

igners. The banks may even elect foreigners for directors, the only stipulation in the Bank Act covering that point being the sub-section to clause 19 which says: "A majority of the directors shall be natural born or naturalized subjects of His Majesty."

So, if it becomes apparent that the country has got to have considerable additional paid-up banking capital to enable the banks to properly finance industry and trade; and if the existing stockholders of the banks are unable or unwilling to provide it; it is clear that the banks will have to give their attention to the matter of getting it from abroad by means of special transactions such as those put through by the two banks that have got foreign capital in blocks in this way, or by general subscriptions abroad. If success could be insured the flotations, the banks and the country would stand to profit more by general subscriptions than by issues *en bloc* to a few individuals. Were the shares of our best banks more widely held abroad, the results secured by the outside stockholders could hardly be other than such as to induce a further considerable investment in Canadian enterprises.

AN EXPERIMENT IN GOVERNMENT FIRE INSURANCE.

When the New Zealand Government undertook to carry on the business of fire insurance, the criticisms and predictions made by company underwriters may not have been altogether disinterested. But their correctness seems to have been pretty well borne out by the results of three years' experimenting.

Lower premiums and a lessened expense ratio were promised by the advocates of state fire insurance. The former desired end was reached at one bound—but apparently the adage as to looking before leaping was disregarded. At least, General Manager Brindley now announces that experience has shown rates to have been too low. For three years, therefore, it would seem that the regular fire companies have been subjected to the loss entailed by an unfair rate-competition, which the state now tacitly admits to have been in large measure a mistake.

As to expenses of conducting the business, though the 1906 ratio of 34.47 p.c. was a reduction from the 1905 record of 44.61 p.c., the showing does not do much to bear out the glowing hopes held by the advocates of the scheme. It is to be remembered, too, that the department has no taxes or license fees to pay. It is worth noting also that 24 p.c. of the premiums (out of the total expense ratio of 34.47 p.c.) was absorbed by commissions and salaries. The belief that govern-

ment insurance schemes can almost wholly dispense with the services of canvassing agents seems to have little foundation in fact.

The net result to the department of three years' fire insurance transactions has been a profit of about \$3,500. Had the department been liable for the same taxes and license fees as were charged the companies this would, of course, have been more than wiped out. As it is, the funds are quite insufficient to meet a few heavy losses when such occur. In 1905 the loss ratio was only 18.41 p.c.; but in 1906 it increased to 49.14 p.c., and the business represented by \$104,000 of premium income is protected by assets—including such items as office furniture—of about \$57,000. It is to be noted that if reserves were computed on as strong a basis as is required in Canada, the capital of the New Zealand department would show very considerable impairment. For, while the net premium income in 1906 was \$104,000, the total reserve for unearned premiums is only about \$34,000.

INSURANCE INSTITUTE OF TORONTO.

Under the able presidency of Mr. E. Willans a year of success is assured to the Insurance Institute of Toronto. The season's programme as outlined below is certainly one of marked interest.

October 22, 1907.—President's Inaugural Address, Mr. E. Willans; Addresses from public men and entertainment of social nature.

November 28, 1907.—Lecture "Combustion" (with experiments), Prof. W. R. Lang.

Jan. 28, 1908.—"Industrial Insurance," Mr. H. Pollman Evans; "Conflagration Hazards," (with special reference to recent disasters, Mr. J. B. Laidlaw.

Feb. 25, 1908.—"Classification of Risks in Personal Accident Insurance," Mr. James Lydiatt; "Some Sanitary Conditions Affecting a Life Risk," Dr. Wm. Nattress.

Mar. 24, 1908.—"The Moral Hazard in Accident and Sickness Insurance," Dr. J. E. Elliott; "The Organization and Management of the Agencies of a Life Insurance Company," Mr. Robert Junkin.

Apr. 28, 1908.—"Electricity in Relation to Fire Insurance," Mr. H. F. Strickland; "Loan and Surrender Values," Mr. L. K. File.

A NEW BUILDING has been commenced for the Bank of Nova Scotia at Windsor, N.S.

THE UNITED EMPIRE BANK has opened a branch at Belleville.

THE NORTHERN BANK is opening a branch at New Westminster, B.C.