

\$14,935,169 was paid away for management expenses, or 34½ per cent. of the entire sum! The worst aspect of the case is that this ratio is steadily increasing. This will appear from a statement showing the per centage of expenses of management to net premiums each year for the past decade as follows:—1860, \$27.20; 1861, \$28.10; 1862, \$26.63; 1863, \$27.42; 1864, \$28.77; 1865, \$31.85; 1866, \$30.33; 1867, \$31.07; 1868, \$32.24; 1869, \$33.14; 1870, \$34.35.

It will be seen that the average has risen over seven per cent. in ten years. Such a state of things cannot be continued. There is a point beyond which if expenses go, utter ruin is the certain result. The traditional limit of 30 per cent. has always been regarded in Great Britain as the full extent that the dictates of safety will admit of. At that figure, and with 60 per cent. for losses, there only remains 10 per cent. for dividend on the capital employed and to cover the re-insurance liability at any given period. When one-half of this remaining 10 per cent. is absorbed in expenses of management, the margin for profit is reduced down to zero, showing that the business as a whole does not pay in the United States.

Unfortunately our official returns do not call for any information on this important point, so that we have no means of finding out the average experience in Canada. So far as our local companies are concerned, it ought to be said that they are mostly managed with exemplary economy. The expenses of two leading companies was last year but 20 per cent. Where they exceed 25 or 30 per cent., it may be safely concluded that there is something wrong, and that radical changes are required in the interests of proprietors and of the public.

#### RELIANCE LIFE ASSURANCE SOCIETY.

It will be noticed upon reference to the proceedings had at the annual meeting of this company, that special mention is made in flattering terms, of the Canadian business. The Company's interests have been most energetically promoted in this country. Apologetic mention is made of the investment of £20,000 in Dominion Stock, as if it were of a doubtful character. We can only say if all the Society's money is as safely invested, as doubtless it is, the policyholders and shareholders have nothing to fear from bad investments.

**FIRE IN MONTREAL.**—(By telegraph to THE MONETARY TIMES)—McGauvran's planing mill, St. Gabriel locks, was burnt last night. Loss, total and very heavy.

#### THE FALL IN STOCKS.

Within the past ten days the stock market has been in a state of extreme depression. Prices of everything, nearly, have fallen, the most marked decline being in the shares of the Bank of Montreal, which have dropped from 288 and 290 to the neighborhood of 260, or about 30 per cent. The subjoined figures, though not given as exact quotations, sufficiently indicate the extent of the change in Bank stocks during the ten days ending June 18th.

| Bank.                 | June 8. | June 18. |
|-----------------------|---------|----------|
| Montreal .....        | 288     | 264      |
| Toronto .....         | 202     | 185      |
| Merchants' .....      | 148½    | 141      |
| British .....         | 117     | 115      |
| Commerce .....        | 149½    | 145½     |
| Ontario .....         | 124     | 116      |
| Quebec .....          | 128     | 127½     |
| Molson's .....        | 128     | 127½     |
| Jacques Cartier ..... | 123½    | 122      |
| Nationale .....       | 119½    | 119      |
| Royal Canadian .....  | 115     | 112½     |
| Union .....           | 124½    | 123      |
| Mechanics' .....      | 90½     | 95       |
| City .....            | 95½     | 95       |

In the absence of anything like stringency in the money market, and at a season of the year when money is not specially in demand from any branch of trade or manufactures, such a condition of things cannot be attributable to normal or natural causes. In other words, there is now no apparent reason why Bank of Montreal is not as well worth 290 as ten days ago. The change must therefore be attributed to speculative influences, which are developing of late to an unprecedented extent. The brokers of Montreal, backed up as they have been by a large amount of capital placed at their disposal for speculative purposes, by all classes of people, and supported largely, it is thought, in some cases, by banks, have displayed an amount of strength to which the previous financial records of the country, produce no parallel. This was displayed in a marked manner at the late annual meeting of the Bank of Montreal. The brokers seem to have chalked out a course for the directors before the meeting (and no doubt shaped their operations accordingly) and then endeavoured to force the Bank into the acceptance of their views. Such, at least, is what appears on the surface. The report of that meeting is spicy reading. Between badgering the President to part with his Rest, and moving resolutions and amendments to effect that object or to have the capital doubled at one stroke, the excited gathering made matters rather lively for a time. The directors assented to the increase of the capital to twelve millions, although we presume they have very little notion of availing themselves of their new powers just at present. This conviction pre-

vails among the brokers themselves. Should the capital be increased to twelve millions the Bank would then be the third largest in the world, taking precedence next after the Bank of England and the Bank of France. In the United States the largest Bank has but \$10,000,000 of capital.

We doubt not that a good many persons have now learned to their cost that values are to a great extent fictitious; and that operations in the stock market with the hope of profit by a rise is outside the purview of legitimate money making. The late tumble in prices will impress upon many a wholesome lesson. Some of those who were reported to have made such large sums by stock transactions recently, have no doubt by this time seen the other side of the picture; and realized that money may be lost as well as made by dabbling in stocks.

**STAR LIFE ASSURANCE SOCIETY.**—A Mr. Jesse Hobson, who has been Secretary of this Company for a considerable time, very suddenly retired on a pension of £300 a year. The *London Post Magazine*, commenting on this incident, says:—"The smallness of the amount, and the absence of the usual complimentary vote on the retirement of an esteemed official, excited some suspicion that the reason put forward by the chairman and Mr. Hobson for the latter's retirement were more convenient than accurate. Subsequent circumstances have tended to invest the retirement of the late Secretary with some mystery, which we have no desire to penetrate or dispel." The appointment of Mr. W. W. Baynes to the vacant post the same journal criticized with equal freedom. After giving a brief history of Mr. Baynes's career, it adds:—"This fortunate gentleman has had no experience in the business of which he has undertaken the management, and if we are correctly informed, he is equally deficient in actuarial knowledge. Were we disposed to moralize on Life Assurance, we might say that an undertaking requiring numerous clients, and depending for its profits on comprehensive and extensively-based averages, ought not to be administered by narrow sectarian interests or family connections. This observation applies with no little force to the appointment under consideration. The retirement of Mr. Hobson was not, we are informed, totally unconnected with some serious mistakes and errors; yet it is asserted that his successor has been recommended by the late secretary, and from his want of knowledge of insurance business and affairs, it is possible he may in future receive his inspirations from the retired Mr. Hobson." All this looks too much like the favoritism and mismanagement which have scandalized the records of more than one life company in England.

**"PREMIUMS IN THE HANDS OF AGENTS."**—We have more than once criticized this item, which figures so prominently among the assets of some of the American life insurance companies. At the time of the failure of the Great Western