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⁂ 1896 ⁂

May it be a Year of Happiness, Prosperity and Peace to all of us, and to our Country!

The Value of Character.

ONE of our prominent bankers was told the following by an English bank manager. A firm, which is now one of the wealthiest in the world in the steel business, had a hard struggle for some years, the founder being a workman whose whole capital had been saved out of his wages. On calling at his banker's one Saturday, hoping to get about $4,000 for wage payments, he was asked "to see the Manager,"—an ominous invitation. After a long discussion he was told firmly that no further advance could be made. As the stoppage of the firm would be a very serious event, the manager offered to accompany his customer to interview the most influential member of the Board of Directors, who was a Quaker. On arrival at his office, and the business explained, the director said: "Thou knowest we have had great trouble with thy account, and thou wilt get no more money from the bank." The visitor then left, but the customer was called back for a private word with the old Quaker, and after hearing it he joined the manager with his face beaming with delight, which was explained by his showing the director's personal cheque for $5,000, which he had advanced without any security, solely from the confidence he felt in the customer's integrity, and business, and mechanical skill! His judgment proved sound, the firm from that date entered on a career of great prosperity, and always admitted that the Quaker director's generous help enabled them to turn a critical corner, failing in which would have been utter ruin. We do not ask any bank director to follow the example of Quaker Edward Smith, nor regard the manager's appeal to a director as a desirable course, save in some very grave emergency, but call the attention of young men especially to this incident as a remarkable illustration of the value of a reputation for honor, reliability and capacity. Had the enterprising steel melter, a man of no education, had a character in the least degree doubtful in these respects, his career would have ended in insolvency on the very eve of making a vast fortune.

Municipal Insurance Convention.

WHEN Macbeth is confronted with the ghost of Banquo, he exclaims, "Time was when the brains were out the man would die." We are reminded of this on seeing it announced that a Convention is to be held shortly in Toronto, to revive and extend the movement in favor of municipal insurance. If ever a victim had its brains, or what passed for brains, knocked out, it was the municipal insurance scheme formulated some time ago by a Toronto alderman. While he was dreaming of the fire insurance companies being compelled to "pull up stakes" in Toronto, a succession of fires occurred in January last, by which losses were involved of $1,350,000. Such a possibility had never been thought of, it came like a stroke of lightning from a clear sky upon the new scheme, and what little life it had went out. The insurance companies, however, did not go out, they paid the losses for which they were liable, and saved the insured persons from ruin, or very serious embarrassment. Had the municipal insurance scheme been in force, those losses would not have been paid, or only paid after long delay, which would have caused disaster to the claimants. The probability is that the Toronto fires of January, 1894, would have caused the civic insurance scheme to disastrously and utterly collapse had it been in force. The citizens at large would have rebelled against raising $1,350,000 to pay for fire losses; there would have been no sum on hand or promptly available to pay the claimants; and the balloon of municipal fire insurance would have burst.

Excessive Medical Fees. ACTION has been taken by the New York Life Insurance Company to put an end to the abuse which has been introduced into the life assurance business by excessive fees for medical examinations. The New York Life has decided to pay only $3 for an examination fee, a sum amply sufficient, and 25 per cent. more than was accepted by the profession some years ago. These examinations are made at a time fixed to suit the physician's convenience, he does not run chances of losing another and better fee by attending to an insurance applicant, and the cases which give any special trouble are very rare indeed.

President McCall, in putting down his foot firmly to stop the waste caused by excessive medical fees, has done the general interests of life assurance a distinct service.

The Lloyds Invasion UNITED States Lloyds are making a determined raid upon Canada. There must have been encouragement given to these invaders, who come here in defiance of our laws, or they would get tired of wasting their efforts and their stamps and circulars. It would be well for the established companies to keep watch closely, to discover who are acting as Lloyds agents, as whoever they are they deserve to be made to feel the reprobation of all honorable underwriters. We have before us a letter addressed to a Toronto insurance agent, which commences with the following very significant statement: "Notwithstanding the number of Lloyds operating all over the United States from this city," New York, "you will admit that there is room for a sound institution of this kind, if backed by responsible underwriters." The writer's name we withhold, but it is very suggestive of the fate of those who put their insurance in the hands of strangers who are audacious law-breakers, whose responsibility is unknown, and who are beyond the reach of Canadian claimants. The writer is very suggestive when he says, "there is room for a sound institution," evidently he regards those now operating in Canada as not sound, in which we agree with him. Doubtless were we to publish the name of the Lloyds he represents, the others would return his compliment, and pronounce them unsound, for he seems to have several companies under his wing. The New Yorker says, "we are prepared to deal liberally with you." That is easy enough, when the chances are that whatever monies are sent from Canada are clear gain. A boast is made that the institutions have not a dollar of unpaid claims on their books. That too might easily be accounted for by claims never getting into the books. We must confess entertaining a profound distrust of any man, or any set of men, who attempt to carry on operations of any kind in direct defiance of the laws of this country. And for those who encourage such invaders, we have no respect, of which they cannot complain, for they have no respect for themselves as Canadians, or for the institutions of their country, or they would give no countenance to the crafty, underhand schemers who break our laws.

National Promissory Notes. THE Revenue Bill before Congress provides for the supplying of any deficiency in the Treasury by the issue of certificates of indebtedness which would be practically promissory notes at three years, bearing interest at three per cent. The certificates are proposed to be issued for $20 and multiples thereof. They would be placed on sale at the Treasury offices and post offices in the larger cities. To each one three coupons would be attached, each for one year's interest from date of issue. They would be negotiable as currency. The desire is to raise money by these certificates in the country without increasing such bond issues as are usually negotiated abroad, and only for supplying the temporary needs of the Treasury from the revenue falling below current expenditures, and the total not to exceed fifty millions. We are not sanguine about such certificates being much sought after. They present no particular attractions to investors, and the yearly coupons attached would make them for the denominations of $20, and such small amounts,—a somewhat cumbersome form of currency. They may be regarded as either a national form of small accommodation notes for three years, or a kind of deposit scrip, the amount only being payable at the end of three years. We see nothing in these certificates more convenient or profitable than an ordinary deposit receipt issued by a bank or other financial institution; the only advantage would be in having the security of the State. A more commendable proposal is to issue a new class of U. S. bonds bearing 3 per cent. interest, payable half-yearly, having five years to run, the proceeds of which are to be used "for the redemption of the legal tender notes, and for no other purpose." The reduction in amount of legal tenders is the first necessary step towards currency reform. While they can be used over and over again to draw out gold from the Treasury, the stability of the gold reserve is impossible. The system works like an endless chain attached to the bucket of a well, which goes on drawing water but never returning a drop. The new bonds for redeeming legal tenders will only aggravate the difficulty unless those notes are cancelled when so redeemed, which the Bill does not provide for. An investor might present, say, $1,000 of legal tenders and get a 5 year bond for them, and then the Treasury could reissue those notes, and on the very same paper issue any amount of bonds. The scheme is crude, and does not meet the necessities of the situation.

The Bankers' Association Journal. THE Journal of the Canadian Bankers' Association seems to be spreading out into a wider field than its title indicates. The leading paper in the January number just issued deals with the "Economic Condition of Newfoundland," which is accompanied by a map of the Island. Mr. Harvey, the author of this paper, says: "The introduction of the Canadian system of banking has had an excellent effect in restoring confidence." All gambling in the purchase of fish, for which the old system of banking presented facilities, is now frowned upon and prohibited. It is understood the new banks are fully satisfied with the amount of business and the conditions of trade. Newfoundland is by no means so poor a country as outsiders are inclined to believe. When the "crash" came on the 10th last December, there were on deposit in the Savings Bank nearly three millions of dollars and about two millions in the other two banks,—five millions in all on deposit, or over $24.50 per head of entire population. The writer gives the debt per head as $58, which, though considerably less than other colonies, is about $10 per head above the per capita for Canada. The paper is highly interesting. Another article, which deals with British Columbia, is a prize essay worthily won by Mr. F. M. Black. Besides these substantial dishes there are a number of *entrées* in the shape of items relating to banking law, the clearing house returns, stamp duties, foreign trade returns, municipal bonds, etc., etc., making altogether the most generally interesting number of the Bankers' Journal yet issued.

British America and Western Assurance Companies.

IN view of the generally unfavorable experience of fire insurance companies in Canada this year, owing largely to the serious conflagrations in Toronto in January last, persons interested are naturally anxious to know how the two leading ones fared during 1895. We have therefore especial pleasure in learning that, notwithstanding the unfavorable experience at home, and the exceptionally heavy losses which all companies doing a marine business have sustained during the past season on the Lakes, the British America and Western expect to make a favorable statement. This gratifying result, which could hardly have been expected in what is generally considered an "off year" in the business, is mainly owing to the profit realized on their American fire business.

The British America having stood firm amid all the vicissitudes of over sixty years is now Canada's oldest insurance company, and with its consort the Western enjoys an enviable reputation for the promptness, liberality and honor with which its business is conducted.

French Death Duties.

THE French Legislative Chamber has passed a Bill imposing a progressive death-duty, which is the most radical one ever in force. It is a direct attack on the rich in the spirit of communism. The lowest death duties are those to be paid by lineal descendants, which for sums under $2,000 are 1¼ per cent.; for sums above that up to $20,000, 1¾ per cent.; and for all sums above $400,000, 4 per cent, which is equivalent to one years revenue from such an amount. This seems a heavy tax, but it is light compared with what a wife, or husband, will have to pay on inherited fortunes. For them the rate will be 9 per cent. on inheritances of value above $400,000; when a brother or sister is heir, the tax will be 14 per cent.; in the case of an uncle or nephew 16 per cent.; and all relatives who are more distant, the succession duty will be 20 per cent. As an indication of the trend of modern legislation this action of the French Chamber is significant. It will tend to discourage large accumulations to be left to relatives, and, as a direct tax upon capital, will lessen the fund out of which all labor is paid, so that, in seeking to reduce the fortunes of the rich, the poorer classes are likely to have their incomes also lowered.

EXPENSES AND EXPENSE RATIOS OF LIFE ASSURANCE COMPANIES.

An extended discussion, carried on in insurance circles on both sides the Atlantic, has shown that a need is felt and recognized of some reliable means of comparing the relative expenses of life assurance companies being formulated. We have had various plans, as, the total of expenses to total income ratios, the 5 or 7½ per cent. on renewal premiums and balance on new premium ratios, and latterly the Schooling ratio method, none of which are sufficiently accurate to command general confidence. The absence of definite details from the annual statements of life assurance companies has presented the main difficulty of this question, as getting at the "true inwardness" of a company's expenses has been almost impossible from the obscure manner in which the accounts are presented. This applies equally to companies in Europe, as to those in the States and Canada. The new requirements being imposed by United States Insurance Commissioners, by which the companies have to show in detail the sources of their premium income and the "whereof" of expenses, are being found helpful in throwing light on the matter. With such new information as is now available, it is possible to formulate expense ratios in a manner to satisfy experts. Those who do not approve of the conclusions we have arrived at by such means are invited to show wherein they are erroneous, as they are not claimed to be perfect.

Before we can apportion the expenses to new business and renewals with fairness to both, we must first consider that there are two sections in a life assurance company,—the life insurance element, and the investment element. The expenses of the former are incurred in acquiring and maintaining the assurance business. The outlays of the latter are caused by the expenses incident to the investing and care of the securities and properties of the company, such as collecting interest, rents, etc. The former class of business is that of a life assurance company, pure and simple; the work of the latter department is analogous to that of an investment and financial company. What then is the proportion of the total expenses which should be charged against the investment section of a life assurance company's business? The experience of English life companies, which do little or no new business, and of mortgage loan companies favors an allowance of a quarter of one per cent. upon the mean ledger assets. We have to consider that United States companies report gross rentals and include cost of collection and taxes in expenses, instead of deducting those charges and reporting net rentals. These two items are all that are fairly chargeable to the investment department. When they are taken off the sum of total expenses, the balance is an equitable charge on the insurance business. With this remainder we will now deal, and apportion to new and renewal premiums the respective expense of each. The annual statements of American companies now give the payments severally for new and renewal premiums. They also state the expenses of medical fees and the inspection department. But they omit giving the salaries of the medical department, which should be stated, as such expenses are incurred for new premiums. Some companies pay the salary or agency expenses of branch offices. The details of these might be obtained in order to apportion them as correctly as possible to new and renewal premiums. For our present purpose we will divide them equally between the two. There now only remains the Head Office cost of handling new and renewal premiums. For renewal premiums 5 per cent. is not far wrong. Fire insurance companies consider 5 per cent. on total premium income as an ample allowance for Head Office expenses. We regard 5 per cent. on renewal premiums of the English life offices, which do little or no new business, as rather excessive. For new premiums ten per cent. for Head Office expenses ought to be sufficient, as many of the progressive English companies show that after deducting ¼ to 1 per cent. from assets, their Head Office expenses run from 3 to 10 per cent. of their total premium income. If then the new and renewal premiums of the, more or less, progressive British companies can be handled for the above stated Head Office expense ratios, an allowance for either Canadian or American companies of 10 per cent. on new premiums and 5 per cent. on renewals is amply sufficient for this purpose.

Assuming the plan above outlined to be adopted, the total expenses of a company would be analyzed and apportioned as follows:

Total expenses........ .... $

Deduct say ¼ of 1 p. c. on mean Ledger Assets and Real Estate taxes and expenses, as chargeable to investments.................. $

Net expenses chargeable to life insurance. ...... $

p. c. of new premiums, being the new commissions paid......... .... $

p. c. of new premiums, being ½ Branch Office expenses ....

p. c. of new premiums, being medical fees and inspection of risks........ ....

10 p. c. of new premiums, for Head Office expenses ....

p. c. of new premiums, being total expenses of same... $

p. c. of renewal premiums, being renewal commissions paid...... . ... $

5 p. c. of renewal premiums for Head Office expenses.................... .. ..

p. c. of renewal premiums, being total expenses of same........ .... $

The total of such expenses for new and renewal premiums would generally fall short of, or exceed the total of, net expenses chargeable to life assurance. To avoid this, instead of allowing ten per cent. of new premiums for Head Office expenses, it would be better to make the percentage and amount of such charge to be the difference between the total of all other items and the net total of the life expenses amount. The total therefore of such new and renewal premium ratios as were brought out for the different companies would approximately show the comparative expenses of all the companies.

THE DOMINION DEBT

The public debt of Canada is usually treated as a mere party question, in discussing which attention is centred upon such features of it as are regarded useful for attack or defence by the disputants. How the debt originated; for what purposes it was increased; what it now represents; by what amount of cash assets the gross sum of it is reduced, and what burthen it imposes on the people, all those features and details have to be considered before the debt question can be understood. We propose to state this question from a business standpoint, giving facts and figures, from which a comprehensive view may be had, and by which a more rational and sound judgment may be formed than when the matter is treated as a party dispute. The word "debt" has come to have an evil significance, which is not inherent in itself, but has arisen from the troubles caused by its abuse. The root idea of this word is "to have on loan," literally "to have away," or we may say, to have laid away, from "*de*," down, or away, and "*habere*," to have. Debt then is only a source of mischief when it signifies something different to what is implied in the root word it is derived from. The distinction can be best shown by a familiar illustration. If a farmer borrows money to buy a plough, or seed grain, or to acquire land, he is thereby placed in a position to utilize his labor, his skill, and whatever other means he owns to cultivate his farm, and so earn an income out of which he can pay back the loan. But, if he borrows money to buy, for instance, a sealskin cloak for his wife, he simply mortgages his income without increasing his earning power. To put those two classes of debts in the same category is not rational, as by one form of debt he has enlarged his resources, and by the other he has dissipated them. In judging then the wisdom or folly of any debt, this vital distinction must be considered. The questions must be asked, was the debt incurred for purposes economically justified by their tending to increase the earning power of the borrower, or essential to his using his business powers to the best advantage, or, did he borrow money for unfruitful expenditures, for outlays which spent his income in advance without contributing at all to earning powers, or to furnish such equipments as were essentially necessary for those powers being profitably exercised? Debts which should be regarded without any prejudice fall into three main classes, which are: those incurred by merchants and manufacturers for goods and plant by which business operations are sustained; those by municipal corporations, which provide such facilities as a community needs for the development, and protection, and carrying on of its mercantile affairs; and much of the same nature, those debts a nation incurs for establishing its position, conserving its strength, guarding its peace and integrity, and providing such transport, and other accommodation, as are needful for the commerce of the people. Against such debts there is not only no economic law, but they are a source of enrichment, and of prosperity, and of progress. Debt, so viewed, means credit, and credit is the very life-blood of modern enterprise. Was then the national debt of Canada incurred for justifying causes, or was it an unfruitful dissipation of national resources? The "Dominion" is a firm made up of partners, who in 1867 became incorporated under that title, which since then has admitted several other partners. When formed, the firm had immense resources, but only a small money capital. Towards developing those resources a large sum had been spent, of which $77,500,000 was owing when Confederation was established, $62,500,000 by what was known as "Canada," and $15,000,000 by the Provinces of Nova Scotia and New Brunswick. Since then, new partners have been admitted whose debts have been assumed by the firm, and concessions made to the original ones as follows :

Debts at Confederation		$77,500,000
Nova Scotia	since Confederation	3,529,815
New Brunswick	"	1,807,720
Quebec	"	2,549,214
Ontario	"	2,848,289
The Old Province of Canada	"	10,506,089
Manitoba	"	3,775,606
British Columbia	"	2,029,392
Prince Edward Island	"	4,884,023
Total Provincial debts assumed		$109,430,148

That sum represents the price paid by the Dominion for securing its national unity, and possession of the soil, and public works owned by the various separated members who became incorporated. To discuss the economic wisdom, or otherwise, of this section of our debt would be a waste of time; but this is clear, if the assets which offset this debt were valued in 1866 as amply sufficient to justify such a debt, they are now far more valuable, and the interest charges thereon are very much less. The debt of $77,500,000 was subject to 4.64 per cent., the interest on which was $3,596,000, the average rate in 1894 was 3.31, the interest on the same sum which constituted the original debt being $2,455,000. In 1868 the interest-bearing assets of the Dominion were equal to about 18 per cent. of the gross debt, last year these assets over 20 per cent. of the gross debt.

The portion of the national debt which was the cost of Confederation of all Canada, as it is now constituted, cost us in interest charges last year about 72 cents per head of the entire population, which is nearly one cent per day for each family in the Dominion. As a burthen then on the people, this section of the debt may be dismissed as too trifling to be dwelt upon. Since 1867 the total amounts spent in capital account, which have helped to increase the debt, have been as follows :

Debts allowed to Provinces	$30,743,393
Canadian Pacific Railway	62,604,535
Canals	41,709,038
Intercolonial Railway	44,966,425
North West Territories	3,799,490
Dominion lands	3,569,061
Parliament Buildings	2,163,545
Prince Edward Island Railway	635,830
Improvement of St. Lawrence	2,725,504
Other public works	4,195,859
Total	$197,112,680

Towards this the sum of $26,658,292 was contributed from revenue, being the balance of yearly surpluses over deficits, leaving $170,454,388 as the amount added to the debt since Confederation. Put in another form we have this table :—

Spent on railways and other works before Confederation	$ 63,635,092
Spent on railways, canals, etc., since Confederation	202,831,790
Total cost of all the public works owned by the Dominion	$266,466,882

At the close of last year the net debt of the Dominion was $246,183,029, which is less by $20,283,853 than the cost of our railways, canals, post-offices, custom houses, harbors, docks, Parliament buildings, and other public works. The net debt these outlays involved was $49.03 per head in 1894, and the net annual interest per head, $1.79. The debt of Canada stands alone as having been wholly created by expenditures on works of a fruitful or necessary character for the conduct of the business of the people or of the government. The debt of England, beginning with $3,321,315, two centuries ago, has gone up to $3,350,000,000, the whole of which represents expenditures caused by war no less than $606,000,000 having been added to the debt by the American war,—a significant item at the present time.

We give on another page a synoptical table of the Dominion debt. A study of this, and of the above considerations from a strictly business stand-point, must lead to the judgment that Canada has only borrowed money for such objects as were essential to the development of her commercial interests; for the extension of transport facilities; for the necessary conveniences of government; for the consolidation of the Provinces into the unity of Confederation, and the maintenances of her autonomy as an integral part of the British Empire. Defective plans may have been adopted, lack of economy shown; and works far in advance of our present requirements; but we submit that a national debt which costs only $1.79 per head yearly for interest is not justly to be regarded as an oppressive burthen on the Canadian people, for the conveniences purchased by the debt have materially enlarged their productive and their earning powers.

The following statistical data show the increases which have taken place in various lines of enterprise in Canada since Confederation.

	Increase.	Percentage of Increase.	Amount per head 1868.	Amount per head 1895.
The increase in population between 1870 and 1895, assuming the present population at 5 millions	1,400,000	38	$	$
The increase in Imports and Exports since 1868	$ 106,800,000	91	32.50	44.80
The increase in Bank paid up Capital	31,556,000	103	8.47	12.41
The increase in Bank Deposits	154,688,000	460	9.34	37.66
The increase in Bank note circulation	25,049,000	368	2.60	6.88

The increase in Bank Discounts	149,800,000	286	14.50	40.42
The increase in Fire insurance risks	647,708,000	343	52.33	167.20
The increase in Life insurance	262,481,000	729	9.91	61.63
The increase in paid-up capital of Loan Companies	36,600,000	1450	0.70	7.82
The increase in Loan Company deposits	20,108,000	3080	0.19	4.18
The increase in Savings Bank deposits	50,898,000	1100	1.40	11.19
Aggregate increase in deposits in financial institutions	225,694,000	570	inc. per head	45.14
The net increase in the Dominion Debt	170,454,000	224	21.00	49.23
The net increase in annual cost of Dominion Debt	4,419,000	50	1.21	1.80

While these data afford ample evidence of a large development in the active business of this country and in its stored resources, the slow growth of population is a very discouraging feature, when we consider what an immense sum has been spent in opening up territory in anticipation of several millions of new settlers arriving. Canada is now over-supplied with railways, and will be until her population is trebled. No further railway extensions at the public expense ought to be entered upon for many years. The debt should be regarded as having reached its maximum, and some effort made designedly to reduce it. Much of the property it was incurred to secure is depreciating every year, and such decrease in value should be accompanied by a decrease in the debt.

OVERDUE INTEREST AND LIFE COMPANIES IN CANADA.

Some of our readers having expressed a desire for information as to the proportion of overdue interest and rents reported by the various life insurance companies doing business in Canada in 1894, and a contemporary having printed a table of Canadian companies full of errors, and in which total ledger assets at the end of 1894 was used in the computation instead of the mean amount of assets we have taken the trouble to present the facts for whatever they may be worth We are sorry we cannot, together with the Canadian and British companies doing an active business, present the record of the American companies, showing the proportion of interest overdue, but the official reports of these companies, as printed by the various State Insurance Departments, combine the *accrued* and overdue interest in one sum in the asset account, and therefore the latter cannot be discovered. While the matter of overdue interest in the experiences of the several companies may not be of vital importance, the information, like all other items concerning the experiences of the life companies, is of public interest, and it would be a decided improvement if the requirements of the American insurance officials involved the separation of accrued and overdue interest, after the manner required by the Dominion authorities.

As we showed in our interest rate table, printed in the last issue of the INSURANCE & FINANCE CHRONICLE, the total interest earned in 1894 by the Canadian companies was $1,513,039, and of this amount, as shown in the table below, $237,516 was overdue interest, or a little over one and a half per cent. An examination of the reports for the previous year will show that this overdue percentage was very much less than for 1894, owing doubtless to the continued stringency in the financial condition of the public generally last year, requiring the extension of leniency toward the borrowers, especially on real estate loans, and to those policyholders who had been accommodated with loans on the reserve value of their policies. The security in both classes was ample and the ultimate collection of extended interest certain, but for the one year under review of course swelled the overdue item. This seems to account for the larger percentages of this item with two or three of the larger companies, all of which have large loans of the two classes above named. These variations will necessarily occur, influenced by the above named cause or other causes for a single year, but of little significance really. Below we give the overdue interest record, together with the interest rate entire, as given in our last issue:

CANADIAN COMPANIES, 1894.

Company.	Mean amount of Ledger Assets.	Overdue interest reported.	Percentage	Total Inter'st Rate, 1894.
	$	$		
Canada Life	14,266,435	76,391	.535	5.19
Confederation	4,417,566	52,371	1.185	4.50
Dominion Life	141,135	192	.136	5.27
Federal Life	315,218	590	.180	6.46
Great West Life	136,706	855	.625	5.56
London Life	415,196	1,684	.406	5.63
Manufacturers	658,350	4,839	.735	5.12
North American	1,718,619	14,500	.843	5.36
Ontario Mutual	2,495,078	34,692	1.390	5.83
Sun Life	3,959,571	51,402	1.298	5 76
Temp. & General	283,198	....	.....	4.90
Totals	28,807,112	237,516	.824	5.24

BRITISH COMPANIES, 1894.

Company.	Mean amount of Ledger Assets.	Overdue Interest.	Percentage	Total Inter'st Rate, 1894.
	$	$		
British Empire Life	8,571,307	13,021	.152	4.35
London & Lancashire	4,581,432	3,230	.070	4.20
Standard Life	38,981,005	106,950	.274	4.20
Totals	52,133,744	123,201	.236	4.24

In the compilation of the above table for the British companies, we have been compelled to estimate the overdue interest in the case of the British Empire Life, as it is one of the few British companies which follow the American practice of combining in their general statements the accrued with overdue interest. We find on examination that the average proportion of overdue to combined accrued and overdue interest among a number of the larger British companies is about one-eighth, and have therefore, in order to arrive at approximate results, assumed this as the proportion for the British Empire. It is subject of course to correction by the actual figures whenever they shall be ascertained. On the whole, we trust that our exhibit above given for the Canadian and British companies will prove to be of some interest to our readers generally and to the companies concerned.

THE WAR SCARE.

A grave responsibility rests upon those who, during the present crisis, add in any way to the irritation existing between the United States and the Mother land. Where a train of gunpowder is laid, it behooves everyone in the vicinity to be cautious about bringing a spark into contact with the danger. The question which has raised so much excitement is really one more appropriate for adjudication by a Court of law than settlement by popular feeling or opinion. Cases of identically the same character are being continually decided by legal tribunals. Purchasers of property often get into a dispute with neighbors in regard to boundaries A case is known to us where, over a strip of land six inches by 100 feet, the law costs exceeded the value of the land by fifty times. Yet the litigants refused to refer it to arbitration.

Now the real trouble in the present affair is a question of this class. The land in dispute was once owned by Spain, by her it was transferred to Holland, and Holland gave it up to Great Britain. When these changes were taking place, the affairs of Europe and of all the colonial dependencies of European powers were in perpetual turmoil. It would puzzle a Philadelphia lawyer to decide to whom at any given time the different sections of this hemisphere belonged outside the United States and Canada for the first twenty or thirty years of this century, and even they were, for some years, disturbed by boundary questions. It is to be regretted that some international Supreme Court has not been established to decide such disputes on legal principles. For two such nations as Great Britain and the United States to engage in hostilities, or even to prepare for such action, over so insignificant a patch of territory as is in dispute, is like two millionaires spending vast sums in litigation over the site of a pig stye. Were the affair not so serious in possibilities it would be a farce. England could buy out Venezuela as easily as any of our wealthy citizens could buy a suburban lot. If she either holds on to the western patch of British Guiana, or gives it up, it will make no material or appreciable difference to her strength or resources. Only a few hours distant she holds Jamaica, where a warship or two would be enough to keep the whole group of South American Republics in awe. What there is in England's holding on to a small bit of territory in South America, which she has held the greater part of a century, and claims to do so by right, to excite the people of North America, passes our understanding. If John Bull were trying to get a foothold in that region we could comprehend the jealousy of the United States, but his foot was put down pretty firmly over a very extensive area in South America long before the Monroe doctrine was enunciated. So far as that doctrine forbids the aggression of any European power on this side the Atlantic, it is a reasonable one But England's policy is declared to be not aggressive but only defensive. She simply asks Venezuela to keep within her established bounds, and not to trespass on British soil. This then raises the question: What is British soil in this connection? We fail to see the connection between such a question and the Monroe doctrine, which expressly declares that aggressions, or extensions of European powers, on this hemisphere will be resented by the United States.

President Cleveland seems to us to have stultified himself by first demanding that the dispute be arbitrated upon, which implies doubt as to which of the disputants is right, and then declaring that England is in the wrong, is the aggressor. We have too profound a confidence in the good sense of the American people, to believe there is a possibility of war over a question which only concerns them indirectly. Their national honor and their material interests are not touched at any point by the wrangle between England and Venezuela. The United States will not bring on a ruinous panic, and throw its whole financial and industrial interests into disastrous confusion for so inadequate a cause

THE U. S. SECRETARY OF THE TREASURY ON CURRENCY REFORM.

If knowledge of the disease is half the cure, there has been a long step taken in the last two years by the people of the United States towards a better system of currency.

Up to the time when the panic of 1893 struck the trade of that country like a paralytic stroke, there was a very general impression abroad, outside higher financial circles, that there was nothing seriously wrong with the currency system in itself, but that whatever troubles from it existed were caused by the machinations of Europeans, who were contemptuously styled "gold bugs." This title was given because of their preferring a gold standard to one in which silver played a co-ordinate part, the ratio between the two being fixed. They were charged by hundreds of newspapers with a desire to weaken the financial strength of the States, by preventing it taking full advantage of the vast silver resources of its mines, which would be developed by the use of a silver standard. This belief led to a law being enacted to encourage the production of silver by extensive purchases by the State. As the metal thus bought accumulated in the Treasury vaults, it began to dawn upon the legislators that the national income was being spent, and the national credit pledged, for purchases of metal that, practically, were useless in paying the debts of the State either at home or abroad, and useless also for redeeming the national paper issues. This process of wasting money naturally alarmed foreign bond holders and other creditors of the United States, and their demands for gold and withdrawal of credit created the panic of 1893. This was an object lesson which could not be mistaken. The Treasury was seen to be in dire distress for funds, while its vaults were crowded with several hundred millions of dollars worth of silver, which were inconvertible into the required medium for financial settlements. Since that lesson was given, the whole currency situation has changed by the silver standard party having become generally discredited. The question has resolved itself into one mainly relating to the best means of retiring the United States notes and Treasury notes, so as "to relieve the government from the responsibility of providing a credit currency for the people." To a discussion of that question Secretary Carlisle addressed himself in his recent report to Congress. The large amount of legal tender paper afloat necessitates the holding of gold reserve for its redemption, the minimum being fixed by law at $100,000,000, which is in the proportion of about 20 per cent. to the notes. The Treasury is bound to redeem legal tenders in gold, but it has no receipts of gold to enable this reserve to be maintained. It is found that at the Custom House, where the great bulk of the national income is paid in, the receipts are nearly all in paper. Mr. Carlisle states that the deficit in the Treasury receipts this year, as before, has been made up by reissuing notes that had been redeemed, thus enlarging the paper currency, not according to the business requirements of the country, but to meet the needs of the government for money to pay current expenses. Such a system is clearly defective, as it increases the power of the note holders to deplete the gold reserve without giving any power to the Treasury to acquire gold to meet such calls. This dilemma led to the policy of issuing bonds to procure coin for the reserve, which has added considerably to the public debt, and created interest charges which represent the cost of maintaining the gold reserve, showing the present currency to be expensive.

As the effect of these bond issues is only temporary, it is manifest such a process cannot be continued, as floating bonds whenever the reserve is low would involve a perpetual outflow of bonds and a continuous increase in interest charges. Mr. Carlisle wishes, very wisely in our judgment, to utilize bond issues for the purpose of cancelling an equal volume of notes until the entire amount be withdrawn, and the necessity of a gold reserve be thereby removed. Owing to the present system, notes to value of $1000 may be used to draw out ten times that amount of gold, as they are paid out again as soon as redeemed in gold, and may pass in to fetch gold half a score times a week. Should this policy be adopted, the paper currency of the United States would be transferred to the banks, and be, as in Canada, the circulating medium of commerce. So far as the finances of the Treasury are concerned the actual indebtedness would not be changed, but there would be some 485 millions of paper cancelled which was liable to be presented for redemption at any time, and their place taken by bonds at a long period at 3 per cent. This transformation would be a remarkable operation, but it is quite feasible, and is the essential preliminary step to such currency reform as would put the circulating medium of the States on the same sound basis as is that of this Dominion.

MUTUAL FIRE INSURANCE COMPANIES IN PROVINCE OF QUEBEC.

The Inspector of the above companies placed his Report for year ending 31st August, 1894, before the Treasurer of the Province on the 18th Sept., 1895. It has taken since then to print and distribute the report, which was done by order of the Legislative Assembly. So long a delay detracts so much from the value and interest of the returns that we should be glad for any future reports to be brought up much closer to date of publication. Although, "better late than never" is rather strained in its application to this case, we use this belated Report as material for the following summary of the leading items.

The year 1894 appears to have been one of considerable increase in business, with a larger proportionate increase in expenditure. The amount at risk increased $1,826,000, about 9.30 per cent.; the assets by $44,243, or 0.41 per cent.; the liabilities by $3,951, equal to 6.15 per cent.; the income enlarged by $18,648, or 12.50 per cent.; and the expenditure went up $26,318, which is 18 per cent. The year covered by the report before us cannot have been a prosperous one for the Mutual Fire Insurance companies in Province of Quebec.

MUTUAL FIRE INSURANCE COMPANIES IN PROVINCE OF QUEBEC.

Compiled from the Official Report for year ending 31st August, 1894.

Names of Companies.	Income.	Losses incurred.	Expenditure.	Amount of deposit notes received in year.	Assets.	Liabilities.	Policies in force.	Income, 1893.	Expenditure 1893.
	$	$	$	$	$	$	$	$	$
County of Beauharnois......	5,858	3,854	5,532	10,790	23,257	1,875	2,097,695	4,134	3,452
" Maskinongé	287	350	280	287	4,856	100	516,248	247	107
Missisquoi and Rouville.....	12,217	7,719	12,506	13,822	41,707	....	2,899,038	9,557	12,623
Montmagny................	16,426	6,893	16,426	26,113	47,312	24,514	1,507,928	12,592	12,592
City of Montreal...........	22,252	19,825	29,191	143,761	398,901	989	7,643,458	19,942	18,087
Richmond, Drummond and Yamaska................	35,537	16,344	35,491	69,973	177,436	13,905	1,742,853	36,968	36,028
Rimouski, Temiscouata and Kamouraska....	31,727	18,129	32,213	25,541	79,943	24,026	2,818,311	23,306	23,028
Stanstead and Sherbrooke...	43,025	27,686	42,475	133,251	360,110	3,507	6,877,911	*41,877	41,877
Totals..............	167,333	100,804	174,115	423,539	1,133,521	68,918	26,103,444	148,685	147,797

*The Income and Expenditure for 1893 of this Company are exactly the same to a cent.

STATEMENT OF DOMINION DEBT.

* * * *

Assets, Interest, Revenue and Expenditure by periods from Confederation to end of fiscal year 1894.

ASSETS AND REVENUE AT CONFEDERATION AND AT SUCCESSIVE PERIODS UP TO 1894.

Years.	Gross Debt.		Assets.		Net Debt.		Revenue.	
	Amount	Increase in each term.	Amount.	Increase or Decrease.	Amount.	Increase.	Amount.	Increase.
	$	$	$	$	$	$	$	$
1868	96,896,666	....	21,139,531	....	75,757,135	....	13,687,928	....
1873	129,743,432	32,846,766	29,894,970	8,755,439	99,848,462	24,091,327	20,813,469	7,125,541
1878	174,957,268	45,213,836	34,595,199	4,700,229	140,362,069	40,513,607	22,375,011	1,561,542
1884	242,482,416	67,525,148	60,320,565	25,725,366	182,161,850	41,799,781	31,861,961	9,486,950
1888	284,513,842	42,031,426	49,982,483	-10,338,082	234,531,358	52,369,508	35,908,463	4,046,502
1893	300,054,525	15,540,983	58,373,485	8,391,002	241,681,039	7,149,681	38,168,608	2,260,145
1894	308,348,024	8,293,499	62,164,994	3,791,509	246,183,029	4,501,990	36,374,693	- 1,793,915
Increases between 1868 and 1894	211,451,358 in Gross Debt	....	41,025,463 in Assets.	....	170,425,884 in Net Debt	....	22,686,765 in Revenue	....

LIABILITIES OF THE DOMINION OF CANADA AT VARIOUS PERIODS, FROM 1ST JULY, 1867, TO 30TH JUNE, 1894.

Year.	Funded debt payable in London.	Funded debt payable in Canada.	Dominion and Provincial Notes.*	Savings Banks.	Trust Funds.	Province Accounts.	Miscellaneous	Total Liabilities.
	$	$	$	$	$	$	$	$
1867	67,069,115	3,999,175	3,719,559	1,422,046	6,408,779	2,573,292	7,854,081	93,046,051
1868	66,795,609	6,016,073	4,347,326	1,686,126	6,454,799	3,499,678	8,097,053	96,896,666
1873	76,137,715	8,199,396	11,335,160	6,119,690	6,686,346	14,477,825	7,821,963	130,778,098
1884	153,157,095	21,988,565	15, 00,518	29,217,536	7,055,899	14,285,698	1,377,100	242,482,416
1888	176,601,775	17,572,668	16,289,111	41,371,058	7,098,643	17,194,048	8,386,535	284,513,841
1893	201,615,480	8,218,152	18,488,064	41,849,656	10,111,141	16,407,359	3,364,669	300,054 524
1894	207,275,504	7,181,71:	20,101,254	43,036,012	10,205,365	16,407,323	4,140,842	308,348,023

* The Provincial Notes.

INTEREST ACCOUNT OF DOMINION DEBT AND ASSETS FROM CONFEDERATION TO 1894, AT SUCCESSIVE PERIODS.

YEARS.	Interest on Federal Debt.			Interest on Federal Assets.			Net Interest on Debt.		
	Total Interest paid on Debt.	Increase or †Decrease.	Average rate of Interest.	Interest received on Assets.	Increase or †Decrease.	Average Interest on Assets.	Net Interest paid on Debt.	Increase or †Decrease	Average rate of net Interest.
	$	$	p. c.	$	$	p. c.	$	$	p. c.
1868	4,501,568	....	4.64	126,420	....	0.59	4,375,148	....	4.51
1873	5,209,206	707,638	4.01	396,404	269,984	1.32	4,812,802	437,654	3.70
1878	7,048,883	1,839,677	4.02	605,774	209,370	1.75	6,443,109	1,630,307	3.68
1883	7,668,552	619,669	3.79	1,001,193	395,419	2.29	6,667,359	224,250	3.29
1888	9,823,313	2,154,761	3.45	932,025	— 69,168	1.86	8,891,288	2,223,929	3.12
1893	9,806,888	— 16,425	3.26	1,150,167	218,142	1.97	8,656,721	—234,567	2.88
1894	10,212,596	405,708	3.31	1,217,809	67,642	1.96	8,994,787	338,066	2.91

REVENUE AND EXPENDITURE OF THE DOMINION FOR VARIOUS YEARS FROM 1868 TO 1894.

YEAR.	Expenditure.						Revenue.	Surplus or †Deficit.
	Debt Charges.	Subsidies to Provinces.	Sinking Funds.	Collection of Revenue.	Sundry outlays.	Total Expenditure.	Total Receipts.	$
1868	4,860,757	2,753,966	355,266	1,885,804	3,630,298	13,486,092	13,687,928	+ 201,835
1873	5,387,850	2,921,399	407,826	3,395,475	7,062,095	19,174,647	20,813,469	+ 1,638,821
1884	7,930,085	3,603,714	1,403,863	6,875,727	11,294,314	31,107,706	31,861,961	+ 754,255
1888	10,166,905	4,188,513	1,939,077	8,789,764	11,634,234	36,718,494	35,908,463	- 810,031
1893	10,020,682	3,935,764	2,095,513	8,993,924	11,768,167	36,814,052	38,168,608	+ 1 354,555
1894	10,393,571	4,206,654	2,131,360	9,132,616	11,720,821	37,585,025	36,374,693	- 1,210,332

* The total amount of the Surpluses of revenue over expenditures, apart from those on capital account, from 1867 to 1894, was $39,873,069, and of Deficits $18,065,180, leaving $21,807,889, which was devoted to Public Works, etc.

† The minus sign (—) shows a decrease or deficit.

THE NOVEMBER BANK STATEMENT.

The bank returns of November almost invariably indicate the reaction from such activity as the harvest produces. When no marked decline in circulation occurs, a fair inference is that there has been some influence at work to offset the natural falling away owing to the crop movement weakening. The following shows the changes from October to November in a series of average years, compared with 1894 and 1895:

	Decline in circulation in November.
1885	$873,372
1886	681,998
1887	1,849,022
1889	333,480
1894	1,440,000
Average of 5 years	1,035,500
1895	308,282

The small decrease in volume of note issues in November may then be reasonably attributed to a more active demand for currency owing to better trade conditions. This view is sustained by the circulation of November last being $1,285,878 greater than in same month 1894, the difference arising wholly from this. in 1894 the note issues dropped about that sum below the October total, while in 1895 the decline was trivial It is notable that the banks of Ontario, Nova Scotia, New Brunswick and P. E. Island increased their note issues in November, and the three banks in this Province having the largest circulation, Bank of Montreal, Merchants', and Molson's, made decreases of only $123,000 in the aggregate, no more than they will do from day to day, all the year round. The amount of current account credit balances, classed as "deposits on demand," has been showing a tendency for some time to decrease, which is a healthy sign, as the more active is business the wider are the openings for using funds. A comfortable balance at his bank is pleasant for a trader to have, but it does not pay so well as using the money in his business. The two classes of deposits have been drawing away from each other in recent years. In 1885 they were about equal in amount, in 1886 the difference was from 2 to 3 millions, in 1887 it was from 5 to 6 millions, in 1889 it rose to from 14 to 16 millions, and in 1895 the deposits on demand were less by from 51 to 52 millions less than those payable after notice. In 1885 the deposits on demand amounted to 40 per cent. of the current loans or discounts, in 1895 the percentage was 33. This is more significant than appears at a casual glance. These deposits are to a large extent the unexpended funds provided by discounts, left temporarily until they are required. In 1885 these deposits being 40 per cent. of discounts showed a less active call for money than when, in 1895, only 33 per cent. of discounts remained awaiting employment. The continued growth of deposits payable after notice is remarkable. At the close of 1893 these funds amounted to 104 millions, at the end of 1894 they had increased to 113 millions, and they had enlarged to 120 millions in the eleven months of 1895. This, as we said, is remarkable, for the year 1894 was certainly a "hard times" period, and 1895 was no better for many months, yet in these two years the depositing classes had put away 16 millions of money. Manifestly there was a great money-making and saving power somewhere in the country to produce such a result. The current loans total of November was $337,000 in excess of October. a change which is reduced by $500,000 owing to that sum being written off the discounts of la Banque du Peuple. The overdue debts of that bank were increased $150,000 in November. Private advices tell of wheat threshing having been active in Manitoba early in December, where there still remains a large portion of the crop. The bank statement for November is the most encouraging one of the year, and our merchants are realizing by their receipts at Christmas and for New Year's goods how business is enlarged when the currency is increased as it has been since a year ago.

STATISTICAL ABSTRACT OF THE CHARTERED BANKS IN CANADA, NOVEMBER, 1895.

Comparison of the Principal Items.

Assets.	30th Nov., 1895.	31st Oct., 1895.	30th Nov., 1894.	Increase and Decrease for month.		Increase and Decrease for year.	
Specie and Dominion Notes	$23,381,280	$ 23,628,829	$ 22,748,839	Dec.	$ 247,549	Inc.	$ 632,441
Notes of and Cheques on other Banks	7,163,592	7,566,814	7,343,825	Dec.	403,222	Dec.	180,233
Due from American Banks and Agencies	27,773,910	26,968,225	25,274,625	Inc.	805,685	Inc.	2,499,285
Due from British Banks and Branches	5,418,787	4,599,670	4,401,819	Inc.	819,117	Inc.	1,016,968
Canadian Municipal Securities and Brit., Prov. or Foreign or Colonial, other than Dominion	9,600,216	9,591 879	9,968,195	Inc.	8,337	Inc.	367,979
Railway Securities	10,761,154	10,548,851	8,540,293	Inc.	212,303	Inc.	2,220,861
Loans on Stocks and Bonds on Call	17,104,427	17,197,537	17,722,565	Dec	93,110	Dec.	618,138
Current Loans to the Public	202,090,122	201,753,216	195,823,973	Inc.	336,906	Inc.	6,266,149
Overdue Debts.	4,334,856	4,267,698	3,457,178	Inc	67,158	Inc.	877,678
Total Assets	326,226,143	325,648,490	314,176,123	Inc.	577,653	Inc.	12,050,020
Liabilities.							
Bank notes in Circulation	34,362,746	34,671,028	33 076,868	Dec.	308,282	Inc.	1,285,878
Due to Dominion Government	5,526,905	3,837,894	2,504,027	Inc.	1,689,011	Inc.	3,022,878
Due to Provincial Governments	2,662,001	3,130,792	2,630,856	Dec.	468,791	Inc.	31,145
Deposits made by the public	187,837,764	186,665,352	183,206,981	Inc.	1,172,412	Inc.	4,630,783
Do payable on demand or after notice between Bks	2,686,202	3,764,351	2,947,418	Dec.	1,078,149	Dec.	261,213
Due to American Banks and Agencies	220,985	215,853	156,752	Inc.	5,132	Inc.	64,233
Due to British Banks and Branches	3,671,965	4 380,391	3,089.477	Dec.	676,369	Inc.	602,488
Total Liabilities	238,316,814	23 ,370,196	228,597,876	Inc.	946,618	Inc.	9,718,968
Capital.							
Capital Stock paid-up	62,004,573	61,965,098	61,669,355	Inc.	129,475	Inc.	425,218
Reserve Fund	27,233,799	27,158,799	27,287,526	Inc.	75,000	Dec.	53,727
Directors' Liabilities	8,401,123	8,717,336	7,978,669	Dec.	316,713	Inc.	422,454

Deposits with Dominion Government for security of note circulation being 5 p.c. on average maximum circulation for year ending 30th June, 1895, $1,814,624.

LA BANQUE DU PEUPLE.

The meeting of the shareholders of the above Bank, held on 17th December, resulted in eliciting some inside views of the methods of management which invariably accompany, if they do not produce, the evils which lead to collapse. The glowing report issued for the year ending 28th February last was accompanied by the certificate of three auditors, to effect that they had "examined the books," and "taken cognizance of the assets and liabilities," upon which they reported "the whole to be correct and deserving our approval." This certificate, it will be noticed, was unusually positive going almost to the length of a guarantee that the assets were sound, for the whole of them were expressed as "deserving approval." Naturally then some searching questions were put at the meeting, the replies to which were most regrettable. Their audit had been conducted as though it were a formality, the general manager had directed their work, and his assurances were relied upon as to certain accounts and assets without further enquiry. The accounts of the branches were passed and approved, although the auditors had not visited them; they accepted the branch managers' statements without any enquiry. It never occurred to them to enquire into the large advances to a few firms, yet they certified their "approval" of these loans. Even the Inspector had to admit that the head office had not been inspected,—a fact which bankers will best appreciate as an indication of what was going on. Further questions showed that loans had been made to extent of $1 494,000, without even the knowledge, much less the assent, of the Directors. This has been denied by Mr. Bousquet; but as Mr. Grenier, very sorrowfully, and evidently under great pain, made this confession, we are inclined to accept his statement. As the ex General Manager was not present, he escaped the ordeal awaiting him. Here then we have auditors, inspector, directors admitting, when questioned by shareholders, that the ordinary checks upon managerial irregularities were entirely absent in the Banque du Peuple. As to the actual position of the bank financially, we are in the dark. The shareholders, on motion of Mr. Donald MacMaster, Q.C., passed a resolution appointing a committee to value the assets of the Bank, and report to an adjourned meeting to be held on 3rd inst. Mr. Geoffrion, Q.C., is acting in the interests of re-construction, and will give notice of intention to apply for an amended Charter. Judge Chauveau of Quebec was of opinion that such legislation could not be hoped for after recent disclosures. The discussion was made interesting by the questions of Mr. J. N. Greenshields, Q.C., whose enquiries went to the root of the trouble. They were objected to on behalf of the Board; but, though put off for a time, there will come a thorough exposure of the lamentable policy that wrecked this old bank, which only a few days before it closed up was reported officially to the Government as possessed of a surplus of $600,000 over and above all its liabilities to the shareholders for the stock and to the public for their deposits.

MAXIMUM MORTALITY PERCENTAGES.

DISCUSSED BY A CANADIAN AND A BRITISH ACTUARY.

The question, whether or not the mortality under policies on lives of the same present age gradually increases to a maximum at about the tenth to fifteenth years of assurance, and thereafter declines, has been occupying some space of late in the columns of the Journal of the Institute of Actuaries of England. The subject is a purely technical one, but as it has been discussed by Dr. T. B. Sprague, F.I.A., L.L.D., of Edinburgh, probably the greatest authority among British actuaries, and Mr. T. B. Macaulay, F.S.S., member of the Actuarial Society of America, of Montreal, it will no doubt be appreciated by our readers. We give below Mr. Macaulay's letter which opened the discussion, and Dr. Sprague's reply. The articles are self-explanatory, and our readers will be able to form as correct opinions on their merits as we can. Where doctors differ it is not for a layman to decide; but we can at least express our satisfaction that Canada has been so well represented.

MR. T. B. MACAULAY'S LETTER.

To the Editor of the Journal of the Institute of Actuaries:

SIR,—I trust that I will not be considered presumptuous if I venture to offer a few words of friendly comment on a portion of a paper which has deservedly taken its place as one of the classics of actuarial science, and which has as its author one of the most honored leaders of the profession. I refer to the essay by Dr. T. B. Sprague, "On the rate of mortality prevailing among assured lives, as influenced by the length of time for which they have been assured." (*J.I.A.*, xv, 328.)

In that paper Dr. Sprague pointed out that in the experience of the Twenty Offices (Hm), a maximum mortality percentage is apparently reached between the eleventh and fifteenth years of assurance, and that this supposed fact may be accounted for by the operation of two factors. (1) the gradual wearing out of the beneficial effect of the medical examination at entry, and (2) the effect produced by the withdrawal of healthy lives. What I wish to suggest now is, whether the peculiarity in question is not capable of an entirely different explanation, and due to an entirely different cause.

In an investigation into the effects of selection, the plan of comparing the actual number of deaths with those predicted by a standard table is certainly an excellent one. It is, however, essential that the table selected as a standard be one which is in every way suitable and reliable. If the gauge by which we measure be one which is not applicable, the results arrived at by its use will, in all probability, be incorrect. Dr. Sprague himself recognized this when he said: "It occurred to me that the fact of grouping together persons of all ages at entry might have a disturbing effect on the results, as would clearly be the case if the table of mortality from which the probable deaths are computed gave much too high a mortality at the early or middle ages." A careful examination will, I think, convince us that this is exactly what has happened, although the predicted mortality is too low, instead of too high, at the early and middle ages. Any table deduced in the ordinary way from the experience of life companies is itself influenced by selection, and is therefore from its very nature an improper standard During early and middle adult life, an addition is made at each of a large number of newly selected risks. At ages 20 or 25 the lives exposed are all practically fresh from the examiners' hands.

As age advances the proportion of these new cases to the total becomes steadily less, and after 65 the lives exposed may be considered as, for practical purposes, containing none which have been recently admitted. The consequence is that the mortality shown by the table during the earlier years of life is unduly depressed by this artificial condition, and that the table as a standard becomes increasingly severe with advancing age. It may seem out of place to refer to such a well-known fact, but I do so because I think it is the key to the whole problem.

Let us now examine the percentages brought out by Dr. Sprague. I regret that it is impossible to arrange them under uniform groupings, but I have endeavored to do this as nearly

PERCENTAGE OF ACTUAL DEATHS TO THOSE COMPUTED BY THE HM TABLE.

Years of Assurance.	Present Ages. 15-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	71-75	76-80	81-85	86-90	91-96	All Ages.
0	52·9	40·6	41·4	63·5	40·4	37·5	44·9	44·0	46·6	25·1	49·9	16·1	..	..	..	..	44·6
1	..	88·2	79·0	72·3	63·1	70·9	68·8	51·4	..	62·4	63·3	79·9	..	..	..	..	71·5
2	118·7	..	104·2	91·5	85·3	91.0	86·3	83·6	79·4	73·2	69·8	..	..	..	..	..	88·9
3	..	105·9	109·6	105·2	100·2	96·0	99·4	93·4	..	..	..	89·9	..	..	..	..	98·6
4	..	138·8	133·7	..	..	..	100·1	..	88·4	..	..	..	51·5	..	..	..	108·4
5	**141·9**	102·8	..	108·8	106·5	100·8	101·1	96·7	94·8	99·2	92·3	99·8	85·4	..	..	..	101·3
6-10	..	**186·3**	135·6	116·6	114·1	106·2	104·9	99·8	101·4	101·7	104·6	101·3	92·7	..	..	..	105·1
11-15	..	..	**140·3**	**126·7**	**120·2**	107·5	108·8	108·9	**108·7**	104·6	105·2	105·1	96·7	93·3	..	..	**108·7**
16-20	..	..	..	..	118·9	124·9	109·2	109·7	108·2	**103·4**	**105·8**	**105·2**	100·1	93·5	89·8	..	105·2
21-25	..	..	..	..	..	**131·4**	**109·7**	**113·6**	**102·3**	**103·3**	101·1	..	101·3	95·8	..	..	104·5
26-30	..	..	..	..	..	..	106·8	107·7	..	103·1	..	102·5	**104·4**	105·9	97·6	..	103·5
31-63	..	..	..	..	..	..	..	..	93·6	100·0	99·7	90·7	103·1	**103·3**	**107·9**	**108·2**	102·1
TOTAL.	104·6	95·5	103·0	98·6	100·9	99·7	100·3	99·8	99·5	100·2	100·0	100·8	99·5	101·2	99·1	108·2	100·07

as possible. In each set I give in their exact order all the percentages. Those who wish to examine the slight variations which have been made in the groupings are referred to the original paper.

In the above table the maximum in each set is printed in heavier type, while the percentages for the years 11 to 15 are enclosed within parallel rules to assist the eye. If we glance from left to right along the line opposite to any year of assurance, we will be struck by the marked and steady reduction which takes place in the percentages. Taking, for example, the years 11 to 15, we find a gradual fall from 140·3 for ages 26 to 30, to 108·9 for ages 51 to 55, and to 93·3 for ages 81 to 85. This is, of course, what we would expect. It does not necessarily mean that the mortality at the higher ages is more favorable than at the younger, but rather that the mortality table by which the expected deaths are computed provides for a greater number of deaths proportionately at the older ages than at the younger.

Possibly, however, it may appear to some that this statement is inconsistent with the fact that the percentages for all durations combined as given at the foot of each column are all very close to 100, and are about equally heavy at all ages. It is merely necessary to point out that this is because the majority of deaths at the younger ages occur under policies of short duration, while at the higher ages the majority are under policies of long duration.

We now note several points brought out by the above table:

(1) Discarding ages over 90, seven of the 15 sets show an uninterrupted progression from lower to higher percentages, the highest percentage of all being in each case the last one in the group.

(2) Four of the remaining sets show an uninterrupted progression until the last percentage but one. They show a falling off in only the last item. The numbers of deaths on which the last percentages in these four sets are based are respectively 36, 23, 221 and 119, making in all only 399 deaths out of a total of 7,344 at those ages. Whether a uniform grouping of the durations or a very slight rearrangement of them might not cause the supposed maxima to disappear entirely from these groups is a matter about which no definite opinion can at present be expressed. At any rate they are evidently of but slight importance.

(3) Of the remaining four sets one only shows a maximum falling between the eleventh and fifteenth years of assurance, the other three falling later.

It is therefore clear apparently that so far the subdivided ages are concerned, they do not, on the whole, confirm the maximum mortality theory, but, on the contrary, tend to show that no such maximum exists—certainly not between durations 11 and 15.

How then does the summary for all ages combined show a maximum between years 11 and 15? Simply because by the uniting of all the divided sets the peculiarity of the mortality table comes into play, and the percentages for the longer durations of policies become more favorable, because these are the percentages which belong also to the older ages of life, where they are, as we have already shown, naturally and of necessity lower than at the younger ages.

Perhaps a practical illustration will be the most satisfactory way of explaining the matter. Let us take two hypothetical groups and then combine them.

HYPOTHETICAL ILLUSTRATION.

Years of Assurance.	Present Ages 36-40. Expected Deaths.	Actual Deaths.	Per cent.	Present Ages 66-70. Expected Deaths.	Actual Deaths.	Per cent.	Combined Ages. Expected Deaths.	Actual Deaths.	Per cent.
1-10	1,000	800	80	100	62	62	1,100	862	78·4
11-15	1,000	1,150	115	500	500	100	1,500	1,650	110·0
16-20	200	250	125	1,000	1,020	102	1,200	1,270	105·8
21-30	......	......	....	600	618	103	600	618	103·0
Total	2,200	2,200	100	2,200	2,200	100	4,400	4,400	100·0

In this illustration we have two separate groups of lives, each having a mortality which agrees exactly with the table. Neither shows any maximum, but on the contrary both get progressively worse. When, however, they are combined they produce percentages which on their face would indicate a maximum, although such does not exist in reality at all.

It may, however, be objected that as this combination is a mere supposition, it may perhaps have no bearing on Dr. Sprague's tables at all. To settle this doubt, I have picked out and combined the seven sets of lives which admittedly show no maximum (ages 15-20, 21-25, 26-30, 31-35, 41-45, 81-85, 86-90). As the groupings are not identical, I have had as before to place all irregular durations into the group to which they most nearly belong. The results are as follows:

PERCENTAGE OF ACTUAL TO COMPUTED DEATHS.

Years of Assurance.	Expected Deaths.	Actual Deaths.	Percentages.	
0	345·90	164	47·4	47·4
1	603·53	459	76	76
2	488·38	469	96·1	96·1
3	509·63	528	103·5	103·5
4-5	1,156·16	1,247	107·9	107·9
6-10	920·44	1,053	114·5	114·5
11-15	364·72	399	109·4	110·7
16-20	232·49	262	112·7	
21-25	127·01	139	109·4	109·4
26-30	117·34	121	103·2	106·5
31-63	175·27	191	108·9	
Total....	5,040·87	5,032	99·8	99·8

We here see in actual operation the principle referred to. Not one of these seven groups shows any maximum when considered by itself, and yet, when they are combined, there is a very marked maximum observable between the sixth and tenth years. This is conclusive proof that so far at least as this section of the experience is concerned, the supposed maximum is due solely to the nature of the table used as a standard. The addition of one other set (36-40) would have been sufficient to bring the maximum forward to the 11th-15th years of duration.

If it be supposed that as the Peerage Table is not founded on assurance experience it therefore is a proper standard for use in such a case as the present, and that the objections which we have been urging cannot apply to it, I would point out (1) that the Peerage Table is based solely on one particular stratum of society, and is therefore inapplicable, and (2) that its mortality curve follows a peculiar course, being high at ages under 30 and over 70, and low between these ages. It would naturally therefore give results very similar to those of assurance tables, and like them must be discarded.

From a consideration of these facts, I think we must come to the conclusion that, much as we must all respect Dr. Sprague's opinion on this or any other point, the statistics which we have been examining contain no satisfactory evidence of the existence of such a maximum mortality epoch as has been supposed.

Yours truly,
T. B. MACAULAY.

MONTREAL, 10th April, 1895.

DR. SPRAGUE'S REPLY.

To the Editor of the Journal of the Institute of Actuaries:

SIR,—I have carefully read Mr. T. B. Macaulay's letter (J. I. A., xxxii, 117) with the above heading, and I consider it an interesting contribution to the discussion of the important subject of the mortality among insured lives.

In my paper of 1870, I showed, from an examination of the experience collected by the Institute of Actuaries, that, taking all ages together, and comparing the actual deaths with the expected, in suitable groups of years of insurance, the series of ratios exhibited a maximum for the group of years of insurance, 11 to 15. Mr. Macaulay has now conclusively shown that such a maximum may appear in an aggregate for all ages, even when it does not appear in any of the series obtained from the same statistics arranged in quinquennial groups of ages.

I think, however, that Mr. Macaulay attaches too much importance to his results, and that they do not bear out the conclusions he draws from them. I would first point out that it is very incorrect to speak, as he does, of a maximum mortality "theory"; for the question whether there is a maximum in the series of percentages, or not, is a question of fact, and not of theory. So again, when he speaks of my "opinion" on this point, I have to remind him that this is not a matter of opinion, but a matter of fact. Either there is a maximum, or there is not; any man's mere opinion on such a point is of very little weight, if any, and the question must be decided by an examination of the statistics.

What, then, are the facts? The table given by Mr. Macaulay enables us to answer this question very readily, although if we wish to have the years of insurance correctly, we must refer to the J.I.A. for April, 1870. My description of the facts was as follows (page 349), "The law......of the actual mortality as compared with the expected, increasing to a maximum, and then again decreasing, is retained in a very marked manner throughout the interval of 20 years, and from age 56 to 75; and it will be seen further that the figures involved are so large, and the results are so consistent with each other, that we are forced to admit the phenomenon as a true deduction from the facts. At both extremities of the above period, namely, from the age 46 to 55 at the one end, and from 76 to 80 at the other end, the same law appears in a less prominent manner; while under the age 46 and above the age of 80, the rate of mortality increases continually with the standing of the assurance." In order to show more clearly the nature of the facts which Mr. Macaulay endeavors to explain away, I have extracted from my paper the figures in columns (2) to (7) of the following table, and added those in the last column:

Present Ages. (1)	Number at risk. (2)	Deaths. (3)	Maxim'm per cent. (4)	Yrs. of Insur. (5)	Final Per c't. (6)	Yrs. of Insur. (7)	Diff. (4-6) (8)
46-50	156,180.5	2,255	109.7	19-25	106.8	26-35	2.9
51-55	124,028.5	2,302	113 6	19-22	107.7	23-40	5.9
56-60	90,757	2,312	108.7	12-17	93.6	30-end	15.1
61-65	60,778.5	2,258	106.4	16-21	100.0	32- "	6 4
66-70	36,283	1,920	105.8	14-16	99.7	27- "	6.1
71-75	19.012.5	1,548	105 2	18-21	90.7	33- "	14.5
76-80	7,808.5	937	104.4	27-36	103.1	37- "	1.3
	494,848.5	13,532					

These facts are not to be got rid of by arguments such as those used by Mr. Macaulay. If the law indicated by the figures, namely, the increase of the percentages to a maximum, and their subsequent decrease, were not a reality, but, as Mr. Macaulay supposes, the result of calculating the expected deaths by an unsuitable table, this could be proved by calculating the expected deaths by a more suitable table; and I trust that Mr. Macaulay will apply this test to the figures, and publish the results. I am satisfied that, when this is done, it will be found that the same law still prevails in the series of percentages. It is certainly true as pointed out by me in 1870, and now in greater detail by Mr. Macaulay, that the use of an incorrect mortality table may, when the expected deaths at all ages are compared with the actual, introduce a maximum into the series of percentages, which would not be there if a correct mortality table were used. But when this comparison is restricted to a small interval of age, such as five years, inaccuracies in the mortality table, even of the most serious character, can produce no such effect. If, for instance, the mortality table employed gave, in a certain quinquennial group of ages, a mortality 50 per cent. in excess of the truth, all the percentages relating to persons who had attained those ages, but had been insured for different periods, would be reduced in the same ratio; each of them being two-thirds of what it would be if a true table had been used; but the inaccuracy in the table would not introduce any maximum into the series of percentages.

The law of the figures being such as I have described, it is a wholly different question how this law is to be explained or accounted for. In 1870 I showed how the law might be accounted for as the effect of the withdrawal of healthy lives; and I believed that its existence proved that the lives which withdraw are, on the average, better than those which remain. I now entertain considerable doubt on this point. Mr. Chatham claims to have shown (J. I. A., xxix, 81), that, where the withdrawals are most numerous in the early years of insurance, there the mortality is lightest (p. 172); and he concludes, "that in ordinary circumstances the rate of increase in the mortality during the ten years after insurance is independent of the rate of discontinuance." (p. 173). One of the facts which he relies on is that, on comparing the experiences of the ten Scotch offices with the total experience collected by the Institute in 1863, the rate of withdrawal in the Scotch experience was less than in the total, of which it formed a part; but the rate of mortality was, nevertheless, higher. Mr. Chatham's conclusion, if correct, is of great importance; but the difference between the rates of mortality in the Scotch and in the total experience is small, and the conclusion seems to me to require confirmation from other sources before it can be accepted without reserve.

I am, Sir,
Your obedient servant,
T. B. SPRAGUE.

EDINBURGH, August 28, 1895.

ONTARIO CASH MUTUAL FIRE INSURANCE COMPANIES.

The Report of the Inspector of Insurance for Ontario, 1895, is a voluminous document containing statements of all the mutual companies operating in that Province; lists of all the insurance companies licensed therein, with their chief officials, and of the agents who are registered for the transaction of Life and Accident Insurance under the Insurance Corporations Act of 1892. Statements are also given of the numerous Friendly Societies in Ontario, with other details.

The accompanying tables were compiled from the statements of the companies as given in the Report, the returns being made up to 31st December, 1894.

PURELY MUTUAL FIRE INSURANCE COMPANIES IN ONTARIO, FOR 1894

ASSETS.

Real estate, mortgage, securities and cash	$102,456
Unassessed premium note capital	3,178,460
First payments, and assessments unpaid	28,654
Other assets	6,709
Total assets	$3,316,270

LIABILITIES.

Losses not adjusted	$7,541
Losses adjusted	21,710
Borrowed money	26,939

Sundry liabilities	5,395
Total liabilities	$61,585
INCOME.	
First payments on premium notes	$ 58,848
Assessments of 1894	169,428
Arrears of assessments	17,084
Borrowed money	61,636
Other sources of income	16,988
Total income 1894	323,984

EXPENDITURE.

Losses	$ 219,057
Loans repaid	57,739
Expense account	39,808
Agents' commission	7,733
Sundry expenses	10,165
Total expenditure 1894	$334,502
Total amount at risk	$99,426,630

ONTRARIO CASH MUTUAL FIRE INSURANCE COMPANIES.

Cash Mutual Fire Insurance Companies.	Premiums and Assessments on Notes.	Losses paid.	Total Receipts.	Total Expenditure.	Assets.				Liabilities.				Amount at Risk.
					Cash Assets.	Premium Notes.	Other Assets.	Total Assets.	Losses unpaid.	*Reserves on Cash System.	Other Liabilities.	Total Liabilities.	
	$	$	$	$	$	$	$	$	$	$	$	$	$
Economical	98,004	52,026	102,842	87,505	42,379	196,810	53,883	293,072	2,648	23,367	......	26,015	9,723,335
Fire Insurance Exchange	15,328	2,547	16,171	14,037	25,398	8,826	1,487	35,711	......	2,677	1,518	4,195	1,279,147
Gore District Mutual	115,398	70,995	147,457	119,691	28,011	173,443	148,137	349,591	2,775	37,505	2,153	42,433	11,406,843
Hand in-Hand	29,239	10,994	44,803	35,525	8,796	9,340	64,289	82,425	2,276	7,303	276	9,855	2,062,801
Millers' and Manufacturers'	39,083	11,187	57,623	45,184	24,896	35,893	42,563	103,352	4,553	676	4,018	9,247	1,389,579
Perth Mutual	85,896	41,616	110,703	107,256	13,388	120,705	156,908	290,001	4,611	26,177	360	31,348	8,760,081
Waterloo Mutual	165,293	113,807	178,251	185,043	8,688	198,057	100,499	307,244	5,663	73 349	......	79,012	20,196,067
Wellington Mutual	52,516	36,513	56,283	58,431	6,817	124,589	14,755	146,161	315	14,024	......	14,339	2,601,898
Totals	610,757	339,685	714,133	652,672	158,373	867,663	581,521	1,607,557	22,841	185,278	8,325	216,444	57,419,751

* No reserve liability is charged against risks taken on note system.

FINANCIAL ITEMS.

La Banque de St. Jean has declared a half year's dividend of two per cent.

The Bank of New Brunswick has declared a dividend of six per cent. for current half year ending 31st December.

The Council of Smith's Falls will consolidate its debt and extend payment over forty years, the amount being $73,000.

"The Beaver Line," Ltd., will apply for incorporation next session to acquire steamships, docks, wharves, etc., needful for doing the business of a transportation company, with chief place of business in Montreal. Capital stock is to be $250,000.

The Total Number of Failures in the United States in 1895 as reported to "Bradstreet's" is 13,013 contrasted with 12,721 in 1894, an increase of 2.2 per cent. This is the largest number of failures ever reported since the record was begun, with the single exception of 1893, two years ago, when the aggregate was 15,560, compared with which year the falling off in 1895 is 16 per cent.

The total amount of liabilities of failing firms, corporations and individuals in the United States during 1895 amounted to $158,842,445, more than $9,000,000 in excess of the total in 1894, an increase of less than 6 per cent., or three times the rate of increase in the total number of failures. The grand total of assets of failing firms, corporations and individuals during the year amounted to $88,115,530, or more than $8,000,000 in excess of the like total one year ago, an increase of more than 10 per cent., showing a relatively greater degree of solvency of those embarrassed than in the preceding year. This record of the total number of failures, together with gross liabilities and assets for 1895, makes it plain that the after-effects of the panic of 1893 were more far-reaching than anticipated one year ago.

Napanee has reduced its debt $21.000 in last ten years.

A dividend of 6 per cent. per annum has been declared by the Trust Corporation of Ontario, payable on 2nd inst.

The present circulation of Dominion notes amounts to $22.879,000, the gold held is $11,016.000, which is 48.59 per cent.

The clearings of the banks in Montreal for last week were $11,950,370, as compared with $8,158,847 the corresponding week of last year.

The U.S. Bond Bill authorizing the issue of 3 per cent. coin bonds, to maintain the gold reserve, was passed Congress on 28th December by a good majority. A syndicate is understood to have been formed to take a $100,000,000 loan, partly of American and partly foreign capitalists. The situation is one of grave anxiety owing to the disturbed state of the money market from the recent war scare.

A city contemporary announced a few days ago that Russia was about to supply the States with a large sum of gold against a deposit of U. S. bonds, an international pawning transaction. Russia knows better than deplete her gold reserve just now when war is in the air, and when she might want the cash when the States could not repay the gold so borrowed. The story is a fiction.

A bank holding a judgment against a customer for debt representing advances made on the security of collateral notes must give credit on the judgment for all moneys collected from the collateral security, and can only rank on the estate for the amount of the judgment which is unsatisfied by such moneys. The case showing this, Molsons Bank *vs* Cooper et al; is reported in the *Canadian Bankers' Journal* for this month.

Correspondence.

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

A CORRECTION.

The Editor INSURANCE & FINANCE CHRONICLE, MONTREAL :—

DEAR SIR,

The statement in your issue of 15th inst., to the effect that I had resigned the Agency of the Connecticut, is not correct, and was never authorized by me. That being so, I must beg you to publish a contradiction in your next, which I have no doubt you will take pleasure in doing. It seems a pity to disappoint the expectation that "the Connecticut will find a home on St. François Xavier St.," but, in this case, the wish may have been father to the thought in the mind of some too eager applicant. The Connecticut is not seeking a home in Montreal at present, and, of the two saints, prefers St. John to St. François Xavier. It will remain in the bosom of the former until further notice.

Yours truly,

C. R G. JOHNSON.

INTEREST-EARNING RATIOS.

To Editor INSURANCE & FINANCE CHRONICLE:—

SIR,

There are three basic methods of figuring out interest-earning ratios, which are .—

1. On mean admitted ledger assets;
2. On mean total admitted assets;
3. On reserve at beginning of year, plus deferred dividend Fund and one-half of year's premium income.

There are also three reasons for arriving at the interest ratio :

1. To ascertain how the average rate of interest on investments compares one year with another, and the "Mean Ledger admitted Assets" basis furnishes this.
2. To compare the relative interest-earning power—one Company with another—and the only basis that will correctly do this is "Interest on Mean Total Assets," any other basis than this puts a premium on "companies carrying excessive uninvested Assets," and assumes that undue amount of such is not only not a weakness but of no account.
3. To arrive at the excess or shortage of interest received over or under that required to provide for the necessary rate of interest assumed in Reinsurance Reserve calculations, it is supposed that the basis of Reserve at end of year plus half of the year's premiums is correct. But this ignores the fact that "Deferred Dividends" are actually a liability, and should be added to the Reinsurance Reserve. Surplus made up from annual dividends earned, paid but deferred for any period beyond one year, is a liability, and should be, but is not so treated by all companies, and the interest earned by such deferred dividend fund should not be considered as additional interest earned by the Reinsurance reserve fund. Any interest ratios which do not shew each of the above three methods only mislead, as erroneous deductions are drawn from the one which best suits the purpose one has in view.

ACTUARY.

The Independent Order of Foresters will apply next session for power to invest in United States bonds or Government securities in any country where they do business as the local laws require, the total amount of such investments not at any time to exceed one-fourth of their total available surplus or accumulated funds. Also to increase the amount of real estate, they may hold to $500,000, and to fix their deposit with the Government at $250,000, with power to increase it if necessary. Power also is sought to increase mortuary benefits to $5,000, and to provide for sworn statements annually being made to the Government.

Notes and Items.

The Imperial Life Assurance Company of Canada will apply for an Act of Incorporation next session.

The Lloyd organization papers, New York State, are to be investigated by the Attorney General.

William McMillan, convicted of starting the Osgoodby fire, Toronto, on 10th January last, has been sent to the penitentiary for 10 years.

The Equitable Benefit Company of Canada will seek incorporation next session to do a business of issuing and redeeming investment bonds.

The Massachusetts Commissioner has decided that an insurance broker or agent is not entitled to a commission on a policy on his own life.

San Francisco fire underwriters are still at loggerheads. They would show wisdom by ceasing strife, which injures them without bringing any compensation.

Cincinnati had an extraordinary fire loss record last year, the total being estimated at $3,465,000, towards which the insurance companies have contributed $1,345,300.

The Bankers' Mutual Casualty Company has been organized in the States to insure banks against burglary and loss of money in transit. Six hundred bankers are said to have joined the company.

A contemporary gives a singular adjustment case, in which a claim of $200 was spread amongst companies carrying $250,000. Some of the claims were lower than a dollar, and cost more to adjust than to settle.

The New York Life has withdrawn from Brazil, owing to the oppressive insurance laws recently enacted. The leading paper of Rio wisely observes, "Brazil thus loses the capital and enterprise which these strong life assurance companies can command."

Insurance Commissioner Raisin of Maryland has resigned. Being a democrat, he prefers not to be an official of the republican administration coming in. Such positions ought not to be regarded as partisan ones. What has insurance to do with party politics?

The Duchess of Marlborough is said to be negotiating with a British company for a policy covering her life in favor of her husband, the amount being very large. Much will have more. The first Duke was intensely avaricious and made money out of female friends.

The Palatine Insurance Company will receive $80,000 from the New York Bowery Fire Insurance Co., for which sum, in addition to the $100 000 already received, the Palatine is to carry out the original re-insurance contract of March 20th. The receiver has paid the $80,000 to the Palatine, and the matter is settled.

Kansas city life and accident insurance agents are excited over the license fee being raised from $25 to $75 per annum. Why does not some legislative body enact a law making it a penal offence to be engaged in the insurance business? The antagonism shown to the companies would then reach its logical conclusion.

The firm of F. D. Hirschberg & Bro., St. Louis has been expelled from the local Board of Fire Under writers, because of their appointing a lady representative of a certain class of business. The Board affirms that Messrs. Hirschberg knew this to be contrary to the rules, and having set them at defiance, expulsion was necessary in the interests of law and order.

The Caledonian Insurance Company has just had its examination by the New York Insurance department completed. The figures are reported to show an increase of surplus between January and July last. This is the first of the British companies to be subjected to the ordeal of an examination, and it is satisfactory to know that it stood the test well.

The use of the Bicycle is declared by the International Association of Accident Underwriters, "to add to the risks in accident insurance, and should be covered by either adding to the premium or reducing the indemnity." The risk to street passengers is certainly much increased by reckless bicycle riders whose racing speed on the streets needs checking.

The Insurance Observer is the title of a new insurance paper published in New York. This title has been borne for many years by an English journal published in London. The new venture seems to be more pictorial than is usual with insurance papers. We note that on the same page on which misquoting is rebuked, a couplet from Cowper is misquoted very badly. The *Observer* is nicely printed on good paper, and promises to be bright and interesting.

Manager Harding, of the Springfield, is out with a warning against risks offered in the name of women in cases where the property has been placed in their name to avoid seizure by creditors. Such transfers may not be dishonorable in every case, but are objectionable. "We want no business risks when the property has been placed in the name of a wife, daughter, sister, brother, or 'brudder-law,' if we know it." When, however, a woman owns a business, and has shown her ability to transact business successfully, the insurance of her property has no special risk.

Ex-Alderman G. H. Allen, of Kingston, Inspector of Agencies of the Standard Life Assurance Company, delivered a lecture on "Insurance," before the local Business College, on 3rd Dec. The lecturer, after explaining the laws of mortality upon which life insurance is based, went on to discuss fire, accident, plate glass and other kinds of insurance, showing how records are kept from which averages are drawn for the guidance of actuaries in fixing rates. The three elements of a life insurance premium, viz., reserve, mortuary and expense, were discussed, and the entire lecture was highly appreciated, as both interesting and instructive.

The gross amount of fire insurance taken out in London, England, during 1894 is reported by the London County Council as $422,999,400, the distribution being mainly as follows:—

Alliance	$160,460,000	Manchester	$ 69,000,000
Atlas	88,550,000	N. of Ireland	2,246,000
Caledonian	23,045,000	North British	181,256,000
Commercial Union	173,540,000	Northern	78,713,000
County	290,715,000	Norwich Union	100,005,000
Equitable	17,201,000	Phœnix	406,448,000
Guardian	113,900,000	Royal	277,500,000
Imperial	141,957,000	Scottish Union	37,450,000
Lancashire	35,500,000	Sun	433,564,000
Lion	10,028,000	Union	155,980,000
Liv. & Lon. & Glo.	204,770,000	London & Lan.	104,066,000

The Great West is about to commence business in Province of Quebec.

New York city, according to a petition to the authorities, is threatened with a shortage of water. The daily consumption this year will be about 200 millions of gallons, being double that of 1889, and is increasing so fast as to cause anxiety as to the supply.

A Convention is to be held in Toronto shortly, to organize a movement in favor of municipal insurance. As quite a number of municipalities have been saved from ruin by the established fire insurance companies, and Toronto itself would have been seriously embarrassed by the fire losses this year but for the insurance companies, it is exceedingly grateful, to say the least, for this movement to be again started.

The Canadian Order of Foresters comes in for a severe castigation from the *Belfast Insurance Gazette*, which refers to the Order as "a puny enterprise," and denounces its claim to have a surplus of £300,000 as "a rank falsehood." The Belfast Foresters, it seems, held a meeting on a recent Sunday, to celebrate the 21st anniversary of the Order being founded, which our contemporary regards as "little short of impious." It goes on to poke fun at the ritual of the Foresters, especially that part of the ceremony during which "burning whisky with salt" is indulged in. This produces a peculiarly weird effect; but what it has to do with benefit society work or life assurance is a puzzle. The *Belfast Insurance Gazette* regards the progress of the Foresters as proof of lunacy being on the increase in Ireland!

Insurance humor is usually quite racy. An excellent specimen of it has been furnished by Mr. H. M. Butler, in a circular announcing the retirement of the Tremont Mutual. He writes:—"Death lies upon it like an untimely frost—upon the sweetest flower of all the (mutual) field.' At the outset I could not tell whether it was to be a fight, a foot-race or a funeral—it proved to be all three."

"Its risks are all re-insured in a good stock company with a spherical cognomen, and it retires from the field with a reputation like that of Senator—or rather Chevalier Bayard. Our coffers contain over twenty-five thousand dollars in gold, cash and bonds, which by some strange mischance I had overlooked, and everyone will be amply provided for except the undersigned. The company was ably officered—in fact, the proportion of officers to members would remind one of the U. S. army; but even that fact could not save it, and it succumbs to the 'slings and arrows of outrageous fortune.' It will not be necessary for me to again announce my removal to another location, as every blooming thing in the office stands in my name, from the greatest to the least—the office itself was leased. I am the happy possessor of a large and varied assortment of bric-a-brac, for which I shall have no use until another idiot starts another Tremont Mutual Insurance Company. Among other articles of bijouterie and vertu are several thousand policies with gorgeous and appropriate red headings—the lurid titles cost me forty dollars extra, but they look as if they took a quart of vermillion (quarter of a million—$250,000). I am now satisfied that my ordering them was poor policy. 'Brace up! brace up! dejected soul, and strike a merrier jog; you're not the only one that totes the butt end of the log.' Vale, Tremont, vale; good-bye; so long! 'Like vaulting ambition,' you 'o'erleaped yourself, and fell on the other' side. You meant well, but you didn't know. Adios!"

A Chicago firm is being sued by the Attorney General for doing fire insurance business with New York Lloyds who are not authorized to operate in Illinois. The State is seeking to recover $5,000 in fines. This seems the best practical way of stopping the New York Lloyds who are working so hard to get Canadian risks.

The following Calendars and Diaries received for 1896 are acknowledged with many thanks;

Western Assurance Co.; Winchester Repeating Arms Co.; Provident Savings Life Assurance Co.; Caledonian Insurance Co.; Guardian Assurance Co.; London Life Insurance Co.; Standard Life Assurance Co.; Mercantile Fire Insurance Co.; E. H. Gay & Co., Boston; Insurance Co. of North America; Pope Mfg. Co., "Columbian Bicycle," Hartford, Conn.; Atlas Assurance Co.; Northern Assurance Co.; Sun Fire Office; Lancashire Insurance Co.; North American Life Assurance Co. The Star Almanac is also to hand, and appreciated.

PERSONAL MENTION.

MR. E. P. HEATON, of the Guardian, has our best thanks for a New Year's pocket-book and purse.

MR. E. A. LILLY, Manager of the London Assurance, will leave in the course of a few days to visit Victoria and other British Columbia agencies.

MR. ALEXANDER CROMAR of Toronto, of the Great West Life, has been appointed superintendent of agencies for the Dominion Life Assurance Company.

WE HAVE HAD THE PLEASURE OF A CALL recently from Messrs. J. H. Brock, managing director of the Great West Life; S. A. D. Bertram of Winnipeg, of the G. W. Life; Robert Junkin, superintendent of the Manufacturers' Life; T. H. P. Carpenter, agent London & Lancashire at Winona, Ont.

MR. H. E. WILSON, manager of the Northern Assurance Co., London, Eng., was a welcome visitor last week. Mr. Wilson has been on a tour through the States. He entered the office of the Northern in 1866; in 1878 he became Assistant Secretary; in 1881 was promoted to the office of Secretary, and more recently was appointed Manager, a position well earned by long years of faithful service, in which he showed marked aptitude for insurance business, with a zeal and energy which have raised him from the bottom to the top of the Company's staff.

BARLOW & CO'S MONTREAL STOCK AND SHARE LIST.

From 16th to 27th December, 1895.

STOCKS.	Highest.	Lowest.	Closing
Canadian Pacific	56	48½	51½
do do Land Bonds*	107	107	107
Commercial Cable Co., Ex. D	166	145	155
Duluth S.S. & Atlantic	6	4	5¼
do Pref.	11½	9½	9¼
Montreal Telegraph Co	165	163½	162
Dominion do	127	126	126
Richelieu & Ontario Nav. Co.	101½	95	92½
Montreal Street Ry.	227	214	217¼
Bell Telephone Co.	160½	158	155
do Bonds	106½	106½	106½
Royal Electric, Ex. D	...	...	...
Montreal Gas Co.	209¾	194½	196½
Bank of Montreal	220	214	217
Ontario Bank	82½	82½	...
Bank of British North America	...	...	...
La Banque du Peuple	12	12	...
Molson's Bank	179	175	...
Bank of Toronto	240	240	...
La Banque Jacques Cartier	...	...	...
Merchants Bank	166¼	161	163
do do of Halifax	...	...	...
Eastern Townships Bank	...	...	...
Quebec Bank	...	...	...
La Banque Nationale	...	...	...
Union Bank	...	...	...
Canadian Bank of Commerce	136½	130	130
Imperial	183¼	182	181½
Dominion	242	241½	242
Standard	...	...	...
La Banque Ville Marie*	72½	72½	72½
Hochelaga Bank	127½	125	...
Hamilton	154	154	151
Intercolonial Coal Co.	...	...	...
do Preferred Stock	...	...	...
North West Land Preferred	...	...	...
British America Assurance Co.	120	115¾	115¾
Western Assurance Co.	170¼	165	166½
Canada Life	...	...	...
Canada Central Bonds	...	...	...
Champlain & St. Lawrence Bonds*	98½	98½	98½
Confederation Life	...	...	...
Canada Paper	...	...	...
Montreal Cotton Co*	115	115	115
do do Bonds	...	...	...
Canadian Col. Cotton Mills Co*	57½	57½	57½
do do do Bonds	...	...	...
National Cordage Co	...	...	...
Merchants Manufacturing Co.	...	...	...
Dominion Cotton Mills Co*	90	90	90
do do Bonds	...	...	...
New England Paper Co	...	...	...
Loan & Mortgage Co.*	132½	132½	132½
Toronto Electric Light Co*	125	125	125
Incandescent Light Co.	140⅝	119¾	142
General Elect. Co.	...	...	...
do do Preferred	...	...	...
Ottawa Street Ry	...	...	...
Diamond Glass Co.	...	...	...
Consolidated Land & Investment Co.	...	...	...
Montreal Harbor Bonds	...	...	...
Toronto Railway Co., Ex. D.	76¼	64	72

* Bid.

Our market since last writing has had a big shaking up, caused by the President's message, and the whole list took a big tumble; but prices have recovered a good deal the last week and most of the good stocks should be a purchase at present prices. Montreal Street has been the strongest stock on the list, and closes very strong at 219 to 220. The earnings are very large for this season of the year, the gross earnings for December will be about $93,000, an increase over last year of $18,000. This stock will sell much higher next year. Cable has also recovered, and closes very strong, and we look for higher prices in the near future. Toronto Railway Stock is also a good purchase at present price, and will sell higher. Gas stock is dull and heavy, but ought to be a purchase; the rest of the list is steady. Bank stocks are dull with very little doing, but prices are firm. We don't look for any great advance immediately, but then the markets will be dull till the new year, after which we look for a better market.

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