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THE SPECIAL ATTENTION of our readers is called to the report in our legal department of the important case of Taylor Bros. against the Northern Assurance Company, terminated last week in the Superior Court of this city before Judge Davidson and a jury, after a five days' trial. We are enabled, through official courtesy, to give a statement of the case, a comprehensive synopsis of the able charge of the presiding judge and the verdict of the jury, which awarded the plaintiffs \$14,000 damages under a claim set up for more than treble that amount. A case of equal interest, alike to companies and agents, has seldom been adjudicated by our courts, and our report of this one, obtained with so little trouble, will have a wide circle of readers. The rights of agents and companies under a specific contract, as modified by correspondence and collateral circumstances, are involved in this case, on the merits of which we defer comment to a future number.

WE HAVE TAKEN occasion more than once recently to show in these columns that the talk so current in some quarters, about the alarming decline of the average interest rate in this country, is simple nonsense. In our issue for March 15 we showed conclusively the fallacy of the declining interest bugbear set up by the New England Mutual Life, and that among the principal life companies the rate for the three past years had not varied more than about a tenth of one per cent. And now comes the statement of the Massachusetts Life Insurance Report for 1889, that "during last year the average rate of interest received on all the mortgages

held by the companies was 5.6 per cent., being the same as realized in 1885, and the exact average for the intervening period." That doesn't look very encouraging for pessimists, nor as though the companies of the United States and of Canada need to compute their reserves on a 3½ per cent. standard just yet.

WE WOULD RESPECTFULLY suggest to our friends over the border, that they might materially improve an otherwise pretty good system of insurance supervision, by the adoption in the several States of a feature of the Canadian system. Here provision is made for annual examination by the superintendent of insurance of the various companies as a matter of official duty. If we mistake not, the only State making an annual examination of its life companies mandatory is Ohio. A thorough overhauling of the securities of each life company in the State of Pennsylvania, for example, would presumably have saved the American Life from the "collateral loan" iniquity, which handed out to speculators something like a million of good dollars for a lot of worthless stocks and bonds. The fact that the insurance supervisor is not only likely to drop in when not expected, but is absolutely sure to do so, would in itself have a restraining influence on the officials of companies. Macfarlane and his associates very well knew that they had little to fear from official scrutiny until after the horse was stolen. Locking the doors *then* was none of their concern.

WE RECENTLY SHOWED in these columns from official statistics of Ohio, Canada and New York, that the best class of the assessment life associations—only such as have age and an acknowledged fair standing—presented a much higher expense ratio for 1889 than the average of all the level premium companies, and that the latter's lapses, as compared with the co-operatives, were less than one half as large a percentage. We now wish to call attention to the interesting experience of the assessment associations reporting to the insurance Department of Canada. A glance at the 1889 report of these associations, which we printed in our last issue, shows that the total new business issued and taken in Canada was \$6,380,800, and that the amount termi-

nated otherwise than by death was \$4,890,225, or 76.6 per cent. of the amount issued. As no matured endowments and no surrendered policies for which a consideration is given find a place in these assessment associations, the above amount of terminations represents lapses essentially. The Canadian associations included in the report show much worse by themselves than the average above given, for an amount equal to 98 per cent. of their new issues, not counting deaths, disappeared! Verily, the adhesive force belonging to the co-operative system is almost equal to that which holds together a rope of sand.

AN ORGAN OF the assessment life concerns, the *Fratern Record*, asserts that of seventy-eight old line companies reporting to the New York Insurance Department since 1860, fifty-two have gone into bankruptcy mainly on account of the misappropriation or perversion of "accumulated assets;" to which the *Weekly Underwriter* replies: "The old lie. Some of the fifty-two withdrew from the State and are still in business, some had only a nominal existence, others were re-insured by other companies, and their policyholders were, in a number of instances, secured from loss. In the meantime several thousand assessment concerns, big and little, went to the demnition bowwows." At the best, the failures from the cause named are numerous enough, but they are purely failures of administration and not of the system. Fundamentally, level premium life assurance is infallible, and no company has ever died because of an excessive mortality rate. Exactly the reverse is true of the assessment system, which is fundamentally unsound, and invites failure both from increased mortality and bad administration.

IN OUR ISSUE for February 15th last, we referred briefly to a decision of the Queen's Bench Divisional Court in England, in the case of the surveyor of taxes against a policyholder of the New York Life insurance company, to the effect that although the Income-tax Act provides for the deduction of life assurance premiums from the current annual income of any individual when assessment for the tax is made, yet when such premium is paid to a foreign company the exemption cannot be allowed. The case was taken to the Court of Appeal, which tribunal has now affirmed the decision below, Lord Justice Fry, however, taking a different view from his associates. The language of the Income-tax Act applies to any person insuring "in or with any insurance company existing on November 1st, 1844, or in any or with any insurance company registered pursuant to 7 and 8 Vic., cap. 110." It was held that, though the New York Life existed prior to the date mentioned, yet the Act should be construed as applying only to companies organized under the law of England or existing under that law in 1844. Lord Fry was of the opinion that the spirit of the Act was to relieve all payments for life assurance premiums from the tax, though he concurred in the decision.

OUR CALIFORNIA CONTEMPORARY, the *Pacific Underwriter*, comes to us with some plain talk to the underwriting fraternity of the Coast range on incentives to incendiaryism, the moral hazard, etc. It points out the fact that incendiaryism has become pretty common in San Francisco, and cites several cases unearthed through the efforts of Fire Marshal Towe. Of these our contemporary says: "Each of the culprits was insured for an amount far above the value of the property. They were all poor people, yet they paid premiums on a sum of money far above everything they ever possessed. That they were allowed to do so is the fault of the underwriters accepting the risk, and it is a very serious reflection on a certain feature of our system here." One case is cited where a very poor family insured for \$1,500, and the appraised value of everything possessed was \$45! Another, an Italian barber, who paid for \$350 on his hovel of a shop worth, with outfit, \$95. The *Underwriter* thinks "it is a pretty dangerous temptation to set before people who often go to bed hungry, or who are unacquainted with the sensation of having ready money in their pockets, inasmuch as, in their ignorance, they suppose they are to get all they insure for. We are very sorry for San Francisco. Underwriters in this Eastern country of course never over-insure. Of course not."

FROM AN INTERESTING table in the last *Coast Review* we get a glimpse of fire underwriting experience on the Pacific Coast for ten years, by months. The monthly loss average was \$278,954, the average loss ratio to premiums being 48.4. The unusually heavy losses of 1889 are noticeable in the general average, for, taking nine years ending with 1888, we find the monthly average to be \$226,446, the annual average \$2,717,351, and the loss ratio 42.5. The lowest loss ratio was in 1881—35.5, and the highest in 1889—83.1. The months when the losses were heaviest present an experience for the 10 years differing widely from that noted in the country at large. Thus, on the Pacific Coast the four months of highest loss were June, July, August and September, with May and October not so very far behind. In the whole United States, for fifteen years, the highest monthly averages, according to the *Chronicle Fire Tables*, for 1890, are found in January, February, March, November and December, January taking the lead, with December closely following. On the Coast the conflagration months are exactly the reverse of the general average and experience. Why? Is it on account of the protracted absence of rain, together with the less solid and more combustible character of the buildings, as a whole, west of the "rockies"? It would certainly seem so.

WE NOTICE THAT our contemporary, *Le Prix Courant* of this city, in some comments on the Longue Pointe fire in its issue for May 16, while bestowing deserved commendation on the Royal for prompt payment of the loss, takes occasion to cast a slur on the rank and file of fire insurance companies. It advises large establishments to insure in a gross sum with one

broker, and gives as a reason therefor the delays which it claims take place in the settlement of a loss when dealing with several companies who, it says, "come to an understanding between themselves to make the settlement at one time, and those who would pay down upon the nail wait for those who are obliged to finance, so that generally the full legal delay expires before the loss is settled; whereas in having the affair in a single solid company, which afterward makes the distribution of the risk, this company is not kept waiting for the others," etc. Now this is untrue in statement and bad in logic. It is a notorious fact that, so far from all the other companies with concurrent policies on a risk waiting for one or more of their number to "finance" before payment, there is lively competition to see which shall be first to pay, and every company is equally keen to score a hit for promptness. Prompt payment is as much a characteristic of the smaller as of the largest companies, and the attitude taken by our contemporary is an impeachment, unwittingly, we trust, of both the honesty and the financial ability of the insurance companies in general. Those worthy of the name do not have to "finance" to pay their debts, but are ready, as soon as the question of liability is settled, to draw their checks with that promptitude which was so creditably illustrated by the Royal in the Asylum loss.

LIFE ASSURANCE AND INVESTMENTS.

We need not state to the intelligent reader that the income from the invested funds of a life assurance company is of essential importance to its stability. One of the fundamental principles of the business is that its funds must not merely be held safely in trust for the future benefit of the members, but that these funds must accumulate by the power of compound interest, that accumulation to be measured by a fixed minimum standard. That, as a rule, interest accumulations actually realized considerably exceed the amount called for by this fixed standard is well known, and is a very satisfactory fact. The investment in such a manner as to secure such a result, however, of the more than sixteen hundred millions of dollars, held by the various legitimate life companies of the English-speaking countries, is no child's play, as may readily be conceived. Obviously the first consideration in seeking investment is that of absolute safety, and how to invest at the minimum of risk and the maximum of profit certainly calls for management of the highest order of ability.

It is a most significant fact, and one which cannot too often be insisted upon, that the failures which have occurred among life assurance companies have mainly been brought about by managers who have ignored the prime feature of safety before all else in making investments. In this era of enterprise and bustling activity, with new ideas on every hand seeking capital to give them embodiment, added to the various lines of established industries and the wide range of landed interests, the opportunities for investment of funds are plentiful. As to wise selection from this broad field, there is doubtless room for differences of opinion among

competent and honest managers of life companies; but in this department of management it is not too much to say that rigid conservatism should be chief counsellor.

It will be remembered that in the November number of the CHRONICLE we presented an analysis of life companies' investments for 1888, in which it was shown that of the total assets about 68 per cent. consisted of real estate owned and loaned upon, government securities, loans on policies in force, debentures, and cash on hand. The balance was in collateral loans, railway and telegraph securities owned, and various miscellaneous holdings. We herewith present some results of an analysis of the United States companies, or rather of those reporting to the New York Insurance Department, for 1889, touching the investment of their funds in what may be called current securities, those having changeable values, and for the most part quotable in the financial market. There are 30 companies reporting, but 25 only are here considered, as five of the thirty have no investments to speak of in the classes of securities here named. The net or invested assets of the entire 25 companies are \$614,237,821 and the total admitted assets \$644,349,456. We base our percentages on the invested assets.

CHANGEABLE SECURITIES OWNED.		
Kind of Securities.	Total Amount.	Pct'g'e of Net assets.
Railway and Transportation Cos. stocks or bonds.....	\$157,723,442	25.91
Bank and Trust Cos. securities.....	6,242,215	01.58
Telegraph, Telephone, Gas, Express, Dock and Mfg. Cos. securities....	5,954,870	01.22
Total, 25 Cos.....	\$ 169,920,527	27.66
COLLATERAL LOANS.		
Railway and Transportation Cos.....	\$ 26,079,530	04.34
Bank and Trust Cos. securities.....	1,187,875	00.22
Telegraph, Telephone, Gas, Express, Dock and Mfg. Cos. securities....	3,218,392	00.60
Total, 25 Cos.....	\$ 30,485,797	4.96
Aggregate, Owned and Collateral.	\$200,406,324	32.62

From the above it will be seen that, practically, one third of the net assets of the companies considered are invested in securities having a fluctuating value, as compared with municipal or town or county debentures or real estate. Stocks and bonds of railway and transportation companies constitute more than nine-tenths of the above aggregate. Securities of telegraph and telephone, gaslight and express companies, and the like, make quite an item, being over nine millions, owned and held as collateral; while bank and trust companies' stock exceed seven millions, mostly owned by the companies. These railway and kindred securities have doubtless been selected with much care, and, as a rule, only those issued by companies well established and of recognized character and value are included in the investments of life companies. But is this large proportion of securities of this kind altogether wise, nevertheless? It is not very many years since the securities of the Lake Shore and Michigan Southern and of the Michigan Central railroads, for instance, were considered among the best, and the stock was sought after with perfect confidence. A great many people since then would have been glad to find buyers

at a figure a long way below par. Just what combinations of "railroad kings" may turn some of the now considered "gilt-edged" securities topsy-turvy, and just when Wall Street is to look for another "black Friday" is a problem not easily solved. The fact is that there is a vast deal of uncertainty attached to this class of securities, and, as assets realizable under any and all circumstances, they are not a dead sure thing by any means. They are essentially fluctuating securities, and hence their price must vary between that "cost" and "market" value with which we have become so familiar in the insurance reports.

We submit that two hundred millions of dollars is a very large sum to invest in securities of such a nature as to require daily quotation in the stock market. With their more than eighty-six millions of surplus, of course the American life companies might easily, should occasion require it, write off a considerable amount for depreciation of securities without special peril to the business, but it would be still better not to have the occasion come. All things considered, investments to some extent in the class of securities we have noted may be a sort of necessity for the New England and New York companies, but it is quite apparent that they have gradually allowed this element to assume rather unwieldy proportions, and a little shifting of the investment sails may prove to be a good thing for the vessel, even if fair weather should continue indefinitely.

THE AMERICAN LIFE FAILURE.

The report of the special examiner of the American Life of Philadelphia, assigned to that duty by Insurance Commissioner Forster, shows that the most unwarrantable system of "borrowing" has been going on for months under the sham of "loans on collaterals," the collaterals to the extent of over a million dollars being worthless. President Macfarlane borrowed on such security nearly half a million dollars, while his associate speculators and the American Financial Association, of which these worthies were officers and co-directors with Macfarlane, borrowed quite as much more. The company is in the hands of the Real Estate Title Insurance and Trust Company of Philadelphia as receiver, and the best that can be expected by the policyholders is less than fifty per cent. of the reserve value, and that after long waiting for the "winding up" process.

What kind of supervision Insurance Commissioner Forster exercises over the companies of Pennsylvania now appears most conspicuously. Knowing for months past that Mr. Macfarlane was prominently engaged in various questionable speculative enterprises, and with his attempt to buy the control of a ten-million dollar life company of its greedy president who controlled the stock fresh in mind, Commissioner Forster made no examination of the assets of the American Life, and apparently did not even take the trouble to verify the truthfulness of the company's last annual statement. In an attempt to find an apology for this incompetence, the *Spectator* says: "It should be remembered that the

reports of all life companies have been in the hands of the commissioner but a short time, and it is doubtful if he had had leisure to scrutinize them all." We were under the impression that the Pennsylvania commissioner was expressly appointed and paid a large salary to "scrutinize" carefully the affairs of all reporting companies, and especially those of his own State, not at his "leisure," but as a matter of important and immediate business. As there are but four regular life companies belonging to Pennsylvania, whose reports were all in, if made according to law, at least three months before the immediate signs of a collapse appeared, it would seem that Commissioner Forster, if even remotely attentive to the duties of his office, should have found time from looking after his own private and personal affairs to bestow a little attention to the business he was appointed to supervise.

The whole affair seems to be about as crooked as it could well be, the company having been used apparently for some time by its manipulators simply as a tender to their reckless speculations, without the least regard for the sacred trust committed to them, and involving the protection of several thousand prospective widows and orphans. A supervision worthy of the name would have discovered this state of affairs and prevented the catastrophe. Whether the wreckers have succeeded in committing their depredations under the forms of law sufficiently well to escape punishment is perhaps problematical, but nothing can be clearer than that the best service Commissioner Forster can possibly render his fellow citizens is to resign.

TERM RISKS IN FIRE INSURANCE.

The following remarks on term business, made by President D. A. Heald in his annual address before the National Board of Fire Underwriters, held recently in New York, are very suggestive and will well repay perusal just at this time:

The two-year risks have fallen off nearly twelve million dollars, and the average rate has been increased from .7546 to .7894.

The three-year risks show a decided increase of nearly four hundred million dollars, with a decrease in average rate from .8867 to .8847.

The four-year risks have increased over seven millions, with a decrease in the average rate from .9528 to .9264.

The five-year risks have increased over one hundred and thirty-eight millions, with a decrease in the average rate from 1.2331 to 1.2227.

It is worthy of notice that the term business equals 27 per cent. of the amount of risk written and 24 per cent. of the premiums received during the year 1889. It should also be noticed that the term risks taken off in 1889, with the exception of those of two years, are at a marked reduction in rate from that obtained on the risks that have severally run off during the year; a lower rate on a larger risk has taken the place of a higher rate on a lesser risk; certainly these facts are worthy of consideration, and should lead to a return to a correct formula, and an increased annual rate as the basis of that formula.

Unless an advance can be had, the time is not far distant when the losses coming from this enormous term business, put upon our books at totally inadequate

rates, will far exceed the legal reserve held against such losses, and the unearned reserve, instead of yielding an ultimate profit as risks run off, will become a source of positive loss, in other words, wholly insufficient to meet the actual loss on such business. A glance at Table XII. will astonish, if not alarm, most of us, as it discloses \$1,835,000,000 more of five-year risks in force at the close of 1889 than at the close of 1877, and at a reduced average rate of 23 cents on each \$100, or over \$5,000,000 less premiums than we should have received if the 1877 rate had been obtained.

A closer examination of this table will show that of the grand total of risk at close of 1877, twenty-nine per cent. were term risks, while at the close of 1889 term risks formed fifty-three per cent. of the grand total at risk. Herein may be found a large working factor in the results of recent years, and one that portends no good in the future.

Time is exacting the penalty of the bonds we have been giving the past twelve years. These term risks swell our unearned reserve beyond the normal and healthy condition of our business, and are certain to produce a bountiful crop of losses; large reduction in surplus, even under present rates and conditions. How of the past twelve years become to those who may be called upon to meet responsibilities thus entailed upon them by inadequate rates and incorrect formula. The general drift the past year in term risks has fortunately been in the direction of three years as against five, and is a step toward retrieval of past mistakes.

THE PROTECTION OF POLICYHOLDERS IN IMPAIRED LIFE COMPANIES.

The recent failure of the American Life Insurance Company of Philadelphia once more raises the question as to the proper course to be pursued to save as much as possible for the policyholders when a life company's reserve becomes impaired. Experience has abundantly demonstrated in the United States the way *not* to do it. That is, to commit the company to the hands of one of those licensed pirates called a "receiver." Companies under the laws of New York have been thrown into the hands of a receiver, both with and without collusion between the court and insurance officials for slight impairments which, under honest, common-sense methods, would have been prosperous to-day and carrying out their contracts with their policyholders. As it is, after from eight to twelve years of the winding up process, during which half a dozen men, including the lawyers, have "absorbed" most of the assets, the policyholders, living and dead, are left to look for satisfaction in the world to come; they certainly cannot get it in this. Theoretically, the receivership system is very fine; practically, it is a system of legalized robbery, and a disgrace to the times in which we live, which evolve brains to build up mammoth life assurance companies, but apparently none competent to save them from wreckage when once among the breakers. In this connection we desire to call attention to the very timely and common-sense paper on the proper treatment of a life company whose reserve has become impaired, read by Mr. Sheppard Homans, the well-known actuary, before the Actuarial Society of America at its April meeting in New York. After pointing out the fact that the company is a party to a most impor-

tant contract which cannot, under the Constitution of the United States, be abrogated or impaired by the passage of any law whatsoever, Mr. Homans says:

Not only is the insurance a contract or vested right, which may not lawfully be impaired, but its equity or value varies with the altered health or personal conditions of each individual insured. The equity or value in the case of a person in vigorous health is quite different from that of one in impaired health. The former may obtain all the insurance he needs or desires elsewhere; the latter is deprived of this advantage. We have, then, in the United States, both statutory restrictions and abstract equity to urge against any avoidable impairment or destruction of a life insurance contract. In Great Britain the law is different—Parliament has the power to direct that when the assets of a company are insufficient to meet its liabilities, the insurances may be uniformly reduced in amount, and thus the deficiency may be removed. This power has been exercised, and the "scaling process" has been resorted to as the best method by which to prevent a company from going into bankruptcy.

Mr. Homans however sees serious objections to the scaling process, which he pointed out to the managers of the Charter Oak Life in 1877, when its reserve became impaired by the throwing out of some \$5,000,000 of its \$13,000,000 of assets by the Connecticut Insurance Commissioner, and when the company sought his counsel. He states in detail his objections as urged at that time, and suggested what he considered a better course to pursue. His plan is stated as follows:

A carefully prepared statement should be sent to each policyholder, showing in detail the total assets, available and unavailable, and the total liabilities; also showing the resulting deficiency. The necessity for the policyholders to come to the relief of the company, in order to protect their own interests, should be clearly set forth. These several points should be fully explained by proper persons and by personal interviews, so far as practicable. The theoretical remedy would be for each policyholder to give a check for his share of the deficiency, viz.: forty per cent. of his net reserve. The impairment would thus be removed and the company could go on without question. Such a course would, of course, be impracticable, but if each policyholder could be induced to give a written obligation, or lien, bearing four per cent. interest, for his proportion of the impairment, to be deducted in settlement of his policy, the same results might be obtained. Confidence would be maintained or restored, the full income would be preserved, unnecessary expenses would be avoided, agents' interests in renewal commissions would be preserved, and all the insurances would remain intact. The company should agree that if the assets then unavailable should ever, in whole or in part, become available, each policyholder should receive a *pro rata* credit on his lien, and that any current surplus should be applied to reduce the interest thereon.

Such is the essential feature of the plan proposed by Mr. Homans, and which, endorsed by other actuaries, was adopted by the company. "Unfortunately, however," says Mr. Homans, "they decided not to abandon the 'scaling process,' but to offer simultaneously both plans to the policyholders. The result, as foretold by me, was a selection against the company and its final winding up in bankruptcy."

This plan is business-like, simple, and would, we think, be effectual; always provided that the management of the crippled company is such as to command the confidence of the policyholders. In the case of the American Life, had such a plan been proposed to the meeting of policyholders in Philadelphia the other day, it would no doubt have been gladly accepted, provided President Macfarlane and his clique were to retire and competent and honest officers placed in charge. The suspicious haste with which the men in control of the company threw it into the hands of a receiver, without waiting for the completion of the *quo warranto* proceedings by the attorney-general, has, however, effectually prevented any plan for the preservation of the policyholders' interests, unless, as is remotely possible, complete reconstruction or re-creation, with a new name under the old charter, should take place, and re-insurance of the American's policies be effected. Even this, however, would be less desirable than the application of Mr. Homans' plan, had that been possible. It is about time for the insurance brain of the country to inspire the legislative brain to the adoption of a settled policy of protection for members of impaired life assurance companies, which shall shut the door upon the present piratical system and recognize the constitutional sacredness of the life assurance contract.

COMMERCIAL UNION ASSURANCE COMPANY.

This company's annual report for 1889, which we elsewhere lay before our readers, will be scanned with pleasure by its many friends. It is a record of progress in all the essential elements which go to make sound underwriting ability. Though far from being among the oldest, the Commercial Union may fairly be counted among the safest and most progressive of the companies, if careful management and steady accumulation of funds are a criterion.

First, glancing at the fire insurance branch of the company's business, we find that there has been an increase during the year of \$296,000 in net premiums, which amounted to a total of \$4,238,995, the total losses paid and outstanding having been \$2,466,790, or a little over 58 per cent. of the premiums. This is an increase of a little over one per cent. as compared with 1888, and when we consider the unusually heavy losses in the United States experienced by all the companies, the increase is a very light one indeed. To offset this, however, may be noted a decrease in the ratio of management expense, which was a very moderate one before. The result of the year's fire underwriting was every way gratifying, for the profits were sufficient to enable the carrying to the fire fund from that source of the sum of \$225,000. That fund at the close of 1889 amounted to \$3,862,865 as against \$3,543,390 at the close of 1888,—a most substantial increase.

The total assets of the company have grown very considerably, and now amount to \$14,597,480. Of this amount, the greater part consists of paid up capital, \$1,250,000; the fire fund, \$3,862,865; the life fund, \$5,915,925; the marine fund, \$1,250,900, and the general reserve fund, \$1,000,000.

The steady progress made for a series of years may best be seen by the following comparison at intervals of three years:

Year.	Net Premiums.	Fire Fund.
1873	\$1,665,210	\$ 745,770
1876	2,786,960	1,646,805
1879	3,189,435	2,400,425
1882	3,782,210	2,579,800
1885	3,835,805	2,815,345
1888	3,942,975	3,543,390
1889	4,238,995	3,862,865

In the life branch, so admirably managed by Actuary Young, the year's transactions have been entirely satisfactory as to results on the right side of the ledger, though the volume of business has not been so large as might perhaps have been profitably sought after. The number of policies issued was 577, assuring \$2,159,580, on which the premiums were \$82,445. The death rate was below the table rate and the expense ratio among the lowest. We notice that the life fund was increased by \$439,360, making that fund stand at \$5,915,925 at the close of the year.

We need scarcely say that the operations of the company, especially in the fire branch, cover a broad field, of which the Canadian and United States business forms a considerable part, and where the company is as widely and favorably known as at home. Under the vigorous management of Messrs. Evans & McGregor, the Canadian business for 1889 kept well to the front, and shows a handsome contribution to the general success. The total net premiums amounted to \$305,770, or nearly \$16,000 more than for the preceding year, while the total risks written amounted to over \$28,000,000, an increase of more than \$2,000,000. The Commercial Union has invested liberally in Canada, the total assets here now amounting to \$266,179, and its general policy of fair treatment toward all its patrons has been highly commendable. So long as the head office management is committed to such men as Manager Owen and his assistant, Mr. Morant, and in the field to men of the stamp of Evans & McGregor, continued success may well be looked for.

The Queen Insurance Company presents a very satisfactory report for 1889. The total net premiums on the fire business were \$2,993,385, a gain of \$56,335 over the previous year, although the loss total was less than for 1888. The amount carried to profit and loss was \$282,815—a good year's work. The Canadian business under the management of Mr. H. J. Mudge showed an increase, and was transacted at a handsome profit, as a loss ratio of 45 per cent. would clearly indicate.

At the recent annual meeting of the Scottish Union and National, a vote of thanks was passed to the American manager and the American trustees. The director's report says: "The directors are happy to state that they have arranged for a continuance of the services of their American manager, Mr. Bennett, the term of whose engagement was about to run out and in whose capacity and judgment and loyalty to the company they continue to have every confidence." The annual statement showed shareholders' profits for 1889 amounting to \$340,000, and that the average profit on the fire business for the past five years has been equal to 14½ per cent. of the premiums.

STATISTICAL ABSTRACT OF THE CHARTERED BANKS IN CANADA.

Comparison of Principal Items.

<i>Assets.</i>	30th April, 1890.	31st March, 1890.	30th April, 1889.	Increase and Decrease for month.	Increase and Decrease for year.
Specie and Dominion Notes	\$16,233,756	\$15,869,791	\$16,42,348	Inc. \$363,965	Dec. \$192,592
Notes, cheques and balances due from Can. banks ...	9,068,562	8,969,963	9,081,417	Inc. 98,599	Dec. 12,855
Due from American Banks and Branches.....	11,055,433	10,393,027	17,537,918	Inc. 662,406	Dec. 6,482,485
Due from British Banks and Branches.....	483,993	1,841,256	1,352,577	Dec. 357,263	Inc. 131,416
Government Securities	8,086,568	8,096,836	7,555,925	Dec. 10,268	Inc. 530,643
Loans and Collaterals	13,742,336	13,165,822	13,628,471	Inc. 576,514	Inc. 113,865
Loans to Corporations	25,939,428	25,354,201	23,801,422	Inc. 585,227	Inc. 2,135,006
Discounts to the Public.....	152,069,707	152,317,486	150,186,470	Dec. 247,779	Inc. 1,883,237
Overdue debts, including those secured by mortgage.	3,014,724	3,057,670	2,765,995	Dec. 42,946	Inc. 246,729
Total Assets.....	250,174,578	248,709,510	253,859,912	Inc. 1,465,068	Dec. 3,675,334
<i>Liabilities.</i>					
Notes in circulation.....	30,671,938	31,772,281	31,299,842	Dec. 1,032,343	Dec. 627,904
Government Deposits, Dominion and Provincial.....	6,878,129	6,982,564	11,638,553	Dec. 102,135	Dec. 4,760,424
Deposits from the public.....	125,337,670	123,809,034	122,015,845	Inc. 1,527,516	Inc. 3,321,825
Loans from other Banks	2,672,448	2,428,068	2,701,387	Inc. 244,380	Dec. 28,939
Balances due to American Banks	113,893	193,921	162,073	Dec. 80,028	Dec. 48,180
Balances due to British Banks	2,825,527	2,291,824	4,644,395	Inc. 533,703	Dec. 1,818,803
Total Liabilities	168,522,521	167,564,544	172,701,630	Inc. 957,977	Dec. 4,179,109
<i>Capital.</i>					
Capital paid up.....	60,332,641	60,204,018	60,237,668	Inc. 128,625	94,973
Reserve Fund.....	20,570,333	20,565,333	19,211,999	Inc. 5,000	1,358,334
Directors' Liabilities.....	7,144,605	7,236,881	8,674,346	Dec. 92,276	1,529,741

THE GENERAL SITUATION.

When, in our issue of May 1st, we discussed the new Banking Act, it was then in an unfinished state and pending the final action of the Senate. We were not of course then able to say in what form it would reach the public. We are now in a position to state in relation to the Act that, while it is not all that we desired, yet it is, to say the least, the most workable—if such a term may be used—that we have yet had given us, and we see no difficulties likely to arise which may not be regulated reasonably well by the provisions of the new law. It would seem at present a waste of time and space to go into the details of the Act, which will soon have passed through the hands of the Queen's printer and become public property; especially as there is a year from first of July next for the present Act to remain in force, and during that period the new one can be leisurely examined. We shall no doubt deem it for the interest of our readers to refer to its various provisions from time to time.

The April Bank Statement is above presented, and while the changes are not of such a nature as to sound the tocsin, still there are peculiarities that are unusual and worthy of scrutiny. We find a reduction of over a million of dollars in bank notes, but an increase of nearly \$364,000 in specie and Dominion notes. Loans between banks in Canada show an increase, and balances due from American banks an increase of nearly \$700,000. Loans to corporations have increased, but current loans to the public have declined. Deposits from the public have increased over \$1,500,000. In glancing over the statement it may be seen that total assets and total liabilities show an increase in all the provinces except Ontario and New Brunswick; in these two a decrease has taken place. It is, however, a difficult matter under our Banking system, which admits of branches

throughout the several provinces, to trace the cause of these variations between provinces. The capital stock has undergone the following changes:—

Subscribed capital increased:—	
Bank of British Columbia.....	\$486,667
Traders Bank.....	9,500
Capital paid up increased:—	
Bank of British Columbia.....	243,333
Traders Bank.....	9,500
Western Bank of Canada.....	500
Banque de St. Hyacinthe.....	185
Banque de St. Jean.....	55
Commercial Bank of Manitoba.....	50

Banque de St. Jean reduced subscribed capital \$2,000, as also did the Federal Bank (in liquidation) \$125,000. On the whole, the situation in the banking aspects of the Dominion is fairly satisfactory.

The liquidators of the Central Bank of Toronto have been denied their application to the courts to have the North American Life of that city made a contributory to the extent of \$13,500 as double liability, under the law, for shares of the bank held in 1887 as security for a loan. Though the loan had been paid and the shares reassigned by the company, the claim was made on technicalities.

Aaron C. Goodman, the late president of the Phoenix Mutual Life of Hartford, has been sued by the company to recover \$100,000 of dividends taken on the stock held by him to which he had no right, as is alleged. It will be remembered that when the reconstruction took place some months since, all the other stockholders paid back the excess of dividends taken, as recommended by the committee to whom the matter was referred.

COMMISSION RATE FOR THIRTY YEARS.

Table showing ratio of commissions to each \$100 of premiums of companies admitted to New York State, for each year since 1860.*

YEAR.	Number of Companies.	Fire, Marine and Inland Premiums.	Commissions.	Ratio.
		\$	\$	
Insurance Companies of the State of New York.				
1860 to 1865, inclusive..	av. 101	67,251,225	5,743,042	8.53
1866 to 1870 " " "	104	115,788,623	13,570,567	11.72
1871 to 1875 " " "	96	110,460,312	14,943,907	13.52
1876 to 1880 " " "	88	97,652,428	15,520,511	15.89
1881.....	71	22,123,052	3,952,740	17.86
1882.....	66	21,875,944	3,854,654	17.62
1883.....	66	24,876,826	4,540,261	18.25
1884.....	61	27,472,612	5,018,898	18.26
1885.....	59	28,121,356	5,320,609	18.92
1886.....	60	28,224,005	5,129,381	18.17
1887.....	57	27,644,785	5,152,294	18.64
1888.....	55	27,182,874	5,247,562	19.30
1889.....	55	27,909,637	5,415,476	19.40
Co's. of Other States Doing Business in New York.				
1860 to 1865, inclusive..	av. 34	42,081,618	4,575,829	10.87
1866 to 1870 " " "	47	95,856,081	12,100,634	12.62
1871 to 1875 " " "	71	145,300,075	20,797,320	14.29
1876 to 1880 " " "	67	117,726,613	17,612,678	14.96
1881.....	55	25,233,476	3,963,526	15.71
1882.....	55	26,954,052	4,257,603	15.79
1883.....	60	31,020,839	5,139,143	16.56
1884.....	60	30,479,063	5,232,417	17.16
1885.....	67	32,672,383	5,570,303	17.05
1886.....	80	36,873,706	6,269,610	17.03
1887.....	78	37,686,992	6,637,758	17.61
1888.....	75	40,280,784	7,226,251	17.93
1889.....	76	41,956,775	7,620,301	18.16
Foreign Companies Doing Business in New York.				
1860 to 1865, inclusive..	Not attainable.
1866 to 1870 " " "	av. 4	15,714,051	2,124,456	13.50
1871 to 1875 " " "	10	49,839,260	7,288,949	14.62
1876 to 1880 " " "	19	62,540,776	10,759,160	17.20
1881.....	26	19,146,124	3,439,261	17.96
1882.....	28	24,916,826	4,369,718	17.53
1883.....	25	25,201,595	4,398,389	17.45
1884.....	24	24,926,161	4,236,977	16.98
1885.....	23	25,391,002	4,534,517	17.85
1886.....	23	25,737,526	4,645,537	18.04
1887.....	23	26,803,374	4,911,107	18.32
1888.....	22	27,848,382	5,126,960	18.41
1889.....	22	28,872,249	5,453,535	18.89

*Table X, National Board Report.

Correspondence.

We do not hold ourselves responsible for views expressed by Correspondents

OUR LONDON LETTER.

Editor INSURANCE AND FINANCE CHRONICLE:—

The committee of the House of Commons have passed the bill for a new railway, to be called the Central London Railway, and there is every hope that we shall soon have a new means of travelling from the city to the West. This new railway will be under ground, very much so indeed, for it is going to be dug at a depth of over 50 feet from the surface, and will thus avoid the disturbance of drains and pipes, which, in previous cases of the kind, has added so much to the expense of making the lines. The usual arguments about disturbing foundations were of course brought against the plan, but at this depth there is really no fear of mischief of this description, and the engineers maintain that the ventilation will be all the better for the great depth, as the shafts will be so much the longer, and so act with more power. Electricity is to be the motive power, so that the state of semi-suffocation which the passengers, by the existing

underground railways, occasionally find themselves in, will, it is hoped, be entirely avoided. A fine fight has taken place between the promoters of the railway and the owners of the property, under which, or shall I say through which, the line is to pass. The owners maintain the old idea that the property of a freeholder goes down to the centre of the earth and up to the sky, while the railway promoters suggest that as the freeholders had no real interest in the ground at the depth the railway was to run, they ought not to want compensation. Nevertheless they did want and will get it.

A DREADFUL SCHEME!

I wish the above scheme all success, but I have now to draw attention to one so awful, that my very ink seems to turn pale as I write.

A bold bad man from your side,—not, however, from your noble Dominion, but from lands far below you, in fact, a Yankee,—has dared to suggest the covering over of the river Thames!! He wants to build over it a sort of continuous bridge, and points out with malignant glee the large amount of extra building land of the most valuable kind that would be thus obtained. Valuable it certainly would be, at all events from the builder's point of view, but at what a price it would be obtained! I admit with sorrow that London River is not as clear as it might be, but it has been wonderfully improved in the last few years, and those who have seen it as I have seen it, at daybreak on a summer's morning, and by moonlight on a winter's night, will admit that it is a most beautiful river, by far the most beautiful thing we Londoners possess. And now our Yankee friend (your printer may leave out the letter r if he likes) suggests that we should turn our river into an underground ditch. Our boats are to float in a kind of sewer, our outings on the water are to be outings no longer, and our great source of air and freshness is to become an eligible building site. *Anathema Maranatha*. But alas, I cannot do justice to it. Denham's famous line on the Thames: "Strong without rage, without o'erflowing full," does not describe the feelings of your correspondent just now.

RAT SUFFERERS AND SUFFERING RATS.

We are suffering from a plague of rats, and perhaps the condemnable suggestion of the condemnable Yankee was made with a view to their interests. Our government has forced us to put muzzles on our dogs, but in a sort of intermittent way, so that good dogs are led to believe that when the muzzles are off them they ought to bite people, whilst bad dogs are made more "bitey" than ever. The one obvious result is a great increase in rats. The other day there was a fine fire at the oil mills of Sir W. A. Rose & Co., at Bankside. I can't do better than quote the account given by a leading journal: "Whilst the fire was raging, thousands of rats driven from their refuges by the burning oil swam across the river to the shore near St. Paul's. At a meeting held at Southwark last evening, a committee was appointed to relieve the sufferers by the fire." I think this is carrying kindness toward beasts a little too far.

A DUBIOUS KIND OF PROTECTION.

There has been a good deal of fun in some of the continental theatres lately through the freaks of the electric light. It has a lively way of fusing its wires at times, and the molten metal has a disturbing effect upon the audience. We are using the electric light very much for ball room illumination, and a Parisian genius has invented a dress material for the ladies, which will certainly possess the great quality of preserving them from electric shocks. He proposes to dress them in spun glass. Now this seems all very well. Glass is an almost perfect non-conductor of electricity, and is certainly quite unflammable; but then, glass is transparent. We have at least legendary authority that glass slippers can be worn, whether of spun glass or not is not specified; but when it comes to wearing glass, ahem, other things, might it not be rather,—but perhaps the subject had better not be pursued.

SLOW MAILS.

People are grumbling here that the New York mails are being

carried in slow ships. However, my letters reach you quite soon enough, and your entries of them are admirably regular, but some people are never satisfied. Now, we are going back to the old mail coach system. A three horse mail coach is running between Liverpool and Manchester with a smartly uniformed guard and driver, and no doubt a musical horn. I believe the orthodox blunder-buss is discarded in favor of a modern revolver, but of course something must be conceded to the spirit of the age. If the coach is found a success, several more will be started, and doubtless the legitimate highwayman will soon be revived also. Then the life companies may have occasion to make a special rate. With regard to letters, we are trying to get our postal authorities to mark on them the hour of collection as well as the date. I believe that on your side you are ahead of us in this matter as in some others.

SOLE-LY ACCIDENTAL.

The last thing in accident policies comes from Glasgow. An enterprising son of Crispin there offers a free accident policy and with every pair of boots, and according to the price of the boots is the amount your sorrowing relatives receive if you come to an untimely end when wearing them (the boots, not the relatives). How much boot must be left to make the claim valid is not stated. There is a story of a man who asked his bootmaker whether his boots were worth mending, and received the reply that "with a new pair of soles and fresh uppers, the laces might last a bit longer." Would the laces in such a case renew the accident assurance?

I cannot close my letter without expressing the sympathy we all feel for our Canadian friends in the dreadful calamity you have sustained at your asylum at Longue Pointe. I have read of many fires, but never of one, I think, more terrible than this.

TAMESIS.

A HIT BIRD THAT FLUTTERS.

LONDON, ONT., April 24th, 1890.

INSURANCE AND FINANCE CHRONICLE:—

To the Editor
The advertisement that appears on most of the periodicals of the day, inquiring "Good morning, do you use Pear's Soap?" is no more common to the general public than the head lines, "The London Mutual," as they appear continually in your columns, are familiar to the insurance fraternity; hence I know you will pardon me for not having noticed the article in your issue of the 1st of April, and it might have escaped me altogether were it not for a facetious friend, who observed to me to-day, that your office boy had evidently taken into his head to have a "go" at you in commemoration of the day your paper was printed on, in imitation of Peck's Bad Boy; and your "kid" evidently thought that he "had you" by taking up your favorite theme. I wish to be charitable in placing this construction on the case, for the article in question caps all the attempts at criticism that I have ever read, even in your paper, and in saying this I say a great deal. Holding this view of the case, I would take the liberty of addressing my remarks directly to the Boy in deference to your feelings.

Now, Boy, in the indulgence of your pastime you have evidently used the "combine spectacles" hanging about loose on the editorial desk. You say "one of the striking anomalies is making the receipts and disbursements for the year exactly balance each other, and showing no balance of cash brought forward to new account." Fie! Fie! Boy, your master himself would not have gone that far, for, if you read the account of receipts and disbursements again, you will find cash balance in Molsons Bank, \$12,713.51 and in Treasurer's hands \$1,198.32, and these balances are, of course, carried forward to new account. Unless your "boss" teaches you better than this, no "second-hand commercial college" will ever admit you within its portals, no, even if you have the full endorsement of your worthy chief. The unearned premium liability is a "fad" of the editor's, and it is too bad, even in fun, that you should again parade it before the public. I wrote the CHRONICLE that

we had a re-insurance reserve on hand, and the Blue Book shows the amount from year to year. Then you turn to our Cash Account again and find fault with a cross entry of \$40,000. Well I would inform the public, because perhaps you do not understand, that for a short time during the year pending, the payment of our assessment, we found it necessary to ask for an advance from our bankers amounting to the sum named, which amount was paid off long before the expiration of the year, hence the entry, for I wish it to be distinctly understood that our *cash* account is what its name denotes, *all* cash receipts and disbursements, and nothing else. Perhaps this may be something new to you, for I have heard that in the cash accounts of some establishments, there often appear very dubious entries under the item of "cash," and it may be that your education, so far, has been in that direction—more the pity. You say that you find another cross entry where mortgages are credited with \$100 in cash account, and the same entry is found "mortgages \$100" among the assets. Poor boy, you do not appear to know what you are writing about; you do not know what the term "cross entry" means; the items you speak of as "cross entries" appear in two distinct accounts,—one, cash received on account of mortgage, and the other the amount of balance due on a mortgage (We had a mortgage for \$200, of which \$100 was paid, \$100 still remains due), yet you go on to say that if "\$100 was received on account of mortgage as appears in the cash account, the inference is that the mortgage was paid, and yet the company still holds it amongst its assets, at least so it appears on record." Great Scott! Boy, your bringing up has been a bad one; what right have you to infer anything of the kind? Your inferences are evidently on a par with the ideas of the chief of the leading combine company of what constitutes the "moral hazard," as given in evidence before Clark Wallace's committee of the House of Commons.

Then we come to your other figures, and at this juncture I am almost inclined to think that the Boss himself had come to your assistance, for such a blundering mass of figures and ridiculous hotch-potch could scarcely be conceived. Amongst other items you make our cash in hand as \$23,750.40, and yet charge the same as a disbursement; then you deduct \$27,568.00 from the face value of our premium notes, and 50 per cent. or \$11,212.00 on unpaid assessments. Now, my gushing adolescent, I would like very much to discover how you concoct these figures. I fear they are again samples of your "inferences." You had no authority whatever in writing the 10 per cent. off the face of our premium notes, and making our loss on assessments, 50 per cent. is on a par with the whole of your deductions. We do not carry the amount due on assessments forward as an asset after two yearly assessments. As you will see, we only claim the balance due on assessment No. 27, \$3,023.24, and amount due on assessment No. 28 (which was in course of collection at the time our books were closed, and which has nearly all been paid since) \$19,401.02. All our assets are fresh and collectable. We write off all doubtful sums at the end of every year, and show to our members and the public as assets only items that may be reasonably considered available. We avoid "inferences," and only avail ourselves of the real and tangible. I must conclude, my Boy, by advising you, even in your wayward joking moods, not to attempt to criticise the business or standing of any company unless you thoroughly understand what you may write or say. I know you are being brought up in a very bad school, and that it is hard to avoid following evil examples, yet perhaps your "governor" may in time see the evil of his ways, but still this is almost hoping too much. I am afraid he has got now so far in the slough of misrepresentation, that sudden death is the only effectual remedy for his malady.

D. C. MACDONALD.

THE OFFICE BOY REPLIES.

In reply to the above, the office boy would remark that the facetious managing director of the London

Mutual is exceedingly entertaining as a correspondent and ingenious as a "twister." We have heard it said that the shrewd thing for an attorney to do, when called upon to defend a hopeless case, is to make fun of the opposing counsel's grandmother, and thus get up a diversion from the point at issue. We suspect that our correspondent has been taking lessons from the knights of the green bag, to whose teachings he is a decided credit. By way of correction, we must inform our ironical critic that he enormously exaggerates the importance which the editor of the CHRONICLE attaches to the existence of the London Mutual, and that his vivid imagination has magnified the frequency with which his company is referred to in these columns. The Office Boy is aware of the fact that his "governor," out of the goodness of his heart, is willing to give an occasional free advertisement to a struggling company run on promises to pay instead of cash, but the "Pear's Soap" parallel is coming it rather strong.

The principal criticism in the article complained of was that Manager Macdonald's statement to the public in his last report was of the jug-handle kind, all on one side,—a big thing for the assets, but hard on the poor liabilities, which really had no show. Even an Office Boy could not help thinking that, inasmuch as the Government requires of all companies that in their sworn statements they charge themselves, as a liability, with the "reserve on unearned premium" on risks in force, it was a slightly misleading report which ignored this pretty large item, while at the same time premium notes and unpaid assessments on premium notes amounting to \$298,104 were paraded as a valid asset! In the absence of the Dominion Insurance Report we estimated the unearned premium liability at \$250,000; but from that report, now before us, we find it to be \$290,309, while the liability for losses adjusted but not paid, given in the report we reviewed at \$6,387, we find stated in the Dominion Report at \$20,287. It has occurred to the Office Boy that the same "enterprise" which led him, before he enjoyed the regenerating society of the CHRONICLE, to show only the sound part of the handle in a jack-knife trade, may have led his worthy mentor to reflect when making up his statement for the newspapers, that the general public would read that, but would never see the Government official report. We confess that to our inexperienced boyish vision there was something captivating—almost fascinating—about that breviter bold-face line in the company's statement which read, "Net surplus assets, \$378,427.28," until we began to figure a little, just for exercise, and found that our arithmetic would only let us make the real surplus assets about one-fifth that amount. And now comes the Insurance Superintendent's report unfeelingly cutting down that \$378,427.28 to exactly \$74,218.41, after counting the \$298,104 of premium of notes as assets. So we begin, modestly, to think that after all our arithmetic was about right, and we have concluded to keep it for future use. The London Mutual needs a new arithmetic and a treatise on "moral hazards." Who will donate these? The Office Boy will pay the postage.

Notes and Items.

The North of England Fire Insurance Co. has turned its small business over to the Yorkshire Insurance Co.

Mr. James Boomer, the Dominion manager of the Manchester Fire, looked in on THE CHRONICLE on his way to the lower Provinces last week.

Mr. Leon de Layen, recently district inspector of the Marine and General Mutual Life Assurance Society, has been appointed inspector of agents for the Sun Life of London.

The North British and Mercantile now has invested in Canadian securities amounting to \$3,390,915 while its total assets have reached the magnificent sum of \$49,032,702.

Mr. Robertson Macaulay, the well-known managing director of the Sun Life of Canada, sailed for England on the 21st ult. for a somewhat extended trip, purely for rest and recreation. *Bon voyage.*

Mr. E. P. Heaton, manager of the Citizens Insurance Co., leaves on the 2nd inst. for an extended visit among the company's agencies in the Northwest and British Columbia, where he will spend some weeks.

The South British F. & M. Insurance Co. of New Zealand, which has been doing business on the Pacific coast, has re-insured that business in the Providence-Washington of Rhode Island, and withdrawn.

The insurance column of the Cincinnati *Price Current*, so long ably edited by the late Mr. S. F. Covington, will hereafter be in charge of his son, Mr. John I. Covington, who is a genuine "chip of the old block."

Mr. Frederick Wm. Frankland, chief officer and actuary of the Government Life Insurance Department of New Zealand, has been appointed assistant actuary of the Atlas of London, and will soon return to that city.

Col. C. Mason Kinne, for many years the able special agent of the Liverpool and London and Globe on the Pacific Coast, has been appointed assistant resident secretary of that company for the Pacific Coast department.

The North British and Mercantile has appointed Mr. H. N. Wood, for some time past special agent at Des Moines, Iowa, manager for Iowa and Nebraska, with title of resident secretary. The new headquarters are at Omaha.

Insurance Commissioner Merrill has been re-appointed to continue for another term of three years in his present position by Governor Brackett of Massachusetts, and the appointment has been unanimously confirmed by the Governor's council.

It is stated that Mr. Walter Kavanagh of this city has sued the Connecticut Fire Insurance Co. for \$25,000 damages, growing out of his prosecution by that company last fall, on the charge of having fraudulently transferred to it a risk from the Scottish Union after the loss occurred, from which charge he was acquitted, as stated fully in our December issue. The company carried the case up on appeal, and we presume the damage suit rests pending decision on the appeal.

Messrs. C. W. Armstrong and W. Colgate, have been appointed by Manager Boomer general agents for Manitoba and the North-West of the Manchester Fire. Both gentlemen are widely known at Winnipeg and have experience in insurance.

The annual meeting of representatives of the older and larger of the assessment life associations of the United States will be held in New York on June 10. We hope they will discover how to unlearn several things and how to learn several other things.

Mr. H. J. Johnston, manager for the Province of Quebec of the Confederation Life, sailed for the Old Land on the 19th ult., to spend several weeks among the bonnie braes of Scotland from which he has been absent for twenty-one years. May joy go with him.

The Coast Review has dispensed with that fearfully and wonderfully made crazy-quilt pattern for its cover, which received such an ovation from its contemporaries, and substituted therefor a plain, business-like and yet artistic design every way commendable.

A Boston soliciting agent for the Provident Savings Life of New York, named Chas. P. Fessenden, has been convicted for the embezzlement of \$6,000 from the company, and sentenced to five years in the State prison. He was a nephew of the late Senator Fessenden.

The late Adam Hudspeth, Q. C., M.P., of Lindsay, believed in life assurance, for at the time of his death he carried \$83,000, said to be distributed as follows: Standard, \$55,000; British Empire, \$18,000; Canada Life \$15,000; and London and Lancashire \$15,000.

Acknowledgments.—We have received from Commissioner Ellerbe Parts I and II of the Missouri Insurance Reports complete, from Commissioner Duncan Part I of the Kentucky Report, and from Commissioner Merrill the introduction to Part II of the Massachusetts Life Report for 1889.

A general meeting of the Manchester Fire has been called for June 5, when the question of increasing the capital by the issue of 20,000 new shares of £20 each, £2 paid up, will be considered. The new shares are to be allotted *pro rata* to the shareholders at a suitable premium, payable in six months.

The five life companies of Massachusetts issued, during 1889, 13,664 policies assuring \$40,658,970, and had in force 74,530 policies assuring \$200,321,657 at the close of the year. The total income was \$10,451,267 and the total disbursements \$7,809,493. The unmet surplus over all liabilities was \$5,953,927.

The following appointments to agencies have been made by Manager Boomer of the Manchester Fire: Quebec, W. J. Fraser; Hamilton, W. Boyd; London, Mr. McPherson, formerly of Lang & McPherson, dry goods merchants; Windsor, Willett Bros.; Port Arthur, W. P. Wiley; Brantford, Mr. Mence.

General Manager Hart has appointed agents as follows for the Canadian field of the Phoenix of Hartford, Toronto, J. B. Boustead, with Messrs. Wyatt & Boustead as sub-agents; London, J. H. Flood for city, and David Smith for district of Middlesex; Ottawa, R. H. Haycock; Port Hope, Lewis H. Ross; Sorel, A. A. Taillon; Three Rivers, J. J. Frigon.

Among the recent callers on THE CHRONICLE are W. Campbell Macdonald, actuary Confederation Life, Toronto; T. L. Morrissey, St. John, N. B., special agent of the Imperial; E. M. Sipprell, St. John, N. B., of the Ontario Life; Dr. Geo. S. Miller, superintendent of agencies Phoenix Mutual Life, Hartford; and Ira B. Thayer, Toronto, of the Sun Life.

Mr. H. Sutherland, the manager of the Temperance and General Life of Toronto, has also been appointed manager of the Canada Accident Company in place of Mr. H. O'Hara, the former managing director. We are pleased to learn that the business now transacted by the Temperance and General is mainly on the level premium plan.

One Dr. Henry Meyer is in jail at Chicago, on the charge of attempted swindling of the Germania Life, for which he was local medical examiner. He is alleged to have procured a policy on the life of his father-in-law, an old infirm man, by employing a younger healthy man to personate him. Other similar frauds on assessment associations have since come to light. There are said to be some very dark passages in his past life, especially in connection with the death of a grocer some years ago, whose widow he married.

Go from home to hear the news. —This is the way the *Insurance World and Monetary Record* puts it: "A terrible conflagration has occurred at the Longue Pointe asylum, near Montreal, by which many lives have been lost and property worth nearly a million dollars destroyed. Several London fire offices were on the risk, notably the Royal, but we fancy the local offices will be the greatest sufferers, as we hear that many of the poor creatures rescued from the flames spread themselves over the country, firing barns and out-houses" !!

The United States Circuit Court, at Des Moines, Iowa, has passed upon the famous case of Henry vs. the Travelers Insurance Co., which has been in the courts for four or five years, and which, as we recorded at the time, was decided in March last at Denver, Col., by a master in chancery (appointed by the Court to make an accounting) against the company. The Court at Des Moines made a decree in favor of the company for some \$90,000, also confirming its title to a large amount of worthless collateral securities and 70,000 acres of land.

Our Fantastic Contemporary, the *Journal of Commerce*, seems of late to be ambitious of distinction in the not altogether enviable role of Paul Pry. It finds apparent satisfaction in trying to discover the amount of salaries received, the terms and duration of the contracts, and sundry other personal matters concerning some of the insurance managers, in order to acquaint the public with the particulars. It is not the custom for reputable journals, we believe, to enter into the private affairs of their patrons, but then the *Journal* always was "a little peculiar, you know."

We quite agree with the Post Magazine of London that the increase the past year of \$210,000 in the revenue of the fire department of the London Assurance is a "forward movement," being the largest increase so far in a single year. Our contemporary well says that "a loss ratio so moderate as 55.8 per cent. is a further guarantee that augmentation of revenue is not made at the price of safety. With this activity it is pleasing to note that the expenses continue moderate, and were last year 32.1 per cent. of the premiums, which is even lower than in the two years preceding." The fire fund, we notice, was increased by \$151,390, and now amounts to \$2,603,390.

"The Chronicle Fire Tables for 1890," like its predecessors, is a publication which not only covers a field all its own, but covers it exceedingly well. Just how valuable a contribution to the knowledge of the underwriting world is made by this publication would at once appear, were it from any cause to be discontinued. Like many other good things which we come to appreciate, only half conscious of their value until we are deprived of them, we use the knowledge so laboriously gathered from the field and chrystalized in *The Tables* with a kind of matter-of-course, half appreciation. Very naturally, the volume grows as the field expands, and we notice that it grows thicker as it gets older. The abridged edition, for common use as an agent's handbook, is a judicious selection of those things most often wanted, and is notably *multum in parvo*.

The "Provincial Provident Institution" is the name of an assessment concern hailing from St. Thomas, and which commenced operations in 1884. In all the time since it has succeeded in keeping enough of its members to report the meagre array of some 2,700 certificates at the close of 1889. With its perpetually increasing assessments, annual dues, "emergency fund" contributions, "reserve fund" contributions, and what not, its members soon find the boasted "cheapness" is all delusion, and drop out. How effectually they drop out is seen by the fact that the terminations, exclusive of deaths, amounted last year to \$1,329,000, while the total new business was but \$1,438,000. In other words, almost as many old members got disgusted, and quit, as, with all its drum-beating and misrepresentations, it induced to come in. This is "building up" with a vengeance. We shall pay our respects more at length to this institution hereafter.

Legal Intelligence.

TERMINATION OF AGENCY.

SUPERIOR COURT—MONTREAL, MAY, 1890.

Thomas M. Taylor et al. vs. The Northern Assurance Company

This was an action by the former agents of the Company, defendant, for a claim arising out of the alleged illegal withdrawal of the Agency without sufficient notice, and the appropriation by the Company of business created by the plaintiffs without making any allowance therefor. The plaintiffs claimed as follows:—

First,—Estimated profit on one year's commission....	\$ 7,500
Second,—Value of rights in the business over and above first item.....	15,000
Third,—Cost and value of books and documents belonging to plaintiffs.....	20,000
Fourth,—Loss on contracts and obligations, material and other expenditure incurred and rendered useless and unremunerative by the undue termination of the Agency.....	5,000

Total claim..... \$47,500

The defendants pleaded *inter alia* to this action that they had committed no breach of contract, that the termination of the Agency in the manner adopted was perfectly legal, inasmuch as the contract contained in the power of attorney from them to plaintiffs provided for a termination of Agency at any time without any notice being provided for, and that in any event the notice of such termination given to plaintiffs (three months) was an ample and sufficient notice, the plaintiffs having during the existence of the Agency received the full remuneration they were entitled to in the way of salary and commission.

The plaintiffs answered that the original contract had been renounced and modified by correspondence between the parties,

and that they had, on the faith of inducements and promises held out and made to them in this correspondence by defendants, made great efforts, and expended, not only large sums of money, but a very great amount of time, skill and labor in extending the business of the Company, in such a manner that they could only look to future returns arising therefrom for an adequate return for such efforts of expenditure, which remuneration they had now been deprived of by the unwarranted withdrawal of the Agency.

The case came up for trial on the 20th instant before Hon. Mr. Justice Davidson and a special jury, and resulted after a five days hearing in a verdict for plaintiffs of \$14,000.

The chief points in the case are shown by the following notes from the Judge's most learned and explicit charge to the jury.

POINTS IN THE CHARGE.

Taylor Brothers became agents of the Northern Insurance Company, in 1867. About the 25th September, 1886, they received a notification from the Company, informing them that connection with it was to terminate on the 1st January following; the sole cause given for the termination of the Agency being a desire on the part of the Company to change the management of the business here from a commission agency to a regular branch office, under control of one of the Company's managers.

Believing this action to have been illegal and the notice given insufficient, Taylor Brothers now sued for about \$50,000, claiming to be entitled to what would represent a year's net profits on their commissions, the value of the rights and connections created by them in developing the business, the value of books and documents appropriated by the Company, and what would represent the cost to them of pending engagements which they could not terminate within the delay given, and which had been incurred especially for the business of the Northern.

The defendants invoked the original contract, and pointed to one of the conditions which made it terminable at the pleasure of the Company, and alleged that their notice was sufficient and their action legal and justifiable.

Under the questions put, the jury had to find what notice the agents were entitled to, what proprietary rights (if any) they had in the business, according to the usages of trade recognized here. As far as the law was concerned, Judge Davidson charged that the original contract was defeasible (terminable) at the pleasure of the Company, and whatever might be the remedies of Taylor Brothers, they would not in law include possible future profits; and that the means which the law usually recognized as alone being sufficient to cancel or extend or modify a specific, written contract was the execution of another contract, equally clear and specific in its terms, but that it might be possible by a long course of dealing or correspondence to produce extensions or modifications, even though no particular act and no particular phrase could be pointed to as in itself sufficient to produce such a result. It was rather an accumulation of acts or of expressions than any specific statements which the jury would have to enquire into. It was necessary for the jury to be more than usually careful in arriving at a decision upon a point of this kind, and their conception of any change or modification, which in their belief had come to exist through these means, ought to be clear and explicit as was that which would be produced by a reading of the conditions of the original contract.

The Judge further stated that as questions had been put to the jury, asking whether or not these usages of trade existed, it would be their duty to find upon the facts so suggested, and to leave it to another tribunal, if need be, to determine, having regard to their other answers, if such usages could be invoked to invade a written contract.

THE VERDICT.

In rendering the verdict mentioned above the jury found:
1. That plaintiffs had been appointed as agents under the contract originally contained in the letters between the parties and the power of attorney from the Company to them, but that

this contract had been renounced and modified by the subsequent dealings and correspondence between the parties, the plaintiffs having been specially given to understand that their Agency would only be terminated in the event of the withdrawal of the Company from Canada, and having been encouraged and induced by the Company's letters to build up a business looking mainly to the future for their remuneration.

2. That plaintiffs continued to act as agents until the end of the year 1886, when the Agency was terminated by a notice previously given in September of that year, which notice was not a sufficient, fair, and reasonable notice, and that under the circumstances a notice of one year should have been given as a sufficient, fair and reasonable delay.

3. That the business of the Company as conducted by plaintiffs was never complained of by the Company; that the business secured was, to a very large extent at all events, the result of the efforts, skill, influence, and expenditure of plaintiffs and the sub-agents employed by them, and that the plaintiffs never gave any cause or grounds for terminating the said Agency, nor were they unwilling or unable to continue to act thereunder.

4. That the sum at which they estimated the net profits of plaintiffs on commissions during the currency of a fair, sufficient and reasonable notice of the termination of the Agency was \$3,500; that the rights and benefits, consisting of the established business connections secured by plaintiffs' efforts which were appropriated by the Company, amounted to \$5,000; that the books and documents belonging to plaintiffs relating to the business, appropriated by the Company, were worth \$1,500; and that the expenditure and liabilities incurred by plaintiffs for the business, and rendered useless by the termination of the Agency, amounted to \$4,000; for which sums amounting in all to \$14,000, they found the Company liable to plaintiffs, and rendered a verdict therefor in their favor.

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ANNUAL STATEMENT.

JANUARY 1, 1890.

ASSETS,	-	-	\$107,150,309.12
LIABILITIES,	-	-	84,329,234.92
SURPLUS, 4% -	-	-	22,821,074.20
" 4½% -	-	-	29,063,684.00
NEW ASSURANCE,	-	-	175,264,100.00
OUTSTANDING ASSURANCE,	-	-	631,016,666.00
INCOME,	-	-	30,393,288.28

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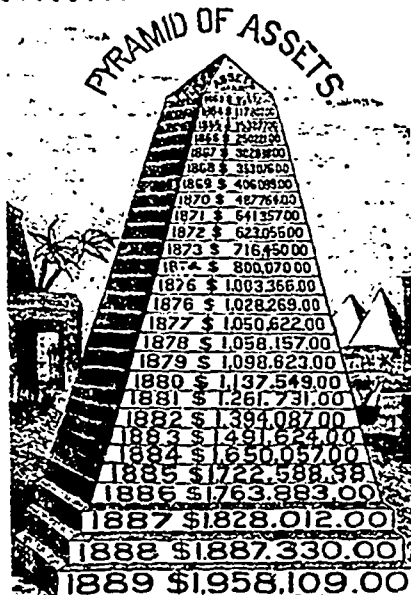
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NET SURPLUS to Stock Holders, 302,101.40
DEPOSIT AT OTTAWA, 123,000.00



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Paid-up "	1,500,000	Life Premiums	\$1,063,415
Accumulated Funds.....	17,005,000	Annual Revenue from In-	
Annual Revenue from		terest upon Invested	
Fire Premiums.....	3,077,300	Funds	44,552

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RE-INSURANCE FUND, 1,749,245.41	
NET SURPLUS	\$2,003,768.84
	1,301,235.39

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General Manager and Chief Agent.

Applications for Agencies Solicited.

The New York Life Insurance Company,

346 & 348 BROADWAY, NEW YORK.

SUMMARY OF FORTY-FIFTH ANNUAL REPORT.

January 1, 1890.

REVENUE ACCOUNT.

Premiums,	\$ 24,585,921 10
Interest, Rents, etc.,	4,577,345 14
<u>Total Income,</u>	<u>\$ 29,163,266 24</u>

DISBURSEMENT ACCOUNT.

Death Claims and Endowments,	\$ 6,252,095 50
Dividends, Annuities and Purchased Insurances,	5,869,026 16
<u>Total to Policy Holders,</u>	<u>\$ 12,121,121 66</u>
New Policies Issued,	39,499
New Insurance Written,	\$151,119,088 00

CONDITION JANUARY 1, 1899.

Assets,	\$105,053,600 96
*Divisible Surplus, Company's New Standard,	\$ 7,517,823 28
†Tontine "	7,705,053 11
<u>Liabilities, New York State Standard,</u>	<u>\$ 88,761,058 57</u>
<u>Surplus, by State Standard (4 per cent.),</u>	<u>\$ 15,600,000 00</u>
Policies in Force,	150,381 00
Insurance in Force,	\$495,601,970 00

PROGRESS IN 1889.

Increase in Interest,	\$ 303,653 06
Increase in Benefits to Policy Holders,	1,148,051 61
Increase in Surplus for Dividends,	1,716,849 01
Increase in Premiums,	3,458,330 35
Increase in Total Income,	3,761,983 41
Increase in Assets,	11,573,414 41
Increase in Insurance Written,	26,099,357 00
Increase in Insurance in Force,	75,715,465 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.

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

HENRY TUCK, Vice-Pres.

ARCHIBALD H. WELCH, 2d Vice-Pres.

BUFUS W. WEEKS, Secretary

THEODORE M. BANTA, Cashier.

A. HUNTINGTON, M. D., Medical Director.

Statement of Canadian Business, Year ending 1st January, 1890.

Premiums Paid,	\$ 610,656 24; Increase over last year	\$ 110,468 00
New Insurance Issued,	4,456,100 00; " " "	620,000 00
New Insurance Paid for,	3,685,100 00; " " "	971,927 00
Total Insurance in force,	14,320,863 00; " " "	2,367,099 00

HEAD OFFICE,
 Company's Building, Montreal.

DAVID BURKE,
 General Manager for Canada.

BRANCH OFFICE,
 103 Bay Street, Toronto.

Active and Reliable Agents Wanted for Unrepresented Districts in Canada.