

LAURENTIDE COMPANY'S SATISFACTORY REPORT

Company's Expansion During Year—Markets and Outlook for Products

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The Laurentide Company for the year ended June 30th, 1913, showed almost the same profits as for the previous year. These were 10½ per cent. on the common stock. Owing to the fact that the amount paid out in dividends was larger than the previous year, the surplus earnings for the year, after write off, were \$31,487 less than a year ago, amounting to \$163,085, or 2.22 per cent. on the capital stock. This surplus, being added to that at the beginning of the year, makes a total of \$355,658. The manufacturing account was as follows:—

| | 1911-1912 | 1912-1913 |
|-------------------------------------------------------------|-------------|-------------|
| Net for groundwood, sulphite pulp, paper and cardboard..... | \$ 910,846 | \$ 911,988 |
| From lumber and miscellaneous..... | 98,706 | 104,761 |
| | \$1,009,552 | \$1,016,758 |
| Bond interest and other charges.... | \$152,099 | \$129,973 |
| Betterments to plant..... | 102,880 | 128,700 |
| | 255,979 | 258,67 |
| Profits for the year..... | 753,573 | 758,085 |
| Dividends..... | 540,000 | 576,000 |
| | 213,573 | 182,085 |
| Depreciation..... | 20,000 | 20,000 |
| Surplus for year..... | \$193,573 | \$162,085 |

It will be observed from the above that about \$25,000 more was expended in betterments to plant this year than was expended last year. It will be remembered that an explosion took place in the sulphite plant during the year, thus interfering with earnings. It will also be remembered that recently the company made a new issue of stock for the purpose of increasing the water power of the company.

The above statement, showing total earnings of 10½ per cent. on the stock and surplus for the year of 2¼ per cent.,

after liberal allowances for depreciation, should be encouraging to shareholders, in view of the fact that the company will be in a very strong position with respect to water-power after the present works have been completed.

Expenditure and Expansions.

In this connection it is worthy of comment that, in addition to the amount shown in the above statement as expended for betterment, no less than \$471,728 was expended during the year on capital account for the new power development, \$62,735 being expended for the enlargement of the sulphite mill, \$112,162 for extension to ground wood mill, \$71,379 for extension of steam plant, \$160,912 for additional timber lands, and \$53,179 for real estate at Grand Mere.

The annual meeting of the company took place on Tuesday last, Sir William Van Horne presiding. Mr. George Cahoon, vice-president, speaking informally after the meeting, stated that the explosion in the sulphite plant had disorganized that branch of the business for at least six weeks, during which time did they not only lose the profit on the sale of sulphite, but they had to purchase the company's requirements from outside, paying very high prices. He also stated that the power development was making satisfactory progress, that he had secured the opinion of the best experts, all of whom agreed that the proposition was a simple one, and that the cost of development promised to be less per horse-power than any similar power development on the continent.

Business Was Steady.

Notwithstanding the large number of paper companies that had come into existence during the past year, the Laurentide output, said Mr. Cahoon, had not been, excepting the new print department, appreciably affected. The Laurentide's diversity of product and their market all over the world, made their business a steady one.

He saw no difficulty of earning from the paper business, alone, the money necessary to pay dividends and interest on the cost of the power development, so that when the time came to sell their power, what they get out of it would be so much additional earnings.

The directors and officers of the company were re-elected as follows: Sir William C. Van Horne, president; Mr. George Cahoon, vice-president; and Messrs. James Ross, R. B. Angus, Charles R. Hosmer, Edwin Hanson, and F. A. Sabbathon.

STEAM BOILER INSURANCE TRANSACTED IN CANADA LAST YEAR

Eight companies are transacting steam boiler insurance in Canada under the jurisdiction of the Dominion Insurance Department. Their premiums for 1912 amounted to \$135,377. Over \$35,000,000 of steam boiler insurance was in force in this country at the end of last year. The losses incurred during 1912 totaled \$158,512.

At a recent meeting at Quebec for the International Casualty and Surety Underwriters, Mr. Brainerd presided at the meeting of the steam boiler section. Mr. W. H. Boehm spoke on "Factors of Safety in Engineering and Insurance." He announced that an important improvement in the present condition of transacting steam boiler and flywheel business is about to take place. "The American Society of Mechanical Engineers," he said, "has appointed a commission to prepare a standard code for the construction and safe operation of steam boilers. This commission consists of Mr. John A. Stevens, consulting engineer; Professor R. C. Carpenter, of Cornell, and Professor E. F. Muller, of the Massachusetts Institute of Technology, representing the steam users' interest; Mr. C. L. Huston, representing the steel manufacturers' interest; Mr. H. C. Meinholtz and Mr. Richard Hammond, representing the boiler manufacturers' interest; and I have been accorded the honor of representing the boiler insurance interest. The preliminary work has been completed, and the code is now being put in tentative form. When this has been done I shall have the pleasure of submitting it to you in order that we may secure the advantage of your criticisms and suggestions before the new code is put into final form."

The following officers of this section were elected: Chairman, Lyman B. Brainerd; standing committee, C. H. Holland, Edson S. Lott, Duncan Reid, F. J. Hillas.

Mr. Boehm says:—"The steam-boiler and fly-wheel business has been in more or less of a demoralized state ever since the competitive writing of these lines began. There has been no co-operation as to insurance requirements for the proper construction and safe operation of boilers and fly-wheels; and there has been no interchange of experience or statistics, or opinions as to the rates for which steam-boiler and fly-wheel insurance could be written with safety. Company after company has entered the field, depressed rates, demoralized the business generally and then retired. The cost of boiler and fly-wheel inspection has steadily increased on account of the increase in the hotel and traveling expenses of inspectors, and the increasing mass of data required to be placed on file by state authorities. The loss ratio has increased on account of the greater amounts that must now be paid for personal injury losses under the new liability and workmen's compensation laws, and for other reasons. Rates have steadily decreased until they are now too near the danger line either for safety of the companies, or their policy-holders. The remedy for this condition, not only as respects steam-boiler and fly-wheel insurance, but as respects other lines of the casualty and surety business, lies in co-operation."

The following table gives details of the steam-boiler insurance in Canada last year:—

| (1912) | Premiums of the year | Number of policies new and renewed | Amount of policies new and renewed | Number of policies in force at date | Net amount in force at date | Losses incurred during the year | Claims paid | Unsettled claims not resisted |
|------------------------------------------|----------------------|------------------------------------|------------------------------------|-------------------------------------|-----------------------------|---------------------------------|-------------|-------------------------------|
| Boiler Inspection and Insurance Company. | \$73,367 | 1,191 | \$11,671,200 | 2,586 | \$23,701,200 | \$80,984 | \$1,221 | \$10,000 |
| Canadian Casualty and Boiler | 29,706 | 1,378 | 11,498,767 | 1,035 | 7,714,800 | 946 | 1,046 | none |
| Fidelity and Casualty | 15,930 | 242 | 3,611,000 | 170 | 2,501,000 | 850 | 450 | 400 |
| Hartford Steam Boiler | 1,200 | ..... | ..... | ..... | ..... | 75,000 | none | 75,000 |
| Maryland Casualty | 12,190 | 138 | 2,251,800 | 210 | 3,519,700 | 332 | 1,332 | none |
| Travellers Indemnity Company, Hartford. | 951 | ..... | ..... | ..... | ..... | none | none | none |
| Travellers Indemnity Company of Canada. | 557 | 12 | 145,000 | 26 | 355,000 | none | none | none |
| United States Fidelity and Guaranty | 1,476 | 25 | 355,000 | 25 | 355,000 | 400 | none | 400 |
| Totals | \$135,377 | ..... | ..... | ..... | ..... | \$158,512 | \$4,049 | \$85,800 |