

Senate, which is likely to have a very prolonged effect in weakening confidence in American securities. When a leading journal charges that the country is bulldozed by Senators who are demanding that the Government "shall pay \$1.29 an ounce for merchandise with 75 cents," foreign nations may well doubt the stability of American institutions.

**Insurance Companies as Money Lenders.**

LOANS to policyholders are said by the *New York Press* to have been made by one United States life insurance company to the amount of \$10,000,000 at not over five per cent. Its policies contain a guarantee of a loan equal to a certain percentage of its value. The *Insurance World* complains that this company "has practically been forced to loan ten millions at 5 per cent., when it could have realized 7, 10 or 15 per cent. from outsiders during this tight money scare." It goes on to suggest some modification of the guarantee loan clause, so as to enable a company to avoid this compulsion to "forego legitimate profits." This position is hardly sound. If the company abandoned its loan guarantee clause, its business would suffer, as that clause is one of the baits by which it hooks in policyholders. Then, it is hardly in accordance with the prudence so essential to life insurance management for a company to keep large sums on hand for the chance of occasionally making seven to fifteen per cent. on them for loans of a temporary nature, when money is scarce owing to a panic. As a rule, a sound investment at five per cent., which has some element of continuance in it, is more advisable for an insurance company than for it to enter the money-lending market to make high rates for temporary and fluctuating loans. The management of such a business would need a special staff, and not work harmoniously with the legitimate business of life insurance.

**A Caution to Chemical Firms.**

CARTS MAY be seen daily on our streets laden with inflammable oils. Such vehicles are at times in a dilapidated condition, ready, in fact, for the fate of the famous "one horse shay" that after a long and useful life suddenly fell to pieces. Were one to collapse when so laden, a catastrophe might occur similar to one which recently happened at Buda-Pesth, Hungary. In that city a carboy of benzine was broken by the wreckage of the cart it was being conveyed in. While the liquid was running in the street, an electric car came along, from which sparks were emitted, as can be seen daily in this city. The benzine took fire, filled the street with flames that overtopped the houses and endangered the whole city. Happily, less damage was done than might have been expected. Had this happened in Montreal, the probability is that numbers of persons would have been fatally burnt, as our streets are not so quiet as those of the Hungarian city. Chemical firms and others who transport benzine, kerosene and other inflammables through the streets need to be very careful about the vehicles used for this work, as a rickety cart breaking down might start a very disastrous fire by the fluid being set afire by electrical sparks on the roadway.

**Loans to Bank Officials.**

THE UNITED STATES NATIONAL BANKS, by a recently passed law, are now prohibited from making loans to their officials without previous approval of the directors or executive committee. Those National banks which have lost by such loans in the past would not have been protected from losses by such a law. Officials who are engaged in the daily work of a bank are not allowed to borrow the bank's money in any well managed institution. When Directors who are engaged in active business do so, they ought to pass through the same routine in effecting a loan as any other customers, and a Board of directors must be very lax in their duties if any loan is made without either their prior sanction or immediate subsequent knowledge. In some of the cases of loss by loans to directors or high officials in the National banks, the mischief arose from what politicians call a "saw off" having been arranged amongst them. Mr. A. sanctioned loans to B. and C., to get their sanction to one for himself, and this process went on until the whole Board became large debtors to the bank. The new law will not stop such a practice. The only way to guard against irregular advances to officials is to appoint directors and managers whose character is a guarantee of probity and fidelity to their trust.

**WHAT SHALL BE DONE ABOUT IT ?**

Every underwriter has by this time had the unwelcome conclusion forced upon him that fire insurance is in a bad way. The situation has been steadily getting worse for some time. In 1891 the leading British companies paid out for losses and expenses over 95 per cent. of their premium income, and the American companies did about one per cent. worse than this; while in 1892 the principal companies of both classes paid out, on the average, for losses and expenses all their premiums. This year of 1893 bids fair to show even a worse record all around. In the United States last year the fire loss amounted to about a hundred and fifty millions of dollars, and this year it is generally conceded that it will reach at least two hundred millions. And what are the companies doing or going to do about it?

Almost universally "higher rates" is the remedy proposed. Some advance has been made in this direction, and the situation demands a still further advance doubtless, but it is high time to realize that rate-making is only a partial remedy. Expense-saving has an important place in the reform programme. We do not here so much allude to the commission rate, which we do not believe is very much too high, on the average, whatever may be true of certain "excepted cities" and favored classes of agents. It is in the methods of adjusting losses, which prevail so generally, that a promising field exists for retrenchment. As everybody knows, it is one of the commonest things in the world whenever a fire of any considerable magnitude occurs to see each company involved in the risk represented forthwith by its adjuster—in some cases the number of adjusters and specials being sufficient