of the stocks banned from $66,006,935 to $43,-735,860. It is felt that the balance could not be got rid of in the present state of the open market within the time allowed, except at a great sacrifice and the companies are, therefore, promoting the present bill.

Value of Present Holdings.

Putting aside the minor holdings of the Home Life Insurance Company and some other inconsiderable holdings, the amount of funds concerned in the holdings of the three big companies was in June, 1906, as follows:

	Par Value.	Market Value.
Equitable	$20,449,110	$48,958,775
Metropolitan	9,200,725	10,717,797
Mutual	36,357,100	74,542,948
Total	$66,006,935	$134,219,520

At the present date the amount of these "prohibited" stocks so held is as follows:

	Par Value.	Market Value.
Equitable	$14,471,110	$29,066,026
Metropolitan	6,276,600	8,334,711
Mutual	22,988,150	43,216,204
Total	$43,735,860	$80,616,941

Last year the Association of Life Insurance Presidents introduced a bill to extend the time for the disposal of the so-called illegal stock and bond holdings by three more years. When the bill was in committee the Insurance Department suggested an amendment as follows:

"In each of the three years next prior to the expiration of said eight years every insurance company shall make reduction of its holdings of said securities to the extent of one-third thereof, unless it shall procure a certificate from the Superintendent of Insurance that its interests will suffer materially by the forced sale thereof, in which event the time for the sale of such one-third, or any part thereof, may be extended as the Superintendent may direct, but in no event longer than the 31st day of December, 1914."

The Life Presidents' Association was unwilling to accept this amendment and the bill was not reported by the committee. The department was of the opinion last year that the time for sales should be extended—however, under certain restrictions—and is of the same opinion now. The recommendation now made by the department reads:

"That section 100 be amended so that the time within which so-called illegal stock and bond holdings shall be disposed of by life insurance companies shall be extended to three years from December 31, 1911, provided, subject to exemption from this requirement on the certificate of the Superintendent, such companies shall dispose of at least one-third of their remaining holdings during each of such three years."

Superintendent Hotchkiss has not introduced a bill, but if it should be necessary, will do so, to carry out his recommendations.

Affairs in London

Business Conditions very Bright—Does High Interest Mean Bad Security?—Lloyds' Policies and Underwriters' Security: An Important Decision—Scottish Life Assurance Company.

The Stock Exchange has departed for the Easter holidays with a light heart. Rarely has the outlook been so bright. Trade is "booming"—shall we say in spite of Mr. Lloyd George?—there is a remarkable absence of unemployment, the stock markets are firm and active, and the weather has changed to summer-like conditions after a very dreary three months of biting North-Easters. Everything points in the stock markets to a great revival of home securities during this, the coronation year, and no holder of colonial investments will begrudge the improvement which has developed with extraordinary rapidity over all home railway securities, industrial companies' shares, etc. For nearly ten years home railway investments have been on the downgrade, but a great reaction has come with the improved receipts of the companies. The market on the Stock Exchange has changed from an inert and lifeless section to a market where eager buyers jostle each other in their efforts to do business. It is the commencement of a railway "boom" which is likely to prove longer sustained than either the rubber, oil or mining booms, because the railways possess advantages over any other sections. The railway development of this country may be said to have been completed. It would be difficult to find any area of five square miles on the map of England that is not traversed by a railway or any town of a thousand inhabitants which does not possess its railway station. Hence there can be no great rush of new capital, and the whole force of the speculative and investment demand is, therefore, centred upon existing securities in a market already denuded of stocks. If the demand continues, and there is every prospect of it doing so, home railway quotations will probably touch record figures.

Does High Interest Mean Bad Security?

I observe from the chairman's speech at the recent meeting of a Canadian land and mortgage company that, although the Company was able to offer 6½ to 7 per cent. interest on its debentures, which it proposed to offer in London, the directors had decided to offer only 5 per cent. interest as investors in the United Kingdom viewed six or seven per cent. debentures with suspicion. Laughable as such a state of affairs may be to the Canadian, yet such is actually the position. The British investor has been taught for so many years that "high interest means bad security" that any debenture offering over 5 or 5½ per cent. is at once regarded as possessing some inherent risk, although it may not be apparent to the investor. It is not unlikely that the taste for Chinese investments, which was developing here, was nipped in the bud by the offer of a 7 per cent. Chinese railway bond guaranteed by a Government department. There is not in the whole range of officially quoted Stock Exchange securities one well-secured investment in the debenture class which yields 7 per cent. There is an old story of a bet, over which a man was paid to offer for sale on London Bridge real sovereigns at one penny each. He failed to sell one. Similarly it is quite probable that if two mortgage debenture issues were made in London on the same day, one bearing 5½ per cent. interest and the other 7 per cent. the former would be over-subscribed and the latter ignored.

Lloyds' Policies and Underwriters' Security.

There has just been decided in the King's Bench division a case of great importance respecting the validity of Lloyds' policies. It was a claim on