

The valuation of each article imported represents its actual market value, or wholesale price as bought and sold in usual wholesale quantities at the time of exportation to the United States in the principal markets of the countries whence exported. This makes the monthly and annual import quotations a fair index of the prices and trend of prices in other parts of the world with reference to the principal articles imported. A study of the prices quoted by the Bureau of Statistics shows for the latest available date a definitely marked downward movement in recent months. While there are, of course, exceptions and a few articles in which the latest prices are higher, a very large proportion of the articles imported or sold in the domestic markets show lower prices in August than those of earlier months.

Reserves of Liability Companies.

The recent radical revision of the labour laws of New York and other important States whereby the liability of employers is greatly increased has attracted much attention towards the position of the liability insurance companies' loss reserves maintained to meet the claims which have already arisen and will result from their outstanding policies. It has been generally conceded that even under former conditions, due to the tendency of the courts toward higher awards in the event of accidents, the present system of computing claim reserves is inadequate, and as a result, working in accord with the New York Insurance Department a committee of liability underwriters was appointed this spring to devise some better method of calculating the loss reserve of a company writing liability insurance which would more nearly meet the ultimate claims under such policies. This committee has just submitted its report, which, while not definitely recommending any specific formula for calculating such reserves, advances several plans that will, it is believed, more nearly represent what should be required. While these plans call for much larger reserves, in almost all instances equalling or exceeding the loss reserves heretofore required under the Michigan law and greatly exceeding the reserve requirements of other States, it is considered doubtful if even these methods will be adequate to provide against the larger payments under employers' liability policies which are bound to result from the drastic labour laws already enacted or about to be adopted in several States.

Insurance Get-Rich-Quick Methods.

Superintendent Hotchkiss, of New York, announces that he has practically completed the enquiry made by his Department into the organization of corporations formed for the purpose of promoting insurance companies. This investigation was due to an amendment of the insurance law, made on the recommendation of the Department, which went into effect on July 1 last. By it, holding and promoting companies which intended ultimately to form or control insurance companies are subject to examination in the same way that insurance corporations heretofore have been. This amendment is intended to check, if possible, in New York a flood of irresponsible insurance

companies like those during the past three or four years developed by promotion methods in the Middle Western, Southern and Pacific States. According to a statement made by the Superintendent, this new sort of get-rich-quick craze seems not to have reached New York until about mid-summer in 1909. Hence, the number of promotions of this class in New York is less than was expected, and few of them have yet reached the stage when many people are involved or relatively much money wasted. While there are still a few of these promotions to be examined, investigation of most of them is finished and the reports will shortly be available to the public. Since July 1, the New York Department has excluded and will continue to exclude from transacting business in New York State any company promoted by the means indicated, unless it is satisfied that the management of the company is reliable and expert from the insurance standpoint and that its stockholders have been definitely informed that they, and not the company, paid the unusually large commission and promotion expenses incident to such methods. It is thought that by this means much can be done towards preventing similar promotions in the future.

Affairs in London.

(Exclusive Correspondence of The Chronicle.)

Consols at 80—The Reasons Why—Competition of Colonial Bonds—Trouble in the Rubber Market—Will there be a boom in Chinese Securities?—Finance and Newspapers.

Quarter day, pay day on the Stock Exchange, a rise in the German Bank rate and a sharp demand for gold from abroad, caused the directors of the Bank of England yesterday to raise their rate from 3 per cent. to 4 per cent. Now that the gold movement to foreign countries has set in, it is not unlikely that we shall see a rise in the official standard to five per cent., although there may be what Lombard Street facetiously terms a "halt at the half-way house," that is a $4\frac{1}{2}$ per cent. rate.

Consols Fall Below 80.

The Consol market has again been one of the weakest in the House, and dealings have taken place below 80. It is interesting as throwing some light on the present position of Consols to recall some of the occasions on which our premier security has gone below 80. The last occasion was during the monetary crisis of 1847 which arose mainly out of the over-speculation during the railway mania. When the Bank of England announced that $5\frac{1}{2}$ p.c. would be charged on bills and the Royal Bank of Liverpool shut its doors, Consols slumped from $83\frac{1}{2}$ to $77\frac{3}{4}$. The rate of interest then allowed upon Consols was, of course, higher, and therefore, the fall was much greater than that of the present day. The Government on that occasion intervened and the price of Consols gradually recovered. There is at the present time much discussion as to the effect of politics on the price of Consols, but, as a matter of fact, party politics do not affect the quotation so much as the