

It is not generally considered wise to base a bonded debt on such an intangible asset as a franchise, even though they may have a substantial cash value. Moreover, public utility corporations are particularly subject to government and municipal legislations and interferences. Ascertain what effect this may have on the company's earnings and prosperity. For example, where the attitude of the legislatures is strongly socialistic, a franchise depends for its value on the length of time it has to run, because there may be an agitation to reduce fares, or lighting rates, or otherwise to affect a company's income.

2. Consider the physical condition of the property.
3. Examine the company as to its present and past financial condition, and ascertain whether it has been run conservatively and successfully.

4. The character and progressiveness of the management of the company and of the community served, and the matter of fairness of rates, are all points that an investor should consider when buying any public utility.

5. Competition.—This question is always important. Has the public utility a "natural" monopoly of the field, or is competition easily created?

6. The size and character of the population must always be considered.

The following articles in this series have already appeared:—

- (1) April 12th and 19th: The Importance of a High Rate of Interest.
- (2) April 26th: Interest Earnings.
- (3) May 3rd: Real Estate Mortgage Loans.
- (4) May 10th: Bonds.
- (5) May 17th: Stocks, Loans and Real Estate.
- (6) May 24th: Points to be Considered in Mortgages.

VALUE OF LIFE INSURANCE

XIV.

Partnership Protection

By C. A. HASTINGS

When two or more men enter into partnership deeds are usually drawn up protecting each other against the possibility of anyone withdrawing from the firm, but when it comes down to protecting themselves against the one dissolver of partnership, death, what very few concerns have taken this protection, and what a very small proportion of these have done so adequately. Life assurance not only helps to alleviate what cannot be prevented, but also steps in when the withdrawal of capital might hamper very seriously the credit of the firm.

The procedure is as follows: A policy is taken out on the joint lives of one or more partners, which matures at first death. In the case of two lives, the premium on a Joint with Profit policy works out at about 3 per cent. at age 25 to 6½ per cent. at age 50. Of course, the premiums vary a good deal, for one partner may be young and the other much older, or both middle-aged or both elderly, and so on.

Policies have Usual Advantages.

The policies have the usual advantages with regard to loan values, freedom from limitations, non-forfeiture regulations, and so forth, but some of the leading companies add a clause whereby—in the event of dissolution of partnership—separate policies may be maintained pro rata by each or any partner without further medical examination, and, of course, at the premium at the age of entry. The best policy to take out is a participating policy with limited number of premiums, for, at a given date, payments cease altogether and the premiums accumulate bonuses until the policy becomes a claim, or until it is cashed in.

For Business Purposes.

Although this type of policy is essentially for business purposes, it will be readily seen that it does protect the family as well, when the necessity for business reasons has ceased to exist, and I propose to explain it in my next article.

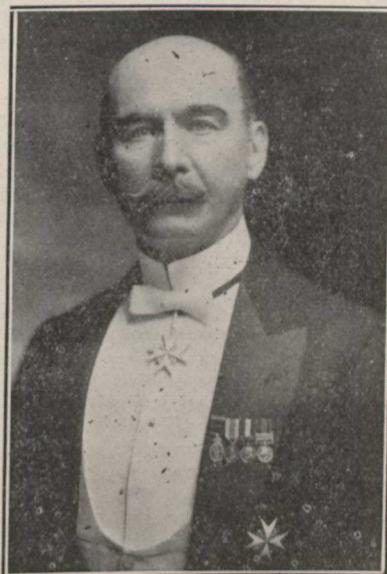
The following articles in this series have already appeared:—

- (1) March 1st—How to become one's own master.
- (2) March 8th—How depreciation of assets can be met.
- (3) March 15th—How to borrow at a profit.
- (4) March 22nd—The automatic production of capital.
- (5) March 29th—How to redeem debentures.
- (6) April 5th—Value of goodwill and how to preserve it.
- (7) April 12th—How to protect capital in land, etc.
- (8) April 19th—Short-term policies.
- (9) April 26th—Endowment policies.
- (10) May 3rd—Single premium policies.
- (11) May 10th—The policy for the professional man.
- (12) May 17th—A life policy as collateral security.
- (13) May 24th—Lucrative investment.

CANADIAN BANKER GOES TO THE SENATE

Of the four new Senators, Colonel James Mason, general manager of the Home Bank of Canada, has most interest for the Canadian financial and business world. Colonel Mason is a prominent citizen and military man of Toronto. He is well known in Western as well as Eastern Canada, his bank having strong connections in the prairie provinces, and a large number of grain growers being shareholders of the institution.

The new Senator, whose appointment is generally popular, was born in Toronto on August 25, 1843. He was educated at Toronto Model School, of which he was head boy.



SENATOR MASON.

After leaving school he entered the banking business, and later became managing director of the Home Savings and Loan Company, which afterwards was merged into the Home Bank.

Lieutenant-Colonel Mason is an outstanding military man, having served for three years in the Queen's Own Rifles during the Fenian Raid troubles. In 1882 he was gazetted Captain in the Royal Grenadiers. During the Northwest Rebellion he commanded the first company to cross the Saskatchewan at the Fish Creek engagement. At Batoche he was severely wounded. He became Lieutenant-Colonel in command of the regiment in 1893, and was second in command of the Canadian officers sent to the Queen's diamond jubilee in 1897. He was appointed to the command of the Fourth Infantry Brigade in 1899. He holds several military decorations, and is one of the founders of the Canadian Military Institute and the Empire Club of Toronto.

Messrs. A. M'Call, Mr. E. D. Smith, and J. J. Donnelly are to fill the remaining Senate vacancies.

VISIT OF A PRODUCTION ENGINEER

Mr. Willis Bell Richards, of the firm of Gunn, Richards and Company, New York City, was a visitor at The Monetary Times office last week. Mr. Richards is well known in Canada as a production engineer, having been of valuable service upon many occasions to various departments of the Dominion government, as well as to many private corporations throughout the country.

The firm recently opened new offices in the Eastern Townships Building, Montreal, with Mr. H. Victor Brayley as manager for Canada. Mr. Brayley was formerly secretary of the Ottawa Branch of the Canadian Society of Civil Engineers, and held a government engineering position. Mr. James Newton Gunn, the president of the company, is one of the best known production engineers in the United States. He has been connected for many years as lecturer with New York University and the Massachusetts Institute of Technology. The firm employs over fifty trained engineers and also a number of expert accountants, who work in co-operation with the engineers in organizing the shops, offices, buying departments, etc., of industries of all types, in making appraisals and in scientifically analyzing production costs and power costs.

Mr. Richards was called to Canada by one of the leading Canadian capitalists to advise in regard to improving the organization, decreasing the running expenses and increasing the sales of two of the largest manufacturing concerns in the Dominion.