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SECRETARY OF THE  
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THE

### Insurance and Finance Chronicle.

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OUR READERS WILL remember the free advertising given by the CHRONICLE some time since to the "Provident Mutual Association of Canada," and which, as we predicted, soon went into liquidation. We see by the report of the liquidator that the balance of deposit held by the Provincial treasurer, \$550.71, has been paid over, and claims compromised for the above amount. The report is to August 31, 1889, when the assets were reported as follows: "All book debts and bills receivable, good, bad and doubtful (nominal)," \$57,110.22. The liabilities, consisting of claims, are \$20,887.19, of which \$3,041.16 are claimed by the former secretary as "arrears on salary." And so this handful of "good, bad and doubtful" assets is all there is left of this windy assessment bubble of great pretensions. They all go that way. It is only a matter of time.

SO FAR AS we are aware, the allotment of a bonus of any kind by an accident insurance company to its policyholders is unknown in this part of the world. They do things differently however in New Zealand, it seems, and in this case the difference seems to be in favor of the New Zealanders. From an Auckland letter in the *Australasian Insurance and Banking Record*, we learn that the New Zealand Accident Insurance Company has presented a "bonus policy" for one year to such of its members as have been with the company five continuous years without having met with an accident or making a claim against the company. This is said to be equal in value to a dividend of twenty per cent. on the premiums paid during the

five years. Not a bad idea that, combining the double inducement to remain with the company and to steer clear of a broken head or a sprained ankle.

FIRE INSURANCE MATTERS in the West and Southwest seem to have reached that torrid stage appropriate to the weather. In Chicago, the Western Union, heretofore a most useful and influential organization of fire insurance managers and general agents, is in a turmoil over the alleged advantage accruing to some of the British companies in the appointment of "resident secretaries" at certain points. A meeting was called for June 25 to discuss the matter, but peremptory instructions were telegraphed their representatives by the Eastern companies to adjourn the meeting without action. As a majority of the members of the Union, we believe, are not responsible to Eastern companies, the meeting was held, and though nothing especial was done, a good deal of talking was indulged in which did not go on the records. Meanwhile there is blood on the moon, and it is evident that somebody will have to back down. At Cincinnati the growing dissatisfaction over the writing of large lines by companies over the heads of their agents culminated on the 27th ult. in the issuance of a circular signed by all the agencies of any consequence, 27 in number, and endorsed by all the Cincinnati companies, 17 in number, declaring that if the practice is not discontinued and existing risks so taken not cancelled within ten days, the agents will refuse *en masse* to further represent the offending companies. These companies will undoubtedly heed the warning, for any other course means the loss of their business in the Southwest.

WE HAVE RECEIVED the report of the Inspector of Insurance, Geo. Daveluy, on the business and condition of the mutual insurance companies of the Province of Quebec for 1889. It deals with nine mutual fire companies, all of a local character, and gives the report of the liquidator of the Provident Mutual Association. The report of La Canadienne Life is conspicuous for its absence. The assets of the nine fire companies are given at \$1,215,786, of which \$1,047,94. is in assess-

ment notes, \$81,316 in cash (part of it in the hands of agents), and the rest in unpaid assessments and sundries. The outstanding risks amount to \$18,576,487, against which no liability whatever is charged up. The liabilities reported amount to \$101,152, or \$19,836 more than the cash assets. The value of most of the other assets is very problematical, and as nearly \$17,000 of assessments for the year were written off as worthless, and the unpaid assessments were almost \$59,000, it will be seen that the prospective value of the "deposit capital," *alias* assessment notes, is considerably uncertain. A very bad feature of the business of these local mutuals is found in the fact that almost one-third of their entire risks is in cities and towns. Insurance-wise, these nine companies do not of course count for much, their aggregate business amounting to little more than half that of any one of several of our regular stock companies.

IT IS HIGH time that respectable life assurance companies, great and small, put the curb on that class of unprincipled agents who are in the habit of deceiving policyholders by representing estimates of results as guarantees. The companies pushing for business on the tontine and semi-tontine plans furnish some very attractive estimates, which may or may not be realized. As estimates, clearly understood as such, we have no especial fault to find with this style of canvassing; but for their own reputation and the good of the business generally, the companies are bound to see to it that these attractive probabilities are not used by their representatives for purposes which are fraudulent. The evil is not confined to the tontine companies by any means, as the writer happens to know. The practice is disgracefully common for agents to represent probabilities as certainties when urging some "taking" feature of their respective companies, and when the deception is discovered the company is blamed, and the business injured. The discovery of such practices should subject the agent to summary dismissal.

THE LIFE INSURANCE report of Pennsylvania for 1889, now at hand, enables us to follow the downward course of the United Brethren Mutual Aid Society of that State, which is now twenty years old. Our readers are informed of its constantly decreasing membership and rapidly increasing mortality rate for several years past, augmenting the cost to the remaining membership. A still further cost increase follows the experience of 1889, the decrease in assurance in force having been \$1,672,500. The average cost per \$1,000 to the members was \$47.06, including expenses, and the mortuary cost alone \$44.79 per \$1,000. Five years ago the total cost per \$1,000 was \$37.51, and the mortuary cost \$35.14. Ten years ago it was \$24.00, and the amount of assurance in force about \$20,000,000, as against \$11,702,000 five years ago and \$7,741,000 at the close of 1889. Honestly and economically managed, this association may well stand as a sample of the best that assessmentism can do for its members

for a protracted period. Thus, at the end of twenty years it costs the average member over \$47.00 per \$1,000 for his assurance. Entering at age 35, he could have bought 20-year term assurance in a level premium company for \$16.38 annually or, if at age 40, for \$20.53. Comment is superfluous.

AN INTERESTING CASE has recently been decided, on appeal, by the High Court of Justice, Queen's Bench Division, in England, affirming the finding of the jury in the court below, where one Beach brought suit against the Imperial Union Accident Insurance Company, under a clause promising indemnity for "the total or irrecoverable loss of an eye." A cataract on one eye, causing almost total loss of sight, was the result of an accident. The company contended that if plaintiff would submit to an operation his eyesight was recoverable, though admitting that the recovered sight would probably be at best imperfect. On the other hand, the plaintiff contended that he could not be reasonably required or expected to submit to an operation, and offered the testimony of three eminent doctors that an uninsured person would not submit to a like operation. The court, through Mr. Justice Denman, agreed that the questions submitted to the jury below were proper and the finding just, for if the jury thought the evidence established that the eye was one whose sight was practically destroyed, they were justified in finding for the plaintiff.

WE STATED BRIEFLY in our last issue that a bill had been introduced into the House of Lords, providing that a maximum limit of from \$20 to \$40, according to age, shall be placed hereafter on the amount of assurance allowable on children's lives, and that the amount assured shall be paid only to the undertaker conducting the funeral. It seems that the same bill, in substance, has also been introduced into the House of Commons. The bills have been introduced at the suggestion of that well-meaning but not well-informed, though overzealous, Society for the Prevention of Cruelty to Children. The promoters proceed on the assumption that parents insure their children in many cases, hoping to exchange their lives for the few dollars of assurance money. How entirely false the assumption is will appear from the actual experience for ten years of the Prudential of London, whose death rate, as compared with Dr. Farr's tables based on the English census returns for all children from 1 to 10 years of age, is strikingly lower, being at some ages only *two-thirds* the general rate and considerably less at every age named. Our English exchanges oppose the bill most vigorously as not only based on false grounds, but tyrannical and an unwarranted interference with individual rights. The bill ought to be amended in its title and called "An Act for the benefit of Undertakers," and then relegated to the eternal oblivion of some committee distinguished for never reporting.

IN OUR LAST issue, we referred to the decision of the higher court on appeal in the case of the city of Kingston against the Canada Life, where the lower court upheld the contention of the Kingston authorities to tax the company on its gross income at that place. This decision was reversed in the court above. Chancellor Boyd held, in substance, that the intent of the Act under which proceedings were had was clearly to express by the general term "income" the amount realized after deduction of expenses and losses, and a decision of the Privy Council was cited wherein the income of a commercial company was held to be "the balance of the profit and loss on the business of the year," i.e., the net gain for the year. The Chancellor further held that the company's agency at Kingston was not a "branch agency" within the meaning of the Act, such branch being a distinct office with local identity and clothed with executive functions, to a certain extent. The court held that the commercial meaning of the term "income," as defined by the Privy Council, applied to the appellant company. We notice that the protest of the underwriters before the Court of Revision at Peterboro', referred to in our last number, was favorably considered in the light of the above decision, and that the assessment roll, which originally assumed a taxable income of some \$240,000 for the various companies, was reduced to about \$12,000, representing income over losses, etc., in the aggregate, on the Peterboro' business.

#### AN ASSESSMENT BOOMERANG.

In its anxiety to make a point against level premium life assurance, the *Mutual Underwriter* cites in substance the following: In December, 1866, the Brooklyn Life of New York issued a policy for \$5,000 on the ordinary life plan, apparent age 27, at an annual premium of \$110.30. In April last the holder, wishing to discontinue the policy, applied to the company for a statement of cash value and also the amount of paid-up assurance. The company stated the cash value at \$700 and the paid-up value at \$1,450. Dividends declared from time to time had been applied in reduction of current premiums, the cash payments for the latter averaging about an even \$100 per year for the 24 years. The *Mutual Underwriter* proceeds to say that the assured "had paid \$2,400 for what had cost the company (according to Meech's table of mortality) \$1,146.35, and his expectation of life (age 51) was rather over 20 years, concluding as follows:—

We instance this, not as a reflection on the Brooklyn Life in particular towards a retiring member, but as an example of the method of dealing with such a case by a fair specimen of the legal reserve concerns—probably as good as the majority.

Our New York contemporary, *Insurance*, quoting the *Mutual Underwriter's* statement of the above case, expresses the opinion that the case as stated does not warrant the complaint that the assured did not get his money's worth, and proceeds pertinently to say:—

In the first place, he was allowed a surrender value although the contract did not entitle him to one. He chose to take it in cash, and the cash was promptly paid

to him. This reduced the total cost of his insurance for the twenty-four years to \$1,700, or a small fraction over fourteen dollars a year per thousand. All the while he had been insured, well insured; if he had died in the first year his beneficiary would have got \$5,000; and so of every year in the twenty-four. We venture to say that no co-operative company, now or ever extant, would or could have done better by this man than the Brooklyn Life did, if as well. If during twenty-four years he had been paying assessments to such a company—assessments that could hardly have aggregated less than \$2,400 for a \$5,000 policy—and had then wanted to withdraw, he would have been permitted to do so. But he wouldn't have got a cent back either in cash or in paid-up insurance, since in the co-operative scheme there is no provision for surrender value of any sort.

Our contemporary concludes its comment by innocently asking the *Mutual Underwriter* to point out a case where anybody has been insured for 24 years in an assessment company at less cost than in the case of the Brooklyn Life man, or of any assessment company which guarantees assurance on more favorable terms. The fine sarcasm of the above query is pretty severe on our assessment friends when it is remembered that not a single association on their favorite plan, doing a general business, is in existence with twenty-four years of history behind it. The oldest living specimen—the United Brethren Mutual Aid of Lebanon, Penn.—assessed its members last year considerably more per \$1,000 than three times the average annual cost per \$1,000 of the insurance to the Brooklyn Life policyholder!

We have referred to this particular case, quoted with such satisfaction by the *Mutual Underwriter*, in order to show that, while the amount of cash surrender value given by the company is much less than it ought to have been, and not "a fair specimen of the legal reserve concerns," yet the holder of the policy got more for the money invested than the assessment associations are capable of giving. The company could have given, what almost any of the active companies are willing to guarantee for a policy of the same kind and age, not far from \$200 more than it gave in cash, or about \$600 more in paid-up assurance. The Brooklyn Life is a good, conservative company, keeping its promises and performing its contracts, but is not pushing for business especially, and not being obliged, under its old policies, to pay cash surrender values at all, naturally saved some money to the company in the settlement referred to. Notwithstanding these facts, which clearly take the settlement out of the average practice of the level premium companies, we willingly compare the result with the combined experience of the three largest general assessment associations for 1889, viz: the Mutual Reserve Fund of New York, the Massachusetts Benefit Association, and the Fidelity Mutual Aid of Philadelphia. We learn from the New York Report that the total amount in assessments and annual dues (leaving out membership fees entirely) collected in 1889 by these three associations was \$4,157,868, and the mean amount of assurance in force \$258,365,250, making the amount thus paid by members a little over \$16 per \$1,000, as

against an average annual cost to the holder of the Brooklyn Life policy of \$14.17. Let it be remembered that two of these associations are but 11 and the other 9 years old, with the cost to the membership steadily growing. If we could anticipate the average cost for 24 years by adding the experience of the next 13 years, if they should chance to live so long, we should undoubtedly find it more than twice what it is at the present time. Reserve life assurance is a good deal cheaper in the end, as it is incomparably safer than that which assessmentism undertakes to furnish.

#### A "LONG FELT WANT" DISCUSSED.

No competent fire underwriter need be told that hazard legitimately governs the rate charged for insurance on a given risk. But what *is* the hazard on the particular risk to be rated? The company insuring against the loss of life finds no difficulty in answering that query, for the simple reason that the carefully recorded experience of life assurance for a hundred years and more by a variety of companies in various countries has demonstrated the proportion of selected lives which, in a given number, will die at the various ages in a given period. Why then may not the fire underwriter, whose business has a longer record of experience, turn to that experience and formulate his tables of "expectancy" on the various classes of property which he is called upon to insure?

It will sound strangely no doubt to Macaulay's future New Zealander, who, after his ruminations on London Bridge, shall wander into the ruins of the British Museum and chance to read, that in the last decade of the nineteenth century a people who had the genius to invent devices to talk audibly at long distances over a slender wire, to send messages under the sea, to turn midnight into noonday by the touch of an electric spark, and who had brought to perfection the great, beneficent system of life assurance, had secreted their fire underwriting experiences in the vaults of a few companies, and no common record or formulated average of results had ever been permitted to see the light of day. An intelligent classification of fire hazards, based on the general experience of fifty leading companies for even a quarter of a century, would be both easy and accurate if their combined experience could be open to the underwriting world. The recorded experiences of the several life companies are voluntarily given to the world in elaborately classified and tabulated form by skilled actuaries, as a contribution to the general fund of that knowledge which, in life or fire underwriting, is power—the power of facts rather than of conjecture. The result of the two methods of procedure is that life assurance is a well defined science; while fire insurance, lingering just on the border-land of science, is largely a system of guessing.

There has never been, among men to whom have been committed such vast interests, such an exhibition of mistaken folly and suicidal blindness as that afforded by the persistent refusal of the managers of the leading fire insurance companies to give to the underwriting world the benefit of their long experiences as to fire

losses. With sublime egotism, company number one declines to reveal its record in detail for fear number two will profit by the knowledge, forgetting that the experience of number two may be worth quite as much in exchange. Some of the companies have long and valuable experiences, and have therefrom been able to make classifications which serve a useful purpose; but the experience of no single company is a sufficient experience, and accuracy of rating can be achieved only on the basis of *combined* experience. The classifications of a particular company, however wide its range of experience, may be faulty in certain points, just as the classifications of another company may be faulty in certain other points; the faults in either case being corrected by the try-square of average results experienced by two or three score other companies.

We have no doubt that the managers of most, if not all, of the fire insurance companies realize at its true value the absurdity, not to say stupidity, of their present attitude with regard to sharing their classified experiences with their associates, for to suppose otherwise would be to impeach their intelligence. Why then this studied silence; from over-confidence on the part of each that he knows more than the other fellow, and determination not to "give it away," or from excessive modesty? A little quiet, preliminary consultation among a half dozen leading companies would easily open a smooth path for the doing of what ought to have been done fifty years ago. The real question is, do the managers want to benefit their business by enlarging their sphere of knowledge and thus their ability to reach accurate and safe conclusions?

#### RESERVE THE PRINCIPAL LIABILITY.

A correspondent sends us the following:—

A bets B that the reserve of a life insurance company is its principal liability; B bets that it is not, but that its policies constitute the principal liability. Which is correct? Please oblige by an answer in your next issue.

The amount named in a life assurance policy is not a liability until the policy becomes a claim. The obligation assumed by the company is contingent on the occurrence of a certain event; until that event occurs no actual liability exists, so far as the face value of the policy is concerned. The law, however, in order to insure the ability of the company to pay the face value of all policies when they shall become claims, wisely requires the laying aside and annual investment of a fixed portion of the premiums annually received on all policies which, aggregated, makes a permanent and increasing fund called a *reserve*. In Canada, it is assumed that this fund will earn  $4\frac{1}{2}$  per cent. compound interest. In the United States the usual assumption is 4 per cent. It follows that the older the policies the larger the reserve. What safety requires, as demonstrated by the experience of more than a hundred years with millions of lives, is that the reserve portion of the premium set aside shall be sufficient, with interest, to equal the face of the policy in each case at age 96. This reserve, which guarantees the payment of the policy at maturity, is the liability, not the policy itself. Thus, a company may, in a

given year, have policies amounting to \$10,000,000 on which the reserve required will be but about \$1,250,000, representing the liability. The amount is ample for safety, for the simple reason that only a small portion of the ten millions of face value will actually mature during that particular year.

**THE NORTHERN ASSURANCE COMPANY.**

The fifty-fourth annual meeting of the Northern has been held, and, as will be seen by reference to another page, the report covering the transactions for 1889 was an unusually good one. We are in the habit of looking for a good account of their stewardship from the officers of this hardy veteran from the north of Scotland, which combines in its management shrewd enterprise with judicious caution, and we are not greatly surprised to find that the past year was fruitful in strength-producing results to an uncommon extent. We can scarcely do better than to reproduce here the opening sentences of Chairman Davidson's remarks in moving the adoption of the report:—

I had, a year ago, to congratulate you upon the results of a year so successful that only on three previous occasions had we made a bigger profit in our fire department. The year now closed, however, has been more prosperous, as you will see by the report that we have circulated among you. Our fire premiums have increased by upwards of £10,000, and now stand at the figure of £626,329. For years these premiums have been rising steadily but slowly at just about £10,000 a year. Our fire losses for the year are only some £2,500 over the losses of 1888, amounting to £347,772, or 55½ per cent. of the premiums. You are aware that a loss ratio of anything under 60 per cent. is considered very favorable, our own successful career since the start of the office in 1836 showing losses of 58.9 per cent. of our whole premiums. We have therefore to account to you for a profit in the fire department of no less than £64,253.

A premium income of \$3,131,645 and a profit of \$321,265 on a single year's business is certainly a very satisfactory outcome to both shareholders and the general public. A dividend and bonus amounting to \$13.75 per share (\$50 paid up) is an exceedingly good thing or the former, and the fact of enjoying unquestioned protection in the past gratifying to the latter, who can now look forward to increased protecting ability from the addition by the company of \$375,000 to the fire reserve fund, bringing it up to the very solid sum of \$4,250,000, after setting aside 33⅓ per cent. of the premiums to cover liabilities under current policies and providing for the above shareholders' dividend. Not only did the company make \$321,265 on fire underwriting, but its receipts from interest, apportioned to fire account, amounted to \$309,469, while a further sum of \$223,944 was realized from profit on investments sold.

The life department shows abundant strength in resources, though in amount of new business but a moderate degree of activity is apparent. The new assurances issued for 1889 amounted to \$1,963,400, and the expense of management was limited to ten per cent. of the premiums. The total funds belonging to the life department now amount to \$11,670,350 and the total assets of the company to \$19,699,255. The following exhibit shows at a glance the steady progress made for the last thirty years, using five-year periods:—

Year.	Net Fire Premiums.	Net Life Premiums.	Interest Income.	Aggregate Accumulations.
1860	\$567,000	\$334,000	\$107,000	\$2,576,000
1865	820,000	437,000	173,500	4,013,500
1870	1,068,000	604,000	257,000	5,771,000
1875	1,756,500	706,500	454,500	9,593,000
1880	2,223,000	842,500	574,000	13,108,500
1885	2,886,500	957,500	660,000	15,671,500
1888	3,077,900	1,015,000	746,500	17,995,000
1889	3,131,644	1,041,476	771,852	18,900,000

The business of the Northern is world-wide, and especially in the United States and in Canada is conspicuous among the many strong companies. Its invested assets in the former amount to over \$1,513,900, and its net premium income last year was \$944,443. For 23 years the company has been known to the Canadian public through its ability to promptly pay losses, which, thus paid, have amounted to more than \$1,847,400, with aggregate risks now in force amounting to over \$19,000,000. The Dominion manager, Mr. Robert W. Tyre, deservedly stands high in the esteem of the companies at home and abroad, being recognized as occupying a place in the front rank of fire underwriters. The record of the Northern under his management is one to which he may point with satisfaction, and which justifies the expectation of a prosperous future.

**REGULATING CHILDREN'S INSURANCE.**

Of the Bill pending in the House of Lords, called the "Children's Life Insurance Bill," referred to in our Editorial notes, the *Insurance Spectator* of London says:—

With the benevolent object which underlies the whole of this proposed legislation we most cordially sympathise, but we must emphatically repeat the protest which we made last year against the very improper agitation by which legislation is being promoted, and we must also protest, in view of the provisions of this Bill, against the unnecessary manufacture of statutory crimes. The House of Commons last year appointed a committee which went very thoroughly into the evidence adducible upon these points. Suggestions that infantile insurance was used for improper purposes were abundant enough, witnesses whose personal weight could not be denied came forward to vouch for the broad fact. Among them, Mr. Braxton Hicks and Dr. Macdonald, two well-known coroners. Their evidence proved to be of the vaguest and most general character, and amounted to nothing more than this, that they had received from sources which they were not able to identify, an impression that the evils existed of which they spoke. The Rev. Benjamin Waugh was also a witness upon the same side. His evidence was even of a less tangible character than that of the two coroners, for, whereas they spoke of occasional instances which, if they did not support their conclusion at least tended in that direction, Mr. Waugh could speak only of surmise and conversation. This vague and unsatisfactory testimony was met by the insurance companies with evidence of the most distinct and definite character. Mr. Dewey, for instance, of the *Prudential* office, was able to speak of enormous numbers of transactions in which his society had been concerned, and was able to show by a statistical examination of *Prudential* records, that the mortality of young children insured with that office was markedly below that of the general population. \* \* \* \*

The irreproachable evidence thus adduced makes the conclusion irresistible that, whatever may be said about individual cases, the sweeping charges which have been levelled, equally at the industrial classes of Great Britain and at industrial insurance as practised here, have been definitely met and refuted. The committee who considered the question was of that

opinion, and reported accordingly. It must, therefore, be taken that the legislation which is called for by the circumstances of the case is legislation which should be directed to repress individual instances of crime, and not to interfere with the ordinary practice of infantile insurance, which as at present instituted works eminently well in all but a very few exceptional instances. Upon these principles, we think that the second provision to which we have referred, that, namely, the amount insured is to be paid only to an undertaker, is highly objectionable. It would be bad enough, considered as a piece of gratuitous interference, even if it were not objectionable *per se*, but in point of fact the most serious objection to it is, that it directly tends to render the insurance of infant lives less effective for its purpose than heretofore. The burial of the child is no doubt one item, and even a principal item, of the expense against which the insurance of the child's life is intended to provide, but it is by no means the only item of expense. There is a doctor's bill to be paid in many cases, and there is in all some provision for mourning to be made. It is very possible, so far at least as mourning is concerned, that the more enlightened opinion regards it as in the nature of an extravagance; but whatever may be said in support of the æsthetic argument, it is quite certain that questions of that sort do not enter into such a discussion as the present. We have to deal with the facts as we find them, and the fact is that survivors as a rule, whether in the wealthier or poorer classes of the community, are extremely sensitive upon the point of showing this mark of respect for their deceased. Custom and the sentiment of the neighborhood would alike rebuke, and most effectively rebuke, parents who should venture to transgress in this respect the conventional rule. This proposal therefore, to confine payment of the insurance money, in the case of an insured child, to the undertaker, rests upon the grossest and most obvious misconception of the objects with which the insurance is effected.

No less open to objection are those clauses in the Bill which visit offences against the provisions of the statute with the penalties of misdemeanor. It no doubt is perfectly right that any complicity in such a crime as that of child murder, however remote the complicity may be, should be regarded as a crime; but there can be no difficulty in reaching accomplices in such an act by the ordinary machinery of criminal law, and it is, in our view at least, an intolerable thing that an act, which may so well be a perfectly innocent one as the infringement of an elaborate statutory provision, like those now under consideration, should be treated as if it were an offence against social or moral order. Statutory crimes we confess to regarding always with a certain amount of disfavor or even of prejudice, but when, as in the present case, the statute proposes to convert an ordinary act, which honest people have been habitually doing up to the present time, into a misdemeanor as from an arbitrary date, we have no option but to denounce such legislation in the strongest terms at our command. We must admit that if it be desired to coerce the officers of insurance companies into a line of conduct which does not command their approval, some sanctions must be provided by which to enforce the law, but that is very far indeed from admitting that the proper sanctions are those of the criminal jurisdiction. Heretofore it has been found possible to regulate insurance business by means of the civil law, and we refuse to believe that the present case, arising as it does out of the abnormal crimes of a few individuals, demands, so far as the offices are concerned, any new kind of treatment. To a large extent we think the proposed legislation objectionable in itself, but if its promoters are able to satisfy the legis-

lature, and to pass their Bill into an Act, we have no doubt that the insurance world will loyally obey the statute so long as it remains in force, however little they may be convinced that it is necessary, or even wise. It is a gratuitous and, as we think, an intolerable aggravation of the law, that recourse should be had to criminal jurisprudence for the means of enforcing what is in its nature a purely civil obligation.

#### LIFE ASSURANCE COMPETITION.

From "Bourne's Handy Assurance Directory" for 1890 we extract the following, which shows that competition has produced a crop of rebate evils quite equal to that developed on this side of the water:—

The question of competition in the insurance world has become a burning one. Competition for business is unusually keen. The ordinary agent is gradually dropping out of existence. Men full of activity, and up in controversial points, secure more and more of the aggregate business. The competition is sometimes fair, and often otherwise. Commission is frequently paid to the assured himself, or divided with the agent. Men who have their living to get find it increasingly hard. They must follow a bad example, and either allow a part or the whole of their own commission, or see the business go elsewhere. In this way expenses of management creep up. The public are somewhat to blame—and a few of the offices, perhaps, more so. One regrets to hear from time to time of sharp practice.

In the year 1889 a most important Association of Life Managers was established under influential auspices. Cannot this new Managers' Association do much to reduce the evil? If every manager frowned down reprehensible practices, even at the cost of a proposal now and then, the result could not fail to be beneficial.

The rebate question in France has become as serious an one as it appears to have long been in America, and probably much more so. There has been a newspaper controversy going on in regard to the commissions given and the general evils of the system in trusted organs like *L'Argus*, *Moniteur des Assurances*, *L'Avenir Economique*, and the *London Review*. It is well-known that in matters of trade and general commercial transactions, commissions are paid after the completion of the business, and vary from  $\frac{1}{4}$  to 5 per cent., but in the insurance world this commission is paid on the issue of the policy, and without waiting until all the premiums are paid, on which the commission varies from 20 to 30 per cent. This system has not always existed; at first, commissions were paid annually on receipt of the premium, but competition has forced the companies to raise the rate of commission, and then to discount it right out. *L'Avenir Economique* is responsible for the statement that this discount among the French insurance offices, at first 80 to 150 per cent. of the first year's premiums on a ten years' contract, rose to 200, 225, 250, and even (from 1879 to 1883) as much as 300 per cent. was paid. Naturally, the danger was soon recognized, and the regular commission is now 200 per cent., or 20 per cent. per annum. It need scarcely be emphasized that the expense ratios of those companies paying such high rates of commission are not particularly light. These abnormal rates soon raised a crop of evils, until, by degrees, the assured got the greater part of the commission. This seems a very wrong state of things, and it may be confidently said that England, in respect at least to this system of commission paid by its insurance offices, is far ahead of France. It can hardly be considered an equity that the assured should claim a greater part of

the commission, in either the fire or life assurance business, which ought rightly to go into the pockets of the "middleman" or agent. Is not the laborer worthy of his hire?

**THE BRITISH LIFE COMPANIES.**

The returns of 102 life and industrial companies to the Board of Trade, as published in the Blue Book, show a healthy increase in income and a decrease in claims paid in 1889, as compared with the previous year. The expense of management in the ordinary life companies is about the same as for 1888, but for the industrial companies 1½ per cent. higher. The expense to premiums of the latter was 43.3, and of the former 15.3. Following is a summary of the general result. Increase or decrease is marked plus or minus:—

	INCOME.		Industrial Cos.
	Ordinary Companies.		
	\$	\$	\$
Premiums.....	69,640,005	+ 1,708,380	21,802,190
For Annuities.....	5,538,935	+ 1,475,635	875
Interest, etc.....	31,628,390	+ 777,535	1,097,095
Investment profits.....	1,197,900	+ 312,150	.....
Capital paid in.....	48,910	.....	17,660
Miscellaneous.....	169,955	.....	.....
Totals.....	108,224,095	4,273,700	22,919,395

	EXPENDITURE.		
	\$	\$	\$
Claims.....	55,007,905	- 3,545,570	8,318,305
Cash bonuses, etc.....	5,317,220	+ 577,405	230
Annuities.....	3,716,630	+ 191,685	280
Surrenders.....	4,443,640	+ 88,825	47,475
Management Expense.....	10,668,760	+ 426,810	9,416,480
Capital repaid.....	420,000	.....	.....
Paid to Shareholders.....	3,009,075	+ 547,440	272,240
Miscellaneous.....	595,660	.....	5,050
Totals.....	83,178,890	.....	18,060,060

	ASSETS.		
	\$	\$	\$
Mortgages.....	390,390,225	+ 1,516,560	783,975
Loans on rates and rents.....	108,508,155	.....	9,585,795
Loans on policies.....	44,023,785	+ 878,345	52,735
British Gov't. securities.....	27,633,345	+ 927,360	3,499,340
Indian and Colonial do.....	62,638,700	+ 3,069,125	342,480
Foreign Gov't. securities.....	17,941,240	+ 521,375	.....
Debentures.....	84,047,465	+ 9,736,360	6,636,895
Stocks and Shares.....	62,350,225	+ 2,147,530	73,250
Companies' own Shares.....	2,305,665	- 521,610	.....
Land, House property, etc.....	59,153,845	+ 3,121,115	12,441,720
Life Interests and reversions.....	16,340,155	+ 47,030	.....
Loans, personal.....	6,044,795	- 140,605	61,045
Outstanding prem., etc.....	19,444,980	+ 518,920	1,652,505
Outstanding interest.....	9,181,075	+ 519,225	341,605
Cash and sundries.....	32,783,960	+ 5318,405	364,195
Deficiencies, etc.....	1,428,885	.....	119,840
Totals.....	944,216,500	.....	35,935,380

	LIABILITIES.		
	\$	\$	\$
Paid-up capital.....	56,716,670	- 572,860	1,454,580
Life and Annuity funds.....	774,712,795	+25,136,410	34,392,595
Fire funds.....	48,137,470	+ 1,285,165	.....
Marine funds.....	2,940,845	+ 131,415	.....
Reserve funds.....	18,128,230	+ 693,805	.....
Other funds.....	3,144,270	+ 323,530	32,870
Profit and loss balances.....	13,015,550	+ 522,475	.....
Depreciation balances.....	2,835,730	+ 442,850	.....
"Globe" annuities.....	5,514,000	.....	49,300
Outstanding claims.....	16,389,345	- 2,046,080	5,560
Outstanding accounts.....	2,210,035	.....	475
Temporary loans.....	408,750	.....	.....
Sundries.....	62,810	.....	.....
Totals.....	944,216,500	.....	35,935,380

We have largely used the excellent tables in the *Finance Chronicle* of London, in preparing the above, omitting the items of increase and decrease of the industrial companies. It is sufficient to say that they show large increase in premiums (\$1,757,630), and in life and annuity funds (\$4,798,400), and considerable decrease in payments to shareholders (\$995,560).

**THE UNCERTAINTY OF FIRE CAUSES.**

From *The Chronicle Fire Tables*, covering 1889, we reproduce the following on the imperfect knowledge of fire causes in the United States:—

Owing to the incompleteness of the reports, the study of fire causes is very unsatisfactory. No particular effort is made by the public authorities to ascertain the actual causes of fires, taking the country as a whole. In some of the larger cities there are municipal officers whose duty it is to investigate the origins of fires, but their labors, however conscientiously performed, contribute very little toward the enlightenment of the people with regard to the causes in the country at large. Even the officers of fire insurance companies and underwriters' organizations are sometimes very reluctant to assign causes for fires which come under their notice.

We have shown that the average loss per fire last year was \$6,992, which is another way of saying that the community lost that amount of money about every time a fire occurred. The average loss varies but little year by year, consequently every genuine alarm of fire during the current year will mean an absolute loss to the people of the United States of about \$7,000. Undoubtedly the time will come when the county or city authorities will be compelled by law to investigate the causes of fires, or special officers appointed to give their entire attention to this purpose. When that time arrives the causes of the tremendous destruction by fire which is continually going on will be much better understood, and probably a large proportion of the present fire waste will be prevented. No one can reasonably expect that anything will be accomplished in the way of fire prevention until the causes of fires and of the heavy losses thereby are better known. Meantime it is fortunate that the productive power of the people is so vast that 123 millions of accumulated wealth can be wiped out of existence in a single year without surprise or protest, and it is high testimony to the perfection of the insurance system that these mammoth losses are so evenly distributed that they fall lightly on the many instead of onerously on the few.

How little is really known of the origin of fires is rendered evident by the fact that of the 123 millions consumed last year we have but a partial idea how \$79,700,000 came to be destroyed, after counting in the great loss (over fifty millions) through exposure. Of the \$72,700,000 worth of property destroyed by fires originating on the premises, specific causes can be assigned for the loss of only \$29,400,000, leaving a property value of \$43,300,000 which was swept away by fires that started in some unknown manner.

The principal known causes of fires are as follows, in order of rank: incendiarism, defective flues, sparks (miscellaneous and locomotive), matches, lamp explosions, stoves, spontaneous combustion, lightning, lamp and lantern accidents, gas jets, forest and prairie fires. These eleven causes were responsible for 6,223 fires, or 73 per cent. of the whole number of known origins. The remaining 2,267 fires of known origins were divided among 47 lesser causes. Nearly 23 per cent. of the fires of known origins were reported as incendiary. The proportion of incendiary fires in 1888 was about 20 per cent.; in 1887 about 21 per cent.; and in 1886 about 26 per cent.



## LONG TERM FIRE INSURANCE.

The following we copy from the *Insurance Age* for June, which published the tabulated experience in detail of each of 20 American and 10 Foreign companies, with respect to term insurance, of which experience the following is a summary:—

RESULTS IN PERCENTAGE, FROM 1875 TO 1889, INCLUSIVE.

COMPANIES.	YEARS.	YEARLY AGGREGATE.	ONE YEAR OR LESS.		TWO AND THREE YEARS.		FIVE YEARS.		PER CENT. OF TERM RISKS.
		AMOUNT OF WRITING.	AMOUNT OF WRITING.	PER CENT. AGGREGATE.	AMOUNT OF WRITING.	PER CENT. AGGREGATE.	AMOUNT OF WRITING.	PER CENT. AGGREGATE.	
20 American.....	1875-88	\$9,911,410,837	\$7,862,707,547	70.7	\$2,149,904,039	21.7	\$758,799,251	07.6	29.3
10 Foreign.....		4,963,935,363	3,810,148,741	76.8	820,657,668	16.5	333,128,954	06.7	21.1
Totals.....		14,875,346,200	10,812,856,288	72.7	2,970,561,707	20.	1,091,928,205	07.3	27.3
20 American.....	1889	3,101,005,398	2,165,236,727	70.	666,712,068	21.3	269,056,603	08.7	30.
10 Foreign.....		1,840,214,142	1,327,056,668	72.1	373,143,538	20.3	140,013,944	07.6	27.9
Totals.....		4,941,219,540	3,492,293,395	70.6	1,039,855,598	21.4	409,070,547	08.	29.4
20 American.....	1875-89	13,012,416,235	9,167,944,274	70.4	2,816,616,107	21.6	1,027,855,854	08.	29.6
10 Foreign.....		6,804,149,764	5,137,205,668	75.5	1,193,801,198	17.5	473,142,898	07.	24.5
Aggregate..		\$19,816,565,999	\$14,305,149,942	72.1	\$4,010,417,305	20.3	\$1,500,998,752	07.6	27.9

### THE BOMBASTIC CHAMPION OF BASTARD INSURANCE.

The INSURANCE AND FINANCE CHRONICLE, of Montreal, says that about a year and a half ago it paid considerable attention to the rhetorical vagaries of the Rev. J. Thomson Paterson, at that time representing the Mutual Reserve in Canada, whom it describes as the bombastic champion of bastard insurance. Having lost sight of this gentleman, our contemporary appears to be interested in learning that he has turned up in Belfast, and amused at the idea that he is still "doing credit to his former razzle-dazzle methods." The Rev. Paterson continues to add ingredients to his sensational stew-pot, "The Mystery Unveiled" of "Who Killed Cock Robin?" having been followed by the "Indisputable Facts" in connection with that historical event, and a treatise upon "What These Facts Prove," in conjunction with a thrilling narrative of the life and doings of "Chained Lions." The Rev. Paterson's ignorance of insurance matters is only equalled by his insolent impudence, or crass stupidity, and with him the injunction "Thou shalt not bear false witness against thy neighbor" is understood to offer no obstacle to perverting and distorting the opinions expressed by this journal. In a prospectus for which the Rev. Paterson is responsible, he asserts that "it is positively affirmed by the *Insurance and Financial Gazette* that its (Mutual Reserve) rates will not increase." We never said so, and to the contrary we believe the rates will increase. Why the Rev. Paterson should venture upon disseminating a deliberate and gross misrepresentation of the views of this journal, knowing, as he must have known, that we would flatly contradict his statement, it is impossible to conceive, unless he is so peculiarly constituted as to regard unscrupulous mendacity as a type of smartness worthy of being classified with cardinal virtues.—*Insurance and Financial Gazette.*

High authority has again decided, this time the Supreme Court of Indiana, that death resulting from the use of intoxicating liquors does not vitiate a life insurance policy. This decision is in the case of the *Ætna Life Insurance Company vs. the heirs of Andrew Deming.*

## Financial and Statistical.

### LOOKING FORWARD.

It is not easy to forecast the probabilities as to the condition of the money market and the prospects of trade for the near future. That money in Dominion financial circles is not so easy as could be wished is plain, and that an upward tendency for interest rates on short loans exists is apparent. The same strong upward tendency is noticeable in the London money market, though actual changes in rates have so far been slight. It seems tolerably clear, however, that should the favorable crop prospects in this country result in a good yield, as seems likely, a decided impulse will later on be given to all kinds of business, for agricultural products in the United States and Canada are still the big wheel, which, when in steady motion, sets going all the smaller wheels of the business machinery.

The wheat crop in England, owing to the cold, wet weather, bids fair to be very light, and that exports in liberal measure from this country will be needed to supply the deficiency seems almost a certainty. It is true that India can be relied upon to furnish a considerable quantity, for during the quarter ending with June her wheat shipments to England were about four and a quarter million bushels. This however represents about the extent of her usual capacity during similar periods, and is but little beyond the ordinary shipments. In case of an unusual demand the supply must come from some other quarter, and this country may find itself in a position to exchange cargoes of wheat for gold, or its equivalent. At all events, at the present writing, the business prospects for the fall season are fair and of an encouraging nature.

What Canada needs is to have the balance of trade

in her favor by selling abroad more than she buys, whether it be of natural products or of manufactured wares. Export should be written on the Dominion state with a capital E and imports in modest "lower case" for a while. The natural resources of Canada are rich, varied, and, some of them, inexhaustible. What is needed to turn these resources into permanent prosperity is enterprise joined with capital, and both guided by prudence. A little more faith in its capabilities on the part of its leading business men and capitalists, and an enthusiastic enlistment of both brains and capital in judicious plans for developing these capabilities would soon make this not only a growing but a prosperous people. There are some gratifying indications of a practical recognition of this fact, and we believe that the prospect, on the whole, brightens.

**FAILURES FOR THE HALF YEAR.**

The record of failures by provinces for the half-year ending June 30th is as follows:—

	No.	Assets.	Liabilities.
Ontario.....	485	\$1,290,183	\$3,213,625
Quebec.....	239	1,563,199	2,944,457
New Brunswick.....	37	84,765	235,703
Nova Scotia.....	48	165,050	285,497
Prince Edward Island.....	6	22,980	38,999
Newfoundland.....	1	300	1,000
Manitoba.....	36	177,028	364,075
Northwest Territories.....	8	57,837	97,832
British Columbia.....	9	22,830	43,315
Totals.....	869	\$3,614,172	\$7,224,503

Last year in the corresponding period, the failures numbered 872, with assets of \$3,424,613, and liabilities of \$7,283,571.

The wool product in the United States for 1889 was 262,000,000 pounds, and the estimated product for 1890 is 272,000,000 pounds. The total number of sheep in 1889 was 43,599,079, valued at \$90,640,369. Texas stands first in sheep raising, with Ohio and California second and third, respectively.

From the Government report for the fiscal year ending June 30, we learn that the total debt of the Dominion is \$282,993,751. The total assets reported are \$49,618,109, leaving the net debt at \$233,375,641. The total revenue from all sources for the year was 38,843,173 and the total expenditure \$30,939,772, leaving a balance of \$7,903,401, the largest in the history of the Dominion.

The following summary of bank affairs includes the principal ones, and shows net profits about equal to those of the preceding year. The first column gives the several amounts at the beginning, not the close of the year just closed.

Bank.	Capital Rest and Deposits.	Net Profits.
Bank of Montreal..	\$39,208,000	\$1,377,311
Can. Bank of Commerce..	19,193,000	524,062
Merchants Bank.....	17,316,000	606,363
Bank of Toronto.....	9,776,000	281,845
Dominion Bank.....	10,836,000	248,584
Quebec Bank.....	7,957,000	223,009
Imperial Bank.....	8,347,000	199,035
Eastern Townships.....	4,220,000	152,765
Ontario Bank.....	6,396,000	133,578

According to the British blue book, showing the state of trade with this country for the years named ending December 31st, we find the following result:— The exports from Canada to Great Britain are given as follows: 1887, \$10,266,990; 1888, \$8,915,498; 1889, \$11,785,838. The value of Canada's imports from Great Britain during the three years was: 1887, \$8,791,156; 1888, \$8,200,587; 1889, \$8,916,676.

**Correspondence.**

We do not hold ourselves responsible for views expressed by Correspondents

**OUR TORONTO LETTER.**

*The Carnival.—The Toronto Board adjourned in a hurry.—A Census in prospect.—Show your license.—Gone to England.—A glance at old friends in new phases.*

Editor INSURANCE AND FINANCE CHRONICLE:—

Our Summer Carnival has been the great topic of conversation in Toronto during the past week. "Four days of solid comfort" were promised us. I rather incline to the opinion that the visitors got most of the "comfort," and their entertainers four days of solid hard work. The attempt to get the Toronto Board of Fire Underwriters represented in the procession was a failure. The suggestion that they should rig up a float did not meet with favor; the marine companies favored it of course, but the fire companies declined to entertain the idea or co-operate. Alf. S. thought if they sent a "floating policy," as an allegorical representation, it would meet the views of some. After all, the Toronto Board is much too stately to masquerade, even if a choice place had been offered next the other firemen. There was a time when seats in carriages would tempt them out to grace a pageant with their youth and *et cetera*, but that was in the seventies. Something in this connection would have been proposed at last meeting of the Board, had it lasted long enough, *i.e.*, its usual length. But an adjournment took place in a hurry. Well, the "heated term" struck the Board-room in advance of the probabilities that day, and so the Board stands adjourned.

It is expected that at an early day a census will be taken by competent parties, and, under the auspices of the Toronto Board of all parties engaged in the business of fire insurance in this city. There will be a division into two classes, *viz.*, those dealing in fire insurance only for a living, and those having transactions of an occasional or limited kind. Secretary McLean has an idea that his list of principals and licensed and unlicensed agents and canvassers is in some sort like an imperfect set of teeth, being at once regular, irregular, and defective. I myself believe, from data collected during many years, that one thousand or more able-bodied men derive some revenue from commission on business they control. As a measure, the licensing system in Toronto is not a success. A registration fee of \$10 (especially if the company pays it) is not extravagant, but few pay it willingly unless the prospective gain is large. The principle underlying the scheme is without doubt good, but the principals overlying it are detrimental to its efficient working.

Mr. Alex. Dixon of the Norwich Union is off per the "Vancouver" to England. Early arrangements are being made for a new calendar for 1891, which shall surpass all predecessors, and the home office desired to consult with some of their chief agents as to what view (*i.e.*, from what point) of the cathedral shall grace their next issue. I hope your English readers will not take this for anything more than a joke. One has to be careful, I know. We wish Mr. Dixon a safe voyage out and home, or home and back, whichever way you like it.

The Lancashire offices have been removed to corner of Colborne and Yonge streets. Nice, modern, convenient office premises, making another company among the many locating in

the vicinity of Wellington street. Friend Boomer of the Manchester, having so efficiently learned the indoor practice of his profession, is now constantly in the field; here, there, and everywhere in search of good men and true to aid him in establishing his company. Though a trifle near-sighted, not much worth picking up escapes him. He is doing nicely upstairs at present, but that will not be for long (the upstairs I mean), and when he comes down on the ground floor, you will hear something drop, as they say. Mr. Boomer says his business just now reminds him of scarlet fever, as it has broken out beautifully in spots, such as Montreal for one. It will not be rash therefore to predict an excellent showing for the Manchester, when things are working well all over and his agencies well agoing.

Those up here who judged by surface indications thought lately that the Citizens was going down—*had lost heart*, so to speak, and were going out of the race; but evidently *à propos* of the race, there is another *heat on*. As for Gerald Hart, I see he has risen up again like (and with) a "Phoenix,"—made a "stepping stone of his dead self, to reach (for) a higher place." There is a deal of glory to be won just now by anybody who successfully introduces a new company under tariff auspices into Canada. Wishing you well over the hot weather, I am,

Yours perspiringly,

ARIEL.

TORONTO, 10th July, 1890.

## Notes and Items.

**Mr. Gamble Geddes**, of Toronto, has resigned the general agency of the Norwich and London Accident Insurance Association.

A new industrial company, called the "Sun Life Insurance Company of America," has been organized at Louisville with a cash capital of \$100,000.

The United Fire Re-insurance company of Manchester, Eng., has appointed Hon. Chauncy M. Dewey a trustee of the United States branch.

The Supreme Court of Wisconsin has decided that the incorporation of a mutual insurance company by and operated exclusively for Methodists, as such, is inadmissible under the constitution of the State.

The Equitable Life of New York has purchased a \$480,000 lot in Sydney, Australia, upon which a fine building will be erected, according to the *Insurance and Banking Record*.

**Mr. S. M. Kenney** of Hamilton, superintendent of agencies for the Federal Life, favored the CHRONICLE with a call on his way to the Lower Provinces last week.

We were pleased to see our genial friend, Mr. J. B. Hughes of Waterloo, special agent in Canada for the old Ætna, who dropped in on us the other day when passing through Montreal.

We are under obligations to Auditor of State Chas. W. Pavey, of Illinois, for Part I of the Illinois insurance report, and to Commissioner Forster of Pennsylvania for Part II of his annual report.

We are informed that the Calgary agency of the Commercial Union is in a flourishing condition in the hands of Messrs. Pettit & Ellis, who report good business, with few fires of late.

**Mr. J. H. Richardson**, for some years secretary and accountant for the New Zealand Government Insurance department, is named as the successor of Mr. F. W. Frankland, commissioner and actuary, whose resignation we recently chronicled.

**Mr. W. H. Rintoul**, who for some years represented the Imperial in the Dominion, and whose retirement we chronicled about a year since, has returned to Montreal after an extended sojourn in the south of France for his health.

An important change has been made in the Montreal fire alarm system, by which the box signals will be heard at once at the respective district stations, instead of going to the central station to be repeated, as heretofore, at a loss of valuable time.

**Mr. Henry John Lockwood**, agency inspector of the Sun Fire, and resident secretary of the Sun Life at Manchester, has been appointed agency manager at the head office of the Church of England Assurance Institution.

Our excellent contemporary, the *Baltimore Underwriter*, has completed its twenty-fifth year under the direction of its accomplished founder, Dr. Bombaugh. The *Underwriter* is clean and strong, and deserves long life and prosperity.

The roll call of the INSURANCE AND FINANCE CHRONICLE, which is heard around the English-speaking world, has just been extended to take in a subscriber at King William's Town, South Africa. In due time even the natives there will cry out for the CHRONICLE.

Another co-operative concern, called the New England Relief Association, has "retired." The Massachusetts Benefit Association takes such of its members as can pass a medical examination, without exacting an entrance fee. Who will do a like service for the members of the latter one of these days, we wonder?

We are in receipt of "Bourne's Handy Assurance Directory" for 1890, which is fully up to the usual excellent standard, giving statistics and other useful information covering the transactions of the British life offices for the eight years past to 1889 inclusive. It is an indispensable adjunct to the office of every insurance worker.

During a pleasant call recently from Mr. John F. Ellis, of Toronto, managing director of the Manufacturers' Life, we were pleased to learn that the business of the company for the first half of the current year has been very satisfactory, indicating a good report for the year.

**Mr. W. Greenwood Brown** has been appointed inspector for the Phoenix Fire of Hartford. He has been some years inspector for the Glasgow and London, which position he resigns to accept with the Phoenix. A good company has secured a good man, and Manager Hart is to be congratulated on his happy selection.

We learn that **Mr. W. H. Hill** of Peterboro', manager for Central Ontario of the Sun Life, and whose marriage we recorded in our last issue, was, jointly with Mrs. Hill, the recipient of pleasant attentions on the evening of the 8th inst. from his sub-agents, who gathered at his home and presented a congratulatory address accompanied by a gold-headed cane for Mr. Hill and a complete Japanese china tea set and silver tray for Mrs. Hill.

**Mr. Garrett Brown**, the well-known editor and proprietor of the *Vindicator*, our able New Orleans contemporary, announces his retirement from active editorial duties, which are too confining, for out-door work as manager for the Southern Department of the Pacific Mutual Life of California, in which we wish him abundant success. Mr. Brown retains his ownership of the *Vindicator*, and Mr. W. E. Underwood, heretofore associate editor, becomes editor and manager.

**The fire loss** for the six months ending with June last in the United States and Canada foots up \$47,811,245, according to the New York *Commercial Bulletin*. The loss for the corresponding period of 1889 was \$64,286,000, and in 1888 \$67,280,850. This is an exceedingly favorable showing, though of course the coming months of the year may reverse the record. The June loss was \$5,655,000 as against \$7,755,000 for June, 1889.

**The total premiums** received on the business written in Illinois by the fire insurance companies during 1889 was \$9,727,787, and by the marine and inland companies \$286,171. The fire losses paid amounted to \$4,362,177, or 44.84 per cent. of the premiums; the marine and inland losses to \$168,460, or 53.76 per cent. of the premiums. The total premiums, fire, inland and marine, exceeded those of 1888 by \$357,259.

**It looks as if** the endowment assessment humbugs may be driven to the wall, though their extirpation will be slow work while so many people succeed in evading the fool-killer. Massachusetts has, after a year of ruinous experiment, shut the legislative door in the face of these concerns, and the national convention of assessment life and accident associations, at its late session in New York, sat down on the business by resolving that "endowment insurance cannot be honestly and fairly furnished on the assessment plan."

**At last, it is said**, warrants are out for the arrest of Macfarlane, the hiding president of the defunct American Life of Philadelphia, and vice-president of the ruined Bank of America; Dungan, the cashier; and Pfeiffer, the president of the bank. The charge is conspiracy to defraud the bank of \$125,000 by crediting it as a loan to an employee named Banks. Pfeiffer, it will be remembered, was vice-president of the wrecked American Life, the ring pretty effectually looting both bank and insurance company.

**A proposed law** for workingmen's insurance in Russia provides that where a workman is injured in the service of his employer the latter will have to pay all expenses during the whole of such time as he is disabled and keep up his wages in full. If killed while working for the employer, the latter must pay the funeral expenses and annuities to his wife and children—to the former 30 and the latter 15 per cent. of the former husband's wages.

**The practice of churches** of insuring the lives of young men in their congregations, in order to provide a sinking fund from which to cancel their indebtedness, is said to prevail in Brooklyn and New York to a large extent, and Dr. Henry Conkling of Brooklyn, the examiner for one of the largest of the New York life insurance companies, corroborates this statement. He said the other day that he had just examined six young men whose lives were to be insured for sums varying from \$5,000 to \$10,000 in favor of the church.—*The Chronicle*, N. Y.

**The Mutual Reserve Fund Life Association** of New York had a manager for Oregon at Portland. His name was—and still is—Winner. About the first of June last he was deposed, whether because he did not turn out to be such a winner as was expected or not, we are not informed. He, however, seems to have faith in his winning qualities, for he has sued the Association for \$10,000 damages.

**Mr. J. M. McCandlish**, for forty-five years the general manager and actuary of the Scottish National, afterward the Scottish Union and National, has retired from active service. Mr. McCandlish has been prominent in connection with the Institute of Actuaries of London, and secretary and president, in turn, of the Faculty of Actuaries of Scotland. His successor in the management of the Scottish Union will be Mr. Alexander Duncan, sub-manager of the Liverpool and London and Globe.

**The North Queensland Insurance Co.** of Sydney is the latest accession to the underwriting force of the Dominion, from whose people it will receive a hearty welcome. Australia is noted for its sterling insurance companies as well as for its rich gold fields, and we have no doubt that in the hands of Messrs. Whittaker & Co., of St. John, N. B., chief agents for Canada, the North Queensland will make a good record for the current year. We welcome the new arrival, and bespeak for it the confidence which, on examination, its merits shall be found to deserve.

**The Toronto General Agency** office of the Lancashire Insurance Company has been removed from Toronto street to the building recently occupied by the Bank of Commerce at the southeast corner of Yonge and Colborne streets. General Agent Mr. S. C. Duncan-Clark and the city agents have their offices on the first floor, the general agency offices being on the floor above and communicating with the offices below. The location is one of the best in the city, and in keeping with the first class company occupying it and the first class gentleman who for so many years has been its successful general agent.

**It being stated** by the *Bismarck Tribune*, of North Dakota, that Insurance Commissioner Carey of that State will urge the legislature to add to his duties of insurance supervision those of examiner of fire departments, with a view to "cheapening insurance where efficient fire departments exist," the *Investigator* of Chicago well says:—"If the commissioner is wise, he will not recommend the addition of any such duties to those which already appertain to his office. Results will tell whether fire departments in different towns are efficient, and the competition between companies may be relied upon to make the rate for insurance as low as is compatible with sound underwriting."

**Mr. Stewart Browne**, whom everybody in Canadian insurance circles has heard of pretty thoroughly, has united his fortunes with the New York Life as New England manager of its "Term Department," with headquarters in Boston. His first insurance experience was with the London and Lancashire Life under Manager Robertson, afterward as district agent of the London Association, and later manager for this country of the Glasgow and London, in which capacity he made things exceedingly lively, building up a large business and keeping his competitors stirred up to an uncomfortable degree. Mr. Browne is nothing if not aggressive, of energy he has a superabundance, and assurance enough to make a conspicuous success in the line which he has undertaken.

An interesting case was on trial at last accounts in Dublin, involving the real or pretended death of one Patrick J. Mellitt, formerly a draper and pawnbroker at Swinford. He had assurance on his life in different offices aggregating some \$46,000, or, with accumulated bonuses, over \$50,000. In July, 1888, he went, as was his custom, to bathe while staying at Birchington-on-Sea and never returned. The suit referred to as in progress is brought by the Provincial Bank against the Liverpool and London and Globe for \$3,000, the bank being the assignee of a policy as creditor of Mellitt for that amount. The defence rests on the plea that no satisfactory evidence exists of the death of the assured.

A correspondent sends us the following:—"We learn with pleasure that Mr. Boulton has appointed Mr. John Bell, agent in Hamilton for the National Assurance Co. of Ireland. As an old resident and having a good mercantile connection, this gentleman will justify Mr. Boulton's selection. Mr. Bell is not wholly without insurance experience. During the past few months he has served a trying novitiate as an unattached but devoted, painstaking special agent for unnamed companies. It is enough to say that he has attracted the attention of that useful organization, the Hamilton Board of Fire Underwriters, and his name has more than once formed the subject of a special minute of that body. Now, that is a recommendation in itself. Glory enough for any Hamiltonian! We wish Mr. Bell success."

The famous case of the Union Insurance Co. of Philadelphia against the Continental Insurance Co. of New York, growing out of the alleged frauds on the former by the latter's agent, Dimick, at Buffalo, has been decided after a four weeks' trial in the United States District Court at New York before Judge Wheeler and a jury. The full amount claimed by the Union, \$83,117, was awarded, less an offset claim allowed the Continental of \$5,724. The cases of the Insurance Co. of the State of Pennsylvania, and the Thames and Mersey, claiming some \$280,000 from the Continental, on similar grounds, are yet to be tried. It is said the Continental will carry the cases to the Supreme Court, which will make a nice cost addition to the large amount which it will doubtless have to pay. Perhaps the stockholders will enjoy the luxury.

The New York Life is prosecuting three of its former agents—Joseph Sandberg, G. Milton Bair and K. U. Horner—in the Philadelphia courts, on the charge of conspiracy to defraud the company out of \$15,000 under two policies, one for \$5,000 on the life of Ishmael Ritase, and the other for \$10,000 on the life of Dr. H. W. LeFevre, issued in June, 1885, the applicants then being in poor health, and the defendants paying the premiums. LeFevre died during the year, and it is charged that there was an arrangement with the widow to divide one half the proceeds of the policy with the three agents. Ritase died in 1886 when, it is charged, part of the \$5,000 paid the widow was handed over to Bair for division with the other two.

## Legal Intelligence.

### LIMITATION OF ACTION.

SUPREME COURT OF CALIFORNIA, March, 1890. *Case vs. Sun Insurance Co. of California.* On appeal from the Superior Court (*Pacific Reporter*). The Court say:

The policy upon which this action is based contains the following clause: "It is mutually agreed that no suit or action

for the recovery of any claim by virtue of this policy shall be sustainable in any court of law or chancery until appraisal shall be had, if demanded by this company, and in accordance with the printed conditions of this policy, nor unless such suit or action shall be commenced within twelve months next after the fire shall occur." The fire is alleged to have occurred on the 12th day of September, 1884; and this action was commenced on the 22nd day of November, 1885, more than twelve months after the fire occurred. The contention of appellant is that at the time the action was commenced it was barred by the terms of said stipulation. That contention must prevail unless the clause upon which it is based is modified by some other clause of the policy. One clause reads as follows: "The adjusted claim under this policy shall be due and payable at the company's office in San Francisco, Cal., sixty days after the full completion by the assured of all the requirements herein contained." It is alleged and proven that appellant exacted a compliance by the assured with all these requirements, and that the insured complied therewith as rapidly as he was able to, and that he was unable to fully comply therewith before the 16th day of October, 1885,—more than 13 months after the fire occurred, and more than one month after the expiration of the time within which an action could be commenced, according to the construction which the appellant's counsel insist should be given to the policy. The adjusted claim under the policy was payable 60 days after the full completion by the insured of all the requirements contained in the policy. No right of action accrued until more than three months after it was barred by the 12 months' limitation clause, unless that is modified by some other clause. In *Spare vs. Ins. Co.*, 9 Sawy. 142, 17 Fed. Rep. 568, the court, Deady, J., said: "On the authority of adjudged cases (*Davidson vs. Ins. Co.*, 4 Sawy. 594; *Riddlesbarger vs. Ins. Co.*, 7 Wall. 389; *May Ins.*, sec. 478) it is admitted by counsel for plaintiff, that this clause in the policy, limiting the time within which a suit may be commenced thereon against the defendant, is valid, but they contend that it must be read in connection with that other clause, which provides that a loss does not become payable until 60 days after the proof of that fact is made; and that, taken together, the reasonable construction of them is that the right to sue on the policy being postponed until the loss is payable, namely, 60 days after proof thereof, the 12 months' limitation upon such right does not commence to run until that time. This construction is supported by the decided weight of authority, and, in my judgment, is correct on principle. (*Mayor, etc.*, *vs. Ins. Co.*, 39 N.Y. 45; *Hay vs. Ins. Co.*, 77 N.Y. 241; *Barber vs. Ins. Co.*, 16 W.Va. 658; *Chandler vs. Ins. Co.*, 21 Minn. 85; *Steen vs. Ins. Co.*, 89 N.Y. 315; *Killips vs. Ins. Co.*, 28 Wis. 472; *May Ins.*, sec. 479.)" In *Steen vs. Ins. Co.*, *supra*, 323, the policy contained two similar conditions, and the court in construing them said: "We think the intention of the defendant was to give the insured a full period of 12 months, within any part of which he might commence his action; and having by postponement of the time of payment secured itself from suit, it did not intend to embrace that period within the term after the expiration of which it could not be sued. In other words, the parties cannot be presumed to have suspended the remedy and provided for the running of the period of limitation during the same time. Indeed, the actual case is stronger; not only was the remedy postponed, but the liability even did not exist at the time of the fire, nor until it was fixed and ascertained according to the provisions of the policy. Having thus made the doing of certain things, and a fixed lapse of time thereafter, conditions precedent to the bringing of an action, the parties must be deemed to have contracted in reference to the time when the insured, except for that contract, might be in a condition to bring an action. Under any other construction the two conditions are inconsistent with each other." Under the construction which we give to the policy, we think the complaint states a cause of action not barred by the provisions of the policy; and that the evidence is sufficient to justify the verdict of the jury. Judgment and order affirmed.

**FIRE INSURANCE—LESSEE'S INTEREST.**

**SUPREME COURT PENNSYLVANIA. Philadelphia Tool Company vs. the British America Assurance Company.**—The insured was a manufacturing company, occupying brick and frame buildings on Oakford street, in the city of Philadelphia, as a lessee. Its machinery and tools were in those buildings in which its business was conducted. It had no title, legal or equitable, to the real estate, and no interest in it, except as lessee. Its property was therefore all personal, and insurable as such, consisting of the leasehold interest in the real estate, and the machinery and tools used in the business. The Tool Company wanted insurance on its property. In some manner not explained by the testimony, this fact became known to the representative of the British America Assurance Co., and that company issued a policy for \$2,500, \$1,000 of which were on the building, and the remainder on the tools and machinery contained therein. The defence now taken is that the policy is partly upon real estate and partly on personal property, for which an entire premium was paid, and that, as the assured had no title to the land, the policy is void as to it; and, being void in part, is void in whole, so that no recovery can now be had. This position rests on one of the almost innumerable conditions, stipulations, and provisos which appear on the policy, and which asserts that "if the assured is not the sole and unconditional owner of the property, or if the building stands on ground not owned in fee simple by the assured, or if the interest of the assured is not truly stated in the policy," then the policy shall be void. Is this condition applicable to the case presented in this policy? A policy of insurance, like any other contract, is to be read in the light of the circumstances that surround it. This policy was issued without an application or written request describing the interest of the assured in the building. No actual representation of any sort upon the subject, oral or written, is alleged to have been made by or on behalf of the assured. We ought to assume that a policy written under such circumstances was written upon the knowledge of the representative of the insurers, and intended to cover in good faith the interest which the insured had in the buildings. Fraud is never to be presumed, and, in this case, no fraudulent representation is shown or alleged, unless it can be deduced from the statements of the insurer, made, as we must presume, on the knowledge of its representative, and for which the assured is in no way responsible. We must also remember that this policy is to be interpreted most strongly against the company whose contract it is. Applying these principles to the question now raised, we conclude that the policy, written on the knowledge of the insurer, was made in view of the facts of the case, and was intended to cover such interest in the buildings as the insured had. This was a leasehold only, but it was an insurable interest. Presumably, it is the interest which an application, if one had been made, would have shown, for it is the only interest which the tool company ever had or claimed to have. To such an interest the proviso whose protection is invoked is not applicable. The policy covering only the interest of the lessee, the ownership of the fee becomes immaterial.

**LIFE INSURANCE—FORFEITURE.**

In the case of *Baxter vs. Brooklyn Life*, the New York COURT OF APPEALS decided (May, 1890), that under the New York law of 1876, as amended in 1887, which provides that life insurance policies shall not be declared forfeited for non-payment of premiums until after 30 days' notice, and that payments made within the 30 days shall be deemed a full compliance with the requirements of the policy regarding the payment of premiums, an insurance company is liable on a policy on which a premium was owing at the time of the death of the insured without payment or tender of the premium, notice of forfeiture under the statute not having been given by the company.

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**EQUITABLE LIFE**

**ASSURANCE SOCIETY.**

**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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**NORTHERN**

COMPANY.

ESTABLISHED IN 1836.

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THE FIFTY-FOURTH ANNUAL GENERAL MEETING of this Company was held within their house at Aberdeen on Friday, June 13, 1890, when the Directors' Report was presented. The following is a summary of the report referred to:—

**FIRE DEPARTMENT.**

The PREMIUMS received last year amounted to \$3,131,644, showing an increase of \$53,730 over those of the previous year.

The LOSSES amounted to \$1,738,860 or 55.5 per cent. of the premiums.

The EXPENSES OF MANAGEMENT (including commissions to agents and charges of every kind) came to \$1,053,609, or 33.6 per cent. of the premiums. After reserving the usual 33½ per cent. of the premiums to cover liabilities under current policies, a profit was earned of \$321,265.

**LIFE DEPARTMENT.**

ASSURANCE BRANCHES.—The New Assurances during the year reached in the aggregate the sum of \$1,963,410. These New Assurances yielded annual premiums amounting to \$70,678, and Single Premiums amounting to \$6,061.

The TOTAL INCOME of the year (including interest) was \$1,485,520.

The CLAIMS amounted to \$783,216.

The EXPENSES OF MANAGEMENT (including commission) were limited to 10 per cent. of the Premiums received.

ANNUITY BRANCH.—The sum of \$71,428 was received for annuities granted during the year.

The whole FUNDS of the Life Department now amount to \$11,670,350.

The Report having been unanimously adopted, it was resolved that the total amount to be distributed amongst the Shareholders for the year 1889 be \$412,500, being dividend of £2 and bonuses of 15s. per share, and that the sum of \$375,000 be added to the Fire Reserve Fund, making that fund now stand at \$4,250,000.

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### WHAT IS SAID OF IT.

From the *Insurance Monitor*, New York.

An announcement was made some time ago, that the veteran Griswold was engaged in a revision and enlargement of his famous *Fire Underwriters' Text-Book*; but the work has progressed so quietly and so rapidly, that its completion and issue come as a surprise. The book is actually out, however, and its distinguished author has taken advantage of the criticisms that were made on the original work of 1872, to meet all the demands that can be made even upon so encyclopedical a volume as this. He has added citations by the thousand, and in this revision and enlargement has given us a law book, a hand-book, a history, and an essay which make an issue at once unique and invaluable.

From the *Post Magazine and Insurance Monitor*, London.

The second and enlarged edition of this standard work is welcome, and more than welcome. It not only furnishes British managers with a broad knowledge of United States and Canadian law and practice, but it also contains a mine of valuable data, out of which may perhaps be fashioned new forms and conditions of home business suitable to the spirit of the age.

From the *Baltimore Underwriter*.

While the *Text-Book* is encyclopedic in its scope, its legal and historical features are particularly valuable. As a historical record it abounds with facts for useful and convenient reference, gathering together material otherwise widely scattered, and as a practical digest of court adjudications upon the vexed questions which have led to so much contention in fire underwriting, it is comprehensive to the last degree. Fire insurance companies and agents who possess themselves of this indispensable book will thank us for calling their attention to it.

From *The Budget*, Toronto.

In truth, no underwriter's library is complete without it. \* \* \* Mr. Griswold, the respected author, has once more placed the profession under obligations for the able and exhaustive work he now puts before them, and as one of the number we offer our hearty thanks for it, and compliment him on the completion of this revised edition of the *Fire Underwriters' Text-Book*.

From *The Chronicle*, New York.

The preparation of this second and enlarged edition is due to a considerable demand which has recently sprung up for Mr.

Griswold's great work. As we happen to know, a few months ago second-hand copies of the 1872 edition could not be purchased for less than fifteen or eighteen dollars, and they were hard to procure even at that figure. There is no other book that equals this in value to the working fire insurance man. It has been happily called "a law book, a hand book, a history and an essay, all in one."

From the *American Exchange and Review*.

The *Text-Book* might be pronounced as chiefly an exposition of the fire insurance policy from the fire-loss adjuster's standpoint, and by this we mean the fire policy from the application of its terms to the full settlement of loss under it. Back of the policy are surveys, classifications of risk, fire probabilities, ratings, etc.; collateral with the policy are liability, funding, corporate conditions, office usages; but these receive secondary rather than primary treatment. \* \* \* We congratulate the author that he has been enabled to make this valuable addition to the other valuable services of his life.

From *The Coast Review*, San Francisco.

No fire underwriter will willingly do without this work. \* \* \* The first edition was printed in 1872. The changes in methods of practice, and the more important judicial decisions in the intervening seventeen years appear in the revised work, thus bringing it down to the present day. Some 2,500 subjects are referred to. The index covers fifteen pages of thirty columns.

From the *Insurance Age*, New York.

Mr. Griswold has long been recognized as one of the most reliable writers upon technical subjects related to fire insurance. The present work has been revised and brought down to date. Cornelius Walford once referred to this work as follows: "Literally a hand-book for every underwriter in any part of the world where the English language is spoken. Its aim is cosmopolitan, its usefulness inexhaustible."

From *The Standard*, Boston.

The *Text-Book*, originally published in 1872, has been out of print for some time, and as the new edition is limited to a few hundred copies, it will be well for those desiring this trustworthy guide to secure a copy early. The work comprises over 900 pages, is bound in sheep, and can be obtained at \$10 per copy.



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