for 1906 is assumed to be $151,000,000, the rate of earnings would be 8.01 p.c. In this matter of average earnings it does not suffice to take the monthly totals for the twelve months of the calendar year as shown in the government returns. To make a true calculation the figures of each bank represented in the table should be taken for the twelve months of its fiscal year and averaged, and the results thus obtained summed up.

The indications are for another year of high interest rates and of active demand for bank credits. If actual results bear out the indications full and profitable employment will be found for all the funds the banks have at control. In a previous article THE CHRONICLE pointed out that 1906 had witnessed a noticeable fall in the ratio of cash reserves to the liabilities of the banks. That probably had its share of the effect in producing the higher yield on capital noted for the year. Needless to say it is not advisable that the yield per cent. should be further increased by a further relative shrinkage of liquid assets. In times like the present with their liabilities and engagements at record levels, cash reserves should be fully maintained. The amounts held in the shape of specie and legals, bank balances, call loans at home and abroad, and high class securities should grow with the increase of deposits and circulation. If it is not possible to meet the demands of deserving customers without weakening the quick assets, then it is plain that capital should be increased. Quite a healthy expansion in capital is to be noted in 1906, and other important creations are in process of arrangement for the present year. The amount received as premium on new stock last year exceeded the previous records, and when reinforced by surplus earnings, permitted an addition of close on ten millions to reserve fund. These profits are, of course, non-recurrent. When an issue of stock has been made at a premium, after the pleasant task of crediting the rest with the amount of the premium has been done, there remains the necessity of earning the regular dividend on the enlarged capital. So long as conditions in Canada are anything like they are at present there will be little hesitation at assuming that responsibility. Among the banks that are increasing their capitals are some of the most successful institutions in the country. It is to be hoped that the movement will not cease till the total cash assets are bought back to their former high ratio.

The extensive appropriations for premises, noted previously, tend to increase still further. There is a marked tendency among the strong banks to build and own their own premises, not only in the cities, but in the smaller places. And contributions for pensions, etc., show steady increase. This reflects the up-to-date, enlightened banking idea on the matter of treatment of employes.

CALIFORNIA & SAFETY FUND COMPANIES.

A number of the most important safety fund fire insurance companies held a conference in New York last week relative to the proposed California legislation that was referred to in the last issue of THE CHRONICLE. A communication was addressed to the Superintendent of the New York Insurance Department, calling his attention to the California bill, and pointing out the San Francisco conflagration record of the New York safety fund institutions. They ask the New York Superintendent to write to the California Insurance Commissioner protesting against the bill, and suggest that if it passes the retaliatory law should be applied by New York to the California insurance companies.

The Weekly Underwriter refers to the matter as follows: "The safety fund provision, as is well known, enables the company availing itself thereof to create from its net profits a fund, one-half of which may be deposited with the Insurance Department, to be held for the protection of the unearned premiums of the company and to serve as a second capital in case its capital and assets are swept away by a great conflagration; the other half to be retained by the company for the payment of the conflagration and other current contemporaneous losses. In other words, the safety fund company cannot be wholly destroyed by a great fire, because a part of its reserve cannot be touched by the fire, and will serve as capital to continue it in business. The California bill, by Senator Welch, requires such a company doing business in that State to 'make such fund liable in common with the other assets of such company for any and all claims of policy-holders by reason of conflagration, however extensive,' failing which, within sixty days, its license shall be revoked. The New York safety fund companies transacting business in California are the Home, Continental, German-American, Westchester, Niagara, Buffalo German, Williamsburgh City and Glens Falls, which have just paid $16,000,000 in losses there, and which write nearly $100,000,000 annually in the State. The effect of the bill, if it becomes a law, will be to drive them from the State."

The following amendment to the objectionable bill has been offered: "Providing, however, this act shall not apply to a fire insurance company which shall have a net surplus in excess of its capital stock and guaranty surplus fund at least equal in amount to the fund which is or shall be reserved from the claims upon such company hereinbefore mentioned."

Commissioner Wolf has recently informed the legislature that "at the present time it is absolutely impossible for merchants in any of the larger cities in California to obtain the amount of insurance they desire." Interesting in this regard is the recent report of the Committee of Five of the thirty-five insurance companies that acted in unison in the payment of losses in San Francisco. It states that the total loss of every description by earthquake and fire was about $1,000,000,000. The estimated value of the property insured by 233 companies was $315,000,000, on which the loss amounted to $180,000,000. The thirty-five companies settled claims to the amount of $64,531,035.