

THE MERCHANTS' BANK.

A conservatism that was optimistic withal, seemed the key-note of the proceedings at the annual meeting of the Merchants' Bank of Canada, held in Montreal on Wednesday of this week. General Manager Hebden contrasted favourably the situation in the Dominion with that over the border, and commented upon the good fortune of Canada in possessing a better banking and currency system. At the same time he was careful to point out that the present was no time for over-confidence in any system, however perfect, or for over-demands upon it. He was convinced that this should be a slowing-down time with us, a time to take stock of our positions; to retrench and be mutually helpful by being moderate in our commitments and undertakings, and thereby retaining all our advantage.

In support of his view, Mr. Hebden pointed out that thoughtful financiers and business men were agreed that there has never been in recent years in Canada a time when a policy of moderation in public and private affairs was more plainly called for than at present.

To such views and the warnings frankly implied by them, no exception certainly can be taken. Mr. Hebden knows intimately whereof he speaks. Any over-buoyant optimist who refuses to hear and be guided by such advice to-day is likely to have practical reason for pessimism to-morrow; *festina lente* was never more fitting counsel.

As to the report upon the business of the bank itself, reference was made last week to the highly satisfactory showing made. It has already been explained that at the last annual meeting of shareholders, it was decided to change the ending of the bank's year from May 31, to November 30. Accordingly, the statement submitted on Wednesday was for the half-year ending with last month. The net profits for the half-year, after all usual allowances were made, amounted to \$473,144, or at the rate of 15.45 p.c. per annum on the capital. With a balance brought forward on May 31, of \$34,256, there was available for distribution a sum of \$507,400, out of which \$240,000 was paid in dividends, leaving a balance to be carried forward to next year of \$267,400.

Liabilities to the public are given at \$41,868,107, a decrease of about one million dollars since May 31, though notes in circulation have increased from \$4,152,560 to \$5,490,940. Assets during the same interval have decreased by only about three-quarters of a million. Of the total assets of \$52,135,598, the amount of \$19,267,160 is classed as readily available. Total deposits amount to \$36,254,343, as compared with \$37,616,546 on May 31, a comparatively small decrease of \$1,362,203. The capital and reserve fund remain unchanged at \$6,000,000, and \$4,000,000 respectively, but the surplus profits are increased from \$34,256 to \$267,400. There is a total decrease in call loans of \$891,300, while current loans and discounts in Canada on November 30, amounted to \$31,246,107, as compared with \$30,337,978 on May 31, an increase of \$908,129.

All in all, there was good reason for the satisfaction evinced by the shareholders in adopting a report which gave practical testimony to carefully efficient management.

THE EIGHTY PER CENT. CO-INSURANCE CLAUSE.

The Daily Telegraph of Quebec in its issue of 17th inst., gives its interpretation of the above clause in these words: "We have in the past year insured on the 80 p.c. clause, which means that we carried 80 p.c. insurance with the companies, and 20 p.c. on our own account." Now this explanation is so misleading that we feel bound in justice to give briefly the true meaning of the clause, which is this: that the insured agrees to keep an insurance up to 80 p.c. of the value of his property *failing* which the insured becomes a contributor with the companies for the deficiency on any partial loss reaching 80 p.c. of the value—above which, or for a total loss, the clause is inoperative. This is very different to what the Telegraph would have its readers believe, for if the 80 p.c. is maintained, there is *no* contribution on the part of the insured for any partial loss below that percentage. Suppose for example on property worth \$50,000 and subject to the 80 p.c. clause, there are policies for \$40,000. For any loss up to or below that insurance the companies would pay in full and the insured would only lose if the loss was above \$40,000. But take the same value with the same clause on which the insurance is only \$30,000 at the time of a fire. The insured is short of \$10,000 to make up the 80 p.c. and becomes therefore a contributor to that extent, and should there be a loss of say \$12,000 the apportionment would be:

Companies' policy		\$30,000	pay	$\frac{3}{4}$	\$9,000
Insured		10,000	loss	$\frac{1}{4}$	3,000
80 p.c. of value		\$40,000	loss		\$12,000

And so on until the insurance is exhausted. If every loss were a total no coinsurance clause would be necessary, but as the large majority of losses are only partial, it was found that rates could not be equitably framed without such clause or an equivalent extra if waived. A property owner who had been paying \$500 premium at 1 p.c. upon \$50,000, when the rate was raised to 1½ p.c. would reduce his insurance to about \$34,000 in order not to increase his premium payment; so that the companies found that without adding to their income they were (except in large fires) increasing their liability.

CANADIAN FIRE UNDERWRITERS ASSOCIATION.

The usual quarterly meeting of the C. F. U. A. was held in Toronto, on the 18th instant. Mr. T. L. Morrisey (Union) president of the association in the chair. The following Eastern managers attended the meetings: Messrs. F. W. Evans (Home), Lansing Lewis (Caledonian), James McGregor (Commercial Union), H. M. Lambert (Guardian), Harold Hampson (North America), T. F. Dobbin (Quebec), W. Colley (London Assurance), Randall Davidson (North British & Mercantile), James B. Paterson (Phoenix of London), W. Mackay (Royal & Queen), I. C. McCaig (Richmond & Drummond), G. E. Moberley (Northern). A large amount of routine business in connection with the association was transacted.