

THE CANADIAN BANK ACT.

(Fifth Article.)

It is the United States poet Bryant who tells his brother poet to "touch the crude line with fear," and to

"mend

The strain with rapture that with fire was penned."

It has been in this spirit that the Canadian Bank Act has been mended since 1871. Hasty legislation has sometimes been proposed, but has not been passed, the ten-year term of the Bank Charters, leading to the proposed amendments being, as a rule, laid by until the charters should be on the eve of expiration.

It has been considered wisest not to amend the Act piecemeal, but to bring to each renewal the calmly considered experience of the decade.

As physicians learn to promote health by the study of disease, the Bank Act of Canada has been perfected through bank failures. In view of the present state of perfection to which the Act has attained, it must seem to many a serious question whether it is in the interest of trade and commerce that a revision of the Act should be called for so frequently as once in ten years. Parliament possesses the power of amending the Act at will, and in view of this fact there are strong reasons for urging that the bank charters, like those of insurance and loan companies, should be indefinite as to duration.

There is probably no branch of legislation into which the average politician throws himself with more enthusiasm, impetuosity and ignorance than the laws of trade, and it is not altogether wise to expose our excellent Bank Act, section by section, periodically to the tinkering of the inexperienced, although the capable managers of our banking institutions have in the past, and will, through their Association, in the future, be able so to present their arguments so as to secure their object. Still, why should it be necessary that one year in every ten be disturbed, as far as financial circles are concerned, by the necessity of renewing the Bank Act?

The enormous increase in the number of bank agencies, in public deposits and in note circulation during the past decade, has led to the voluntary increase of capital on the part of many banks, but the total increase is still very much behind the increase of liabilities, and it is to be desired, that the next few years shall see a very large increase in the various banks' paid-up capitals.

Mr. J. Sandeman Allen, marine manager of the Phoenix Assurance Co. of England, and allied companies, who has been visiting the United States, was in Montreal this week, and visited the head office for Canada.

PSEUDO INSURANCE BROKERS.

Our attention has been drawn, on several occasions, to a certain element in the Fraternity of Insurance Brokers, which might be termed pseudo insurance Brokers.

This definition while hardly correct, is the nearest approach to an appropriate categorization of the faction we desire to comment on.

The Insurance Broker proper is entitled to legitimate commission for two reasons: (1) Service rendered to the company in the effort of securing, and the supplying of necessary information, and details of a risk. (2) Service to the assured in placing the risk under the most advantageous conditions, consistent with adequate protection. If this service be rendered in its entirety, the broker should be one of experience, and whose whole time is devoted to the business, in the interest of client and company.

We are sorry to learn that there is a very large number of a class of Broker, both in Montreal and elsewhere, which we have termed pseudo. These persons, of little or no technical knowledge, are receiving commission from the companies for an odd risk, placed here and there, which, when so done, is apparently the end of their responsibility.

Large property owners and employers of labour are found to hold licenses, entitling them to commission; failing that, some official of the concern usually arranges for commission to be paid to him, tantamount to rebating.

We think it high time for the authorities to adopt measures to confine the right of receiving commissions to those justly entitled to receive it, and to this end, the companies might assist them, in refusing to accept a risk from every Tom, Dick and Harry who offered it, for the sake of the commission he expects to be paid. A Bill for an Act authorizing the revocation of the license of any insurer writing workmen's compensation or other insurance, who accepts risks and pays commission to any but fully qualified and licensed brokers, might have a salutary effect.

AUTOMOBILE RATES.

To the public, which is wanting in intimate information concerning the profound erudition of those who make automobile liability rates and the wonderful business acumen of the men who guide the destinies of the liability companies, the cutting of rates 60 per cent. in Missouri must be bewildering. The "plain people" must conclude that the rate makers are asses or that the rate cutters are of that long-eared species. Nor are they to be blamed if they conclude that the cheap automobile reciprocals, which make their theory agree with their practice, are the ones that really know the business.