

**Notes on Business.**

**The Farmers' Bank Failure.** The lapse of time does not improve the position in the Farmers' Bank case, and it is not surprising that considerable tension continues to exist in Toronto with regard to it. So far as Canadian banking generally is concerned, the failure was of little importance, but the destructive effects of it within its area were felt heavily. The management of the Bank was marked by irregularity from its establishment to its decease; the failure is an expensive lesson of the importance of character in banking.

**Insurance Companies and the Corporation Tax.** The recent decision of the United States Supreme Court, approving the Corporation tax legislation in the Payne-Aldrich law, known as the Federal Corporation tax, is of some importance to the policyholders of insurance companies, as it is anticipated that insurance companies will pay about 8 p.c. of the whole amount, which, this year, will be about \$28,000,000. It was estimated some time ago by the Association of Life Insurance Presidents that the share of the life companies would be \$1,000,000. The life companies were among the first corporations to challenge the constitutionality of the Federal Corporation tax law, the test case being one brought by Francis L. Hine against the Home Life, of New York. Insurance companies have made up their reports for the Federal Corporation tax by first setting down their total gross incomes from premiums, interest and all other sources. Deductions allowed by the law are as follows: Total ordinary expenses of operation and maintenance, total losses sustained (incurred), depreciations, total net addition to reserve funds during the year, total taxes paid during the year, imposed under the authority of the United States or of any State or territory, foreign taxes paid, amount received in dividends on stock or bonds of other corporations. The remainder has been the net taxable balance. On this net balance a tax of 1 per cent. has been imposed.

**Lloyds' Audit.** The audit of Lloyds' underwriting accounts, which has to be completed before March 31, is already, says the Shipping World, London, causing much heartburning in the "room." It has all along been understood that the third audit would be the most searching one for underwriters, and this is proving to be the case. As is well known, underwriters have to put in trust a sum sufficient to wind up an account based on the average of the three previous years. Now most underwriters have increased their accounts by the ordinary advance in rates, while others are writing a larger and more varied business in addition. As a consequence they will be called upon to put in trust additional funds to meet the rule, based on a three years' average. In one respect, this is having a salutary effect, for several of the leading underwriters will be compelled to reduce their account and this action will do more for the market than any number of agreements to advance rates.

**The Popularity of Endowment Insurance.** A recent writer in the London Times discusses in a philosophic manner the subject of the popularity of endowment insurance. "What, then," he asks, "are the causes of this popularity? Principally they would seem to be that men like to reap where they have sown, and that endowment assurance provides a pension for their late years. A third reason is that it relieves men from paying premiums in their old age, when their resources may be restricted. Endowment assurance combines insurance with investment, and so far as it indicates selfishness its growth is to be regretted. Whole-life assurance still has its advantages for certain classes and exemplifies the best motives of insurance. It is the finest form of insurance for men of small means, who wish to provide the largest possible amount of insurance for their dependants in the event of early death, and it is also used largely in business, where it is essential to guard against withdrawal of capital owing to the death of a partner. Its disadvantage lies in its inflexibility, and for some time past it has occurred to us that the solution of the difficulty may lie in policies which enable the assured to continue paying premiums until death if so required, or to receive certain stated proportions of the sums assured on reaching certain ages, such as sixty or seventy; we understand that such policies already exist and that a development of this idea may be expected shortly."

**The St. Stephen Bank.** Mr. R. B. Kessen, curator of the St. Stephen Bank, which failed a year ago, has issued a statement that he, as curator, with the approval of the shareholders' committee has accepted the offer of directors of the Bank, to advance an amount that will be sufficient to pay in full the claims of the depositors and creditors. A second dividend of 33 1/3 p.c. will be paid immediately and the balance by May 1 next. Mr. Kessen adds that he and the shareholders' committee are of the opinion that the realisation of the assets must take a considerable time, and that, without the present arrangement, an immediate call upon the double liability of the shareholders would have been unavoidable. No interest will be paid on the advance now made, and it will be repaid only to the extent of and as realised from the assets. Shareholders will receive any surplus that may result from the realisation of the bank's assets.

**Another New Montreal Hotel.** We understand that plans are being prepared and that negotiations have been practically completed for the erection of another hotel in Montreal in the vicinity of Dominion Square. This is in addition to the Ritz Hotel, preparations for the erection of which are being made at the corner of Drummond and Sherbrooke Streets. There is room in Montreal for one or two more up-to-date hotels. It is understood that one of the big railway companies will be interested in this new hotel.

THE ASSOCIATED PORTLAND CEMENT COMPANY, of England is reported from Vancouver to be negotiating for the establishment of a number of plants in Canada.