

practice as it should be. No doubt the difficulty of applying it is considerable, the present practice being stereotyped and sanctioned by hoary-headed usage. Under such circumstances, a change, however desirable, is always difficult to effect. If the commission be substituted by a salary then the incentive to exertion is in a measure lost, and to that extent another principle is violated. An excellent plan seems to be to combine the two elements that will best serve the company's interest, paying agents partly by a commission direct and partly by a percentage on the profits of their agency. This idea might perhaps be further extended so that the agent should forfeit, say double his commission, on all risks that became losses. We are aware that these suggestions have not the grace of novelty; some of them have been tried but only, so far as we know, in such a way as to give no practical criterion of their value.

Whatever may be thought of this or any other remedy the evil is undoubted and a better plan should be diligently sought for. The unseemly scramble for commissions should end, and must end before the business will yield satisfactory results.

It has become a pretty well settled opinion among the more intelligent in insurance circles that the practice of reinsuring each others risks is not sound and that it operates detrimentally to the interests of the companies. Why the system has this effect we have explained in a previous discussion of the subject. It has a direct tendency to induce lower and prevent higher rates; the reason of this is that the insured always seeks the office at which he can make the most favorable arrangement for himself. With this company, which we shall call company A, he places the whole risk and pays over the premium. But as the risk is perhaps three, four or five times as large as Company A is willing to carry on one property, the balance is offered to Companies B, C, D, &c., all of whom take their share of it at the same rate as Company A. Let us suppose then that through an undue fondness for business or a mistaken estimate of the hazard, or for any of the multitude of causes which tend to depress rates, the premium charged was too low, then the result of the reinsurance arrangement is that four or five companies have unwillingly made the mistake of helping to cut down prices, and of assuming a liability without an adequate consideration. It is easy even for those who do not make the principles of insurance a subject of thought or study to see that if this particular risk had been effected with all the various offices *direct*, the mistake

pointed out would most likely not have been made; the risk would have paid a better average rate and the interests of insurance would have been correspondingly benefitted.

Many further objections might be urged against the practice. It is a round-about, "red-tape," mode of doing business which is not under proper control, which though sometimes convenient for the assured is bad for the companies, and therefore against the interest of all parties. Why should a customer's risk be dealt with in this way any more than his note? If a banker were to discount a \$50,000 note for a customer and then offer a portion of the discount to different banks to assume a share of the risk of non-payment the very suggestion would be met by a stare or an exclamation of surprise. Bankers require to know something of their customer and prefer where it is possible dealing with him direct. Writing blindly on risks that one knows nothing of is so near akin to gambling that we can scarcely refrain from so designating it, and yet most of the reinsurance business is done in that way.

All the foregoing questions (to which we have alluded chiefly for the purpose of exciting discussion), are deserving of the most careful consideration in any attempt to remove the evils to which the disastrous results of successive years, to this interest, in the midst of general prosperity, may be ascribed.

UNION BANK.

In other columns we give a pretty full statement of this Bank's position, and of its operations for the past year. It will be seen that net profits to the amount of \$231,397 were declared, after making allowance for all bad and doubtful debts, &c. We presume this handsome result is due in a large measure to the prosperity of the lumber trade, an interest which gives an excellent field for the profitable use of a bank's funds. After the payment of dividends, the sum of \$90,000 was added to the Rest, bringing that fund up to \$200,000, or ten per cent. of the capital. An arrangement by which the assets of the Quebec Provident and Savings Bank were taken over may be expected, in addition to its immediate advantages, to give a large accession of depositors, and to increase deposits means to enlarge one of the best and most reliable sources of a bankers' profits.

HAMILTON AS A RAILWAY CENTRE.—We are reminded by reading the annual report of the Hamilton Board of Trade that that city is fast

becoming well supplied with railway facilities. Besides the Great Western proper, the Wellington, Grey & Bruce is open to Paisley, "and will be completed to Southampton by the 15th of September next, with every probability of an extension of the same line to Georgian Bay." Twenty miles of the Southern Extension, a branch of the same line, are ready for the rails, and it is hoped that Kincardine will be reached within a twelve-month. The Hamilton and Lake Erie will be graded to Caledonia by the 15th of August; an expensive bridge is to be built over the Grand River at that point, and the line extended to Hagersville and Jarvis, the expectation being that the latter place will be reached in one year. The line will cross the Buffalo & Lake Huron section of the Grand Trunk, and also the Canada Southern, giving connections with these lines. Respecting the proposed Hamilton and Northwestern line to Collingwood, or somewhere else, the gentlemen of the Board of Trade seem quite sanguine, notwithstanding the project seems to be surrounded with a good many difficulties. Altogether it is plain that the most praiseworthy efforts of the business men of Hamilton—powerfully aided as they have been by the Great Western—are meeting with deserved success.

—Mr. Lockhart, formerly agent of the Ontario Bank at Whitby, has been appointed cashier of the St. Lawrence Bank, about to be organized in Toronto. Mr. R. A. Campbell is the cashier of the Exchange Bank, which is about to commence operations in Montreal.

Our issue of June 28th completed the FIFTH VOLUME OF THE MONETARY TIMES. Bound volumes will be ready in a few days; price \$3.

Meetings.

THE CANADIAN BANK OF COMMERCE.

The Fifth Annual Meeting of the Shareholders was held at the Banking House, Toronto, on Tuesday, 9th July, 1872.

The chair was taken at noon by the President, the Hon. Wm. McMaster, and, upon motion of James Norris, Esq., of St. Catharines, seconded by W. H. Stanton, Esq., of Toronto, the Cashier, H. S. Strathy, Esq., was requested to act as Secretary.

The Secretary then read the following

REPORT.

In laying before the shareholders the result of the year's business ending 30th June, 1872, the Directors are pleased at being in a position to report that the Bank has continued to do a profitable business.

After deducting the charges for management, fully providing for all doubtful debts, the bad having been entirely written off, the net profits of the year including the premium realized on stock, amount to..... 765,513 47
To which add Balance at Credit of Profit and Loss Account carried over from last year..... 5,255 31

\$770,768 78