

amounts appropriated for the same purpose by the big banks of the United Kingdom.

Pension fund and other contributions were fully up to the level of 1912. All of the banks excepting three or four of the newer institutions either have a pension fund which is self-supporting or make regular yearly appropriations for the purpose of building up a fund.

The table showing the disposition of profits in the case of each bank appears on page 263.

HOW NEW LOANS ARE ISSUED IN GREAT BRITAIN.

A London correspondent, referring to the recent revival of investment confidence in that centre, describes interestingly the *modus operandi* of loan issues on the other side. He says:—

A banking house contracts to provide a loan to the borrowing party—Government, municipality or corporation—on certain terms, and the price of issue to the public is also fixed. The banking firm then arranges with a syndicate or a number of individuals who underwrite, or guarantee, the subscription of the loan at an agreed percentage of commission. In good times the commission to underwriters of a first-class security is about 1 per cent., but recently the charge has been 2 and even as much as 3 per cent.

The loan is then offered to the public by means of a prospectus advertised in the press and issued for general circulation. The prospectus always states that the subscription lists will be closed on or before a certain date, and it is usual to allow two clear days at least for the sending in of applications. Sometimes a longer period is allowed, extending even to a full week.

When, however, there is a rush of subscriptions for a new issue the issuing bank usually closes the lists of applications as soon as it is quite certain that the amount required has been fully subscribed. The reason for this is obvious: To keep the lists open after the sum required has been subscribed by investors only adds uselessly to the difficulty of arranging a fair allotment and incurs a huge unnecessary amount of clerical labor in sending out letters of "regret" to those whose applications cannot be accepted.

It should be added that the payment for new issues is usually by installments. As a rule about 5 per cent. has to be paid on application, about 20 per cent. on allotment and the balance in two or three monthly instalments. It follows, therefore, that in boom times many of the applicants are speculators who have no intention of subscribing the full amount but who sell as soon as they receive an allotment and take a quick profit, provided that the quotation is at a premium, and it generally happens that when an issue is largely oversubscribed the orders in the market from disappointed subscribers put the quotation up to a premium at once.

The above description of the method of issuing new capital on this side explains the significance of the news that the "lists" of an issue were closed in one, two or three hours. It is a signal of instantaneous success.

FIRE INSURANCE A HAZARDOUS INVESTMENT.

According to commercial reports, the dividend paid during 1913 by ten leading American companies, all operating in Canada, amounted to just over 6 per cent. on the average market price of the stock during that period. The figures for ten British companies, also doing business here, averaged 4 per cent. on the market value of the shares. Taken over a period of ten years, in regard to both British and American companies the returns run almost a point lower. With this information before us it can be readily understood that Wall Street is little tempted to corner the insurance market, and capital does not readily seek an investment so hazardous and meagre of profit. This nervousness on the part of capital to enter the insurance field has been one of the chief factors bringing about the many amalgamations and consolidations of the past two years. At the present time less than two hundred companies write 90 per cent. of all the insurance business of the United States and Canada. As time goes on this number will decrease until only those companies with the experience and financial stability of long standing, remain. The hazardous nature of the business is such that few companies with limited capital survive five years of experience. The following figures vividly illustrate the chances of success in this particular field and are inclusive of all the companies that have failed, re-insured, or retired since the year 1880 by ten year periods:—

Year.	Joint Stock.	Mutual and other.
1850-1860..	14	15
1860-1870..	29	45
1870-1880..	218	45
1880-1890..	148	34
1890-1900..	258	288
1900-1910..	271	175
1910-1912..	89	67
Total..	1,027	669

Since January 1st, 1913, to date, thirty American and five Canadian companies have been removed from the list and on January 1st, 1914, there were seventy-two joint stock companies and seventy-four mutual companies in the hands of the receiver or in process of winding up.

And yet despite this record we find the promoter of "the company that will pay 50 per cent." as active as ever. Wily stock solicitors have taken the freak experiences of a few companies and have dangled the alluring bait before a gullible public, stirring up a belief that the insurance field is a veritable bonanza. During the year 1913, no less than fifty-three new companies were organized in the United States and Canada, many of whom have never completed their organization while others are companies in name only. Thirty-one companies are at the present time projected and in process of formation with a proposed capital of \$16,000,000.—Mr. J. Grove Smith, C.F.U.A.

CANADIAN ASSOCIATION OF AUTOMOBILE UNDERWRITERS.

The annual meeting of the Canadian Association of Automobile Underwriters will be held at the Chateau Laurier, Ottawa, next Monday, the 23rd instant.