

Sir George felt that Canadians were indeed fortunate in having escaped most, if not all, of the troubles of their neighbours. The collapse in stocks had, no doubt, affected many investors, but beyond a tightening of the money market and advancing interest, he could see no evidence of serious ill effects. A detailed review of leading lines of trade was then given by the President, the evidence going to show that a good consumptive demand generally was continuing.

Still, the time was to be considered as eminently calling for caution. What the situation appeared to counsel was the wisdom of refraining from speculative ventures, from embarking much in enterprises in new fields, until capital flows more freely. The general state of trade he believed to be sound, and if we have reached a period of pause, if the pendulum is to swing back somewhat, there is no reason to believe that the recoil will be severe or protracted.

The resolution of thanks to the president and directors was moved by Mr. James Croil, the oldest living shareholder of the Bank of Montreal. In the course of his address Mr. Croil gave a comparison of Canadian banking conditions to-day with those of sixty years ago, illustrated by interesting tables. In 1847 there were six chartered banks in British North America, all of which are still in existence—a fact speaking well for the solid foundations laid in these early days. To-day there are thirty-five chartered banks in the Dominion with 1,820 branches. Six of the banks have each a paid-up capital and rest combined exceeding eight millions of dollars.

A hearty vote of appreciation was extended also to the general manager and all other officers of the bank for the good services rendered the institution during a year which has called for unremitting and tireless attention to all banking affairs.

Canada has good reason to feel proud of the Bank of Montreal.



A LESSON IN INSURANCE LEGISLATION.

Recent financial developments should teach Canada, in the matter of insurance legislation, a lesson which New York is learning at first hand. Since the passing of the Armstrong Bill, financial developments have furnished a strong commentary upon the unwisdom of certain of its enactments—notably that regarding the contingency reserves of life companies. The proposed bill of the Canadian Royal Commission followed the New York law almost *verbatim et liberatim*. Canadians, therefore, have a direct interest in the view which is taken of the New York restriction in the light of recent financial conditions. The Armstrong Bill provides that a contingency reserve (in other words an undivided surplus) in the case of the smallest companies is to be limited to 20 p.c. of the reinsurance reserves, and in the case of the largest to 5 p.c. The Commissions draft bill proposed "to go one better" when the Dominion comes to have companies with over one hundred millions of net policy reserves, stating as it did that "if said valuation equal or exceed the last mentioned amount, the contingency reserve shall not exceed 4 p.c. thereof."

Is it any wonder that in the state of New York, others than those directly interested in life insur-

ance management are awakening to the absurdity of trying to force companies to margin their business with a "beggarly five per cent.," when a single year may bring general depreciations of from 10 p.c. to 20 p.c. in standard securities. There is a strange anomaly in the circumstance that almost at the same time when the New York legislature increased the reserve requirements for trust companies, it enacted that life insurance companies be compelled to drastically cut down their surplus, by immediate annual distribution of all over a small percentage. The absurdity of the provision was strikingly emphasized by the recent agreement among leading State Insurance Commissioners to value insurance companies' assets this year at prices current on December 31, 1906. The Insurance Monitor of New York—which is far from being an excitable representative of insurance publications—speaks strongly on the foolishness of the law:

"It is actually forbidden to maintain the reserve which any prudent banker would declare essential to protect the obligations assumed. Within the past year we have witnessed depreciations in standard stock and bond securities of from 10 to 20 p.c. Within a single week we have seen such securities by the millions thrown upon a frenzied market for any prices which they would bring. The market values of insurance assets, but not their intrinsic values, have disappeared by the millions. The figures which, on the 31st of December last showed a magnificent surplus, have gone down by leaps and bounds. If a valuation were called for to-day on the usual governmental lines, more than one strong corporation might be threatened with technical insolvency. If a life insurance run should begin on any of these institutions to-day securities might have to be ruthlessly sacrificed to meet cash demands under reform laws. A beggarly 5 p.c. of surplus is what these laws allow the life insurance interests to face such conditions as were developed by the Wall Street panic. Insurance companies were never intended to be banks of deposit as they are viewed under existing laws, but fiduciary corporations whose cash payments matured only upon the termination of the contract. Such is the great lesson of this financial panic pointing sharply to the mischievous character of our existing paternal laws. They are a standing menace to the life insurance interests of the country."

Forewarned is forearmed, and Canada surely will do well to avoid the serious mistakes committed by her big neighbour. That the Dominion has now at hand an opportunity to prove its independence and clearness of view as to life insurance legislation is the expressed opinion of The Monitor. It believes that Canada has an opportunity, too, to set an example to the whole western world of legislation uninfluenced by hysteria or prejudice, that shall be a model for other states to imitate.

The Monitor asserts that arrayed against the recommendations of the Commission have been the remonstrances of the entire insurance fraternity of the Dominion and the most intelligent public sentiment of the people themselves as voiced in the leading representatives of its daily press. The issue of the struggle should, it believes, not be doubtful. No such political influences are potent here as in the United States to compel a body of lawmakers