with the business, it is necessary for the insurance companies to do all in their power to prevent the hypothecation of these funds, and to see to it that, as far as possible, they be solely used for the purpose of protecting old age against poverty and dependents against want.

PUBLIC AND PRIVATE EXTRAVAGANCE.

Second—We have in this country an extravagant public, probably the most extravagant public in the most extravagant age. The very people who are living up to and even beyond their incomes, depending upon their insurance for the future protection of their families, are the very people who are mortgaging their insurance just as soon as the deposits are large enough to satisfy some of their more expensive desires. They either forget the original purpose for which they took the insurance or they allow their selfish desires for temporary enjoyment to outweigh their appreciation of the necessity for providing for the future. Under such conditions the best interests of the public demand that we make it more difficult for the insured to hypothecate these funds.

CHANGE IN SYSTEM NECESSARY FROM COMPANY STANDPOINT.

Third—Our present system, moreover, of granting loans upon demand is apparently so incompatible with the other functions of life insurance that a change in the system is necessary from the standpoint of the companies themselves.

Twenty billion dollars of insurance in force is provided by the 250 companies organized in this country, and upon the satisfactory maturity of these policies stands the success of the insurance business.

The companies have accepted these obligations, not with the expectation of being called upon to fulfill them to-day or to-morrow, but with the idea that the majority will run for many years. It is quite necessary, then, in order that the companies may be assured of their ability to fulfill these contracts when they fall due, that they be allowed to invest their funds in such securities as will give an adequate return over a long period of years and yet at the same time offer sufficient guarantee for future maturity.

Such funds are of an entirely different character from those adapted to meet sudden and uncertain maturities. The two classes of investments cannot be made commensurate. In requiring the insurance companies, then, in their investment policies to meet these two situations, we are interfering with the free employment of their reserve funds in their efforts to obtain the greatest possible financial stability.

Moreover, the ever-increasing amount of loans accumulating against insurance policies is inimical to the best interests of the business itself. No well-managed bank would make *all* of its loans to its own depositors, for the calling of a loan in a tight money market would always mean the withdrawal of the deposit to pay the loan. All sound banks make a good proportion of their loans to outsiders, which loans can be called without disturbing the deposits.

No more should an insurance company allow a large proportion of its reserve to be invested in policy loans, lest when hard times come and the insured find it impossible to pay their premiums they lapse their policies.

Most of our companies are comparatively young, but the time will come when we will be old, when the percentage of new business to old business will of necessity be comparatively small. If a company when this time comes finds itself with a large proportion of its assets invested in policy loans, and there is added to this the least suspicion against the integrity of the institution itself, it would have to face an exceedingly difficult and embarrassing situation.

(*To be continued.*)

CANADIAN FIRE RECORD

(Specially compiled by The Chronicle)

HAMIOTA, MAN.—W. McConnell's residence destroyed, December 27. Loss, $5,000. Origin, unknown.

SUDBURY, ONT.—Pool room, restaurant and stores destroyed, December 29. Loss, $15,000. Origin, overheated stove.

ST. CATHERINE'S ONT.—Double house owned by A. Cook and E. Blake destroyed, January 2. Loss, $1,000 with insurance, $450.

INKERMAN, ONT.—Barns and hog pens on Nail Bickford Farm together with stock and machinery of tenant, Mr. Bellinger, destroyed, January 2.

DUNMORE, ALTA.—J. Crane's store destroyed, December 23. Loss, on stock, $8,000; on building, $3,000. Insurance on stock $4,000 and on building, $5,000. Origin, unknown.

WINNIPEG,—Premises of Winnipeg Tanning Company, Nairn Avenue, Elmwood, damaged, December 31. Loss, $30,000.

F. W. Dudley's jewelry store, 542 Main Street, damaged, December 31. Loss, $1,500, covered by insurance.

MONTREAL,—A. Renaud's premises at 81 St. Lawrence Boulevard damaged, January 5. Loss on stock and building, $20,000.

St. Remi dry goods store, 2579 Notre Dame Street West, gutted, January 4.

Cosy Corner Restaurant, 345 Wellington Street, kept by W. Allen, damaged.

Nos. 857 and 859 Louis Veuillot Street, Longue Pointe, occupied by T. Phillips and J. Rivard, destroyed, January 1.

Building in rear of 648 Henri Julien Street, owned by A. Frank, 898 City Hall Avenue, destroyed, January 2. Loss, $1,000.

Residence of Mrs. Tait, 4346 Notre Dame Street East, let to other tenants, destroyed, December 31.

M. Philbin & Co., hardware store, 362 St. Catherine Street West, damaged January 6. Adjoining premises damaged were Montreal Light, Heat & Power, Clarke Company, P. Myers. Philbin's insurance as follows:

Ins. Co. of N. A.	**$ 3,000**	**London Mutual**	**$ 1,500**
Atlas	**7,500**		
Mount Royal	**3,000**		**$15,000**
	Loss total		

Following insurance was concerned in St. Louis Square fire, January 1:—

North British & Mercantile	**$ 9,000**	**Alliance**	**$27,500**
	Loss total		**$36,500**

Following insurance was concerned in fire at 377 and 379 Ontario Street East on December 29. On automobiles.

Ins. Co. of N. A.	**$ 800**	**St. Paul**	**$ 700**
Prov. Washington	**1,800**	**Royal**	**4,100**
Springfield	**16,000**	**L. & L. & G.**	**5,000**
U. S. Lloyds	**700**		
		Total	**$29,100**

On buildings and contents, about $50,000 in various companies.