

THE BANKING SYSTEM OF CANADA.

The banking system of Canada, by means of the establishment of branch banks, maintains a general level of banking resources that cannot be maintained so readily under the United States system of banks without branches. In the Dominion the parent bank situated in a large city establishes subordinate offices for carrying on the banking business, receiving deposits and making loans, issuing currency, etc., in any town or locality where there is business to be done. Naturally there are places where capital is plenty and not so much in demand, and the branch established in such a place receives more deposits than it makes loans. In other localities the capital is less and deposits are smaller, while there is a great demand for loans. A bank with branches all over the country can thus send the surplus money gathered up in one branch to be loaned at another, thus establishing a general level throughout its territory. Altogether, parent bank and branches, it forms one institution, with greater strength than can be expected of any bank without branches, having but one locality to draw from.

It may be said that the banks in the cities under the National banking system, drawing a large portion of their resources from correspondents in all the smaller cities and towns, act somewhat in the same manner. The distinction is, that the large bank in the United States cannot have the same knowledge and resulting confidence in the condition of its country correspondents that the Canadian parent bank can have in its branches, which are, so to speak, part of itself. Further, the city or central bank under the American system has a much greater tendency to loan all its deposits in its own immediate locality rather than distribute them among its correspondents according to its several needs. This tends to encourage enterprise more at the large centres than it does in the outlying country localities. Of course, the tendency to send money for use to the great centres always exists, but it is too much encouraged under the American system, while under the system of branch banks in Canada the wants of all the branches are sure to be well taken care of before any money is sent to the general market.

Whether the branch system should be engrafted upon the National Bank Act or whether some other device may be adopted by which the banks in the National banking system can mutually supply each other's wants, as the branch banks do in Canada, is a question. The system of chartering banks in the last-named country would be styled monopoly in the United States, and it would probably be more in conformity with the political institutions here to accomplish the same result by extending the clearing-house principle to country banks, bringing them by that means into closer relations with their city correspondents, so that each could better understand and mutually support their affairs. A clearing-house association made up of banks all over the country could maintain by means of the proper officers a scrutiny into the business done by each that would protect all. There is nothing that will prevent lack of confidence better than accurate knowledge. The employees, examiners, etc., of such a clearing-house under the direction of a board or committee made up of representatives from the several banks, obtain far more accurate information than is obtained by the Comptroller of the Currency. Their reports would be gone over by parties interested financially in every bad piece of financing, and an order or warning from such a clearing-house association would possess the very greatest force in correcting the practices of a delinquent bank. —*Rhodes' Journal of Banking.*

INDUSTRIAL LIFE ASSURANCE.

This is a branch of life assurance business which, having its main features of a death benefit secured by the payment during lifetime of a periodical premium in common with the ordinary life assurance system, yet presents these features under a greatly modified form, so that it is commonly and properly classed by itself and treated as a separate department, even by institutions which transact both classes of business. Thus the death benefit is usually a small sum, some £10 or £20, varying with the age at entry of the life assured, the

premium a small round sum of one, two, or three pence a week. The weekly collection is, of course, a very expensive arrangement, and the proportion between pecuniary benefit and premium entirely different from that which rules among the offices of the former class. Thus, whereas a good "ordinary" life office lays out on working expenses not more than about ten per cent. of its revenue derived from the premiums of its policy-holders, an "Industrial" office does extremely well if it lays out in the same way no more than forty per cent. Save that the industrial insurance offices do not transact any appreciable business of the nature of sickness insurance, their operations are hardly distinguishable from those of the great Friendly societies.

OTHER FORMS OF INSURANCE ENTERPRISE.

These need no detailed explanation, for although they ramify into a great number of developments, these are usually very simple, and elucidate themselves.

1. Fire insurance.
2. Marine insurance.
3. Accident insurance—

(a) Employers' Liability—A branch of Accident insurance protecting employers of labor against the responsibilities to their workmen for accidental injury laid upon them by the Employers' Liability Act.

(b) Carriage Insurance—To protect the owners of carriages from street risks, whether of injury to their own property or of liability for injury to the property of other people.

4. Guarantee—

(a) Fidelity Guarantee—A system of joint stock [instead of individual] suretyship paid for by annual premiums.

(b) Securities Guarantee—A similar system; applied to guaranteeing the debentures and other funded obligations of joint stock companies, British and Foreign.

5. Glass Insurance—Insurance against fracture; generally limited to other casualties than fire, and chiefly applied to valuable glass, such as the plate glass of facias, shop windows and the like, or glass peculiarly exposed to extensive damage, such as the glass of conservatories and the like.

6. Horse Insurance—Live Stock Insurance—To secure owners against the loss of valuable animals.

7. Hail Insurance—Chiefly designed to protect the owners of growing crops.

8. Health; Sickness Insurance—These two words are exactly equivalent to one another in this connection, and signify the application of the insurance idea to the case of doctors' bills, and the loss of income incidental to illness.

9. Burglary Insurance.

10. Fine Art Insurance—Like glass insurance, this is intended to cover the special risks of injury to which property of a special class is exposed.

It will be observed that these various subordinate branches of insurance, though essentially distinct, are blended with one another in various ways by the different offices, and sometimes, though not so commonly, are combined with life assurance.

RATES ON ELECTRIC RISKS.

A committee consisting mainly of electrical experts, was engaged two days last week in this city in preparing schedules for application to electric light and power stations, and electric car houses. It is proposed to present these schedules to the several rating associations in the east for general adoption. The benefit of having uniform rules and schedules containing similar charges is apparent.

It is understood, however, that the proposed schedules start with an extremely low basis rate—the rate for a standard building being as low as 50 cents. This is regarded by underwriters as being unreasonably and unnecessarily low, and is, in fact, lower than the basis rate of schedules now in use. Some of the committee get much satisfaction out of the idea that the standard is so high that no stations will be built which can be claimed as standard, and they also urge, as a reason for a low basis rate, that the charges for defi-

ciencies are high. It is difficult to understand how one relates to the other.

A true schedule would correctly measure the hazards of a building, and would so accurately charge for each deficiency or departure therefrom that it would be a matter of supreme indifference to an underwriter whether the defects were corrected or not. Experience with fires in electric light and power houses, which were regarded as standard, show that total losses are possible when the construction is of the best, even when the building is located under first-class fire protection. But little is known of the hazards connected with electricity, even among experts, and this, taken into consideration with the fact that there is no competition for the business, would seem to suggest, underwriters say, that in this one class at least the companies are entitled to the benefit of the doubt, and that future profit on the class can and should be at once secured.

A low basis rate affects every risk rated by the schedule, and there does not appear to be any good reason why this class should be unduly favored. Some explanation for this low basis may be found in the fact that electrical experts who are familiar with the hazards are not competent to measure them, and the wisdom of putting the matter of rates into their hands is of very doubtful expediency.

It is also understood that the same difference between building and machinery rates is to be maintained throughout, which is also manifestly incorrect. As a building approaches the standard its rate and its machinery rate should run more nearly approximate, and the reverse should take place as the building departs farther from the standard. This matter is of so much importance that it is hoped by managers that the different rating associations will fully consider every item of the proposed schedules, and before adopting them see that the charges are ample. By care at this time electric light and power stations and car houses can be rescued from the list of unprofitable classes. —*N.Y. J. C. & Bulletin.*

REVERSES MAY COME.

It is the duty of every mother to teach her daughter the art of housewifery, no matter whether rich or poor. Your daughter may never have to cook, sweep or dust, it is true, but if she marry even a millionaire she wants to know as much as her servants. Reverses come to rich and poor alike, and a wife who knows nothing of household duties is like a millstone around her husband's neck. If you are poor, then surely you should teach your child the art of making a poor man's home a paradise. A home can be made happy even if only friendship reigns in place of love, if the wife wills it so.

Many girls have come to me, asking me to aid them in finding work. They were good, sensible girls, willing to do any honest work. But all were unfitted to become either helper or home-maker, because they had never been taught even the most simple lessons in cookery or housework.

There is a remedy for this, one which I have urged before, and which now impresses me as of vital importance, and that is that housewifery be introduced into our public schools. Not particularly that girls may be trained for servants, but to fulfil their duties as wives and mothers. A few of the branches now taught in our schools might well be dropped and housewifery substituted.

"Humph!" I hear some pretty girls say. "I don't expect to marry any man and become his slave." Very true; but you do expect to become his partner in the matrimonial firm, and partners have each their share of work to do that the firm may not become bankrupt. Your partner served an apprenticeship in shop or office before he advanced to where he would be fitted to take a partner and still continue to do his share. Did you serve an apprenticeship before you contracted to become the home-maker? Or, if you marry a man of wealth, have you fitted yourself to understand whether your household employees are competent to fill their places? Can you advise them in their work and run your home on the same principles of wise government as your husband runs his manufactory or his warehouse? —*Mrs. Frank Hall, in New Haven Palladium.*