dual as measured by their holders' ability to unload, create depreciations, and hence over-insurance—create that moral hazard which is such a potent factor in piling up the aggregate of the year's losses. All talk of companies uniting to vigorously compel their agents to write policies within the fair valuation of the property after a careful survey, and to hold them to a strict accountability in the matter, is out of the question. The over-insurance does not exist until the accessories after the insurance are called into play that develop it. Not one man in a thousand who burns his property for the sake of the insurance, contemplated such an act at the time he caused the insurance to be placed upon it. In all probability he would have recoiled with horror at the thought could it have been suggested to him that circumstances would ever arise such as to tempt him to burn down his own property in order to swindle companies out of the insurance. The main defence that companies have to this insidious foe is to keep a careful eye upon their risks, and prudently relieve themselves from undue hazard by cancelling their policies wherever and whenever the situation suggests the propriety of so doing.

## COLONIAL LOANS AS TRUSTEE INVESTMENTS.

The Bill introduced into the House of Lords by the Lord High Chancellor (the enacting clauses of which we have already published), by which certain Colonial securities are open to trustees for investment, is not meeting with the unqualified approbation of the British financial press. Some of the London journals do not hesitate to say that the measure has been prompted by political rather than by financial considerations, and they complain of the admission of colonial loans to the rank of Trustee Stocks. One publication states editorially that if investors were consulted, it would probably be found that the majority of them are in favor of restriction rather than of extension of the supply of eligible stocks as trustee investments. The *Investor's Chronicle* for August indulges in the following review of the Bill in question:

"The reason why the Colonies have been so anxious to secure this enactment has been twofold. In the first place, they wish to save interest, and this desire is laudable enough, and does not conflict with those "interests of the widow and the orphan" which should never be lost sight of. Recent developments in the investment markets, however, put lower rates of interest out of the question. The second reason why the Colonies wished for the present Bill, though this reason has judiciously been kept in the back ground, is, however, the main reason. Most of our Colonies wish to borrow, and they hope, not only that the Bill will help them to obtain loans on better terms, but also, if we may use the term, to tap the trustee investor. It is the knowledge that this intention exists which leads us to withhold from the new Bill a hearty welcome. There is more financial unsoundness in some of our Australian Colonies than probably anywhere else, and it must be mistaken policy to encourage "the widow and the orphan" in placing their trust in them. Besides, no consideration, not even a desire to please the Colonies, should have led us to abandon the principle that no stock shall be a Trustee Stock unless its issue is controlled by Parliament.

The one good feature of the Bill is that it will not apply to very many colonial loans. Many of them quote above par, and run less than fifteen years; and many of them, though they have more than fifteen years to run, have been issued at a 4 per cent. basis, and therefore quote at the debarring premium. Still, the idea underlying the request for the Bill, as far as the Colonies were concerned, was no doubt a recasting of their debts; and but for the recent *débacle* in the investment markets colonial debt consolidation coupled with interest reduction would have been easy, and 3 per cent., possibly less, would have been acceptable to many people. But with "Khakis" and County Council Loans giving 3 per cent., not to mention many excellent corporation loans; with many more new gilt-edged issues and an era of low prices and high yields in prospect, there need be little fear that the Colonies will in the near future refund. Hence there is no practical necessity to warn the investor not to help the Colonies to borrow too freely and too cheaply, though a theoretical necessity to do so there is. For the finances of our Colonies are not in all cases as they should be, and it would be foolish either to lend them too much or to lend them at too low a rate of interest."

In the table on opposite page we enumerate the Inscribed Stocks of our larger Colonies, and give particulars concerning their price record and yield.

Even if we cannot agree with the necessity for warning British investors against lending money "too freely and too cheaply," and while reminding critics of Canadian financial affairs that the Dominion no longer needs "help," we find the article and table interesting and instructive, and of assistance in enabling us to see the finances of the Colonies as others see them.

## STATE SUPERVISION OF INSURANCE.

### A PECULIAR INSURANCE DEPARTMENT.

Extravagant bills rendered to insurance companies by examiners appointed by the Commissioner of Insurance for the State of North Dakota has aroused a storm of indignant protest from the oppressed. The New York *Commercial Bulletin* of Wednesday last tells in a fearless fashion the latest story of pecuniary exactions made upon insurance companies by commissioners of various States for so-called examinations, and says they are becoming "an unendurable burden." The Bulletin remarks:

**The cost of insurance to policy-holders of companies is considerably increased by excessive charges**