

EVIL COMPETITION IN FIRE INSURANCE.

Everyone must have noticed that the leading feature in trade and commerce at the commencement of this twentieth century is the excessively keen push for business. Never, in the world's history, has Iago's maxim of "put money in thy purse" been more apparent, we had almost said glaring. Merchants and manufacturers will argue that care and caution are desirable, but what we want, and what we must have is business, we cannot afford to be left behind in the race.

Competition is a mighty engine, and within proper limits is the mainspring of all enterprise, but like all other virtues, when carried to excess it becomes a vice. It then degenerates into an unmanageable steed, hurrying its rider, who should control it, into swamps and dangers, and perhaps eventually carrying him blindly over the precipice to the pit of ruin.

Fire insurance appears to have become infected with this contagious disease—if we may use the expression—and while the companies employ inspectors to examine and report upon risks, and encourage the use and equipment of all the most modern and approved methods for minimizing the loss by fire, yet still the hunger for business is so strong, and the desire for increasing the income so great, that, in many instances, they allow their better judgment to be overruled, probably "laying the flattering unction to their souls" that it is necessary to oblige an agent now and then, or, that a larger income means a reduced ratio of expenses.

Let us not be misunderstood. The heavy loss in fire insurance on this side of the Atlantic has been mainly owing to large conflagrations, upon which, as we have often pointed out, no amount of sound underwriting can make its calculations upon. Such may be said to be the heavy artillery, with which only the well-built fortresses of accumulated reserves can satisfactorily cope.

But beyond these sweeping fires, there are single or small patches of risks, which may be likened unto sharp shooters in war, and which, when taken separately do but little material damage, yet in the aggregate often mount up to such a serious item, as does not reflect much credit upon underwriters.

There are many individual risks, which, after the fire, the companies feel somewhat ashamed of having been caught upon. The place was either carelessly kept, or had some other defect, but their agent overpersuaded them by promising other select business, and stating, what was doubtless the truth, that plenty of companies were ready to write it. Were this a solitary instance it would not much signify, but we fear this is by no means the case and the evil of such disregard of sound underwriting principles reaches far beyond the surface. Depend upon it so long as those who are either ignorantly or wilfully careless have no difficulty in obtaining insurance, so long will pre-

ventible fire waste continue, nay, quite possibly conflagrations may occur from that very cause.

We may be told that all we have written is very well in theory, but that in practice it is absolutely necessary to push the business, which only convinces us that our title to this article is not overstrained, for the evil of overdone competition is freely recognized.

THE EASTERN TOWNSHIPS' BANK.

Sherbrooke City is the capital of "The Eastern Townships," an extensive district in this province situate between the St. Lawrence river and the United States. It is favourably placed for manufacturing enterprises, having an enormous supply of water power furnished by the St. Francis river, which runs through the city with great volume and force some of which power is utilized by mills and factories that, since the industries of Canada were encouraged by fiscal arrangements, have developed and on the whole have had a prosperous career. The agricultural interests of this section of Canada are also of great importance and represent an extensive trade.

In 1859 a few local capitalists organized "The Eastern Townships Bank" in order to provide the local residents with facilities they needed for conducting business. In the first year of operation, 1860, the bank had a paid-up capital of \$133,415, in 1865, \$284,254, in 1870, \$400,000, in 1875, \$1,000,000. After the fiscal change in 1879, the demand for more capital caused it to be increased from \$1,000,000 to \$1,382,037; the loans in five years rose from \$2,836,191 to \$3,896,346, and deposits enlarged from \$1,287,034 to \$1,890,037. From that time forward the bank went steadily on increasing its capital, its deposits, its circulation and its loans. As a consequence of skilful and sagacious management during the period from 1880 to 1904, the reserve fund grew, until from \$200,000 in the earlier year, this fund reached \$1,500,000 last year. The growth of the deposits from \$1,287,034 in 1880 to \$9,821,026 is very striking evidence of the development which has been going on in the resources of the people of the Eastern Townships and other points where branches of this bank are established. These branches now number 32, of which two are in British Columbia, at Grand Forks and Phoenix, one in Winnipeg, and three in this city. The bank also has 7 local agencies, and has correspondents in Great Britain, the United States, Europe and China. The central office, Montreal, is under the management of Mr. B. Austin, who, in a few years, has succeeded in acquiring an excellent and growing business, the staff now being three times as large as when the branch was opened.

Mr. Farwell, the president, has been actively associated with the management since its establishment. He has the great satisfaction and reward of seeing the institution, which owes its prosperity and standing to his judgment and labours, occupying so