

years, are invested in securities, safe, reliable, gilt-edged securities that can be converted into cash when an emergency call is made upon the strong box of the insurance companies by a great conflagration. A conservative, well managed insurance company is bound to accumulate money, just as a successful business man or corporation must accumulate money in the course of years. Hence it is clear that an insurance company, having a large amount of securities can earn a large dividend on the small amount of capital employed at the time of incorporation.

In other words the most profitable department of the insurance business is its banking branch, on which *The Monetary Times* dwelt in a recent issue. It is the interest on its securities which enables the companies to pay these dividends on a small capitalization, and not the profits on the actual underwriting.

Mr. Kinnard furthermore expresses the opinion that no bank, no individual, could do business on such a small margin of profits as the average insurance company on this continent has to content itself with. But it has behind it its assets, invested in good securities and readily convertible into cash.

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#### OUR ST. JOHN LETTER.

Some St. John aldermen are anxious to have the city try an experiment in municipal ownership. Their pet idea is to buy and operate the Carleton Electric Light plant. This is a service in St. John west, owned and operated by a private company, and now supplying light to private residences as well as lighting the public streets under a contract. The company are willing to sell, and the aldermen think the city should buy. It is contended that if the city does buy it will have an exclusive franchise in that section, and that if the experiment proves successful the service can be extended to the east side and to the outlying districts. The project was before the city some months ago, but was shelved. Now it is being revived again. On the east side the lighting is controlled by the street railway company, and its officials declare it has the right to go to Carleton, and that the city will not acquire any exclusive franchise by the purchase of the Carleton plant. Of course, there are many who doubt first the wisdom of municipal ownership under any circumstances; and second, the advisability of buying a second-hand plant.

The Government of New Brunswick has become the owner of the Central Railway line running from Chipman to Norton on the I.C.R., a line that it is believed the Grand Trunk Pacific will use in coming to St. John. It is greatly in need of improvements, and tenders were recently called for the new work, which is quite extensive, including new bridges, improvements to trestles, culverts, etc. Only two tenders were submitted, and neither party put up the required deposit. The Government is now called to meet to consider the situation, and it is believed that an arrangement will be made to have the alterations made by day work.

It begins to look as if the contractors for the water extension work being carried on at St. John, will have difficulty in completing the work before winter. Some unexpected difficulties in the nature of heavy rock cuttings have been met with by one of the contractors, while the other has tapped a subterranean river that flooded his workings fourteen feet deep in one night, and covered the tools of his workmen that had been left in the trenches. These are insurmountable difficulties, but they are serious in a work that should be finished before the frost comes. There are some indications that this work will cost the city a large amount in extras, and that the total cost of making the improvements in the water supply will exceed half a million dollars.

The destruction by fire recently of two spans of the long bridge across the St. John River at Fredericton, has caused

serious delays in transportation. The bridge was the means of communication between Fredericton, St. Mary's, Gibson, and a large country. The Government has come into the gap and is maintaining a temporary ferry, while the engineers are making temporary repairs. The bridge, which is upwards of a mile long, is of wood, but there is a likelihood that it will be replaced by a steel superstructure, that will be put up when the ice comes.

The town of Moncton is enjoying a great building boom at the present time. Upwards of fifty buildings have been completed since the first of the year, and others are building. The majority of the new buildings are dwelling houses, a pretty good indication that the population is increasing. Reports from other sections of the province also indicate that considerable building is going on.

Messrs. T. E. Babbitt & Sons, mill owners, of Gibson, York County, are to erect a new saw-mill at St. Mary's, York County.

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August 1st, 1905.

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#### THE MUTUAL RESERVE INVESTIGATION.

The result of the investigation into the Mutual Reserve Life Insurance Company, by the Superintendent of Insurance for the State of New York, has been published in pamphlet form. The examination covers not only the company's condition on December 31st last, but was further extended to an investigation of its affairs in connection with a previous examination in 1899. Among other interesting items, the report declares that whereas the company in its last annual statement claims a so-called surplus of unassigned funds amounting to \$359,211.58, the present examination fixes this item at \$38,492.16, the difference being due to reduction in real estate values on appraisal, rectification of reserve data from which policy or certificate valuations were made, and further to the reduction in various credit assets by bringing the net amount of the same within the respective reserves charged against the policies upon which these credit assets rest. Referring to another item the examiner remarks that he is constrained to believe that the unsatisfactory manner in which it is stated could not have been the result of inadvertence, and must certainly have constituted a concealment of facts sufficient to render the company's sworn statement for 1904 materially inaccurate. A hard judgment truly, but not more so than the way he speaks of the dilatory methods employed by the company in payment of its claims on account of policyholders. "It is quite clearly in evidence that the company has adopted a settled policy of delay in withholding its admission of satisfactory evidence of death," and he adds, "the company is properly subject to the severest criticism in the treatment of these beneficiaries, many of whom must be subjected to no little suffering and distress by the seemingly inexhaustible procrastination on the company's part in the payment of its just debts to policyholders."

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#### THE SURVIVAL OF THE FITTEST APPLIED TO PATENTS.

Dissimilar as the two principles appear on the surface, a parallel can be drawn between Darwin's law of Natural Selection or the Survival of the Fittest, and what takes place in the world of inventions. Mr. Egerton R. Case, of Toronto, an authority on the patent laws, attempts to draw this parallel in a copyright article in the Patent and Trade-Mark Review, of New York, and his remarks are so suggestive that we are glad to take advantage of his permission to make use of excerpts from it.

Darwin, he begins, defines Natural Selection as the preservation of individual differences and variations that arise, and are beneficial to the being under its conditions of life, and the destruction of those which are injurious.

There are gradations in the state of perfection in the development of an invention, as truly as there are gradations