

VALUE OF LIFE INSURANCE

II.

How Depreciation of Assets Can Be Met

BY C. A. HASTINGS

Has it ever occurred to any young business man that if he were to pay in full—a comparatively small sum—the premium for an endowment policy, maturing one hundred years hence, the amount to be received by the beneficiary would be astonishing?

I remember reading an article on compound interest versus simple interest which gave the following astounding results:—

If the sum of one cent was invested in the year one at 5% simple interest, it would be worth about one dollar in the year 1912; but if a similar amount (one cent) was invested at compound interest at the same rate (5%), in the year 1912 it would be worth \$314,250,000,000,000,000; sufficient to pay dividends to every living soul in the world every second.

Certain of Definite Amount.

This unexceptional point is mentioned to enthuse the curiosity of the reader in order to induce him to look into the question of how to meet depreciation of assets.

The prudent business man who takes thought for the morrow realizes that a crisis may arise in his business and he has not provided the wherewithal to remedy this. He recognizes that he is in the meantime deriving a living and so, in order that he may not be handicapped by lack of funds at a critical time, he buys what is known as a capital redemption policy, either by fixed annual payments or in a lump sum, and, at the end of the period of the contract, the assured is certain of a payment of a definite amount. Even if he retires or dies, the benefits of the policy still hold good for his successor.

Can be Applied in Many Ways.

The percentage cost of a capital redemption policy—or, in other words, a pure endowment policy—is very small, and the principal can be applied in many ways:—

- (1) Redemption of debentures.
- (2) Depreciation of plant.
- (3) Repairs to buildings.
- (4) Repayment of borrowed money.
- (5) Provision for dissolution of partnership.

I feel sure the intelligent reader will comprehend, not only that life assurance can be employed in business, but how often life assurance companies can assist the prudent business man.

(To be continued.)

The following article in this series has already appeared: March 1st, "How to Become Your Own Master."

CANADA NATIONAL MORTGAGE AND INVESTMENT COMPANY

The newest mortgage and investment company in Western Canada is having success in disposing of its stock, over \$375,000 having been sold before the end of February. The Canada National Mortgage and Investment Company's prospectus states that the corporation was formed for the purpose, among other things, of assisting with the development of this ever-growing West and to give the small investor as well as the capitalist a chance to participate in the larger profits and safer form of investment, namely, the buying and selling of farm land inside city property, agreements of sale and such other financial undertakings as shall be deemed safe and expedient by the directors.

As the name implies, it is not only the intention of the company to confine its operations to the buying and selling of land, but also to the developing and bringing to a revenue bearing basis portions of such land as they may from time to time acquire. The Canada National Mortgage and Investment Company, Limited, is capitalized at \$500,000, divided into five thousand shares of \$100 each.

The directors have decided to dispose of the greater portion of their capital stock in Great Britain and for this purpose will open a branch office of the company in London, and a British advisory board will be formed to assist with the upbuilding of such office. The services of a practical manager have been secured for the London office, with experience in both England and Canada. No promoters or bonus stock has or will be offered or allotted, the directors having paid for their stock on the same basis as the investing public.

SATISFACTORY TRADE CONDITIONS IN NEW BRUNSWICK

Farming and Lumbering—St. John Railway—Industrial Companies Commence Operations

The general condition of trade throughout New Brunswick is satisfactory. The lumber market shows active demand from the Montreal district and larger shipments also by rail to the United States, while prices in the English market are high and stocks moderate. The whole outlook for the lumber industry is promising, for there will be a good local demand this year.

Agriculture Receives Attention.

The recent convention of farmers, dairymen, fruit-growers and live stock men, held in Fredericton, was the most important ever held in the interests of agriculture in the province. From speeches made by the premier of the province, the commissioner of agriculture and others of authority, it was made clear that both the federal and the provincial governments propose to encourage agricultural education, better farming methods, more co-operation, and the construction of better roads, while it was also stated that the experiment of getting new settlers for the abandoned farms, under the ready-made-farm scheme, will result in the steady increase of the area of farm land in the province under active cultivation.

Street Railway Proposals.

St. John capitalists have associated with a strong group of American financiers, including the presidents of the Portland and Bangor Street Railway Companies and others. In their behalf the St. John Railway Company, at its annual meeting, was offered \$1,200,000 for its stock or \$150 per share, but this was not accepted. The new organization, however, which is prepared to develop hydro-electric power in St. John and Charlotte counties for transmission to St. John for light and power purposes, and is also seeking legislative authority to construct street railway lines in the outlying parishes of Simonds, Rothesay, and Lancaster, where street railway extension is much needed in connection with the growth of the city. The Street Railway Company also refused a previous offer from another hydro-electric company. The company showed a net profit of \$58,158.06 last year, and after paying four dividends of 1½ per cent., carried \$10,158.06 to profit and loss account. Its plant was quite extensively improved last year, and further improvement is promised for this year with the extension of its line to East St. John.

The Fredericton Street Railway Company has been organized with an authorized capitalization of \$250,000, and American capitalists are said to be interested.

Among Commercial Interests.

The Maritime Oil Fields, Limited, took 101,430 gallons of crude oil from their wells in Albert county last year. This company have spent nearly a quarter of a million dollars in their development work.

The city of Moncton is offering free water to a reasonable amount, and a fixed valuation for taxation purposes for twenty years, on the value of land only, in order to attract new industries.

Humphrey's Unshrinkable, Limited, the new manufacturing concern in Moncton, will soon have its factory in operation and Moncton Woodworkers, Limited, another new industry, will have its factory in operation in a couple of weeks, and expects to operate it throughout the year.

The New Brunswick branch of the Canadian Credit Men's Association is promoting a bill before the legislature providing that a merchant, before disposing of his business, must give public notice of the same for the information of his creditors and others.

The New Brunswick government has awarded the contract for the street car and traffic bridge between East and West St. John, and the Canadian Pacific Railway Company is now considering the question of replacing its railway bridge at the same point by a new one. There is an agitation in favor of a bridge at the head of the harbor, in which the city would be willing to join with the railway company, if the latter should choose that site instead of alongside the present bridge. It is probable that the two bridges will be built between East and West St. John within a short period.

Sir William Arrol and Company, Limited, of Dalmeny Works, Glasgow, the designers and constructors of the buildings for the Canadian Vickers Company at Montreal, are arranging to establish construction works in Montreal for the production of all kinds of cranes, presses and other machinery and to otherwise extend their operations in Canada.