**Loans on Life Policies.**

Our excellent New York contemporary, the Insurance Age, has lately been devoting attention to the question of loans carried on life policies, to which subject, also, there have lately been references in our own columns. In the case of five of the large New York companies, our contemporary finds that these loans, which were about $116,500,000 at the end of 1905 had increased to $266,500,000 at the close of 1910, having thus considerably more than doubled in the five-year term. In fact, while the five companies detailed have gained only about $9,500,000 in outstanding insurance in the period, their loans have grown almost $150,000,000. "Viewed from any angle," observes our contemporary in commenting upon these figures," the policy loan is unfortunate and to be most earnestly resisted. It was published far and wide how, in 1907, this and that cramped business man was rejoiced to find that he had one collateral which he need not offer to doubting and scared bankers, for it was cash on request. Thus many a man got into the habit, just as many an unfortunate has got into the morphine habit by innocently touching the drug in a time of stress in sickness. The misery of it is that the relief from jarring nerves and money cramp is so grateful at the time that one is tempted to repeat it. No money is so hard to raise as money for wiping out a loan. The same stiffness of self-control which begins premium paying and continues it, at the cost of self-denial, is required to keep hands off after the policy has acquired a tempting loan value."

**Fire Business in the United States.**

At the recent meeting of the National Board of Fire Underwriters held in New York, several interesting facts were developed from the address of President Damon, of the Springfield Fire & Marine Company, and the reports of the various committees. It was shown that during the year 1910 the fire underwriting profit of all the companies represented in the National Board was only 4.89 p.c. This profit was on premiums aggregating $284,520,645. It was also stated that the fire underwriting business of the past ten years, which includes the conflagration losses of Baltimore and San Francisco, shows a loss of 1.01 p.c. on total premiums of $2,297,952,087, the actual net underwriting loss on the ten years' operations being $23,266,188. The companies who are members of the National Board, it was shown, have contributed no less than $500,809 since 1904 for the purpose of investigating fire hazards and the fire protection facilities of the United States. The injustice of the present system of taxation of fire insurance business was set forth, figures being submitted to show that the taxes on premiums, less losses, during the last five years, reached a ratio of 6.44 p.c. The premiums, less losses, for the years 1906 to 1910, inclusive, reached the sum of $546,183,825 and on this the companies were required to pay taxes of $35,184,022.

SIR DONALD MANN, interviewed in London this week, stated that he anticipates the completion of the Canadian Northern's Montreal-Toronto line in 1912.

# Affairs in London

*(Exclusive Correspondence of The Chronicle.)*

**Causes and Effects of the Birkbeck Bank's Suspension—Newspapers and the Troubles of the London Market.**

The city was startled on Tuesday evening by newspaper placards officially announcing the suspension of payment by the Birkbeck Bank. At first, it was passed over as a newspaper canard, but there followed shortly after, the following official statement:—

On considering the balance-sheet for the year ended March 31 last as audited, the directors find that the ordinary depreciation in the market prices of the securities held by the bank, including gilt-edged securities, represents a sum which they feel, does not justify them in continuing the banking business of the society without a reconstruction of its financial position. The directors consider that the deficiency between the assets and liabilities does not exceed £375,000, against which the society holds guarantees which, it is anticipated, will realize at least £300,000.

Mr. Plender, of Messrs. Deloitte, Plender, Griffiths & Co., who has investigated the accounts, considers that the deficiency would be more safely put by adding the sum of approximately £400,000 to the above amount.

Owing to the Act under which the society is constituted, the reconstruction can only take place under a winding-up order of the Court. A petition has accordingly been presented to-day under which all necessary steps will be taken to protect the assets and avoid losses to creditors and members.

It is anticipated that arrangements can be made by which creditors can receive an immediate instalment of at least 10s in the pound.

It will be seen that the affairs of the depositors are not in a very bad position. An eventual payment up to 18s. in the £ is expected to be made. The point which is of much more importance and is practically national in one sense, is that a banking institution, which has conducted business for sixty years, has successfully withstood two serious "runs," and has generally carried on its business in a conservative manner, has had to close its doors owing to depreciation in gilt-edged securities, or as an official put it to-day, "owing indirectly to Lloyd-Georgian finance."

In its leading article this morning, The Times points out that the plea of the directors is certainly justified. "They held no less than three millions sterling of British and Indian Government securities, Bank of England stock, Metropolitan Water Board stock, and Port of London stock, while they held nearly two millions sterling of Colonial Government and Corporation securities and nearly a million sterling of English, Indian, and Colonial railway stocks. Most of these must be regarded as securities of the very first water, but, as every one knows, many to their cost, the water has recently been seeking a very low level. During the rule of the present Government Consols have depreciated in value by considerably more than 10 per cent., taking down other securities of similar class with them. Nor can the land taxation policy of the Government have been other than detrimental to such an institution as the Birkbeck Bank, whose business was partly that of a building society; it had lent something approaching three-quarters of a million sterling on mortgages and in loans on real estate, and among its assets ground-rents