

re-rating he has collected the advance under the application of the schedule, the question now arises as to whether the rates under the amended schedule of July 11, will be effective on business written between January 1 and July 11, and if so, must the agents return to the assured the *pro rata* of the reduction from July 11, to the termination of the policy. Further, if the legislature changes the law so that the rate is again changed must the agent collect the increase, or refund the decrease if either should be made.

Another question which arises is whether the state will back up the companies in collecting the advance if the originally named premium was promptly paid and the customer refuses to pay the advance under the schedule. In such an event is the company justified in cancelling the policy for non-payment of the premium or will the state board order the local court to issue a judgment against the policyholder?

Imagine the state of mind of a local agent who has to calculate a premium in a case, say, where the temporary rate was 1 p.c., the schedule rate 4 per cent., the ultimate rate under the schedule when the property owner had made improvements 2½ per cent., and where the amended schedule brought the rate down to 2 per cent.

Several fire companies operating in Texas have petitioned the State Fire Rating Board, asking a re-consideration of its order reducing schedule rates on the ground that the reductions made are too sweeping. The petition also points out that the companies have already spent about \$200,000 in the preparation of the schedules now in effect to change which will incur great expense, that may be fruitless, inasmuch as the extra session of the legislature soon to convene, will necessarily make some changes, if not repeal the law altogether. There is no indication so far that the board will grant a rehearing.

Altogether it looks as if liability underwriters in Ohio and New York and fire underwriters in Texas have their hands pretty full at the present time.

ASSURANCE COMPANIES AS TRUSTEES.

It would appear that as one of the principal duties of a trustee consists in the judicious investment of the Trust Funds, Life Assurance Companies are particularly fitted for the administration of trusts.

The two first canons enunciated in connection with the investment of Life Assurance funds are: (1) The primary necessity of securing the safety of the capital; (2) That the highest rate of interest consistent with said safety should be obtained. These principles apply equally well to the investment of trust funds, for (subject to the terms of the trust instrument, or the law for the investment of trust funds) by following them the interests of both reversioner and life tenant will be secured.

Moreover, unless a life company anticipates a decrease in its funds in the near future, a large proportion of its investments may be made in what may be called "long-term securities." This class of security is, in most cases, advisable for the investment of trust funds, for the capital being gen-

erally locked up during the lives of existing persons, the charges incurred through changes of investment might, unless the re-investments be made with great skill, result in loss to the reversioners and life tenants.

A further advantage is that life companies have an unique experience in the management of large properties, and are, therefore, peculiarly fitted to undertake the control of landed estates, house property and investments of this nature often included in trusts—W. C. Sharman, of Prudential, London, before the Institute of Actuaries.

Our London Letter.

A Humdrum Budget—Canadian Bonds in London—Unclaimed Bank Balances—Important Shipping Developments—The New Insurance Act—Another Fire and Accident Office—Special Correspondence of THE CHRONICLE.

The new Budget is out. It is quite a humdrum affair, and the only contentious points are the retention of the whiskey duty and the removal of the pauper disqualification for old age pensions. The final passage of the Budget will not take place until next autumn. The stock markets have not been affected by the introduction of the Budget, but they close the week very depressed and much lower owing to the slump in the American market and the fear of monetary trouble in New York.

Swanson Bay Forests, Wood-Pulp and Lumber Mills.

The list is open until to-day of £150,000 6 per cent. first mortgage sterling bonds issued by the above company which is formed to "acquire and work extensive and valuable pulp and timber leases at Swanson Bay and other adjacent parts of the coast of British Columbia." The standing timber is estimated at 3,000,000,000 feet, and the value thereof at £600,000; the shipping port, saw mill, pulp mill, etc., is put down at £200,000. The total estimated annual profit is £51,233. The directors are Mr. Robert Montgomery Cox, of Messrs. Robert Cox & Co., lumber shippers, Ottawa and Liverpool; Mr. C. E. Read, managing director of Hull Lumber Company of Quebec, and director of Riordon Paper Company of Montreal; Mr. Thomas Mackarell, of Messrs. Thomas Mackarell & Co., lumber merchants of Ottawa and Montreal; and four other directors of London and the provinces. The general manager in British Columbia is Mr. James Wood, and the offices are at Molsons Bank Chambers, Ottawa.

Canadian Cereal and Milling Company.

Mr. A. J. Nesbitt, the managing director of the Investment Trust Company, of Montreal, is in London just now with the object of putting on the market preferred stocks and bonds of the Canadian Cereal & Milling Company.

Algoma Central and Hudson Bay Rail.

This company issued to-day the prospectus of £770,000 of 5 p.c. bonds, which form part of \$6,750,000 authorized, the balance being offered in Paris. The price of issue is 90 per cent. and as