

in our minds, and the neighboring country is passing through an ordeal calculated to severely test the strongest of their financial institutions.

Guaranteeing Bank Deposits. The guaranteeing of bank deposits is a comparatively recent development of insurance practice in England. The first company to introduce this feature was one which was organized for the purpose of insuring mortgage investments; but the directors saw a promising field outside the proper business of the company, and for a premium offered to guarantee principal and interest of deposits in foreign and colonial banks. For a time this system of investment met with great popularity. The suspension of 16 banks in Australia, although a contingency that hardly could have been foreseen, has put the new form of investment to a severe test. The popular notion of the term insurance, as applied to property, is that it is an undertaking to make good what is lost or destroyed. Were this principal to prevail in the event of anything going wrong with those banks in which deposits have been guaranteed, so that the British depositors thus insured could look for an immediate restitution of their money, it would have gone very hard with the English guaranteeing companies in view of the collapse of Australian credit; but these companies are not obliged to pay their customers merely because they think a loss is threatened or the principal and interest in jeopardy. Until a depositor has failed to receive an instalment of interest at the stipulated time, or until he has failed to get the return of the sum deposited when the period for which it was deposited has expired, he cannot be said to have suffered any actual loss. Taking the view that the guarantee companies concerned have insured the contract existing between the bank and its depositor, only guaranteeing a redemption when the long-time deposits have matured, it is clear that they do not need to face any refunding of insured deposits at the present time. It is likely that under the systems of reconstruction going on in Australia, by which many of the banks will come out all right in the long run, that before many of the insured deposits have matured, the guaranteeing companies will have been saved much risk of serious loss. Perhaps it is just as well that this thing has happened so early in the history of this form of insurance, as it will have opened up much profitable experience, and will lead the public to a better understanding of the risks of sending such immense sums of money from abroad to be put in colonies where a legitimate use has not been possible for an amount of funds far in excess of the requirements of that country.

Electricity as a Fire Hazard. IN looking over the fire tables of the United States, as to causes of fires, it is striking to notice the increasing prominence of electricity as a fire hazard. At the World's Fair Insurance Congress in Chicago last month, a very striking paper was read upon this subject by Mr. C. J. H. Woodbury, the vice-president of the Boston Manufacturers Mutual Fire Company. The applications of electricity pre-

vious to its use for lighting and power were not considered as forming a hazard; on the contrary, its use in connection with municipal fire alarms has been of the highest value. Until the introduction of the telephone increased the number of wires, none of the apparatus for the transmission of signals was the cause of fire, nor were the wires sufficiently numerous to be considered obstructive. When these telephone and telegraph wires come in contact with electric lighting wires, and heavy currents are conducted by them and are imposed upon apparatus which is of insufficient conductivity, the electricity is converted into heat sufficient to cause fire. Inventive genius has enabled the telephone interests to obtain devices for the protection of their instruments from this danger. Public opinion has been so much averse to the accumulation of overhead wires for lighting and transmission of power, that decided progress is being made in well regulated cities for a fully practicable system of underground wires to perform the same service. The principal dangers from underground wires are: First, diverting electricity by earth connections through conductors of combustible material and high resistance, such as buildings, thus causing fires. Secondly, the currents of electricity dissociating water by electrolysis into its two gases and then igniting this explosive mixture by an arc. Thirdly, the earth return currents used in the trolley system street railway service have impaired water mains by electrolytic action; and indeed such currents have destroyed the insulation on other underground wires, whose insulating covering was surrounded by metallic tubing. But experience is showing that for a system of illumination electricity can be made fully as safe as any other method. The essentials of safety can be said to include the necessity of preventing arc lighting lights from scattering sparks, confining the electricity to its metallic circuits, furnishing conductors of ample capacity, protecting the apparatus by properly arranged safety fuses, and arranging the switches so that they shall not cause dangerous arcs. Mr. Woodbury concludes his very interesting remarks by stating that electricity is in the position of an essential adjunct to the world's work in manufacturing and in illumination. The use of these wires conveying vast amounts of energy which can be converted from its legitimate service in illumination or power into a torch of destruction is increasing with such rapidity, that it is in this field that the work of the insurance underwriter must keep pace with the advance of constructive invention by the exercise of equally defensive methods.

The one thousand dollar gold prize of the German American Insurance Company offered for the best plans of an improved cotton warehouse from an insurable standpoint, was won by Mr. J. E. Beasley of Memphis. There were 125 contestants, but the committee was unanimous in the award to Mr. Beasley. The *Daily States* says: "Now that this plan for a standard cotton storage warehouse has been produced, the Cotton Exchanges of New Orleans and New York ought to offer a prize of \$2,500 for the best fire-proof and water-tight covering for cotton bales of sufficient width to prevent any exposure of the cotton, and not to exceed jute covering in weight."