

RURAL CREDITS IN ALBERTA

Legislation Provides for Farm Loan Board and Bond Issues to Provide Funds

Provision is made in the Alberta Farm Loan Act for the creation of a farm loan board consisting of not less than three and not more than five members. There will also be an official known as a farm loan commissioner who will have active management of the business of the board, but will not be a member of it. The board will have jurisdiction in connection with the approval of and passing upon all applications and the advice of the commissioner will always be available.

The members of the board will receive no salaries. They will be allowed fees and travelling expenses for attendance at meetings once a month or oftener. The commissioner will be a salaried official devoting his whole time to the business of the board. Appraisers will be appointed to cover various portions of the province.

Maximum of \$3,000.

The board will loan up to a maximum of \$3,000 to any one person engaged in farming or intending within one year to engage in farming. The loans will be made up to 40 per cent. of the proposed value of the property offered as security. They will run for a period of 30 years but may be repaid at any time after the expiration of five years without bonus and at any time after the expiration of two years upon payment of bonus equal to six months' interest on the unpaid balance, thus combining the features of a short-term loan and a long-term loan.

The interest rate charged will be the actual cost of obtaining the money plus the actual working expenses, so that the interest rate will be based on actual cost. There will be no profits.

Ways for Raising Money.

The money will be raised through the department of the provincial treasurer for the board in two ways. First, by the sale of bonds issued by the board which bonds may be guaranteed as to principle and interest by the province. These bonds will be sold through the machinery of the treasury department to the best possible advantage. All mortgages taken by the board will be hypothecated or assigned to a trustee, who shall hold them as security against the bonds issued by the board. The bonds will thus have behind them not only the security of the actual mortgages but also the security of the guarantee of the province, in this way providing a first-class security. As an alternative to this the province will have power to issue a special bond to be known as the Alberta farm loan bond, which will be a direct obligation of the province. These bonds will also be further strengthened by the hypothecation of mortgages and will have similar advantages as the other class of bonds.

The aggregate amount of funds that will be available for the board for loaning purposes has been fixed at \$10,000,000.

The Alberta legislature will be asked to vote a sum of \$10,000 as an advance to apply on preliminary expenses and to put the act into operation.

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended March 2nd, 1917:—

McKinley-Darragh-Savage Mines, 86,898; Townsite City Mine, 63,570; Dominion Reduction Company, 87,000; O'Brien Mine, 64,180; Trethewey Silver Mines, 30,121. Total, 331,769 pounds, or 165.8 tons.

The total shipments since January 1st, 1917, now amount to 3,785,562 pounds, or 1,892.7 tons.

The fourth Australian 4½ per cent. war loan of £18,000,000 was issued at par. The subscription lists were open for six weeks. The three previous issues amount to £58,621,750, and the latest issue of £18,000,000 makes a total of over £76,621,750. The whole of this amount will fall due for repayment on December 15th, 1925.

INSURANCE COMPANIES' DEPOSITS AT OTTAWA

Are They Sufficient? How Our Practice Compares With that of States

Some discussion has occurred recently as to the deposits required by the department of insurance, Ottawa, for the transaction of business in Canada. The transaction of guarantee insurance in this country is restricted by requirements in the matter of deposits which compare unfavorably with those of the various State insurance departments in the United States. The deposit required by the State of New York, for example, is \$200,000. Apart from the smaller deposits required by the department of insurance at Ottawa, no limit is placed as to the amount of any risk written by companies transacting guarantee insurance in Canada.

The disparity, however, applies not only to guarantee insurance but to all classes of insurance. For instance, a Canadian fire insurance company applying for admission to the State of New York would be required to make a deposit of at least \$500,000, while a United States company coming to Canada is required to deposit \$50,000. Similarly a Canadian life or casualty insurance company entering the State of New York is required to deposit \$200,000, while a United States life company coming to Canada requires to deposit \$50,000, and a casualty company an amount depending upon the particular class of business transacted.

Does Not Need our Companies.

This disparity has been of long standing and the reason is to be found in the fact that the United States does not particularly need Canadian insurance companies to provide facilities for the handling of the business offering in that country. On the other hand, it has been believed, rightly or wrongly, that Canada does need United States companies to provide the necessary facilities for insurance. So far as the business of fire insurance is concerned, the claim is frequently made that even with the large number of foreign insurance companies licensed in Canada, there are still insufficient facilities for handling the larger lines, and this is made the ground for unlicensed insurance being sought in comparatively large volume.

So far as the business of life insurance is concerned, this reason probably no longer exists, but so far as the casualty insurance is concerned, opinions still differ. In some lines of casualty insurance, it is contended by some that the facilities afforded by foreign companies is in the public interest.

The amounts referred to above are the amounts required to be deposited before a license is issued. After a foreign company is licensed the Dominion Insurance Act requires that the deposits be increased to cover at all times the company's liabilities in Canada, so that the initial deposit of \$50,000, made by life, fire and guarantee insurance companies suffices only until the liabilities in Canada exceed that amount. In the United States, however, the requirement is that the deposit be at all times in excess of the liabilities in the United States by the amount of the deposit initially required.

Deduction from Company's Surplus.

In discussing this question, it is necessary to remember that the practice of many of the insurance departments of the States of the United States is to deduct from a company's surplus all deposits maintained in any country outside of the United States in excess of the liabilities of the company in that country. If, therefore, a United States company was required to maintain in Canada a deposit \$200,000 in excess of its liabilities in Canada, this \$200,000 would be deducted from the company's surplus in its statement of general business. There is no such provision in our laws affecting Canadian companies transacting business in foreign fields.

Mr. E. M. Black, Winnipeg, who was well known in financial circles, died last week as a result of an accident. The late Mr. Black went to Winnipeg from Great Britain in 1886 to join the firm of Messrs. Macdonald and Tupper as a junior. He was afterwards in the office of Mr. G. A. Muttleybury and finally formed a partnership with L. A. Nares. At a later time Mr. Black joined them and when Mr. Nares withdrew, it became known as the financial firm of Messrs. Robinson and Black.