company, and I confidentially say that it can hardly be surpassed by that of any other insurance company in the world.

(2) You say that "most of the predecessors of THE MUTUAL RESERVE have come to grief," and I see that you publish what purports to be a list of 48 "dead Co-operatives." I understand also that you have recently, in the interests of your patrons in Montreal, issued from your office several thousands of this list in the form of hand-bills for circulation throughout Canada. You therefore seem to endorse the genuineness of this spurious document, "with all the influence of your name and character."

(3) I will only say, just now, with reference to that document that the first sub-division of it sets out the names of 23 Massachusetts companies—that among these there are the names of 20 companies that were never chartered, that one never began business, that one was not a life insurance company at all, and that the remaining one is still in existence and doing business *Ex uno disce omnes*.

(4) On the other hand I have seen a list of 774 (1) old line companies that have failed in the United States, and I venture to say that there are scores of them each of which has caused greater loss and disaster to their policy-holders, than have all the unsuccessful assessment companies put together. If an Assessment Company fails its policyholders, having paid very little over the value of their past insurance, have received value for 90 per cent. of what they have paid; but if an old-liner fails, its policy-holders lose about two-thirds of what they have paid. Take the seven old line companies that are at this moment, I

REPLY BY "INSURANCE SOCIETY"

TO MUTUAL RESERVE FUND LIFE ASSOCIATION OF N. Y.

In accordance with our promise we publish in this issue a reply received from Hon. R. M. Wells, to our open letter addressed about one month ago to the members of "the Ontario Board of Directors" of the "Mutual Reserve Fund Life Association." We are quite willing at any time to publish a fair comment on any of our articles, even though the views of the writer may not agree with our own. Mr. Wells must surely however have tried to impose on good nature in giving us a reply wordy enough to fill a whole issue of some of our contemporaries. We would have little cause for complaint if the remarks were all to the point, but as our readers will notice the greater part of what he says is in no way a defence of the Mutual Reserve Fund, or its plan of business, but an attack on an entirely different class of corporations, the old line companies. This is sure evidence of a weak cause. If this document were to succeed in showing that safe life assurance by old line companies was an impossibility, this would in no way prove on the other hand that safe assurance on the assessment plan is a possibility. To blacken the life assurance companies is in no way to whiten the characters of the assessment societies. This, however, is the plan on which the writer of this document has acted. He believes, or pretends to believe, that two blacks *do* make one white. The parts of his letter which are thus in no way relevant might be very properly omitted, but lest we should in any way be accused of partiality we insert this letter covering 14 pages of printed foolscap practically unabridged. Our readers will now know all that can be said in defence of the Mutual Reserve Fund, and can thus judge of the two sides. We may add, and it is only fair to him to say, that Mr. Wells' letter is not his own unaided production, or merely his own private opinions, but is practically an official reply, and therefore it is to be presumed complete.

But before we go further it is worthy of remark that out of all the nine members of the "Ontario Board of Directors," one alone, and he the brother of the agent or "general manager," has seen fit to defend the Company. Almost all the others have seen the force of our remarks sufficiently to cause them to resign their connection and thus break up this "Board of Directors," of which we heard so much. And if Mr. Wells has no personal interest in the matter, his letter would be more worthy of consideration. He certainly cannot speak in the name of his ex-confreres.

But now to the arguments. We must confess that in the first part of the letter especially we look in vain for them. Denunciation and assertion are not arguments, although the writer of this document apparently thinks so. For convenience of reference we have numbered the principle paragraphs of the letter and our replies, so that the reader can see at once what is to be said on both sides with regard to each point.

(1) The best answer to the assertion that Sir Leonard Tilley did not refer to institutions like the Mutual Reserve

MUTUAL RESERVE REPLY.

believe, in the hands of Receiver Pierson of New York—I mean “the Universal Life,” “The Widows and Orphans Life,” “The Reserve Mutual,” “The Mutual Protection,” “The North American,” “The Guardian Life,” and “The New York State Life.” Each of these gigantic frauds had trust funds under their care of from one million to eight millions of dollars, or a total of about 20 millions, and it is safe to say that nearly the entire sum has been absorbed, confiscated or stolen. (See “Our Society Journal,” Nov., 1883.)

What arrant hypocrisy therefore it is for an old-liner to sermonize us about our “responsibilities” in view of these startling facts?

(5) I see that you quote an extract from an old report of the Hon. Elizur Wright, the eminent ex-Commissioner of Insurance for Massachusetts, there is probably no higher or better authority on the subject of Insurance in the United States. You put Mr. Wright into the witness box as your witness. Be good enough to listen to what he says—remembering that old legal maxim that “no man shall be permitted to contradict his own witness.”

In a letter to the President of “THE MUTUAL RESERVE,” a copy of which I enclose (not enclosed), he says:—“I have spent several days in examining the methods, books of account and published reports of “THE MUTUAL RESERVE” in reference to adverse criticisms widely published. * * * * The plan will, so far as insurance is concerned, serve that purpose as perfectly as it is possible for any Company to do, with far less risk of loss than by the plans hitherto adopted. Your careful rejection of bad risks * * * has left your losses so much below the tabular expectation, as in connection with the reserve fund, to make persistency in payments sufficiently sure * * * As to your management, the envy of rivals is proof that it has been energetic, and the small ratio of death claims to the amount of certificates is proof that it has been prudent. I am compelled by a careful examination to believe that not one of your members has any reason to complain or to apprehend that in the future he will not have the benefit of all he pays.

Your witness proceeds to say that complaints “cannot come from disinterested, intelligent or impartial critics,” and that if Editors of Insurance Journals—and here he hits you hard Mr. Editor,—“had any of these qualifications, they surely would not urge charges against THE MUTUAL RESERVE which bear with ten fold force against the best of the level premium Companies.”

Comparing the “old-liners” with THE MUTUAL RESERVE, your witness says:—“Under the old style policy, the holder seldom, if ever, knows how much of his money goes to pay expenses. Your certificate holder knows exactly without examining your books.”

Alluding to just such charges against “THE MUTUAL RESERVE” as are contained in your letter, your excellent witness says: “It appears very probable to me that it is not going to be written out of existence by lying pens, and much less to commit suicide by its members sacrificing their interests in a common fund.”

In another letter (20th Sept., 1883), and after another examination, your witness says: “I can say that the management has been honest, wise, prudent and just.”

Again he says: “On the whole I think your plan deserves and will attain great popular success, * * * and unless the level premium companies reform their absurd treatment of members wishing to retire, you must ultimately get the whole business.”

“On the whole” Mr. Editor, I think that when next you subpoena your witnesses you had better omit the name of the Hon. Elizur Wright, ex-Commissioner of Insurance for the State of Massachusetts.

The comparative merits of the two systems of insurance is so large a subject that I cannot hope to do it even scanty justice in this letter, but the attack you make upon me and upon THE MUTUAL RESERVE CO., makes it absolutely necessary, in self-defence, that I should allude to some of the more salient features of both systems.

And first as to the high premium system which you advocate as illustrated by the Official records of the Insurance Department of the State of New York.

INSURANCE SOCIETY ANSWER.

Fund, is to quote his remarks in full from the Hansard:

“Associations of the nature described in this Bill have been declared to be Life Insurance Companies by several decisions of the Courts in the United States; and, according to the opinion of our Department of Justice, come within the scope of our Life Insurance Statute, and cannot therefore legally do business in Canada without a license, and without making the deposit of \$50,000.

“In their original form, these were institutions of a fraternal or benevolent character, merely collecting assessments on the death of a member to pay funeral expenses, or a beneficiary gift to the family.

* * * * *

“Although the origin of these associations was as above stated, numerous companies have been started on the same system for the purposes of profit, and come into competition with the regular life companies, asserting that they can give insurance at a cheaper rate, and thus appealing successfully to a large class of the population. Whether such a system can be permanently carried on or not (which need not be discussed), it is clear that it opens a road for an immense amount of fraud; because, as the profits and charges for commissions and expenses are made on each assessment, the more numerous the deaths the greater will be the returns, and hence arises a temptation to increase the number of deaths by insuring bad lives and by other fraudulent artifices. This has been repeatedly done, as in the notorious ‘graveyard’ insurances in the State of Pennsylvania and elsewhere, immense gains having accrued to the managers before the inevitable collapse came. There seems no safeguards against this except:

“(1) A directorate which shall be known to the people, and whose characters may be judged of. This is attempted to be secured by requiring the Company to be incorporated within Canada.”

Sir Leonard it will be seen did refer in the clearest way possible to “Societies” like the Mutual Reserve Fund, as distinguished from fraternal and benevolent societies, in which class it can hardly by any stretch of the imagination be included.

(2) Another evidence of the recklessness with which statements are made by the advocates of assessment assurance is to be found in the assertion that we issued several thousands of the list of dead co-operatives in the shape of hand bills. “I will not say that it is impossible for them (the advocates of assessment societies) to tell the truth, but it is difficult and embarrassing.” We personally told Mr. J. D. Wells that we had issued none, and we now repeat emphatically that not one hand bill or circular of this kind was ever either printed or circulated by us. The statement is false from beginning to end, and has not even the faintest shadow of truth to support it.

(3) The writer of this document then tries to avoid the force of this list by a miserable subterfuge, which for the sake of his own character we are glad to know he is only repeating and did not originate. The list was copied from the Chicago Tribune, a reputable paper, and we believe that it is on the whole at least fairly correct, and in fact does not contain the names of one half of the co-operatives which have actually failed. The Mutual Reserve now attempts to throw dust in the eyes of the public by saying, twenty of those in Massachusetts were “never chartered!” How many of the co-operative societies now in full running order have never been chartered? Will Mr. Wells say they never did business? Are they any different from hosts of co-operatives who are now proudly paraded before the public in the statistics

MUTUAL RESERVE REPLY.

(6) It appears from these records that out of 1600 millions of dollars actually received in cash during 20 years, ending in 1883, by old line companies, they only paid out for death losses and matured endowments 408 millions of dollars!

It also appears that for death-losses, expenses, endowments, dividends and surrendered policies they paid out less than 40 per cent. of what they received!

They received in other words nearly \$4,000 for every \$1,000 paid out for death losses and endowments!

They received more than one million dollars for every week of the entire period of 20 years in excess of death losses and endowments! And over and above all expenses, dividends, losses and every other kind of disbursements, appearing in their accounts, there are 75 millions (!) of dollars entirely unaccounted for!

This frightful state of things, gleaned from their own sworn statements, was, I believe, first exposed by "The Guardian" of Boston. It of course made a profound sensation among the thoughtful men in the United States, and drove thousands to seek more rational and economical insurance. It was emphasized by a report published shortly afterwards by the Insurance Superintendent of New York, which showed that during the year 1883 the Assessment Companies received \$11,573,212, and actually paid for death losses alone nearly \$10,347,380, or 90 per cent. of the whole amount received.

(7) I believe that most of the bewildering schemes of insurance which we constantly hear of under various names have been devised to divert public attention from the simple question:—*What are we paying for our insurance?* Some of these schemes are upon their face absurd and yet they have been popular. One proposes for instance to take from a customer say \$100; use \$20 of it to pay his share of losses; use another \$20 to pay expenses; invest the remainder at 4 per cent., and hand the whole back with large profits! The fallacy of this scheme is apparent. For example a man 30 years old takes an endowment policy for \$1,000 payable in 10 years. He pays an annual premium of \$104.58 or \$104.80 in all. If the company happens to live, he gets back at the end of 10 years \$1,000 and has the satisfaction of knowing that he has not only lent his money to the company without interest, but has paid them in addition \$45.80. What kind of a Savings Bank is that? Had he even put his money into a Post Office Savings Bank at a paltry 4 per cent. interest he would have been better off by \$345. It is quite true that in the meantime he has been insured, but he could have got insured in any Assessment Company for the whole time, at not much more than half of one year's premium paid to the old line Company under this beneficent scheme. Can any one imagine a more foolish investment, on the one hand, and a bolder fraud on the other?

(8) The truth is that the whole trick lurks in the mystery of lapsed or forfeited policies. The chance of a 10 years' policy being forfeited for non-payment of premiums, is ten to one as against the chance of the insured dying within that time; and the Company takes the profit of this important factor, instead of giving it to the customer. This simple fact, in my opinion, preeminently distinguishes the two systems of insurance.

The truth is that these high premium Companies sell their commodity not only at a profit, but at a Jew's profit. I believe that the motto "pay as you go" is as applicable to one's insurance as it is to one's bread and coal; and that in both cases the man who pays down a double or treble price for what he gets, in the hope that he will by and by get it cheaper or for nothing, will surely find that he has made a fool's bargain.

(9) You point with pride to your enormous reserves. The reserve fund of 'The Mutual Reserve' is a true security and available for the payment of losses and yours is not. It is a reserve fund in name only. The reserve fund of an old line Company is a special deposit for a special purpose, and is in no sense available for the payment of losses

INSURANCE SOCIETY ANSWER.

showing "the immense progress being made by the assessment companies of the United States and Canada?" The Mutual Reserve and its friends are very willing to make use of these unincorporated societies so long as the showing is favorable and then try to throw them overboard like Jonahs whenever trouble comes.

(4) We dislike using strong language, but can only characterize the statement that 774 life assurance companies have failed in the United States as a deliberate falsehood. If the writer of this document can furnish us with any such list we will be glad to publish it in full. If we are not very much mistaken the list, if there is one, will be kept very quiet. We feel sure that even 200 life assurance companies were never even started there. The records of the insurance department of the State of New York show that since 1859 only 28 life companies of that State have really failed, and only 18 of other States which did business in New York. Most of these moreover were very young and very small. Where are the 774? Not one life assurance company chartered by the Canadian Government has ever failed to pay all its claims in full. In Great Britain we believe that only two or perhaps three life companies, and they small and unimportant ones, have failed during the last fourteen years. What kind of a record can the co-operatives compare with this? Suppose, for argument's sake, that the writer could show that all life assurance companies were frauds, what good would it do him? It is merely an attempt to direct attention from the object in dispute. It is the weakness of the co-operative system we are exposing, and the strength or weakness of another system has nothing to do with the question.

(5) This document refers to the Hon. Elizur Wright as "our witness." We repudiate him most emphatically, as we think that in his extreme old age his statements are hardly of as much value as when he was younger and more vigorous in mind. We quoted his opinions merely to show our readers that he has by no means always held the views he is now said to express. He has said one thing at one time and a different thing at another. The writer of this document is certainly welcome to all the comfort he can get from the opinions of a poor old man of about eighty years of age who has in his latter days made a hobby of this point. If, "no man can contradict his own witness" what has the writer to say to Mr. Wright's sentiments quoted by us?

THE HON. ELIZUR WRIGHT—Ex-Commissioner of Insurance of Massachusetts.

"If the co-operative scheme is to be called insurance at all, it is merely temporary insurance on credit. Just as sure as the down-hill road of life grows steeper and steeper, and the demands on the living members become correspondingly heavier and heavier, this credit will prove a failure. The hale members will cease to pay. The moribund will be disappointed. They have been thus far apparently insured to the full value of the money they have paid. If the insurance had really been of a good quality, it might be said they enjoyed all they paid for. But the insurance has been miserably imperfect because *it all the while ran the risk of what has now happened*. They have contributed largely to the indemnity of others, and are now, when health has failed, and no sound company will admit them, left in the lurch as to their own."

MUTUAL RESERVE REPLY.

in case the premiums should turn out to be insufficient. You know that the moment the Reserve is touched for that purpose, the Company is legally insolvent and must go into the hands of a Receiver.

Moreover your Companies are constantly telling us that there reserve fund is "securely invested for the benefit of policyholders." I will say something of the "secure investments" of one or two of our home Companies before I have done, but in the meantime I beg to refer you to the Report for 1875 of the Insurance Commissioner of the State of New York, from which you will see that *The Continental Life* showed a reserve fund securely invested of over 6 millions of dollars, and yet that Company failed the following year and its policyholders have not realized 10 cents on the dollar. In the same report will be found one after another five other old line Companies, with reserves amounting to nearly 16 millions of dollars, which have since failed. Their unfortunate policyholders have learned that the reserves of these Companies have not only been "securely" but *permanently* invested.

To further illustrate the danger to policyholders involved in the management of these large reserves I beg to refer you to the following extract from an examination of a manager of one of these companies in 1877 before a legislative committee in Albany.

Q.—Suppose you presented a cheque to the Bank, by whom would it be signed?

A.—By two officers?

Q.—What officers?

A.—Any two officers. By officers I mean the President, Vice-President, Secretary, Actuary or Chairman of the Finance Committee.

Q.—So that if to-morrow your assets (bank balance) are a million and a half, and a cheque should be presented signed by yourself and either of the other officers of the Association, that amount would be paid upon your cheque?

A.—Yes, sir.

With what accuracy the Insurance Commissioner of Kansas described this dangerous and irresponsible system, as "a safe without a lock."

The magnitude of the danger may be measured by the fact that one single company in New York is now managing one hundred millions of dollars. "A burden of responsibility," says the present Insurance Commissioner of Massachusetts, "equal to the Government of a great State and demanding the highest qualities of business prudence as well as probity." It is said that combined these companies manage no less than 500 millions of dollars!

(Here follows an attack upon some of the assets of our life companies.

The matter, however, has nothing whatever to do with the question in dispute, and we do not propose to gratify his wish to thus divert attention from the point at issue.)

But I must proceed to answer the rest of your questions:—

Q.—1. Do you consider yourself responsible for the good or bad management of THE MUTUAL RESERVE?

A.—(10) The position which local boards occupy under the constitution and by-laws of the Company is that of Advisory Councils. We did not accept the office without making careful enquiry into the character of the Company. Several of the gentlemen whose names appeared on the Board, before consenting to act, wrote to their friends and business correspondents in New York, and in every case received satisfactory replies; and others joined upon the strength of these replies. While not, of course, legally responsible, we all felt justified in recommending the Company to the public as safe and trustworthy.

Q.—2. What reason have you for thinking that this Society will be permanent when such hosts of other Co-operative Societies have already failed?

A.—(11) If you refer to that out-lawed document which you have published, I have already shown it to be utterly and deliberately false and misleading; but perhaps the best answer I can give you is to refer you

INSURANCE SOCIETY ANSWER.

(6). The document omits to state that about 350 millions of dollars of the amount received by American life companies in twenty years was for interest and not premiums as one would infer from the statement. It also conveniently forgets to say that about 500 millions of dollars were paid to policyholders for profits and surrender values in addition to the 408 millions for death claims and endowments. This amount is nothing to the writer however when he has a point to make. He also forgets to say that there is almost another 500 millions invested to pay death claims and endowments as they fall due. We would, too, like to know how he finds the discrepancy of \$75,000,000 in the accounts. It will be information for us and we think for our readers also.

(7). It is a very easy matter to make comparisons like this, by ignoring facts. The document leaves out of the question the fact that the policyholder has had ten years assurance for his money. The writer also, in his usual convenient way, forgets that such a thing as profits have been returned by companies, amounting in the case in question to probably \$200 or \$250. He also forgets that a person has the option of paying a premium of about \$90 only, or say \$15 less than the amount quoted by him in his forgetfulness, and receive no profits. Which now is the fraud—the plan of assurance or the method of comparison?

(8) For the information of the Mutual Reserve's officers we remind them that we are not talking of life assurance a quarter or half a century ago, but of the business as done at the present day. The time is long past when a company could refuse to grant surrender values to persons dropping their policies. No company could hope to secure business if it refused to put such a clause in its policies. Moreover the laws of several of the States make such a thing as complete forfeiture after three years an absolute impossibility. The forfeiture bugbear is a thing of the past.

(9) But now comes an idea which passes almost everything we have ever heard in its ignorance. We are told the reserve fund of a life assurance company is not available for the payment of losses. This is simple trash and nonsense. The reserve fund is set aside just for the payment of losses and for no other purpose. What does the writer think it is for if not for that? He talks as though the "Reserve" was a something entirely unnecessary, but which, owing to the foolish ideas of some persons, life companies are compelled to set aside, and that as soon as it is touched "the company is legally insolvent, and must go into the hands of a receiver" Happy discovery! Now that the Reserve is known to be an antiquated delusion our intelligent law makers can relieve the companies of the necessity of providing for it, and the vast assets can be returned to the policyholders as not needed. But to enlighten the ignorance of our correspondent we will tell him what a Reserve is and what its object is. It is the amount saved during the early years of a policy after the payment of the death-claims of those years, and set aside to pay the death losses of future years which the mortality tables and actual experience tell us will certainly exceed the premiums payable in those future years. If he wishes to see an instance of the reserve being used in the payment of claims we would refer him to the "Argus Life" of England which issues no new policies and draws every year on its reserves to pay its death claims to the extent of many thousands of

MUTUAL RESERVE REPLY.

to Mr. Harper's challenge in the November number of *Our Society Journal*. He agrees to pay you \$100 for the name of one single Assessment Association, either in England or America, doing business on the basis of "THE MUTUAL RESERVE," which, having got fairly started, has thereafter failed or ceased to exist. He will pay \$50, for the names of 10 legitimate Assessment Societies in America, even without the advantage of a Reserve Fund, which, having got fairly started, have failed.

Now, Sir, if you are so confident of your "hosts of other co-operative^s that have failed," you have a good chance to make \$150, or hereafter hold you tongue.

The plan upon which THE MUTUAL RESERVE is formed makes failure impossible. Fraud is impossible by the deposit of this reserve in one of the strongest Trust Companies in the world; by the investment of the fund in securities approved by both Companies; and by the rule which prevents the drawing of any money from the fund except with their joint approval. The wit of man cannot devise anything more secure.

(12) So long as assessments are paid, death claims must be paid, and if twenty-nine thousand nine hundred and ninety-nine members out of the 30,000 members of the Society neglect or refuse to pay their assessments, the last man would be entitled to the reserve now amounting to \$325,000, less the death losses for which the last assessment was made.

Q.—3. *If you think this Society will be an exception, how do you explain the figures in the last number of "INSURANCE SOCIETY?"*

A—(13). I would call your figures crude and unsophisticated if it were not plain that you are, by ignoring the factor of lapsed policies, adopting the deliberate policy of all high premium Insurance Cos. You suppose a society of 10,000 members, and upon the assumption that the expectation of their lives is 31 years, and that the annual assessment of each is \$10, for each \$1,000, you make the following calculation.

<i>Amount to be received:</i>	
\$10 per annum from each for 31 years.....	\$ 3,100,000
<i>Amount to be paid:</i>	
10,000 death claims at \$1,000 each.....	10,000,000
	Deficiency \$6,900,000

This is an amazing calculation! Ten thousand people are to insure their lives, presumably for 31 years, and not one single policy is to be allowed to lapse.

I have a statement before me carefully compiled from official statements which shows:

Amount of insurances issued by all the old line Cos. in	
New York from 1863 to 1883 to be.....	\$6,696,494,686
Amount of losses paid.....	408,610,120
Whole amount of insurances lapsed and surrendered..	\$4,834,198,320
Amount of insurances terminated.....	\$5,242,808,440
Amount of insurances in force.....	1,453,686,246

In other words that nearly seven thousand millions of insurances were issued; that eighty-five per cent. terminated (by death, maturity surrender and lapse); that only 6 per cent. was paid; that 79 per cent. lapsed and surrendered, and 15 per cent. only remained in force.

I have another statement which shows that from 1878 to 1880 the active old line New York companies had 3061 death losses and 29,431 lapsed policies, i. e., 11¼ per cent. by defection and 11-6 per cent. by death.

I have another from the Tontine Companies during the same period, which shows 5516 lapsed policies and 506 deaths, i. e., 11 78-100 per cent. by lapse and 18-100 by death.

Your witness, Elizur Wright, says that "in the best of the old line companies the lapses and surrendered policies are about 10 times the number of those matured by death and endowment."

From 1870 to 1880 the amount of insurance "thrown up" amounted to nearly 2,000 millions of dollars—an amount nearly four

INSURANCE SOCIETY ANSWER.

dollars, and is still perfectly strong and solvent. The same is true more or less of the English Equitable, the Eagle, the Norwich, the Rock, and a large number of other companies. We merely mention these because the fact in these cases cannot be denied. It is equally true of all companies, although in most it is to some extent concealed by the income from new policies.

(10) The admission here is all that we desire. Hon. Mr. Wells does not consider himself responsible for the management of the Association. The so-called "Directors" were not directors at all, and had almost absolutely no voice or control whatever in the management of the Association, and the majority of them have now resigned on learning their position. Some of them did not even know that their names had ever been advertised, and they stated that they never had been directors at all! Their names had been used without their consent! The statements in the letter make peculiar reading when placed beside the statements of the other "directors" as given in another column.

(11) Mr. Harper is quite safe in his challenge, for the exact plan on which the "Mutual Reserve Fund" works is a slight modification of the ordinary co-operative system, which, if we mistake not, was first introduced about five years ago. We are quite willing to admit that any honestly conducted co-operative which has got fairly started will probably live five years, and that is all the time Mr. Harper's challenge covers. How bold he is! But, as we have seen, the whole thing when examined, dwindles down into an idle boast. There have been hosts of co-operative failures, however, although this particular feature is comparatively new.

(12) Such a statement looks very nice, on paper. The ones to be pitied in this case are not so much the last member, but those who will be compelled to drop out when the natural increase in the death rate makes the assessments too heavy to be paid by them.

(13) The calculation by which the writer pretends that there will be sufficient gains from lapses to make up the deficiency of \$6,900,000 is truly amazing. We would like much to have the details rather than a mere general statement or rather insinuation. We promise to publish it in full. We can hardly credit that any sane man could delude himself sufficiently to believe such an absurdity. Even our correspondent carefully avoids stating his belief in it. But let us see. Of those policies which do lapse in life assurance companies, the average duration is about four years. If each of these paid \$10 per annum, they would on the average have each paid \$40 towards the death claims of others, before their certificates lapsed. *It would require one hundred and seventy two thousand five hundred (172,500) certificates to lapse in order to make up the deficiency of \$6,900,000.* This is comforting no doubt to the holders of certificates in the Mutual Reserve Fund and other co-operatives. In order to keep the cost of death assessments alone down to \$10 per annum, less than one member out of every eighteen can receive anything at death. The other seventeen have the pleasure of knowing that they are paying for the other one, and that their own families will receive nothing. The absolute rottenness of the foundation on which the co-operative system rests is shown most conclusively by the extremity to which they are pushed to answer a simple argument like the one adduced by us. It is absolutely unanswerable.

But there is another feature in the case of the Mutual Reserve which makes the statement even more ridiculous. We have been showing that it is impossible for any society to pay its claims and still charge only \$10 per \$1000 assurance. But the Mutual Reserve Fund advertises that its certificates cost their holders less than \$5 per annum? If the cost is not to increase beyond \$5 there would be an additional de-

MUTUAL RESERVE REPLY.

times as much as was in force in all United States companies doing business in the State of New York.

And yet you do not think it worth while to take this powerful factor into consideration!

Q.—4. *Would you recommend a person seeking insurance, not for a few years, but for his whole life, to enter an Assessment Company?*

A.—Most assuredly I would.

Q.—5. *The Mortality tables show that \$18 per annum must be paid for the whole life of a man aged 35, and that the part of this net premium which goes to the reserve must be improved at 41.2 per cent. in order to pay \$1000 at death. Do you think it is feasible for any Society to continue to receive less than this and still justify its contracts? Is it not evident that the lower the rate is in the earlier years the heavier it must be afterwards to make up the average,*

A.—14.) In this question you also ignore the profits realized by the staying members from lapsed or forfeited policies. You assume what is impossible, that each life will last 96 years, and will be entitled to receive \$1000!

(15) Moreover the actual experience of all the old line companies in existence during a long period show that the actual cost of insurance for each \$1,000, all ages, is not \$18.00, but \$11.99. The experience of THE MUTUAL LIFE shows it to be only \$10.58. The experience of *The Canada Life* last year shows it to be only \$7. (See Report 23 Sep., 1884.)

Q.—6. *Do you think that the promise of the Society that its certificates will be self-supporting after 15 years is likely to be fulfilled or even nearly so?*

A.—(16) If "THE MUTUAL RESERVE" experiences a similar ratio of mortality to that experienced by the other insurance companies doing business in New York, and if they have the same ratio of lapses, the amount to the credit of each staying member at the end of 15 years must be very large. Moreover the staying members become entitled to the share of each member who dies before the expiration of the 15 years. Nor must it be forgotten that the interest from this ever increasing fund now amounting to over \$300,000 and increasing at the rate of \$200,000 per annum will be applied in reducing assessments. What the exact state of the account of each member will be at the end of 15 years, having regard to his age, the ratio of mortality, the ratio of lapses, the ratio according to which the fund will increase from new business, the ratio according to which it will increase from the death of members before the expiration of the 15 years, and the ratio according to which assessments will be reduced by the interest upon the fund, might I suppose be approximately if not accurately ascertained by actuaries. I will not undertake the job in this letter, but I think that any reasonable man will admit that at all events the fund to the credit of the staying member will then largely if not altogether provide for his future assessments and no one will deny that that is the most legitimate and sensible purpose to which it can be applied.

In conclusion, Mr. Editor, permit me to say, that THE MUTUAL RESERVE neither regrets the attitude which you and your friends, the high premium monopolies, have recently taken towards it, nor do they fear the result. You tried the same thing in New York and the result has been that with all the disadvantages which naturally beset assessment companies upon their first organization it has already half as many members as "*The New York Life*," and more than one half as much assurance in force. It has stood the test of a score of exhaustive examinations by the most able and distinguished insurance experts in the United States. It has received the unqualified approval of several commissioners and ex-commissioners of insurance. It has paid every loss. It is now able to pay upon each assessment \$30,000 into its reserve fund. It has beaten down its enemies, and depend upon it, Mr. Editor, that before its gets through with those who are now so busy maligning it, in this country, it will give them too a very lively time.

Your obedient servant,

R. M. WELLS.

INSURANCE SOCIETY ANSWER.

iciency of \$1,550,000 to make up increasing that amount to \$8,450,000 out of the \$10,000,000 to be paid. The gains from lapses would be reduced to \$20 each, and it would require *four hundred and twenty-two thousand five hundred (422,500)* lapsed policies to provide for the deficiency on ten thousand claims.

We have not had time to check the correctness of the figures quoted regarding the New York companies. At best however it is misleading as it includes as lapsed policies about one thousand millions which were never completed or put in force. By even this showing, however, less than three policies fell through to one kept in force. And of course a large proportion of those who dropped their policies received surrender values for them, about two hundred millions of dollars being we believe distributed among them.

It will be noticed that in all his statements the writer includes "not taken" assurances, which were never completed as "lapsed."

(14) The fact that we have not overlooked the profits "realized from forfeited policies," has already been shown. The profits from lapsed policies will be a mere trifle in the co-operative companies until the exodus begins. We intend at an early date to go more exhaustively into this point however.

A little knowledge is a dangerous thing. Our correspondent merely knows enough to show his ignorance. He says, that we assume, (that is, that the mortality tables assume) that each life will last ninety six years? We do nothing of the kind. Ninety-six years is the *extreme limit* of life, beyond which no one is expected to live, and by no means the average age at death. On the contrary we believe that out of 100,000 persons living at age 10, only 3 will be living at age 96. What weight can be attached to any of the opinions on a life assurance question of a person who shows such utter and deplorable ignorance on one of the the simplest fundamental truths on which the subject is based?

(15) As we have already said the proper way to see what is really needed to carry an assurance on a life to the end, is to look at a company which does little or no new business. The question is there kept free from the complications arising from the influx of new business. In some of the old English companies the death rate is now \$50 and even \$60 per 1,000 per annum. The fact that they do little new business is of no importance, for every policy, in a regular company or a co-operative, must bear about its own actual cost, or the company must break up. By making an average rate over all policies, new and old, the co-operatives are in reality arguing that the new members should be taxed for part of the cost of the old members. The cost of an old member may be \$50 per thousand and that of a new member only \$4. The *average* in the Society may be only \$11, but if the young men are asked to pay that instead of \$4, they will leave. And on the other hand if the old members have to pay their full \$50, increasing every year, they will have to drop out, and thus lose the benefits of all their previous payments. This is one of the weak points in all Co-operatives Societies.

No company, no matter how prosperous, ever has, or ever will be able to carry a policy till death at \$7 per annum. They may do it for a few years but it will increase to very much more than this just as surely as the earth moves or any other law of nature continues to work.

(16) The writer does not attempt to deny our exposure of the fraudulent nature of the promises made by the Mutual Reserve Fund that its certificates will be self-supporting after fifteen years. He "will not undertake the job in this letter." He is wise. It is just as well for him not to attempt the impossible. The certificates cannot be and will not be

INSURANCE SOCIETY ANSWER.

self-supporting at the end of fifteen years, and it is simple deception to make any such promise.

The letter winds up very characteristically. The Mutual Reserve Fund officers appear to think that a threat is the best answer to an adverse argument. Such a line of policy will have its due weight with the thinking people. Bluster is not argument, as our correspondent should know.

SOCIETY NOTES AND ITEMS.

Mr. A. Waldie has been appointed agent at Kingston Ont., for the National of Ireland.

Mr. N. J. Tossier has been appointed Inspector of the Equitable Life for the Province of Quebec.

Wanted to purchase copies of INSURANCE SOCIETY of March, August and September, 1883.

Mr. B. H. Ahern has been appointed Inspector for Canada of the United States Life Insurance Company.

Inspector.—On another page a first-class life office advertises for an Inspector for Western Ontario.

The annual fire losses in the United States have increased by over 60 per cent. during the last seven years.

Mr. James B. Boustead has been appointed accident general agent for the Citizens Insurance Company at Toronto.

Alderman G. S. Nottage, the new Lord Mayor of London, Eng., is a director of the City of London Fire Insurance Company.

Mr. J. Moncrieff Wilson, general manager of the Queen Insurance Company, Liverpool, Eng., has paid a visit to the United States.

Claudius V. Boughton, late accident agent for the Citizens at Toronto, has been appointed agent for the London Guarantee and Accident Coy.

Mr. H. L. Aldrich, proprietor of the *Western Insurance Review*, will please accept our thanks for a bound copy of Vol. XVII of this venerable and valuable Journal.

The Right Hon. G. Shaw-Lefevre, M.P., the newly elected Postmaster General of Great Britain, is a director of the Guardian Assurance Co.

The Northern Assurance Co.—At a meeting of the directors held on November 20th, an interim dividend at the rate of 10 per cent. was declared on account of the year 1884.

Dr. P. Tertius Kempson, of the *Insurance Age*, New York, was in Montreal the early part of this month. We were glad to see the worthy Doctor looking well and apparently as full of energy as ever.

The Stock of the Fire Insurance Association of London is quoted in the London Stock Exchange at a premium of 25 per cent. The amount paid up per share is \$10, and they are quoted as selling at \$12.50.

The Liverpool & London & Globe Ins. Co. has lately appointed the following agents: Mr. Wm. Sweet at Sarnia, Mr. L. F. Heyd at Brantford, Mr. J. Bingham at Bowmanville, and Mr. J. E. Moberly at Collingwood.

William R. Anderson, agent of the Union Mutual Life Insurance Company at Halifax, N.S., took his departure for Uncle Sam's domains on October 23rd, and has not since been heard from.

The cautious man whose object is, by insurance upon his life, to secure a certain inheritance for his family, is not likely to put his trust in assessment assurance. *John K. Tarbox*, Insurance Commissioner of Massachusetts.

According to the Investigator, there are twenty-seven Insurance Journals in France; twenty-three in Great Britain; fifteen in Germany; eleven in Austria; five in Italy, two in Belgium; twenty-seven in the United States, and two in Canada.

Mr. D. Marshall Lang, General Manager of the fire department of the Commercial Union Assurance Co., London, Eng., has resigned. Mr. John Carswell, sub-manager of the department, assumes the duties, pending the appointment of a successor to Mr. Lang.

A Deputation of Managers and General Agents of the Fire Companies, from Montreal, Toronto, and Quebec are going to Ottawa, to interview the Government with reference to the underground insurance at present transacted in Canada.

The Glasgow and London has, we understand, re-insured the Pacific Coast business of the Commercial Fire, and appointed Mr. John Landers, of San Francisco, as general agent. Mr. Landers was agent for the Commercial and has the reputation of being an experienced underwriter.

The Romans worshipped their standard, and the Roman standard happened to be an eagle. Our standard is only one-tenth of an eagle, a dollar, but we make all even by adoring it with ten-fold devotion.—*E. A. Poe*.

Mr. R. W. Ransom, for several years connected with the *Chicago Tribune*, having severed his connection with that paper, is now in charge of the editorial department of the *Standard* of Boston.

Messrs. John Lovell & Son.—This respectable old firm of printers and bookbinders, so well known throughout this Continent, have just completed the erection of substantial, convenient and handsome new offices in this city. They will now have far greater facilities for carrying on their extensive and increasing business. We wish them the success to which they are so eminently entitled.

Deposits at Ottawa.—We have received several communications on this subject, owing, we presume, to the statement made by a life office that its deposit is so many times more than that of any other company. We shall take an early opportunity of going into this matter fully. In the meantime we will simply say that we do not consider the — well, strong language made use of in some of these communications quite warranted.

The Glasgow and London Fire Insurance Company has taken the offices in Notre Dame Street lately occupied by the Federal Bank. These offices are most convenient and suitable for an insurance company, and we are always

glad to note improvements in this direction. All of our insurance companies ought to have suitable offices. Messrs Bond & Browne, the enterprising managers of the Glasgow and London for North America, are actively pushing for business and are sanguine of making a good record for 1884.

The question of the status of "false hair" has been decided by a shrewd Californian adjuster to be "wearing apparel," as we learn from the *California Knapsack*, as follows: A woman ruined her "front hair" in her efforts to save her clock at a fire which damaged the household furniture, solicited damages for the singed hair, but withdrew her claim when she learned that she must admit that the hair was false, and therefore "wearing apparel." That is the way the adjuster submitted the matter to her.

Royal Electric Lighting Company, Montreal.—The engraving, which will be found on another page, of the "Thomson-Houston" exhibit at the Philadelphia exhibition is a representation of the system used by the Royal Electric Light Co. The *Scientific American*, in speaking of this system, says: "As a whole the Thomson-Houston system shows, as exhibited, that it is founded upon a correct interpretation of natural laws, and that its workings are directed by men who are conversant with the theory as well as the practice of electrical engineering."

British Empire Life Building.—Extensive alterations and improvements, including the erection of an elevator, are now being made in this building, and the workman is in his glory, smothering us in dust, and tumbling bricks and planks about and around us, so that we seem to be in a perfect pandemonium, so much so in fact that, when the din subsides for a few moments, we hear execrations of a startling character from the tenants, which give us the opinion that General Manager Stancliffe in keeping at a distance is exercising that same cautious prudence which characterises him in all his business transactions. However, we are looking forward hopefully to the completion of the alterations, when we shall doubtless be "elevated" into a purer and less dusty atmosphere, and occupy the proud position of having the "British Empire" beneath our feet.

COMMUNICATIONS.

All communications to be addressed to the Editor, INSURANCE SOCIETY, and correspondence to bear the name and address of the author, not necessarily for publication, but as a guarantee of good faith.

The publication of a communication does not by any means commit the paper to the sentiments expressed there in; but a fair hearing will be allowed for all sides of the question we may consider of sufficient interest to the Insurance public.

TORONTO LETTER.

Camp Struck—The dove returns to Noah McLean's Ark, with an olive branch (check for fifty)—Wide open letters and flowing wells—Marine Insurance Profits—Deputation from Board of Trade waits on Toronto Board of Fire Underwriters re Grain Rates in City—Results likely nil, and no champagne—An evil suggestion.

DEAR EDITOR,—Referring to the last paragraph of my last month's letter I joyfully hasten to inform you that the Camp is all broken up, and the ground deserted whereon so lately that well-to-do but somewhat obstinate Company rested. Yes, sir, the bird has returned to her nest, so to speak—The Toronto Board is hence more a United Society. The

fine of fifty dollars for not taking the Oath has been paid, and so the Treasury has now \$100 in it, available for Museum or other purposes. We all rejoice at this satisfactory result and the triumph of good feeling and principle.

So you have been writing open letters, I see, and Mr. J. D. Wells of the Mutual Reserve proposes to chastise you and the Toronto *World* for libelling his Institution—what a lovely time we should all have if this libel suit against INSURANCE SOCIETY were instituted. Look at the materials supplied all ready, so varied and varying:—Sparrows and Bows and Arrows, and Verbum Sap. Your contemporaries have all had libel suits, save one, who really deserved it, too, if all we have heard be true. That open letter in your last number created a sensation in the "Canadian Directorate" of the Mutual Reserve. The fact is, these gentlemen were no doubt willing to act as directors, but did not quite understand the Institution and its working, and were not quite prepared either to have their names published at present. I am afraid your open letters and the *World* editorials have disgusted them so that it will not be likely they will again consent to represent the Canadian Branch of the Mutual Reserve.

The showing of our Toronto Cos. for Marine Insurance during 1884 will, I am informed, be very good. The Marine department of the British America, under the management of Mr. Higman, is expected to exhibit a very satisfactory profit, and a considerable advance on the profit shown last year. The fire insurance transactions of that Co. will, I fear, not constitute so good a record for shareholders' contemplation. Considerable interest is always manifested in the results of each year in connection with our two leading Canadian Cos.: their head offices, management, and the bulk of their stockholders being in Toronto naturally gives them prominence in the business world.

On the 11th, inst the Association Rooms were crowded with representatives of the different Companies to meet a deputation from the Toronto Board of Trade. The object of the deputation was to induce the Board of Underwriters to re-consider the ratings now asked for insurance on grain in Toronto elevators. It was claimed that the action of Companies in charging higher rates for similar class elevators in Toronto than they ask for places outside was an unfair discrimination against the city elevators, and tended to divert the storage of grain from this city. The Underwriters denied that city elevators were so discriminated against. They also asserted that Toronto elevators were not by situation or construction entitled to any further reduction until such time as the Esplanade generally was better protected by the city from the fire hazard. Mr. Darling and Mr. Chapman of the deputation made speeches, and Mr. Magurn and others of our orators of the Underwriting fraternity placed their views before the meeting. The results, I suppose, will not amount to much, in view of the meeting winding up in an indefinite style, and a sort of general understanding that the Toronto Board would gladly co-operate with the Board of Trade in endeavoring to secure from the City Council increased fire protection for the Esplanade. It may be proper to remark here that you will remember that some time ago there was talk, if not a threat, that Companies would increase rates in the city unless the Council improved the telegraphic alarm and other matters in connection with the Fire Department. There was a deputation of Fire Underwriters to the civic Fire Committee, and talk, talk, and promise, promise,—that was all. A lot of valuable time is often lost on solemn farces of this kind. The evil spirit at my elbow has suggested to me that perhaps now that all the members of the Board are truly loyal, that the majesty of the Oath has been acknowledged, and its provisions accepted by all, therefore insurance (grain) rates have lately stiffened in this neighborhood. It may be so, and if so we have then the cause before us, of which the calling of the deputation was an effect. So far as I can gather information, grain rates are being faithfully collected, and no rebates to the grain dealers beyond those lawfully allowed. The moral of all this is that so long as wrong-doing is avoided it matters little whether our members are won to right courses by love or fear. Some of us are born virtuous, others have virtue thrust on them by the Oath—fee fifty dollars per thrust.

Wishing you and your readers a merry Christmas.

Yours truly,

ARIEL.

TORONTO, 15th Dec., 1884.

LIFE INSURANCE INSPECTOR.

Wanted about the first of January an experienced Inspector to work Western Ontario from Toronto. To a first class man a remunerative and permanent berth may be assured.

Apply Box 1628 P. O., Montreal.

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FOR THE YEAR ENDING 30TH JUNE, 1884.

INCOME.		EXPENDITURES.	
Balance of last years' acct. - - -	\$ 117,945	Losses (including outstanding) - - -	\$ 646,615
Premiums less Re-Insurances - - -	1,100,125	Commission - - -	250,805
Interest - - - - -	14,800	Management Expenses - - -	39,305
	<u>\$1,232,870</u>	Agents Remuneration - - -	41,275
		Surplus - - - - -	254,870
			<u>\$1,232,870</u>

The Regular Annual Statement will be made up to 31st Decr, 1884.

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