

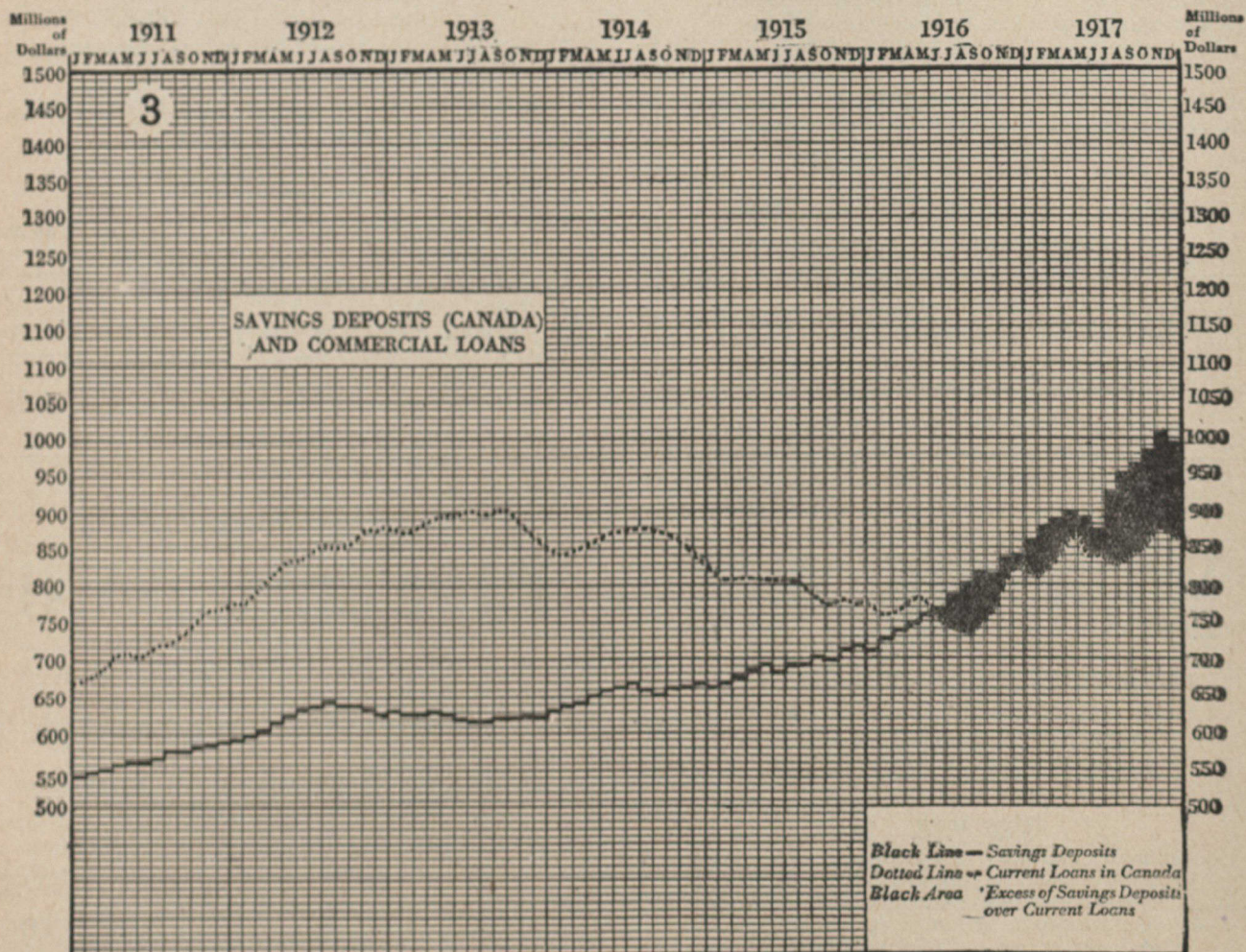
machinery and stock it entails upon insurance companies much heavier losses from a fire than would have been the case before the war, coupled too with the fact that there is undoubtedly an incendiary danger which, while perhaps a more severe hazard upon certain properties, is still a hazard upon all. There is also the very general employment of aliens and of men with little experience in the particular business in which they are engaged, all of which constitute a decided increase in the hazard which is being shown by the abnormal number of fires which have occurred in all parts of Canada, especially in Ontario, during the last few months.

It must be admitted by everyone that the insurance companies must receive a sufficient premium to keep them

in a thoroughly solvent condition and that requirement is, if anything, more necessary now than was ever the case in the past.

The increase in rates will not apply at all to some large classes of risks in the community, such as private residences and ordinary stores in well-protected cities and towns. Where any increase has been made it is believed that it is fully justified by the changed conditions arising out of the war and from the heavy losses that have been already sustained. The method adopted in dealing with the abnormal situation is undoubtedly preferable to that of a general advance upon all rates which was the policy pursued in the United States by the insurance companies where they were confronted with a similar condition.

Relation of Savings Deposits to Commercial Loans



THROUGH the courtesy of Messrs. Greenshields and Company, we are able to present in diagrammatic form some interesting comparisons between savings deposits in Canada and commercial loans. The following comment concerning the diagram is taken from the Monthly Review issued by this investment house.

One of the danger signals to Canadian business in 1912-13 was the marked decrease in savings deposits while current loans continued to expand. As savings deposits are the basis on which the banks make advances to business, the banks were forced to take in sail; business expansion halted and some depression set in.

The radical change in the situation existing then and now is shown in the chart given above. The curve

of savings deposits has caught up with and crossed the curve of current loans and the black area depicts what could ordinarily be considered as the excess of the banks' loaning power for commercial purposes. Because of the large profits of the past few years, business is financing its needs at a period of the greatest activity in the history of Canada, with prices for labor and material abnormally high, with little more assistance from the banks than in 1912. Meanwhile, the increase in savings deposits is to be reckoned in hundreds of millions.

Because of this excess of loaning power, the banks have been able to make large advances to the Imperial government, continuing a flow of orders to Canada which became threatened by Britain's problems in finding means for payment.