

ject is almost as useless, if not more so, than *none* at all. For the insurance companies will only give you the amount of their losses, which means the losses as adjusted. This may be the actual property loss or it may be only a partial payment of claims which, for one reason or another, have been called in question and compromised, or it may be a payment on a claim where no real loss was sustained, to avoid litigation; and again, it may be no payment at all, although the loss was total because the condition of the contract had not been kept by the assured.

Only one of these four circumstances would give the actual destruction by fire.

You will, therefore, see that the insurance companies cannot, if they would, give information either to the policy-holders or to the State that would be of substantial value for statistics.

It is, therefore, evident that for purposes of ascertaining how much there is at risk in the State statistics of its population, its various risks and their value are necessary.

To ascertain the amount of destruction it will be necessary to compel, by law, every citizen who has a fire of any account, no matter how small or large, to report such fire and loss to the nearest magistrate, or chief of fire department, who in turn must report it to the State authorities.

In order to enforce this law there should be a penalty exacted from every occupant or owner neglecting to report a fire on his premises, and from insurance companies for paying any losses, however trivial, until evidence of its *having been reported* to such magistrate or chief of fire department had been presented. Every magistrate or chief of fire department should have the authority to ascertain, from the parties affected, the cause of the fire, the values involved and losses sustained, the insurance, and the insurance loss thereon.

With this data it would only be necessary for the State to make any reasonable classification it thinks proper, and the insurance companies would be sure to classify their business in accordance with that of the State, for otherwise they could not possibly compare their experience with that of the State.

Such legislation would interfere with no private business, but would furnish the data by which any individual or association of individuals could afford to take risks. The probabilities are that the insurance companies doing business throughout the whole country or throughout the world could afford to write cheaper than those whose experience was confined to a much more limited territory. Such data would also furnish information necessary to prevent fires and conflagrations and incendiarism.

These suggestions, it would appear to us, are so simple of adoption, could so easily be carried out, that it appears almost incredible that all sorts of regulations and legislation to *hamper* insurance companies have been concocted, but not a single one to assist them in obtaining such data as is absolutely necessary for an intelligent and honourable conduct of the business.

You may ask why insurance companies have not suggested and striven to obtain such laws. My answer is, that it is not the duty of insurance companies to attend to legislation, to fire department protection, or construction, to prosecute incendiaries, or to prevent carelessness with matches,

cigars, cigarettes and fireworks, or to advise modes of construction; if it were they would establish schools capable of teaching the ounce of prevention rather than the pound of cure.

It is, however, the duty of underwriters to ascertain by *united* effort what the defects and shortcomings of city, town or village risks may be, and to assess a rate commensurate therewith, and just *that* duty your State *prohibits*!

Am I not, therefore, justified in asking you to resort to the simple means outlined above, rather than to increase the policy-holders' burdens by adding the expense of an impractical and useless classification to their already burdensome rates?



### THE OLD LADY OF THREADNEEDLE STREET.

A Series of Short Articles upon the Bank of England  
Its Working Methods and World Influence.

#### V.—The Circulation and its Limits.

Circulation, when referring to Bank of England notes, has already been defined as the difference between the total Note Issue and the amount of notes held as part of the Banking Department's Reserve. There are thus two variable terms, and variations in the active circulation are due to changes both in the total amount issued and in the portion held in reserve. That part of the issue which is balanced by securities (now totalling £18,450,000) remains constant from week to week, except when an increase occurs through another bank's lapsation. The fluctuation in the issue-total thus depends practically upon the amount of gold coin and bullion held by the Issue Department. The changes in amount of gold and notes are automatically equivalent one to the other, it being remembered that the Issue Department is required to issue notes, when so called upon, not only for sovereigns but also for bullion at the rate of £3 17s. 9d. per ounce of standard fineness either in bars or in foreign coin, while, on the other hand, if gold is wanted, five sovereigns are obtainable on demand for every £5 note presented.

The severest criticism brought to bear upon the Bank Act of 1844 has been the lack of circulation-elasticity in times of unusual requirements. Under no circumstance does the law make provision for the Bank increasing its notes against securities beyond the limit set. Critics of the system cite in contrast the regulations by which the Imperial Bank of Germany is governed. In the main, the German Bank Law is very similar to the British Act, but the Reichsbank is given authority to increase the total of notes issued against securities, provided a special tax is paid to the Government amounting to 5 p.c. per annum on all the excess issue. It is maintained that this fine checks any tendency to over-issue, when the bank avails itself of its privilege during times of crisis or unusual demand.

As a matter of fact, with that "sane inconsistency" which happily tempers British veneration for law and precedent, the Bank Act has been suspended on three different occasions. The first was the "railway panic" which in 1847 followed upon over-investment and wild speculation in railroad projects—the crisis being made acute through crop failure and consequent heavy export of gold. At