

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1208 McArthur Building. Telephone Main 2663.
G. W. Goodall, Western Manager.

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MUNICIPAL HAIL INSURANCE

The writing of hail insurance by Saskatchewan municipalities, a sort of State system, has during the past year brought some acute problems. For three years the inadequate rates charged were sufficient to meet losses and there was great jubilation by the promoters of the scheme as to the advantage of the cheap rates offered by the municipalities as compared with the much more burdensome rates charged by the companies. The year 1916 has proved a disastrous one. The municipal insurance scheme brought over from last year about \$500,000 of cash and is now busy collecting about \$1,500,000 of this year's premiums. As the premiums are not payable in advance, however, it will be months before the collection is made and the commission can meet its losses, which run about \$5,000,000. All sorts of conferences have been held to devise some method of recouping the unfortunate farmers but no plan has proved feasible.

In the meantime the companies, of which 24 are operating in Saskatchewan, have collected their premiums and paid their losses in a business-like fashion. From the figures supplied by the government, it will be clear that the premiums collected during the season amounted to \$1,417,853, the losses paid being \$1,872,408. The loss ratio is 132 per cent. of the premium income. Adding underwriting expenses, it will be found that the companies have disbursed this year approximately 162 per cent. of the year's premium income.

There is no hostility here to the government undertaking money lending, hail insurance or similar service provided only that the government or municipality, as the case may be, fulfills its obligation without expense to the community at large—in other words, that the scheme shall be a business-like and self-supporting one. The municipal hail insurance plan in Saskatchewan was revised by the government and rates and details of management proposed by the department at Regina.

JAPAN AS A LENDER

As a direct result of the United States Federal Reserve Board's famous "warning" regarding the short-term notes of Great Britain and France, Japan has entered the realms of international finance as a lender. The British and French governments having bowed to the decision of the Federal Reserve Board, agreed not to sell in the United States the securities to which the board took objection. The governments turned to Japan for assistance. Whether or not it was good policy for the United States to encourage that new financial channel, time alone will tell.

Through the governor of the Bank of England and Mr. Kengo Mori, the financial commissioner of the Japanese government in London, an arrangement was made for a public issue in Japan of the British government exchequer bonds to the amount of yen 100,000,000. The British treasury's object in issuing the loan in the Japanese currency was to get dollars by means of remitting the proceeds to America, availing itself of the present state of exchange between Japan and America. The Japanese government in July last provided the British treasury with dollars amounting to \$50,000,000 secured on treasury bills. In the present transaction, it is the Japanese public that is providing the fund. A syndicate of 18 Japanese banks, headed by the Yokohama Specie Bank, was formed under the auspices of the Japanese government, which offered its services to act as an intermediary between the British government and the Japanese syndicate. The result is that only one exchange of views between the governor of the Bank of England and the financial commissioner of the Japanese government in London sufficed to conclude the entire arrangement. The Japanese syndicate asked for no collateral for the loan, and they are undertaking the issue simply for the actual costs. As neither the syndicate nor the public is in position to pay in dollars, the Japanese government, in co-operation with the Bank of Japan and the Yokohama Specie Bank, has undertaken to remit the whole proceeds of the loan for the British government to America, so that the British treasury will be enabled to accomplish the only aim it has by the issue.

The entry of Japan among the ranks of lenders is another of the financial surprises of the Great War.

STATE COMPENSATION INSURANCE

The State system of workmen's compensation, which does not allow the insurance companies to compete, is being given a trial in Canada. The system is unfair to the capital invested by the companies here, capital which frequently has been invited to invest. In some parts of Canada, the State has legislated the insurance company out of existence so far as workmen's compensation is concerned. The provincial government has then proceeded to write the business, free from competition. Any deficits in operation can be made up by the community at large.

Mr. Edson S. Lott, president of the United States Casualty Company, at the recent conference on social insurance at Washington, said: "If the State-managed fund cannot give both lower rates and as good service as can commercial companies, the lawmakers ought not to create a monopoly for it, whereas if it can give lower rates and as good service, it will not need a monopoly. In any event, such a monopoly should not be created in the absence of conclusive evidence that employers and