

### IMPROVING U. S. BANK EXAMINATIONS.

Appropos of the criticism of the system of bank examination in the United States, to which we referred last week, it is interesting to note that Mr. Murray, the U. S. Controller of Currency, has completed plans for the banks' more efficient inspection. As outlined at New York the other day, what is intended by the Controller is that closer scrutiny of the character of loans made by the banks shall be imperative, and once a year an examination is to be made of national banks in the presence of each institution's board of directors. Further than that, examinations are hereafter to occupy a longer time than formerly, and reports must show that they have been thorough, or they will not be accepted in the Controller's office.

As the complaint of the examiners is that at present they are underpaid it will be interesting to see how they respond to this appeal of more work for the same money. The Controller's speech to the examiners affords an illuminating sidelight on the imperfections of the system of the inspection of banks in the States.

"I must put another and very important burden upon every examiner in a country district," said Controller Murray, in speaking to the examiners, "and that is to take considerably more time in your examinations. You are doing splendid work, but we must improve it materially. I recently asked several of the best examiners who had country districts how long it would take a good man to make a good examination of an ordinary country bank, and the consensus of opinion was that it would take at least from ten to twelve hours of the most grueling kind of hard, fast work to make a fair examination, and even then many important things would be left undone.

"Now, no matter how the trains run to or from a place, no matter how poor the hotel accommodations may be, irrespective of these and all like considerations, and without even considering the fact that you are now doing much for which you are not paid and will under this plan be doing more for which you are not paid, I must insist that the time given to country banks be materially lengthened. I shall expect on and after October 1, that no report will come to my office unless it shows on its face that a full and hard day's work has been put into the examination, no matter how small the bank."

An interesting view of the methods now being used by Controller Murray to remedy the present condition of affairs is afforded by his reference to loans to directors. On this he instructed the examiners as follows:—

"Another point which I will ask you to inquire into very carefully hereafter will be the undue concentration of the loans of a bank in companies controlled by the bank's officers or directors. I speak now of any bank where such a concentration would ruin the bank if the loans are bad. The examiner has hardly any other way of obtaining information relative to the standing of the concerns in which the officers or directors of the banks are interested, except from the mere statement of the officers that the loans are good and the companies are in good financial standing. It is the duty of the Examiner to know whether the loans found in a bank are good or bad.

"Whenever you come across a case, therefore, where the directors or officers are unduly concentrating the funds of a bank in corporations controlled by themselves, and where you have no information on which to base an opinion as to whether the loans are good or bad, it seems to me you are clearly entitled to one of three things: (1) that the books of the corporation be voluntarily opened to you, so that you may be able to get such information as you need; or (2) that the directors give you a full statement in detail of the business of the concerns so that you can determine whether the loans are good or bad; or (3) that a copy be given you of a report on the company or corporation made by an independent auditor."

### FIREPROOF CONSTRUCTION: MERITS AND DEMERITS.

(Edward W. Cairns, general agent North British & Mercantile Insurance Company, before the New York Insurance Society.)

What fireproof construction is as we find it to-day would seem to be merely a question of fact, easily ascertained. What it ought to be, I think we will all agree, is implied in the word fireproof, and yet a final definition in detail of either proposition depends very much on the viewpoint from which it is regarded.

The architect, builder, owner and insurer each has his own way of looking at the question, and each has some special interest which may cause him to overrate the importance of some features and underestimate some others.

The architect, of course, wants first of all to please his client in every way, and after that, if he is an average man, he puts in his best effort in making the building attractive to the eye in the matter of materials, proportions, coloring, etc. There are many architects now, however, looming up above the average who are making a very serious study of the real requirements of fire resistance, whose viewpoint is the correct one and to whom we may well look for help in solving the problem from our own insurance viewpoint.

But the builders and engineers who specialize in one kind or the other of fireproof construction! Their viewpoints are very wide apart, and, if we may judge by their trade papers and other public statements, I am afraid their opinions are sometimes biased by an excess of enthusiasm for their own institutions.

#### HOLLOW TILE VS. REINFORCED CONCRETE.

The reinforced concrete man will give you many reasons why a hollow tile building is not fireproof and cannot be, and show you a good many more buildings where tile has failed than where concrete has stood up under fire.

The hollow tile man will be quite as insistent on the merits of his methods and materials, and show examples of concrete buildings which have fallen down in course of construction to distract your attention from the weaknesses of tile as shown in the pictures of the Baltimore and San Francisco conflagrations.

As a matter of fact, both these types of building have their advantages as well as disadvantages, and both ought to be encouraged and improved. The greatest faults in each as built to-day are on lines, not peculiar to either, but shared by both, as I will shortly show you.

The owner—most interested of all observers—very often takes a very general, superficial view, and is quite complacent in regarding both building and contents fireproof when the walls, floors and roof are of non-flammable materials. He is not in a position to have a very wide experience with these buildings in fires elsewhere, so may perhaps be pardoned an excessive confidence even to the extent of being willing to go without insurance.

Of course, what we are really interested in is the viewpoint of the insurance company, which, enjoying the great advantage of position for observation and having also the largest financial interest, should know what fireproof construction is and ought to be. What we really want to know is to what degree are the