BRITISH AMERICA.—*Continued.*

any extent; but I may point out that while the year's earnings, which include some $42,000 derived from interest on investments, may be regarded as satisfactory, the profit upon underwriting is a moderate one, being equal to about seven per cent. on the business transacted. This profit, I may say, has been realized entirely upon the business of the last six or eight months; the serious conflagrations at Waterbury, Conn., and Paterson, N.J., in February last—to which I referred at our last meeting—having made the loss ratio unduly heavy for the earlier months of the year. These heavy losses, affecting, as they did, most of the fire insurance companies doing business on this Continent, and following closely upon similar disasters in the previous two years at Ottawa, Montreal and Jacksonville, Fla., emphasized the necessity for an advance in rates and brought about a general movement on the part of the companies to secure this. The conditions of all branches of trade and of manufacturing industries, both in Canada and the United States, have fortunately been prosperous of late, and insurers have, speaking generally, recognized the fact that rates of premium, which would afford a fair return upon insurance capital, are a legitimate charge upon their business.

"In regard to the items written off in Profit and Loss Account, I am sure the policy of placing our securities at their actual market value at the 31st December in each year, and making a liberal allowance to provide for any possible depreciation in the value of the Company's premises, will commend itself to Shareholders.

"The substantial addition to the Reserve Fund of upwards of $90,000 must, I think, be regarded as the most satisfactory feature in the Report, from a Policyholder's point of view, as well as from that of a Shareholder, even though this increase is to a certain extent brought about by keeping the dividend down to 6 per cent. —the rate paid in 1901. The profits on the business of the past year might have warranted a return to a somewhat higher rate, but the Directors feel that the strengthening of the Company's Reserves must be regarded as of primary importance.

"I take this opportunity of expressing the appreciation of the Directors of the manner in which the Officers and Agents of the Company have performed their respective duties during the past year, and of saying that I feel that the general outlook is sufficiently encouraging to warrant our anticipating at least equally favourable results from the business, on the lines on which it is now running, to those shown in the report under consideration, the adoption of which I have much pleasure in moving."

The following gentlemen were re-elected to serve as Directors during the ensuing year:—Hon. Geo. A. Cox, J. J. Kenny, Augustus Myers, Thomas Long, John Hoskin, K.C., LL.D., Hon. S. C. Wood, Robert Jaffray, Lieut.-Col. H. M. Pellatt, E. W. Cox.

At a meeting of the Board, held subsequently, the Hon. Geo. A. Cox was re-elected President, and Mr. J. J. Kenny, Vice-President.

LONDON LETTER.

London, Feb. 19, 1903.

FINANCE.

Yesterday a Parliamentary Return was issued upon a matter which may very well be taken as a supplement to my remarks last week, upon the results of the last half-year's railway trading. It shows the number of holders of railway debentures and preference and ordinary stocks in this country. From it I extract the following facts:—

The largest number of stockholders in any one company is 78,165, which is the number of proprietors of the London and North Western Railroad. Their average holding is $7,700. Very near to this are the 75,793 debenture and stockholders of the Midland, but here the average holding is $11,500.

The highest average holding, however, is found to be the $12,300 of the Great Northern and City, an electric tube, which is not yet in operation.

Taking the three descriptions of holdings, I find that the largest number of debenture holders is the 14,809 of the London and North Western, whilst the records in preference and ordinary stockholders are held by the Midland, with 30,792 and 41,611 respectively. On the other hand, there is only one debenture holder in the Waterloo and City Electric Railway, but the amount of his holding is $327,500.

Leaving this topic, which only the exigencies of space prevent me from making still more interesting, another Return invites my attention. The Local Government Bond has issued this week a thick volume of the reproductive undertakings carried on by municipalities. Out of a possible 317, no fewer than 299 municipal bonds carrying on enterprises. The total capital employed is $605,000,000, of which $585,000,000 has been raised on loan.

Nearly two hundred boroughs carry on water-works and have thus turned to practical application $284,500,000; 97 corporations make all the local gas required, thus employing $120,000,000; 102 supply electricity with a capital of $62,500,000, and finally, there are 45 which operate tramways with a capital of $48,500,000.

Opponents of municipal trading will point the finger of scorn at the eventual figure of net profit for the last year upon the vast capitalization above mentioned. This net gain is given as $1,891,000. Small though the figure be, however, the advocates of an increasing extension of municipal enterprise assert that when all the special reserves, sinking funds, etc., which local authorities charge up against profits are allowed for, the municipal ownership of water, gas, trams, etc., is not such a wasteful thing.

INSURANCE.

Income Tax is an impost which no one ever sits down quietly under. In an insurance case, this week, the tax was the bone of contention. One, Hunter, insured his life with the London Life Association for $7,500, at an annual premium of $330.

By a clause in the policy it was provided that a portion of the renewal premium—namely $165—should, if the assured so desired, be advanced by the Association and should be a first charge on the policy.

The form of receipt was, "Received, this day, the sum of $330 (including $165 advanced by the Association), being the first premium on an insurance of $7,500, etc."

Of course, my readers know that a man is entitled to deduct from the taxable income the amount of his insurance premiums. Was Hunter to be allowed to deduct the whole $330? The Commissioners of Income Tax argued that he was only justified in deducting the $165 actually paid by him. The judge gave a decision against the Crown and the Crown appealed. The appeal was heard this week and was a victory for the Crown, that is the Income Tax Commissioners.

One other topic and I have finished. Already there are ample prospects of a considerable success for the Canada Life over here. This Company will soon obtain recognition along with the Sun Life of Canada, as an excellent representative of North American assurance enterprise. Both companies have special profit-earning capacities which enable them to offer equally special inducements to would-be assurers.