

managing director of both institutions, with Mr. P. H. Sims, secretary of the British America. The business following the Toronto conflagration is stated to have been so favourable as to have helped materially in making up for the losses by that calamity.

#### FEDERAL LIFE ASSURANCE COMPANY.

The life assurance companies generally did a prosperous business last year. As a rule they are "growing up with the country," which evidences that, as the business of Canada develops and as the people's resources are enlarged, there will be a proportionate increase in the business of life assurance. That proportion is not as high as is desirable, is indeed, far below what the community at large in its own interests, might advantageously carry, but, so long as there is growth manifested there is a probability of that growth expanding.

The Federal Life had a good share of the increased business of 1904. Its main field of operations is developing rapidly in business activities and gives every sign of becoming one of the principal manufacturing centres of Canada, as well as one of its richest agricultural districts. The electrical works at Niagara are promising to add very largely to the industries of Southwestern Canada, and the population they will draw will contribute materially to the business of life assurance.

Last year the Federal Life wrote new business to extent of \$3,010,499. The premium and annuity income was \$542,389, and from interest, rents and profits on sales of securities, \$86,329, making a total income of \$628,718. The net death claims paid amounted to \$144,455 and \$54,456 was paid to policy-holders for cash dividends, and dividends applied to reduction of premiums, the total amount paid to policy-holders having been \$198,911. Other payments aggregated \$191,621, which, with payments to policy-holders, made an outgo of \$390,532, leaving a balance of \$238,186 as the excess of receipts over disbursements.

The assets consist of \$685,383 in debentures and bonds; mortgages on real estate, \$704,168; loans on policies, bonds, stocks, etc., \$410,615, and sundries, \$348,605; the total assets being \$2,148,773. The liabilities comprise, \$1,887,725 reserve fund; \$51,140 death claims awaiting proofs, other liabilities \$24,070, leaving \$185,837 as "surplus on policy-holders' account." The "guarantee capital" amounts to \$870,000.

At the close of 1904 the Federal Life had insurance in force to extent of \$16,047,806, as compared with \$10,521,137 in 1894, the increase since which date has been \$5,526,669, or about 55 per cent. In the same period the company's assets have risen from \$426,806 to \$2,148,773, and the total income from \$284,467, to \$628,718. This enlargement of business and resources evidences the growing popularity and strength of the Federal Life under the management of Mr. David Dexter, the president and managing director of this prosperous company.

#### GOVERNMENT INSPECTION OF BANKS.

To base an argument in favour of the Government inspection of banks on the failure of the Bank of Yarmouth is a not very rational proceeding. The total liabilities of that bank amounted to \$379,149, or only about a sixteen-hundredth part of the liabilities of the other banks, and there was nothing in its business to cause its failure that was preventible by a Government Inspector.

The demand for Government inspection of banks implies there being some necessity for this to protect the creditors of banks. What evidence is there for such a notion? The banks that have gone into liquidation in Canada since Confederation, that is in the last 37 years, which failed to pay their notes and depositors in full could be counted by the fingers of one hand. What other form of enterprise has such a splendid record? Compare it with the history of banks in the United States which are subject to government inspection. Here in Canada a bank failure is an event occurring only every ten or twelve years and then it is some small affair, like the Bank of Yarmouth, while the banks across the line that are inspected by government officials are failing every day, a week free from a bank failure in the States is quite an exception to the rule. The Chadwick case proves that the rankest frauds may be perpetrated by bank officers who are under Government oversight without being detected.

For a staff of outside officials to inspect the banks of Canada, effectually would be almost an impossibility. There are nearly a thousand bank offices open in Canada which are branches of a central head office. The work of inspecting the head office alone occupies from one to two weeks when done by an experienced clerk who has the entire staff at his service. An outsider coming to such a task would find a month none too long for this work and then a vital element in a thorough inspection would not be done. Imagine a stranger to the business of the bank undertaking to pass upon the bills under discount, the loans, the securities so as to give a reliable report upon their value and their validity! He would also have to test the accuracy of every ledger balance, a task involving very prolonged labour. To inspect a bank that has all its business under one roof is one thing, but it is a very different undertaking to inspect a bank which has a large number of branches, like the Bank of Montreal, the Canadian Bank of Commerce and others, spread over the Dominion from Gaspe to Victoria, B.C.

Each Canadian Bank publishes every month a detailed schedule of its assets and liabilities which afford material for inspection of its affairs by all other bankers, and by the public at large.

It is held by bankers to be impracticable to have our banks under Government inspection so as to