THE ROYAL BANK OF CANADA.

That the net profits of the Royal Bank for 1908 should prove to be greater rather than below the 1907 showing must have been somewhat in the nature of a gratifying surprise to many interested in the outcome of the year's business. The general manager, Mr. Edson L. Pease, was certainly fortunate in being able to report to the shareholders that total net earnings had been $746,775, as compared with $742,034 for the year 1907. The result is at the rate of well over 19 per cent. on the bank's paid-up capital of $3,900,000—though there is to be noted in this connection that the rest fund is an exceedingly strong one. And its strength has been still further added to as a result of the year's operations—the management having increased it by $210,000 to a present total of $4,600,000. Other amounts appropriated from the $903,685 available for distribution ($156,909 having been brought forward from 1907) were as follows: $390,000 for dividend of 10 per cent., $200,000 written off bank premises, and $25,000 to officers' pension fund—leaving $78,685 to be carried forward to profit and loss.

The statement is somewhat noteworthy in that current loans are greater than a year ago—increased autumn requirements, following upon crop-moving activities, having doubtless contributed to this showing. Deposits, however, have grown to a much greater extent than current loans—as was to have been expected under business conditions prevailing. In consequence, cash items and other readily available resources have been augmented very considerably, until liquid assets as a whole total over 52 per cent. of liabilities to the public. Certainly the Royal is in a strong position to meet all, and more than all, banking requirements likely to be made upon it during coming months. Even though profits during 1909 may not come up to those attained last year, shareholders can rest confident as to the management's securing the best results compatible with general monetary and business developments during the current year.

FIRE LOSS SETTLEMENTS.

The chairman of adjustments of the National Board of Fire Underwriters is making vigorous complaint at a certain form of advertising carried on by several companies throughout the United States. The bone of contention is the widely heralded announcement which they make as to settlement of losses within sixty days without discount. He advocates an agreement among the companies "for the general good of the business and for the mutual benefit of all concerned, to discourage the hasty prepayment of losses." The agreement would stipulate that "where prepayment is desirable a company will demand the usual discount at the rate of 6 per cent. per annum for such prepayment,"—the agreement not to apply, however, to so called conflagration losses, nor to losses which amount to less than $200 to the individual company.

In Canada the point thus at issue is scarcely a live one. The companies, while availing themselves of the full sixty-day proviso when they so desire, especially when it is deemed advisable to offset "moral hazard," prefer in each case to exercise business judgment rather than depend upon any hard-and-fast regulation. Nor is the definite practice of requiring discounts for early payment recognized in Canada as it is across the border. With working conditions as they are in Canada, there is little disposition on the part of any particular companies to "feature" their special practice in the matter, in the way complained of by Chairman Lock in his circular above quoted.

SUPPLEMENTING HIGH PRESSURE SYSTEMS.

The growing attention paid by Canadian cities to the matter of high-pressure water systems comes in for strong commendation from The Post Magazine of London—in its year-end fire insurance review. Toronto this month has satisfactorily tested its newly installed system, and is congratulating itself—to quote The Globe of that city—that "this extension of the waterworks will afford a valuable safeguard against extensive conflagrations, and that water may now be thrown effectively over many buildings which but for the increased pressure would be too high to be reached in case of fire in the upper stories." Not only will the more congested business districts benefit in Toronto's case, but also the residential portions of the city—more particularly those new and attractive sections on the higher level where the reservoir itself is situated. Hitherto these have obviously been inadequately protected.

But however satisfactory on special test a high-pressure system may prove, it must not be ignored that like all else mundane it is not immune from accident and failure. Recent New York experiences have shown this. And so, careful underwriting authorities are urging that every attention should be paid to maintaining auxiliary fire engines and so forth, for use in case of accidents to the main system. In nine cases out of ten—as The Insurance Monitor puts it—a fire that might otherwise acquire dangerous proportions would be promptly snuffed out by the high pressure system. But if in the tenth such a fire be left to burn without interference for a half hour (through some hitch in the working of the new system) the city might actually be in greater danger than under old methods. In other words, the undoubted advantages of the high pressure system must not blind cities installing it to the necessity of making some provision for effectively supplementing it in exceptional circumstances.