ever percentage of deposits the different banks may consider necessary to hold as cash reserve. It is obvious that such expenses as these cannot be lumped together and put arbitrarily at ½ p.c. to 1 p.c. or any fixed per cent. They will vary with different banks and in every bank the different branches will give widely varying results. For instance, if we could imagine a bank carrying no reserve at all against its deposits, we would expect it to show a much lower ratio of expense than another bank which maintained strong cash reserves could possibly show. The first named bank could then overbid its rivals in the efforts to get deposits, it very probably *would* do so.

Then again a branch, which had but $40,000 or 50,000 in deposits, would show a very much heavier ratio of expense than would another with $250,000 because the salary list of the one branch might exceed that of the other by a few hundred dollars only.

In our branch banks deposits are generally lumped together; the free with the interest bearing and it is figured roughly that the interest cost ranges anywhere from 1½ to 3 p.c. according as the free deposits amount to a large or small proportion of the total. The extra expenses mentioned above are scarcely ever taken into account. The way the banks usually calculate how a deposit branch pays is to figure how much capital it supplies to the head office and how much of a deficit it returns. If the deficit amounts to less than 3 p.c. on the capital it gives, the result is considered not so bad. This mode does not give the true cost of deposits, but it gives as much information on the subject as the bankers desire. Under any circumstances it can be taken for granted, that the cost of deposits is considerably greater than the public supposes and that the profit made on many deposits here and at New York is, at the present time, down to a very fine point.

In treating more fully the question raised in above article, which has been often discussed in past years, the extent of a bank's reserve fund would have to be taken into account in connection with the fact that, this fund costs nothing, it is shareholders' property or capital, upon which no dividend is paid, it is practically a shareholders' deposit fund which pay no interest, and needs no reserve of cash to be kept to provide for the contingency of withdrawal, and the earnings of this fund must, in some cases, be more than sufficient to pay the bank's working expenses.

The Limit in Gall has been reached by a very obscure American fire company, that is not even named in the New York insurance report, which the "Review" informs us, "has stated its readiness to go in and help the British and other offices in case they want assistance" in paying Baltimore fire claims!

PRIZE ESSAYS BY ASSOCIATE MEMBERS OF THE INSURANCE INSTITUTE OF MONTREAL.

Three of the prizes offered for Essays by Associate Members of the Montreal Insurance Institute, were won severally, as follows:—

Subject.	Donor of prize.	Amount.	Winner.
"Government Supervision of Insurance Companies."	Insurance Institute of Montreal.	1st prize $30	B. W. Grigg, Sun Life Ass'ce Co.
		2nd prize $20	G. A. Dunlop, Standard Life.
"The Origin and Development of Insurance in all its branches."	R. Wilson Smith, 1st and 2nd prize	1st prize $15	R. J. Dean, Norwich Union.
		2nd prize $10	G. A. Fleet, of Dale & Co.
	T. L. Morrissey, 3rd prize	3rd prize $5	Jas. M. Morris, L. & L. & G. Ins. Co.

These essays were read at the meeting of the Institute held on the 7th inst., in the Natural History Society Hall, in this city.

It would be invidious to classify these Essays according to merit. The decision of the committee may be accepted as just, and the Institute and other donors of prizes are much indebted to them for the careful labour they bestowed on the work of selection. All the essays are highly interesting; they evidence considerable care in the treatment of the historic materials at their command, and a creditable display of the capacity to use such materials with judgment and power to express what they teach and what they suggest with intelligence and clearness of expression.

The three now before us are: Mr. Dean's and Mr. Fleet's Paper on "The Origin and Development of Insurance in all its branches," and, the Paper by Mr. J. M. Morris, on the same subject.

Mr. Dean's Essay opens with a brief statement relative to the evidences of insurance having been practiced in ancient times, and in England before the fifteenth century. He passes on to speak of marine casualties as "the first to which the principles of insurance (as distinguished from the friendly contributions of the Guilds) were applied." The records of Barcelona, Italy, the Netherlands, Florence, and Britain are named as showing at what an early date marine insurance was practiced The establishment of "Lloyds," the "London Assurance Corporation," the "Royal Exchange," are referred to, and the British America is named as having entered on marine insurance in 1842.

The section on Fire Insurance opens with a brief sketch of its origin in England, and development, by several companies. This chapter is a neat specimen of literary condensation. It closes by quoting the income of the fire companies in Canada, and a tribute to the wisdom of the larger British companies in erecting beautiful office structures in Montreal and Toronto.

The chapter on "Life Insurance" narrates briefly the progress of this form of enterprize, the first traces of which are found in a life policy, dated 18th June, 1653, a time, we may say, when life was not as safe as it is to-day; owing to England being then