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A Lost Cheque Case.

The situation created when an undorsed cheque is lost is at times embarrassing to the owner, and the banker on whom it is drawn in view of the possibility of its being fraudulently used by the finder. A case of this kind elicited the following question addressed to and answer given by the "New York Bulletin." We may add that when a cheque is lost the owner should promptly notify the bank on which it is drawn with a written request to refuse payment until further advised, and this instruction should be formally confirmed by the drawer of the lost cheque to whom it is customary to give an indemnity bond if he issues a second cheque.

A. received a check from B. On his way to the bank to deposit it A. lost the check, which he had not indorsed. B. has requested the bank to stop it, but will not give a duplicate check for some time, as he claims that should a third party find the lost check he might forge A's signature and then use the check in trade with an innocent party, in which case B. would have to pay the check. Is this the law, and how long must B. wait before issuing a duplicate check?

H. B.

Reply.—The objection which the debtor makes to the issuance of a second check in this case is of no validity. No one, whether he is an innocent holder for value or not, can enforce payment of a check with a forged indorsement upon it. It is the duty of the bank in this case, to refuse payment of the check, whatever the respective rights of the parties may be; if the bank pays the check the amount cannot be charged to the depositor's account. If the bank refuses payment, and the holder then calls upon the drawer to make the check good, the drawer has only to point to the forgery as his sufficient excuse for refusing. The only risk that the drawer would run if he were to issue a duplicate check is the risk that the first check might afterwards be presented by a *bona fide* holder for value and with-

out any forged indorsement upon it; in that case he could be compelled to pay the first check, notwithstanding the fact that a duplicate has been issued. In short, the drawer may safely issue a duplicate if the holder's statement that he has not indorsed the check is true; if that statement is untrue no duplicate can safely be issued. The former holder of the check can sue for the amount, notwithstanding the loss. When the suit comes to trial he is entitled to recover, without offering an indemnity bond, if he can prove his statement that the check was not indorsed when it left his hands. If he cannot establish this fact, then the suit cannot go on until he has furnished an indemnity bond satisfactory to the court and for an amount at least twice as large as the face of the check, binding him to reimburse the maker of the check if the original turns up, properly indorsed, in the hands of an innocent holder, and he is compelled to pay it. On the assumption that the first check was indorsed and transferred the drawer cannot with perfect safety issue a duplicate without requiring indemnity unless he waits until suit upon the first check is barred by the statute of limitations, six years from its date of issue.

A Specimen of South American Financing.

The legislature of Argentina has passed an Act, which, says an English financial authority, "enables the Government of Buenos Ayres to impose upon all holders of the Cédulas of its Hypothecary Bank, which suspended payment 15 years ago, any arrangement which may be accepted by those present at a meeting convoked at short notice, in case of failure to secure a quorum of 51 per cent. of all the Cédulas in circulation at the first meeting called." A Cédula is a sort of promissory note issued by South American banks. The quorum will not and is not desired to be obtained, the intention being to compel the Cédula holders to submit to any terms a

small and select number of them may fix. The majority of these documents are held by persons scattered over Buenos Ayres city and province, while the meeting to decide the terms of liquidation will be held in London. One of the charming features of South American investments is that Canadian stock or bondholders might be invited to attend meetings "down South," in Mexico, or elsewhere, and, in their absence, a few local stock or bondholders would have entire control of the business. As a specimen of the way things are done in South America, we may state that when this Cedula matter was before the legislature, no statement of the bank in question was presented; nor was it known even to the Finance Minister how the bank stood in its relation to the Government! The policy of the Government is to keep the bank's creditors ignorant of what caused the bank's insolvency and to conceal the proceedings since it took place, which are stated to have been most scandalous. So much for South American financing and public honour!

**The London Fire
Brigade and the
French Naval
Officers.**

The officers of the French naval squadron were in London they witnessed a demonstration of the fire brigade arranged in their honour on 12th August.

The "Times" says: "As for the demonstration, it was, from a fire brigade point of view, merely normal. It comprised, to state it in technical language, a rescue by hand (of a dummy figure) from a second floor; a rescue, of a second dummy, from a tower 85 ft. high, with lines attached to it, by men who ran up an ordinary escape carrying scaling ladders with hooks, affixing them and re-affixing them, one after the other, until the summit was reached; a long ladder demonstration; steam fire engine work; an imaginary district call; and a turn-out by trained men. But this is to put things very coldly. The first two items, the effect of which was heightened by clouds of smoke from the tower that is used for practice, need, perhaps, nothing more in the way of description than an expression of admiration of the smartness of the burly men who attended to the hand-escape, the rapidity with which the horse-escape was brought up, and the catlike agility of the climbers. But, with the steam fire-engine work, the scene became extraordinarily animated. The second engine was out in the street within 14 seconds of the call. The French officers cheered and cried *Très bien*; they showed by their organized clapping of hands that Kentish fire is not a purely English institution; they ran up to the splendid

horses and patted them again and again. They were as pleased as schoolboys, and far more rejoiced than the dignity of a schoolboy would permit him to confess himself."

The description of this display, during which each man of the brigade "did his appointed task with lightning speed" is more to be relied upon than the ill-natured sneers of American critics.

GUILDS AND FRATERNAL SOCIETIES.

THE COMMON BASIS OF THESE ORGANIZATIONS; THE ORIGIN AND SERVICES OF THE GUILDS; THE BRILLIANCE OF THEIR POSSIBILITIES, ECONOMIC AND SOCIAL, THE MANIFEST GLEAMS OF PRINCIPLES UNDERLYING MODERN INSTITUTIONS; THEIR ANALOGIES WITH AND DIFFERENCES FROM FRATERNAL SOCIETIES; SOME OBJECTS AKIN TO THEIR'S, AND TO THOSE OF TRADES UNIONS, WHY DESTROYED.

In answer to a claim made that fraternal societies as now organized ante-date life assurance by several centuries, that, indeed, these societies had a record of six or seven hundred years, we published last year the offer of an eminent actuary to pay a large sum to any person who adduced proof of this claim being historically sound.

To this challenge there was, of course, no response.

There is, however, a sense in which the modern fraternal associations had predecessors, for there is an analogy and parallel between them and the Guilds of long centuries ago, traces of the origin of which go back some six to seven hundred years before the Christian era.

There is a wall painting at Pompeii which is regarded as a representation of a number of carpenters in a procession, on a festal celebration, which shows that, the modern custom of artisans of various trades making an exhibition of their modes of working in a trades' procession, was in vogue in Roman cities years ago. In those early times the handicrafts men were organized into societies for mutual services of a friendly nature, such as the support of widows, etc.

The root out of which these ancient clubs sprung was the gregarious instinct of humanity. Men of the same calling, having the same needs, were and ever will be drawn together by common wants and sympathies. This instinct is the basis of fraternal associations, of indeed all forms of human society from the family up to the elaborate organization of a city and a nation.

The history of the Guilds of the middle-ages in England is a record of efforts made to ameliorate the deplorably sad social and industrial conditions then prevalent. The direst economic necessities of life were felt to be beyond the acquisition of segregated individuals, so also were those of a social nature. The needs of sickness, of family afflictions,

of the unavoidable distress of precarious employment, the honourable desire of being decently buried, drew men into association for mutual help. The oppressive loneliness of individual lives inspired efforts to relieve this misery by social gatherings. The annual feast, long centuries ago, as it is yet, was a very attractive feature, so were, as they are to-day, the periodic gatherings for business and recreation. Without Lodge, or Court meetings, fortnightly or monthly, the friendly societies would collapse. In the dreary days of olden times these meetings were about the only pleasure open to workmen and traders.

The Guild grew naturally out of such conditions as existed in days of yore and the evils which brought their doom, if evils they were, which is disputable, developed out of a commendable desire to associate the Guilds with such religious ordinances and customs as, in those days, were universally established and practiced, which, to-day, command the reverence of millions of Christians.

These Guilds existed in England before the Conquest. One existed in many villages. Each owned its hall, or hired a meeting room. The income was partly derived from contributions from members and from property acquired. The village Guild was open to the inhabitants generally. They all knew each other and so protected themselves and the locality from strangers, against whose settlement there was a stringent law. Free labour was unknown, each labourer was bound to the soil. To be a member of a Guild was a birthright, it conferred rights of maintenance and such privileges as a monopoly of manufacturing and selling within the district. The Guild also issued trade-marks and protected members from these being fraudulently used, as is done to-day by the Cutler's Company of Sheffield.

In the exclusive privileges of these old Guilds we see the germs of the modern Trades Union, the efforts of which to prevent non-members from following their calling are exactly on the lines of the Guilds. These organizations may be generalized as a combination of the objects of a Fraternal Society with those of a Trades' Union, as those objects were to restrain labour competition and care for the economic and social welfare of members and their families.

The Guild meetings naturally developed a taste and capacity for combinations, out of and by virtue of which a military force became organized of the nature of a local militia, which, in London, stood the city in good stead, partly as a defensive force, but more popularly as a restraint upon the tyrannous exercise of despotic power by the Crown. The "trainbands" associated with Guilds promoted the freedom of citizens. Civil liberty owes much to the Guilds.

That municipal Government in some crude, prac-

tically unorganized form existed from the earliest times may be assumed. As soon as a town began to develop out of a few scattered settlers, there would necessarily be regulations established for protection. To some of such towns royal charters were granted by which certain privileges were conferred, not very agreeable at times to the local lord of the soil. But the local governing bodies were very loosely, if at all, organized. As the Guilds strengthened they became the precursors of municipal corporations, the Guild Hall was practically the Town Hall. "Guild Hall" is still the name of the Town Hall in some English cities. Some functions of a municipal corporation they discharged. They prepared the way for local Government by exhibiting the advantages of associated citizenship, by training men in the management of public affairs, and by infusing in the members a sense of corporate responsibilities. English self-government owes much to the Guilds.

As fraternal, or benefit societies these bodies were invaluable. They were not obliged to relieve the destitute, or to otherwise help members, but in this benevolent work they were zealous. Their income came from admission fees, payments by members, and fines for breaches of rules. In this feature they were identical with modern friendly societies. In another respect they differed widely from any modern institution. The members comprised merchants and manufacturers, some of them wealthy—as wealth was known in these days—who frequently gave lands, houses and money to the Guild. These gifts were made chargeable for religious offices, which provision was the excuse for the confiscation of Guild properties, as they were declared to be "devoted to superstitious uses." To some such uses they possibly may have been, but, if Parliament, or King were justified in confiscating property devoted to what they choose to think is a "superstitious use" we fear some Christian churches would be in danger of being stripped of their possessions. The alleged evil might have been suppressed without robbing the Guilds to enrich court favourites, or find a king money for extravagant expenditures. Schools, for instance, might have been built and endowed as one was at Birmingham, in King Edward the Sixth's reign, which, with its offshoots, is as noble an educational institution as any in the world.

Other members founded almshouses for their aged, or destitute brethren, the properties of which were confiscated. Some of the Guilds were rich, as is shown by two of those at Cambridge having founded a new college.

The Guilds by their services to freedom, by helping so effectually to break up the serfdom of workmen aroused the animosity of the land-lords whose tyrannous claims over the persons and services of all classes of laborers the Guilds resisted.

These institutions also foreshadowed the very modern institution of a Trust Company, for they were utilized as the trustees of devised estates. They also discharged one banking function by lending money to members to enable them to establish a trade, or manufacturing business.

The Guilds were breaking up the feudal despotism which strangled English liberty and obstructed the nation's development. They were inspiring the desire and training men for local and national self-government. They were aiding educational progress. They were knitting capitalists and labour sellers in bonds of mutual respect and service. They were displaying gleams of one of the functions of banking. They were helping to prevent the spread of and to relieve pauperism. They were teaching thrift and self-help; they were organizing benevolence, and were groping their way in a dark age towards a system of life, accident, health and fire insurance.

Why then were they destroyed? The story is one of the great scandals of English history.

The uncle of Edward the Sixth secured an Act to confiscate Guild lands. Those in London were exempt because the Crown feared to arouse the anger of the citizens whose train bands were formidable. Owing to London being spared there are now rich trade corporations in the metropolis a portion of whose wealth is derived from the Guilds, whose economic and social services, however, they have not continued.

The confiscation of the Guild's properties aroused such indignation as put a disastrous check upon a movement towards liberty of thought, of conscience and of action in the sacred name of which this crime was perpetrated. It illustrated what Madame Roland said on the scaffold, "O! Liberty, what crimes are committed in thy name!" The destruction of the Guilds cut out from English life one of its most beneficent and promising elements, which modern life insurance is doing much to restore.

FOR WHAT PURPOSES ARE THE INSURANCE COMPANIES TO BE INVESTIGATED?

If the investigations ordered by the New York State Legislature and those arranged for by various committees of policy-holders, are all carried on as seems to be proposed the life insurance companies' offices for many months to come will be the scene of a tivoac of strange officials. The presence of a group of outsiders searching books, securities and vouchers and examining the officials is a serious obstruction to the business of any office. In more than one case there is a likelihood of two sets of examiners taking possession of a company's offices while they each carry on an investigation. This will create an intolerable and unjustifiable nuisance.

For what purpose will these multifarious investigations be made? If the main object is to acquire such information as will serve as a basis for improvements in the laws relating to life insurance this object certainly does not require for its attainment any further knowledge of the methods and the conditions of life companies. Those are sufficiently well known to afford all the information needed as a guide to law reformers.

The counsel of the legislative investigating committee has stated that,

"There is no desire to incriminate anyone or to shield anyone; the object is simply to find ground on which to base changes in the insurance laws that seem to be necessary to the protection of policy-holders, their widows and orphans."

This being the object the investigation of all the life companies, which will occupy one or two years, some say more, may be reasonably pronounced gratuitous and unjustified, the investigators will find out what is, and for years has been familiarly known in insurance circles.

The chairman of the legislative committee, Senator Armstrong, seems to take the same view of their functions as he has said:

"We are not after men; we are after conditions. It is not our plan to destroy or tear down reputations, but to restore public confidence in life insurance."

If it is "conditions" they are "after" they might ascertain all the conditions under which life insurance is conducted by putting the Hon. Mr. Hendricks, superintendent of insurance, for New York State, under examination, and several other superintendants and managers. There is every certainty that the committee would learn more from them than they would be able to ascertain by an investigation of companies without expert guidance and such knowledge of insurance as only experience imparts. So far as being "after men" is concerned there is another investigation likely to be entered upon to be conducted in a court of law, any duplication of which would be a waste of time.

The legislative committee being composed of members of a political body will be peculiarly and necessarily exposed to political influences. One object and one only ought to be the inspiring motive of the committee, which is, the discovery of some course of action which will lead to improvements in the laws governing insurance business. So far there has been a remarkable dearth of suggestions for improvements in the law, which seems to indicate that the deplorable agitation which, to some extent, has shaken public confidence in life insurance, did not arise from defective laws, but from personal irregularities of administration. But the disturbance of public confidence seems to us to have been greatly exaggerated.

ASSOCIATIONS FOR THE REGULATION OF RATES DECLARED NOT UNLAWFUL.

A highly important decision was given last week at Trenton, N.J., by Vice-Chancellor Stevens, relative to the legality of underwriters entering into an agreement to establish rates of fire insurance.

An injunction was applied for, by the Attorney General, to restrain the Newark Fire Insurance Exchange from regulating and maintaining the uniform rates fixed by the association.

The judgment is a very elaborate review of laws and legal decisions relating to agreements entered into which had or which were alleged to have the nature of combines, or trusts, such as are rendered illegal by the Act to protect interstate trade and commerce from unlawful restraints and monopolies.

The court drew a distinction between agreements between public companies, such as railroads, that were adjudged to be an infringement of the anti-trust law, and such agreements as are made between individuals, such as, "those between physicians, attorneys and their articulated clerks, between manufacturers relative to the wages of workmen and between stenographers."

A contract, or agreement between a number of persons which cannot be enforced against any of them seems not to be illegal. The opinion of the court reads as follows:

"The only ground suggested for the State's action is public policy, but if that is ground for equitable interference in the present instance, then, on the same ground, the Attorney-General may apply for an injunction to restrain employers, on the one hand and workmen on the other, from combining to regulate wages; to restrain physicians and other professional men from limiting competition with themselves where their agreement goes beyond what may be necessary to afford a fair protection; to restrain people from concluding or enforcing usurious bargains, in a word, to restrain them from making any illegal contract; for I presume all contracts denounced by the law are, or are considered to be, contrary to public policy. This would, indeed, be giving to equity a jurisdiction which has not, heretofore, been attributed to it.

"But it is said the association is composed of the representatives of corporations. If these corporations were public or quasi-public bodies, and if the Attorney-General were here asked to enjoin them from doing *ultra vires* acts, to the public injury, the case would be different. 'It may,' says Vice-Chancellor Reed, in Attorney-General against American Tobacco Company, 'be regarded as settled that where a quasi-public corporation exceeds its corporate powers and its acts involve a nuisance or otherwise tend to a public injury, a bill may be exhibited against such corporation in the Court of Chancery.' But these companies are not public or

quasi-public bodies, and it is not pretended that they have exceeded their corporate powers.

"All that can be said is that in the exercise of their power of fixing rates they have an unenforceable agreement. The business of insurance is one that may be carried on and often has been carried on by individuals. This being so I am unable to understand why these companies should be asked to an accountability different from that which natural persons doing the same acts would be held to. The mere fact that a private corporation is a party to a suit involving contract rights has never in the slightest degree tended to give equity a jurisdiction which it would not otherwise possess, and if the court would not have, where natural persons are suitors, neither will it have it where private companies are."

After the above decision was given the Attorney-General said:

"The courts have always held that in this class of cases a party injured cannot sue for damages unless he can show malice on the part of the alleged offending combination. By this declaration the court holds that the State has no control over any combination except in the case of public corporations like railroads, etc. Therefore, there is no remedy for the people. The only suggestion of a remedy is that if any member of the exchange should withdraw the exchange cannot enforce the contract against it."

The case will be appealed to the Supreme Court, but the chances are very slim, indeed, for a judgment that will render it unlawful for underwriters to agree upon a common schedule of rates. In this connection the Insurance Commissioner of Kentucky recently asked an insurance company:

"Why is it of advantage to companies or managers to maintain an organization for joint ratings and concurrent forms and inspections?"

To this the following answer was given:

"The advantages to companies by such organizations as underwriters' associations are: Economy in operation, obtaining information relating to the business, stability, equity and uniformity in practices, inspections, rates, adjustments, concurrency in forms, conditions, amounts, and in all matters relating to risks in order to avoid ambiguity, thereby benefiting alike the insurer and the insured"

STYLE TO BE DEPRECATED.—At a conference of agents at Denver, one speaker is reported to have said:—

It has been said ten thousand times that the local agent is the Rock of Ages of the fire insurance business. That is true, but it must be remembered that the company with its capital is the Cross to which the agent must cling. One without the other is useless."

Such allusions to sacred matters are to be deprecated. Irreverence is no sign of wit or wisdom.

JAPANESE CURRENCY.

A RECORD FULL OF INTEREST AND ECONOMIC INSTRUCTION.

The war now so happily ended will have served to widen our knowledge of the financial methods and conditions of the Japanese Empire, which has exhibited such undreamt of military and naval strength as well as monetary resources since the fateful day when war broke out.

How few knew, two years ago, that Japan had any banks, or a system of paper currency, yet in these features, the Japanese have made remarkable strides in recent years towards the most enlightened banking and currency systems.

From the year 1600 to 1858, a coinage system was in vogue of a barbarous nature. Successive Governments debased the coinage, as was done in England, to raise money for the Crown. In 1870 reforms were introduced, and an ineffectual effort made to establish a gold standard. This was almost impossible for a nation in the midst of countries where silver was the standard. In 1878 a bimetallic system was established by the trade dollar, worth about 50 cents, being made a legal tender.

From 1868 to 1871 Government notes were issued, which were inconvertible. These notes were distrusted; they only passed at a discount. The next step was to issue Government bonds bearing 60 per cent. interest with a view to withdraw the notes and establish banks which are authorized to issue notes secured by these Government bonds. This system, adopted in 1872, was copied from the National Bank Act of the United States. The bank notes to be issued were limited to 100,000,000 yen, or about \$50,000,000. The plan was not a success; only 4 banks were established, and their notes were not popular, as under a somewhat complicated arrangement they were not really convertible into specie.

Still the amount of Government notes increased, they being issued in order to raise money and fill up gaps in the revenue. Improvements were introduced which led to a number of new banks being founded. A time of over-issues set in, as always occurs when notes are inconvertible. Prices rose enormously, imports were excessive, specie was sent abroad, people contracted luxurious habits of life, and business men ran wild in speculation. These evils reached a climax in 1880 and 1881. How closely these Japanese, who were then regarded as semi-barbarous, were treading in the steps of French financiers in the 18th century is an interesting fact.

To get matters in better shape by increasing the stock of silver the Yokohama Specie Bank was founded, but the bimetallic currency system—which some favour even to-day—nearly ruined this bank.

In 1882 the Bank of Japan was established which

had power to issue convertible notes. It 1885 the Government gave notice that specie payments would be resumed and all notes be payable in specie on demand. This led to greatly improved trade and financial conditions, but still there was the difficulty caused by silver being so fluctuating in value. The movement which became general to adopt a good standard caused silver to depreciate so that the ratio between it and gold, which was 1 to 15½ in 1873, in a few years changed to 1 to 17.85.

It was then decided to adopt the gold standard, a step which was rendered feasible by Japan being paid 250,000,000 taels by China, after the war of 1894-5. Out of the proceeds of this indemnity a gold reserve was formed.

A paper on this subject, by Mr. K. Iwasaki, master of Laws, Tokio University, was read before the Bankers' Institute of New South Wales on 29th June last, which is reported in the "Australasian Record."

The author points out, that the elimination of the fluctuating element, in the value of Japan's currency has led to Japanese paper money being worth its face value all over the country, in Korea, in China and even in Hong Kong. He gave the following data as to the foreign trade of Japan since 1897, since the gold standard was adopted which is particularly interesting just now. We have converted the "yens" into dollars at the rate of 2 being equal to \$1:

Year.	Exports.	Imports.	Excess of imports.
1897.....	81,567,500	109,650,380	28,082,880
1898.....	82,876,870	138,751,070	55,874,200
1899.....	107,464,990	110,200,960	2,735,970
1900.....	102,214,990	143,630,920	41,415,930
1901.....	126,174,700	127,908,320	1,733,620
1902.....	129,151,500	135,865,600	1,714,100
1903.....	144,751,200	158,567,700	13,816,500

The records of Japan's currency movements in the past thirty years are full of interest and instruction. Effort after effort was tried to bring about stable financial conditions under a bimetallic and a silver standard, to improve the country's finances by issuances of Government notes unprotected by an adequate gold reserve, to provide banks with funds out of inconvertible note issues, but all these methods failed there, as they have done elsewhere, and it is highly to the credit of the Japanese rulers that they had the judgment to discern in what these systems were defective and the statesmanlike wisdom and courage to abandon established methods that were rooted in popular favour and olden customs in order to build the national currency on the same solid basis of a gold standard as all the great nations of the West.

GOVERNMENT FIRE BRIGADES IN NEW ZEALAND.

New Zealanders seem to have a predilection for entrusting the Government with duties and functions which elsewhere are left to private or municipal enterprise.

The latest manifestation of this tendency is a Bill for establishing fire brigades throughout the Colony under the auspices and to some extent under the control of the Government.

The Colony is to have each provincial district constituted a fire district, in which a Fire Board of seven members will be established. One member is to be appointed by the Governor, that is by the Government, three by the insurance companies, and three by the local authorities within the district. Of the latter one is to be elected by the metropolitan authority of the district and two by the other local authorities.

The annual estimates of expenditure are to be subject to the approval of the minister. One-half of the amount is to be provided by the insurance companies, in proportion to their premium income, and the other half to be a charge on the district authorities. The portion payable by each local authority is to be fixed by the district board, which portion may be taken from the general revenue or raised by a special rate. Government buildings are made liable to the special rate on the basis of an annual valuation of 6 per cent. on the capital value, which will be the entire contribution of the Government towards the support of fire brigades.

The existing brigades are to be taken over by purchase.

This remarkable Bill is said by the "Australasian Record" to be necessitated by the neglect of many municipal corporations to maintain fire brigades. Every community, however small, will have to contribute to the cost of fire brigades, although nothing may be done to provide them with fire protection of this nature. The board might exempt such small places from contributing to the district fund but the residents would still retain their electoral rights. This would be a curious reverse of the complaint, "taxation without representation is tyranny," for the people in villages would enjoy a franchise without paying taxes.

So far as the municipalities are concerned, they would have a fund provided by the sale of their fire brigade equipments which would be a set-off to some extent to their expenditure under this arrangement.

The fire insurance companies are hit severely by this Bill, as they will have to provide one-half the amount required for annual expenditures on fire brigades. This is a larger amount than they have ever been called upon to pay in any part of the world.

The impost seems likely (judging by experience

of the contributions levied elsewhere) to amount to considerably over 5 per cent. on premiums, which is a serious tax on a business already unduly harassed by State competition conducted on unfair methods. It has, of course, been repeatedly shown that the arguments in favour of making insurance companies contribute towards the support of fire brigades are altogether unsound. Fire brigades exist for the protection of the property of rate-payers, and whatever benefit they may be to insurance companies is allowed for when fixing rates. Though it may be too late in the day to get rid altogether of this obnoxious tax, we hope, says our Australian contemporary, to see the insurance companies' proportion reduced to not more than one-third of the total cost. Even that proportion, or indeed, any proportion of the cost of maintaining fire brigades, is a most unjust tax on fire insurance companies, more especially where, as in New Zealand, the companies are subject to most injurious competition by the Government system of insurance.

FIRE PREMIUMS RECEIVED IN NEW YORK CITY IN FIRST HALF OF 1905 AND 1904.

By the transposition of a short table in our last issue the fire premiums received in the first half of 1905 and 1904 in the City of New York, by a number of British and Canadian companies were given incorrectly, being those for only one section of that city.

The following is compiled from the complete list for the entire City of New York, which was published by the New York "Commercial Bulletin."

British Companies.	1st 6 m'ths. 1905.	1st 6 m'ths. 1904.
Liverpool & Lendon & Globe.....	\$499,649	\$575,041
North British and Mercantile.....	270,886	298,434
Royal.....	259,849	319,535
Sun.....	159,711	142,811
Phoenix.....	150,964	123,352
Commercial Union.....	139,806	167,870
Lendon & Lancashire.....	126,620	146,117
Scottish Union and National.....	117,607	162,244
London Assurance.....	108,525	116,135
Northern.....	102,067	125,994
Caledonian.....	97,255	97,049
Union.....	91,678	86,595
Norwich Union.....	79,060	84,584
Royal Exchange.....	61,191	197,213
Atlas.....	59,436	40,155
Plantine.....	54,320	55,636
Alliance.....	32,257	22,362
Law Union & Crown.....	27,121	30,358
British companies.....	\$2,438,902	\$2,795,895
Canadian Companies,		
Western.....	106,400	109,270
British America.....	70,703	61,914
Canadian Companies.....	\$177,103	\$171,184
Other foreign companies.....	838,294	892,293
Total foreign companies.....	\$3,453,399	\$3,859,362
Local companies.....	4,106,571	3,904,938
Agency companies.....	3,639,686	3,554,655
Total fire premiums, 1st half of 1905.....	\$11,199,656	\$11,318,935

QUERIES' COLUMN.

In order to furnish our readers with information we propose to devote this column to replies to correspondents. Letters should be addressed to "THE CHRONICLE, Enquiry Department, Montreal."

Answers will only be given to such communications as bear the writer's name, not for publication, but as evidence of good faith, and only to questions referring to matters of general interest in regard to which the Editor of Queries' Column will exercise his own discretion.

1475.—S. A. G., Oshawa.—Mexican Central Common can only be looked upon as a speculation, but the financial position of the road is improving and the stock is considered likely to gradually improve in value. The company is exercising the option it had to purchase the stock of the Mexican Construction Company.

1476.—H. A. L., Woodstock, N.B.—The capital of the West India Electric Company is \$800,000 fully paid up and there is a 5 p.c. bond issue of \$600,000. The net earnings for the year ending 31st December, 1904, were \$28,131.18 after paying bond interest and all operating and fixed charges.

ACKNOWLEDGMENTS.

JOURNAL OF THE INSTITUTE OF ACTUARIES, JULY, 1905.—This number contains papers as follows: "Bonuses in Model Office Valuations and their relations to Reserves," by James Buchanan, D.Sc., F.I.A., F.F.A., of the Scottish Widows' Fund Life Assurance Society. This paper is accompanied by most elaborate tables which the author thinks "will be found useful in enabling an actuary to estimate the effect of a change of valuation basis on future as well as on present surplus." He remarked, "If a life office gave too large a share of surplus to any particular class of policy, was it not likely to do the bulk of its business at those rates which were less profitable to itself and ultimately to all concerned," a course which the paper and tables would be helpful in avoiding.

A second paper of much interest is, "On the Importance and Practicability of a Standard Classification of Impaired Lives," by S. W. Carruthers, M.D., medical officer of the Mutual Life Insurance Company of New York. The author means by "Standard Classification of Impaired Lives" a system by which every office would be enabled to "pigeon-hole," so to speak, lives with similar impairments in uniformly labelled pigeon-holes, so that at any time a collective investigation could readily be made of the contents of one or more of these pigeon-holes, with a certainty that the material therein was at least sufficiently homogeneous to furnish a mortality experience of practical value."

The author bases his deductions on the observation of 4,000 cases. The data given in the paper are most interesting and suggestive. This number contains a report of the Nelson Tea Co., case

OHIO INSURANCE DEPARTMENT. REPORT FOR 1904.—Life companies and assessment associations. Of the latter 4 retired last year in Ohio. The aggregate premiums received in Ohio last year were \$24,332,533. losses incurred, \$8,050,625.

STATE OF WASHINGTON, PRELIMINARY INSURANCE REPORT, 1904.—The American fire companies' net premiums were \$1,955,774 and losses paid, \$680,088; the foreign companies' premiums, \$1,332,048, and losses \$507,263. The legal reserve life companies received in premiums last year \$2,500,309 and the assessment companies, \$105,718, the smallness of the latter figure is creditable to the good sense of the Washingtonians.

CANADIAN FORESTRY JOURNAL, JULY, 1905.—This publication is devoted to the interests of Forestry in Canada, the importance of which is not sufficiently appreciated. The Forestry Convention to be held in January next, will be presided over by Sir Wilfrid Laurier, supported by Mr. R. L. Borden, M.P., and the Governor-General has expressed much interest in its objects.

OFFICIAL POSTAL GUIDE FOR CANADA, 1905.—This work contains the chief regulations of the Post Office, rates of postage, a list of post offices in Canada with the names of postmasters, the rules of the Post Office Savings Banks, Money Order offices and other information.

THE INSURANCE LAW JOURNAL, AUGUST, 1905.—This very valuable publication contains full reports of several important cases recently decided in courts of law. One gives the decision of the Kentucky Appeal Court on the question as to what is meant by the word "noon" in a fire insurance policy. The pith of the lengthy judgment is found in these words, "The word 'noon' is undergoing a change in meaning. It came by usage to represent mid-day or 12 o'clock solar time, which was deemed mid-day for so many years. In recent years it represents now mid-day, not necessarily as shown by 'sun time,' but by the standard in use, whatever it is. Both terms 'noon' and '10 o'clock a.m.' are used to express practical approximations, and neither refers necessarily to the actual fact."

DEFECTIVE FIRE PROTECTION IN ENGLAND.—A Parliamentary Report shows that a very large proportion of the smaller towns in England are wholly without fire protection. In the West Riding of Yorkshire, 50 per cent. of the Urban Councils have no brigade, a condition which prevails all over Great Britain and Ireland in small towns.

PROMINENT TOPICS.

PEACE.—The whole civilized world rejoices over the return of peace. The two powers immediately concerned have the profoundest reasons for satisfaction at this result having been attained by the conference at Portsmouth, between their respective plenipotentiaries. President Roosevelt is entitled to the world's gratitude for having intervened by a suggestion to hold a conference between representatives of the belligerents. He now occupies a unique position as a peace negotiator through whose mediation one of the most appalling of wars has been terminated. Hundreds of millions of treasure have been saved to the sum of the world's capital and scores of thousands of lives have been saved from slaughter by the result of the Peace Conference. Fruitless it may be to deplore the past, but we cannot but reflect upon the madness of ambition, or lust of territory, or pride of power which led to the conflict, now happily closed. Nor can we refrain from asking, why should not a Peace Conference have been held before hostilities commenced for the purpose of preventing the horrors and the waste of war? Everything attained by the peace now proclaimed might have been secured by arbitration. As Milton wrote:

"Peace hath her victories,
No less renowned than War."

Surely the victory of humane interests, of Christian principles over physical force, however, scientifically wielded, would have been more glorious than any achieved by war.



THE FINANCIAL RESULTS OF PEACE.—There comes a time when war is prolonged in which indifference to its effects gradually develops. To the heaviest misfortunes the sufferers become so accustomed in time that their severity is mitigated. A similar process goes on in the sphere of finance. The money market was getting accustomed to the conditions created by the war. Results were anticipated and discounted. Hence the news of peace, though an intense source of satisfaction, though it removed, or rather dissipated, an oppressive cloud, did not produce such extreme effects as might have been naturally anticipated. The market responded, but not sensationally. It is realized that some of the monetary conditions resulting from war are not suddenly changed by peace being suddenly declared. Wars, like sickness, leave those they have afflicted weak and needing care during convalescence. Both Russia and Japan will need outside help to enable them to gather back some of their wasted financial strength.



THE FINANCIAL AFTERMATH.—It is understood that Russia will pay no indemnity to Japan, precedents being unfavourable for one thing and Japan

not being in a position to enforce payment, as Germany was when in possession of Paris. Japan, it is true, received an indemnity of \$300,000,000 from China, after the war of 1894-5, but the situation of China was very different to that of Russia. That difficulty over there comes the almost certain requirement of a large loan by both countries. The expenditures involved in removing both armies and restoring normal conditions as regards debt, etc., will be enormous. China may need money for restoring Manchuria to its condition before the war: there is believed to be a prospect of several large loans being put on the market ere long. But a loan under peace is a very different matter to a war loan, so those new loans, if floated, will cause no disquietude. Financiers will be only too happy to assist in restoring peace conditions.



CHINA'S INTERESTS IN THE PEACE SETTLEMENT.—China naturally tried to secure representation at the Peace Conference for her interests are enormously large in the territory where war has been carried on. One condition of peace is the formal recognition of Japan's possession of the Chinese-Eastern Railroad below Kuenchengtse, the junction of the branch to Kirin, involves a payment by Russia to China of a sum estimated at \$75,000,000. This is the Chinese interest in the road, and for it China must be remunerated.

The question of the ultimate possession of the road is a matter to be settled between Japan and China. Japan can keep the road, or surrender it to China, demanding in return the money paid by Russia to China. If she selects the latter course Japan will, therefore, obtain an indirect spoil of war from Russia, in addition to reimbursement for the cost of maintaining the Russian prisoners of war, for which Japan will present an itemized bill. The line is to be guarded by Chinese Imperial police in substitution of Russian railway guards.

China has Manchuria restored to her and both Russia and Japan will enter into mutual obligations to respect in the future the territorial integrity and "administrative entity" of China and Manchuria, with equal opportunity ("the open door") for the industry and commerce of all nations.



"KILLING NO MURDER" was the title of a tract issued about a couple of centuries ago. The phrase might be used to describe the verdict of a jury just delivered in Ontario. A party of sports when passing a rural cottage at night roused the children from their beds by noises. One of the party confesses that he fired his rifle several times in the direction of the dwelling, the result being one child shot dead and others wounded. The coroner's inquest jury found a verdict which exonerated the shooter from blame. It

was "accidental death!" As though shooting at a dwelling so as to kill a boy inmate were an accidental occurrence. The Statute law expressly defines the result of such a reckless use of fire arms as manslaughter. The practice of firing guns on a public road, and in places of public resort is far too common. The law is amply sufficient to stop this evil, if enforced.

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A NEW INDUSTRY FOR CANADA.—Enquiries and inspections have been made in a district in Western Ontario which indicate the intention to establish a steel manufacturing enterprise on a large scale. The United States Steel Corporation is understood to have this scheme in contemplation. That it would be on a very large scale, is foreshadowed by the area of land being looked for in the Welland district. It is evident from such enterprises being projected that the tariff is regarded as affording protection to producers of steel and steel goods from injurious competition. Probably the enormous output of electrical power from Niagara Falls now being arranged is one inducement that is attracting American manufacturers to establish works in Canada. The outlook of this country in this direction is very promising.

* * * *

OPENING OF THE TORONTO EXHIBITION.—On the 29th ult., the Toronto Exhibition was opened by the Hon. Mr. Whitney, premier of Ontario. Prince Louis, of Battenberg, was present with a number of naval officers. The Exhibition comprises a number of most valuable articles of antique workmanship in the finest style of silversmith's work, which have been lent by the King and other owners. A picture of the Coronation painted for His Majesty is also on exhibition, as are a number of other pictures of the highest class. The display of manufactures is said to be larger than ever before, as the crowds of visitors are likely to be. The committee in charge of this enterprise deserve the highest praise. We cannot refrain from expressing deep regret that this metropolitan city is deprived of the advantages of an annual, national exhibition by a deplorable lack of enterprize and public spirit.

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CANADIAN PACIFIC EARNINGS AND PROSPECTS.—The earnings of the Canadian Pacific Railway for July were in excess of those of same month last year. The net profits are stated to have been \$1,637,777 against \$1,440,652 in July, 1904. The new year thus opens very auspiciously and the enormous crops in Manitoba and the Northwest Territories, now being gathered, afford ground for anticipating that the traffic will continue to be increasingly large during the current year. The harvest of 1905 will be a powerful magnet to draw

settlers who are taking up land on a scale that promises much for the country and especially for the Canadian Pacific Railway.

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THE LONDON STATIST ON THE CANADIAN PACIFIC.—The Statist points out that the gross earnings of the Canadian Pacific have increased since 1895, from \$18,041,000 to \$50,482,000.

For the past year the net earnings have been \$15,475,000, in contrast with \$14,213,000 last year, \$12,909,000 in 1901, and only \$7,481,000 10 years ago. The net profit for the past half-year has been \$8,876,000, against \$8,088,000 in 1903-04, \$5,587,000 in 1901, and only \$1,374,000 in 1895. The profit has been sufficient to provide the 4 per cent. dividend upon the preferred stock and 6 per cent. upon the common stock, with a surplus of \$1,784,000. The profit shown to have been earned is thus equal to a dividend of 8 per cent. upon the stock.

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C.P.R. LAND GRANTS.—"Beyond the probable growth in revenue, account must be taken of the valuable land grant which the company possesses. Originally the acreage granted to the company was 32,272,000 acres, of which it still owned nearly 18,000,000 at the end of June, 1904. Doubtless in the past year the sales have been considerable. These land grant sales bring to the company yearly a large amount of money, which can be used for its capital purposes, and which lightens the capital account.

"Up to the end of June, 1904, the company has received \$41,160,000 upon its sales of land and town sites, and it had at that time \$15,252,000 of deferred payments. At a low valuation the land which the company possesses is worth over \$50,000,000, and beyond this it has to receive the \$15,252,000 of deferred payments. Thus it will be evident that the company will be able to meet a considerable portion of its capital outlays out of the funds it will receive from the sales of its lands."

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THE EASTERN TOWNSHIPS BANK has entered upon occupancy of the handsome offices one door east of the premises it commenced business in some years ago. Since then the staff has been increased seven-fold under the popular management of Mr. Austen.

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NEW BANKS.—It is stated that the stock of the Northern Bank has been nearly all subscribed. The Pacific Bank is reported to be making good progress, and the Central Bank of Canada is issuing a prospectus and making vigorous efforts to distribute its stock.

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BANK AMALGAMATION RUMOURS ARE resting, but not wholly defunct. There are rumours afloat respecting one or two changes in bank directorates.

INDEPENDENT ORDER OF FORESTERS.—This fraternal society, at the convention of the Supreme Court held recently at Atlantic City, N.J., decided to issue instalment and term policies, which latter is practically all the members are getting, as the certificates carry neither cash value, paid-up value, nor extended insurance, no matter how many years have been paid, the only solatium being payment in event of partial or total permanent disability, and cessation of monthly payments on attaining the age of seventy years.

The rates charged by the society since 1898 seem to be sufficient for what it gives, but, as pointed out by us in a previous article, the extravagance in management (the general account being overdrawn over \$400,000), and the poor judgment in investing the funds as evidenced by the facts that, on the 31st December last, it had \$68,563 *interest overdue and unpaid*, on ledger assets of \$8,126,595 and its Temple building investment paying only $\frac{3}{4}$ of 1 p.c., and its Union Trust stock 3.65 p.c. These two investments comprising about \$3,000,000 of the funds of the Order—does not augur very well for its continued prosperity. The gain in membership has been steadily declining for the past three years. The actual net gain in 1904 being only 6,384.

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THE BRITISH CHANNEL FLEET has arrived at Swinewund, on the German coast on the Baltic sea, where it is reported the German fleet is to give the British vessels a friendly welcome. Evidently the Baltic is not *mare clausum*, a closed sea, as many have affirmed. It is very gratifying to hear of this harmony between the old land and Germany.

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THE EQUITABLE LIFE ASSURANCE SOCIETY.—The directors are reported to have decided to abolish the pension of \$25,000 granted some time ago to Mrs. Hyde, widow of the founder of this gigantic, flourishing and strong institution. Many will consider the widow of the society's founder entitled to a pension, though probably not needed.

The falling off in the society's business has been small considering the notoriety it has attained and the persistent attacks on its former directors.

A thorough investigation is about to be instituted by a committee appointed by the Legislature of New York, and at the same time a suit will be presented against the chief officials which will be conducted largely, as a fishing expedition. It would have been more reasonable to have awaited the report of the investigating committee before commencing this suit as then, either evidence would have been available or its absence would have caused the proposed suit to be abandoned.

* * * *

THE MAYOR'S CHAIN.—The handsome and very valuable chain worn on official occasions by the

Mayor of Montreal was missing for a length of time this summer. Whether this chain was "lost, stolen or strayed," was discussed with much earnestness in civic circles, indeed, the topic was debated by the Press all over Canada. It was suggested that, if this chain had vagrant habits it was high time it was out under restraint. While the mystery was calling for a Sherlock Holmes to clear it up a city paper happened to penetrate the Laurentian hills where acting Mayor Couture was enjoying a holiday. He came to Montreal to investigate where he discovered that his messenger instead of returning the chain to the City Hall as directed placed it in the worthy Alderman's safe, from which place of retreat the chain was transferred to its home in the City Hall vault.

A chain so valuable, both intrinsically and from historic associations, should be in charge of one official whose duty it would be to see it was duly returned and locked up.

The chain has many links on which, by the way, the names of the mayors of this city should be successively engraved.

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OFFICE HOURS.—The remarks we made recently on punctual attendance at the office by principals and the staff met with general approval, they received strong endorsement. Never before was strict attention to office hours so desirable, so necessary, indeed, as in these days; for never before was the machinery of business so intricate an adjustment of an infinite number of parts. As the least part of a watch being out of order spoils the works, so one member of the business machine whose movements are erratic, who is not on hand when the daily routine requires him to be, disturbs the machine's regularity. The telephone system, no doubt, is very tyrannical, but it is here to stay and we must adapt ourselves to the situation it creates. This system presumes and requires that every business man keeps in line so far as hours are concerned with other business men. Each man is now understood to be on hand when called. Some uniformity in office hours is now necessary and the non-punctual person is apt to be somewhat of a nuisance—he doesn't keep step with the march.

As for officials, there should be what lawyers call a "rule absolute," making it obligatory to keep hours as strictly as a clock. Exceptions should not be made, nor are they made where the staff is under wholesome discipline. A distinct injury for life is done to a youth who is allowed to wander into the office with regular irregularity. Strict observance of business hours is one of the notes of the age which cannot be ignored with impunity.

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PUNCTUAL HABITS ESSENTIAL TO SUCCESS.—One of our best known business men is credited with

saying, "Show me an employee or official who is not systematic or punctual and I will show you one who never will attain a prominent position, or achieve success in business. Unpunctual habits, as a rule, indicate lack of interest in the business or profession the non-punctual person is engaged in.

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QUEBEC STOCK AND BOND TRANSFER TAX.—The Provincial tax of two cents per \$100 on each transfer of stocks or bonds is becoming more and more oppressive and obstructive to business as the complications and intricacies it creates are revealed in its working. Notwithstanding the desire and efforts of the Governing Committee of the Stock Exchange to make it workable, it has become a most embarrassing impost. Altogether apart from the legal aspects of the tax, it is contrary to public policy for such a tax to be imposed, as it places obstacles in the way of business. These, in some cases, are so serious that the stamp tax is practically unworkable, and the sooner its operations are suspended and the sooner the Act is repealed the better it will be for all concerned. The stamp tax is discriminating in character, it is a hindrance to a most important branch of financial business which is essential to the development of the country, and is certain to drive business away from this city and province. In fact, persons are now arranging to carry on business outside of Montreal, in order to avoid the stamp tax. We are thoroughly convinced that any tax of this nature is *ultra vires* of the province.

Notes and Items.

AT HOME AND ABROAD.

MONTREAL CLEARING HOUSE.—Total for week ending August 31st, 1905—Clearings, \$22,305,307; corresponding week 1904, \$18,726,527; 1903, \$19,012,748.

THE ROYAL BANK OF CANADA has opened an agency at Matanzas, Cuba.

OTTAWA CLEARING HOUSE.—Total for week ending August 24, 1905—Clearings, \$2,265.74; corresponding week last year, \$2,159,558.

The Travelers Insurance Company's business for half year to 30 June last was the best for that period in the company's history.

A PESSIMISTIC PROPHECY.—Mr. Edw. Atkinson, well known in fire insurance circles, is reported to have said to an English journalist:—

"Within the next few years, I tell you, there will be another great fire, attended by loss of life, in the city of London. He traces this prediction upon the defective fire protection of the metropolis, the appliances for which he says are "mere toys."

A TERRA-COTTA FLUE is alleged by the Fireman's Fund Record to be "an incendiary of the worst record." A builder who put in a terra-cotta flue would be highly blameable.

THE JULY MORTALITY in U. S. cities of more than 500,000 population is thus reported by the Chicago Board of Health:

Cities.	Population.	Deaths.	Rate.
New York.....	3,902,097	7,548	22.76
Chicago.....	1,990,750	2,280	13.48
Philadelphia.....	1,417,062	2,582	21.45
St. Louis.....	636,973	887	16.39
Boston.....	617,102	1,086	20.70
Baltimore	546,217	1,163	25.00

THE BANK OF TORONTO has opened a branch at Welland, Ont., under the management of Mr. H. F. Holland.

OBSCURE ENGAGEMENT TERMS.—The desirability of having the contract between a company and its agents expressed in the clearest terms is illustrated by the following case reported in "The Policy-Holder."—The Yorkshire Provident Life Assurance Company sued Joseph Iddon for £22 18s., who was alleged to be short in his periodical return. Defendant said he was engaged at a weekly salary of a sovereign, and commission, but the plaintiff denied this, saying he was engaged merely on commission. Richard Martin, the managing director, said the Company advanced a sum of £1 to the agents when they had a bad week. This was worked off when they had a good week.—The Judge: A curious and very foolish way of doing business. Advancing this money enables you to put pressure on your agents to put pressure on the public. A very wrong system.—Witness denied that the Company had been duping its agents by verbally offering them a salary of a sovereign for a week and then getting them to sign a commission agreement.—His Honour said he did not know what the effect of the judgment would be, but he found the terms of the agreement, together with the printed weekly sheets supplied to the defendant, were misleading to the agents, and were against public policy. His Honour refused to state a case.

WHY YOU FAILED TO GET BUSINESS.—Mr. A. C. Utter, of Detroit, has composed this composite condemnation of "The Agent Who Did Not Get the Application:"

You were afraid of a poor man—that he might "turn you down."

He bluffed you at the critical moment.

You lost your moral courage at the crisis.

You left your man five minutes too soon.

You argued with him about other companies.

You didn't unfold the application blank and commence writing when he was "on the fence."

You failed to show a confident and fearless smile when he was gruff and severe.

You did not know that "gruff" men have the kindest hearts.

You tried to talk before others and while he was busy.

You did not request a brief and private interview.

You had not studied the favourable conditions of your policy contract in comparison with others and did not emphasize those points.

You tried to figure against the competing agent's "estimated results."

You did not feel the necessity for using overwhelming arguments and vigorous appeals because of your weekly advance from the office.

You waited too long, and the other fellow got there first.

He told you not to call for three months, "and you didn't."

You wrote him letters instead of calling personally.

You thought you would wait for some one else to help you close the case, and he "cooled off" in the meantime.

You did not speak feelingly about his dependent wife and children and their problem after his death.

You spoke disparagingly of your competitor and lost his respect.

You became temporarily interested in other pursuits and neglected him.

You expected him to keep his promise to let you know when he was ready.

You did not talk straight-from-the-shoulder with positive convictions, with brief and clean-cut statements, with evidence of great determination and confidence.

You did not work and think hard enough!—"The Insurance Press."

ACCIDENT LOSS RATIOS.—Our esteemed London contemporary observes that, "there is a good deal of sound sense in the remark made by an American accident underwriter that "liability loss ratios are misleading to a degree." They certainly are so, and the less they are regarded by insurance journalists in both hemispheres, the better will it be for all concerned. The New York critic whom we have quoted declares that, "as ordinarily stated, they afford no reliable indication of the results obtained by the companies." Then he adds: "It has long been the custom to state the loss ratio of a liability company as the quotient of the cash losses paid during the year divided by the cash premiums received during the year. It is natural to do so. This is the method followed in the case of fire insurance, of plate glass, of boiler, of personal accident, of burglary, and of many other lines of insurance. But the use of the same method for liability insurance has given rise, unfortunately, to a fallacy that is widely current, namely, that the loss ratio so determined is a right measure of the quality of a liability company's business. Such is not the case. Liability insurance possesses a character that places it in an entirely different class from the other lines mentioned. The losses are long deferred. It results that the losses paid in any year are made up of losses accruing on business of several preceding years. Even if the volume of premiums remains level, a number of years must elapse before the true ultimate loss ratio will remain concealed indefinitely."

PERSONALS.

MR. JAMES H. BREWSTER, United States Manager of the Scottish Union and National, has been given charge of the State Fire Insurance Co. of Liverpool, which will be managed from Hartford. Mr. Brewster still continuing to represent the Scottish Union and National in the management of which he has made a record as one of the ablest underwriters on this continent.

MR. WILLIAM HUTTON, F.I.A., F.F.A., has been appointed manager and actuary of the Scottish Amicable Life Assurance Society, in succession to Mr. Gunn, who has been appointed manager and actuary of the Scottish Widows Life Assurance Society. Mr. Hutton, has been assistant secretary of the Scottish Amicable at the Society's London Office for the past 9 years.

MR. CHARLES H. BEDDOE, accountant in the Interior Department, Ottawa, for many years, has our congratulations on his promotion to an important position in connection with the new provinces. Mr. Beddoe at one time was in the service of the Bank of British North America, after serving as a junior in a bank in England.

Correspondence.

We do not hold ourselves responsible for views expressed by correspondents.

NEW YORK INSURANCE LETTER.

New York, Aug. 30, 1905.

There is grave danger that the forthcoming investigations of life insurance may degenerate into what one prominent life insurance official calls a "pin-sticking," and quibbling persecution of the business, rather than a bona fide and earnest seeking after necessary facts. The need of these inquiries, with all the expense involved, and the threatened unsettling of the public which they may cause, is seriously doubted. This present writer has no wish to shy or gloss over any shortcomings, which any official may have been guilty of. But the disclosures of the past few months, however important they may be, have in themselves tended to put other companies on their good behavior. So far as that is concerned, no disclosures have been made indicating that policy-holders' interests have been threatened or the cost of insurance increased to the amount of even ten cents on a thousand dollars of insurance.

There is also developing, especially in certain South-western States, a tendency on the part of public officials to mix up and meddle with the fire insurance interests. The Arkansas situation is too well remembered to need elaboration here. Now comes Commissioner Prewitt, of Kentucky, with his absurd questions about rates, unions and compacts, which every company operating in the Blue Grass State must answer to his satisfaction under penalty of being excluded. The temptation no doubt, is to answer the inquisitor by telling him that it is none of his business. However, all the responses, so far, have been direct, careful and specific replies to the inquiries propounded. The United States certainly has something to learn from Great Britain, whose laws and usages tend to foster and encourage, not hamper and tear down, the great business of insurance.

How important a field for fire insurance the city of Greater New York has grown to be may be realized from the fact that a year's premium income now amounts to about \$14,000,000. The city has furnished no great loss of late, but the conflagration hazard is still with us, and recent investigations have disclosed that our fire protection is far from perfect.

NOTES.

It is "a cold day" when a new surety company or a fresh insurance journal is not started hereabouts, and the weather lately has been mighty torrid at that!

There has been some discussion looking to the extension of the territory of the New York Fire Insurance Exchange to the Borough of Richmond (Staten Island) but the idea is not received with general favour.

Mr. Henry Evans, president of the Continental Insurance Company, was a recent passenger en route for Europe.

President Jno. R. Hegeman, of the Metropolitan Life, is taking a few weeks' relaxation, the first for a number of years.

With his characteristic readiness to give the fullest information about the New York Life, President John A. McCall has invited the Western Commissioners to make that company the first object of their inquiries, beginning October.

LONDON LETTER.

London, England, 17th August, 1905.

FINANCE.

British bankers, if they are attacked by competition in one direction are not slow in replying along either that or another. The increased interest taken by some English banks in the matter of foreign exchange has been so advantageous to our shipping interest that foreign banks are coming rapidly to the conclusion that a most lucrative part of their business is being captured from them.

They are, therefore, radically reducing their charges for remitting funds from foreign parts. The reductions run from 20 per cent. to 50 per cent. off of what were previously the irreducible minimums. It is recognized that there is a good deal more attaching to their foreign exchange business than appears on the surface.

Once a merchant or owner comes into contact with a foreign bank, doing his foreign exchange business in a more convenient and cheaper manner than has hitherto been the case, there is always the danger that he will give this bank other classes of business to which more profit is attached. English banks working locally, therefore, will have to once more set to work if they do not want foreign institutions to carry the war too far.

An interesting feature of the law of debentures has been the chief point of interest to talk about in the city this week. A company had issued a first series of mortgage debentures. Some of these were issued to secure temporary loans which were subsequently paid off. The debentures were, therefore, handed back to the issuing company together with a transfer in blank except as to the lenders name executed by the lender. Of these paid-up debentures some were afterwards delivered to new lenders accompanied by the transfers relating to them, with the blanks duly filled in, and others were deposited as security with people who had made advances, but without the transfers.

The legal question was as to whether the holders of debentures which had been paid off were entitled to rank *pari passu* with the other holders of the series. No one disputed that a company could, like any other borrower, arrange for the transfer of a security given by it from one creditor to another. But the transaction would have to take place between the old and the substituted creditors direct. But here the company had paid off the debentures out of its own money, with the result that the mortgage debt and the security were in law extinguished.

Lord Justice Cozens-Hardy declared that debentures when redeemed must be considered as dead and gone, and incapable of transfer, whether the holders would be entitled to any charge at all against the company's assets was extremely doubtful, and certainly they would not rank *pari passu*.

INSURANCE.

Another step in the direction of the Westminster-Alliance amalgamation has been taken in the registration of the Westminster Fire Office on August 10. The old society is reincorporated under the Companies Act of 1862 to 1900, as an unlimited company without a capital divided into shares. The old society was originally instituted by an arrangement dated June 1, 1717, and effected by a deed of settlement executed in 1805. The directors are chosen from amongst the members, and are mainly gentlemen connected with the legal profession.

It is not altogether an easy matter to absorb legally these old-timer mutuals, as the Commercial Union and others have found. But absorbed they will be, and their policy-holders will certainly have no reason to complain of the terms offered to them and their officers.

Just when other troubles were not apparent at the

moment a heavy prospective loss is perceived for Lloyds. The "Crusader," like so many of the knightly gentlemen from whom it takes its name, has found itself on the rocks, while on the voyage home from Java, the vessel stuck fast on Garfur Reef with a valuable cargo of sugar. Few things more perishable than such a cargo cannot well be imagined.

In this case the cargo is put down as \$400,000 and the hull at \$200,000. The whole insurance is placed in London, and as it is well distributed between Lloyds and the marine companies the loss will affect the whole of the city marine underwriters. If there is no salvage, and it does not appear that there can be much, the loss will be one of the worst of the year.

STOCK EXCHANGE NOTES.

Wednesday, p.m., August 30, 1905.

The conclusion of peace between Russia and Japan removes the only depressing feature from the stock market situation. Of course manipulators and market-wise traders may from time to time discover obstacles to a continued upward movement, but a general survey of financial conditions show a brightening outlook. It is probable that the conclusion of peace will mean further borrowing by the late combatants. Should these monetary demands coincide with the drain for crop-moving purposes, it may tend to reduce the supplies of money available for stock market requirements for the time being. At the moment this is the leading restriction in the way of a further advance in prices. Special causes will continue to affect special stocks, but in the main the market gives every reason for confidence. The continued advance in C.P.R. made it a feature of the market, although the volume of trading is limited when compared with the gain in price. Unfortunately the great advance found this market comparatively bare of stock. Detroit Railway was the most active security this week, the rest of the trading being limited. The steadiness displayed by Detroit in face of heavy sales confirms the belief in a higher level for the security within a reasonable period. On its merits as an earning property, it certainly seems low in price.

The rates for call money in Montreal remain unchanged at 4½ with supplies ample. In New York rates continue low and call money to-day was loaned at 2 per cent., while the rate in London was 1¼.

The quotations for money at continental points are as follows:—

	Market.	Bank.
Paris.....	1½	3
Berlin.....	2½	3
Amster am.....	2 3-16	2½
Brussels.....	2½	3
Venice.....	2½	3½

C.P.R. sold up to 165 here this week and touched 165½ in New York, the closing quotation being 164½ bid, a net gain of 3½ points for the week, and 1,224 shares were dealt in. The earnings for the third week of August show an increase of \$59,000.



The Grand Trunk Railway Company's earnings for the third week of August show an increase of \$47,011. The stock quotations as compared with a week ago are as follows:—

	A week ago.	To-day
First Preference.....	112½	113½
Second Preference.....	101½	103½
Third Preference.....	55½	59½



Montreal Street Railway remains firm around 226 and during the week 252 shares changed hands. The closing bid was 226½, a fractional decline from the quotation

prevailing a week ago. The earnings for the week ending 26th inst. show an increase of \$7,052.56 as follows:—

		Increase.
Sunday.....	\$7,011.59	\$ 384.16
Monday.....	8,671.59	1,622.28
Tuesday.....	8,597.88	1,168.97
Wednesday.....	8,606.49	1,440.27
Thursday.....	8,639.56	1,836.80
Friday.....	7,966.48	863.68
Saturday.....	8,447.07	594.72

*Decrease
 Toronto Railway closed with 105½ bid, a decline of ¼ point for the week. The trading was merely nominal only 74 shares being involved in the week's business. The earnings for the week ending 26th inst., show an increase of \$7,033.22 as follows:—

		Increase.
Sunday.....	\$5,705.53	\$ 541.44
Monday.....	8,060.55	1,464.61
Tuesday.....	8,106.82	1,018.00
Wednesday.....	8,375.66	1,253.12
Thursday.....	7,727.70	1,133.64
Friday.....	8,011.09	905.39
Saturday.....	10,104.37	1,017.02

Twin City continues inactive and only 157 shares were traded in during the week. The last sales were made at 117½, but the stock was not quoted at the close to-day. The earnings for the third week of August show an increase of \$18,086.

Detroit Railway was buoyant and active throughout the week and 5,418 shares were dealt in. The stock closed with 94¼ bid, being ⅛ higher than the closing a week ago. The earnings for the third week of August show an increase of \$15,206.

Halifax Tram was more active than for some time past and during the week 719 shares changed hands. On this volume of trading the stock had a sharp advance to 110, and closed with 108½ bid, a net gain of 5¼ points for the week or 7¼ points within a fortnight.

Toledo Railway on sales of 685 shares reacted to 34½, a loss of ½ point for the week.

Havana Common strengthened in price and touched 25 for a broken lot, closing with 23½ bid, a gain of ¾ of a point on quotation for the week. A fair business was done and 1,835 shares changed hands. The Preferred stock is off ½ point closing with 70½ bid, and during the week 425 shares were traded in.

R. & O. has made a good advance in price and in some quarters is looked upon with favour for a further gain. The closing bid was 76, which is 4 points higher than the quotation prevailing a week ago. On the advance 618 shares were dealt in.

Montreal Power closed with 91 bid, a gain of ¼ point for the week on sales of 739 shares.

The Mackay stocks are being spoken of as likely to advance and seem to offer fair speculative inducements to purchasers. The Common closed with 41½ bid, which is ¼ point higher than the price prevailing a week ago, and 475 shares changed hands during the week. The Preferred closed with 73½ bid, which is the same price as last week's close, and the sales this week amounted to 246 shares.

10 shares of Montreal Cotton were dealt in during the week, the sales being 5 shares at 116 and 5 shares at 117. The stock was not offered at the close to-day, and there was no bid for it this afternoon.

Dominion Iron Common on sales of 680 shares show a decline of ½ point for the week, closing with 22 bid. The Preferred stock which sold down to 69½ has recovered to 72½, a net gain of ¾ of a point for the week on sales of an even 100 shares. There was no bid for the Bonds at the close to-day, and they were offered at 85. Only \$2,000 were dealt in during the week, the sale being made at 84.

Dominion Coal Common closed with 78 bid, a decline of 1½ points for the week. There was only one transaction, 25 shares changing hands at 78. The Preferred stock closed without quotation and 25 shares sold during the week at 115, in the Bonds \$7,000 were dealt in the last sales being made at 102½.

Nova Scotia Steel Common closed with 64 bid, a reaction of 2½ points for the week and 410 shares were dealt in. There were no transactions in the Bonds, while in the Preferred stock 2 shares changed hands at 113½.

There were no sales in Lake of the Woods Common nor was there any quotation for the stock at the close to-day. The Preferred stock which is now selling ex-dividend of 1¼ per cent. was traded in to the extent of 29 shares, and was offered at 112 X. D. at the close to-day with no bid.

	Per cent
Call money in Montreal.....	4½
Call money in New York.....	2
Call money in London.....	1¼
Bank of England rate.....	2½
Consols.....	91½
Demand Sterling.....	9½
60 days' Sight Sterling.....	9

Thursday, p.m., August 30, 1905.

In face of the decided declines in New York to-day the local market held very steady, and prices ruled fairly firm. Detroit Railway reacted from 94¼ to 94 on sales of about 900 shares. It was the most active stock in this market. Montreal Power sold at 91 this morning and advanced to 91½ in the afternoon. Nova Scotia Steel Common sold down to 64½, while Toledo was traded in at 34½. There were no sales in Canadian Pacific and it was offered at 164 at the close with 163½ bid. A complete list of the day's transactions will be found below.

MONTREAL STOCK EXCHANGE SALES

THURSDAY, AUGUST 30, 1905.

MORNING BOARD.

No. of Shares.	Price.	No. of Shares.	Price
25 Power.....	91	6 Hoche'aga Bank...	141
10 Mont. Street.....	226½	25 Havana Com.....	23½
125 Detroit.....	94½	50 ".....	23½
280 ".....	94½	2 Bell Telephone.....	157
50 ".....	94½	3 Montreal Cotton.....	116
15 ".....	94½	8 ".....	117
1300 Trinidad.....	94	50 Iron Com.....	21½
600 ".....	93½	25 Toronto Ry.....	34½
25 Mackay Com.....	4½	25 Coal Com.....	78
250 ".....	41	\$2.50 Textile B'ds.. (C)	90
125 Halifax Tram.....	109		

AFTERNOON BOARD.

200 Power.....	91	100 Detroit.....	64
100 ".....	91½	75 Scotia Com.....	64½
250 Detroit.....	94½	25 ".....	64½
175 ".....	94½	175 Toledo.....	31½

STOCK LIST - Continued.

BONDS.	Rate of interest per annum	Amount outstanding.	When interest due	Where interest payable.	Date of Redemption.	Last quotation.	REMARKS.
Commercial Cable Coupon	4		1 Jan. 1 Apl.	New York or London	1 Jan., 1927.	96	
" " Registered.	4	\$18,000,000	1 July 1 Oct.			96	
Can. Colored Cotton Co.	5	2,000,000	2 Apl. 2 Oct.	Bank of Montreal, Montreal	2 Apl., 1922	98	
Canada Paper Co.	5	200,000	1 May 1 Nov.	Merchants Bank of Can., Montreal	1 May, 1917		
Bell Telephone Co.	5	2,030,000	1 Apl. 1 Oct.	Bank of Montreal, Montreal	1 Apl., 1925		
Dominion Coal Co.	5	2,433,000	1 Feb. 1 Sep.	Bank of Montreal, Montreal	1 Feb., 1913	101	Redeemable at 110
Dominion Cotton Co.	4 1/2	\$ 200,000	1 Jan 1 July	Bank of Montreal, Montreal	1 Jan., 1916		Redeemable at 110
Dominion Textile Co. Series A		758,400				87	do 105 after 2 yrs
do do B	6	1,615,000				88	Redeemable at 100
do do C	6	450,000				88	Redeemable at 100
do do D	6	450,000				88	Redeemable at 110
Dominion Iron & Steel Co.	6	\$ 7,876,000	1 Jan. 1 July	Bank of Montreal, Montreal	1 July, 1929	85	& accrued interest
Halifax Tramway Co.	5	\$ 600,000	1 Jan. 1 July	Bk. of N. Scotia., Hal. or Montreal	1 Jan., 1918		Redeemable at 110
Intercolonial Coal Co.	5	344,000	1 Apl. 1 Oct.		1 Apl., 1918	106	Redeemable at 110
Lawrence Pulp	5	1,112,000				106 1/2	Redeemable at 110
Montgomery Cotton	5	1,000,000				102	after Jan. 1st, 21
Montreal Gas Co.	5	447,974	1 Jan. 1 July	Commonwealth Montreal	1 July, 1921		
Montreal Light, Heat and Power	4 1/2	7,500,000	1 Jan. 1 July	Bank of Montreal, Montreal	1 July, 1932	102 1/2	
Montreal Street Ry. Co.	5	292,000	1 Feb. 1 Aug.	Bank of Montreal, London, Eng.	1 Feb., 1926		
" " "	4 1/2	641,323	1 May 1 Nov.	" " Montreal	1 Aug., 1922		
" " "	4 1/2	1,500,000	1 May 1 Nov.	Union Bank, Halifax, or Bank of Nova Scotia, Mont' or Toronto	1 May, 1922	103	
Nova Scotia Steel & Coal Co.	5	2,500,000	1 Jan. 1 July	Bank of Montreal, Montreal	1 July, 1931	107	Redeemable at 110
Ogilvie Flour Mill Co.	5	1,000,000	1 June 1 Dec		1 June, 1932	116	after June 1st
Rehoboth & Ont. Nav. Co.	5	471,580	1 Feb. 1 Sep.	Montreal and London	1 Feb., 1915	103	Redeemable at 110
Royal Electric Co.	4 1/2	\$ 120,000	1 Apl. 1 Oct.	Bk. of Montreal, Mont' or London	Oct., 1914		& p.c. redeemable yearly after 1920
St. John Railway	5	\$ 675,000	1 May 1 Nov.	Bank of Montreal, St. John, N.B.	1 May, 1926		
Toronto Railway	5	\$ 610,000	1 Jan. 1 July	Bank of Scotland, London	1 July, 1914		
" " "	4 1/2	2,500,000	28 Feb. 31 Aug.		31 Aug., 1921	106 1/2	
Windsor Hotel	4 1/2	340,000	1 Jan. 1 July	Windsor Hotel, Montreal	2 July, 1912		
Windsor Elec. Street Railway	5	3,000,000	1 Jan. 1 July	Bank of Montreal, Montreal	1 Jan., 1927	107	
Windsor Ry. & Light Co.	5	700,000	1 Jan. 1 July		1 July, 1912		
" " "	5	5,185,000	1 Jan. 1 July		1 July, 1927		
" " "	5	1,000,000	1 Jan. 1 July		1 July, 1930		

[FIRE]
German American
Insurance Company
 New York

CAPITAL
\$1,500,000
 NET SURPLUS
5,841,907
 ASSETS
12,980,705

AGENCIES THROUGHOUT CANADA.