

panies' average earning power from 1900 to 1914 was the very extensive investments made in high interest yielding mortgages, the general rise in the rate of interest on all classes of securities during that period played quite a minor part. With the falling-off in demand for mortgages, and the advent of compulsory investment in Dominion Government securities, there has been a remarkable change in the character of the investments made by the Canadian companies. This is shown in the following table of the companies' mortgages and bonds and debentures in actual amount and proportion to total assets:—

Dec. 31st	Mortgages	Bonds and Debentures		% to Total Assets	
				Mortg.	B. & D.
1913	\$87,085,966	\$70,924,684		37.5	30.5
1914	94,624,042	77,032,967		36.9	29.9
1915	95,915,830	85,794,114		35.1	31.4
1916	95,781,745	107,718,564		32.3	36.3
1917	92,587,848	130,068,852		28.8	40.4
1918	90,653,299	157,774,397		26.0	45.2

It will be seen from this table that while mortgages decreased nearly \$2,000,000 last year, holdings of bonds and debentures increased over \$27,000,000. In 1916, mortgages actually declined slightly, while bonds and debentures increased \$22,000,000. The mere fact that the rates obtainable from War Loans and other high-grade government and municipal securities, however handsome, are not comparable with those obtained from mortgages, is sufficient to account for the decline in the companies' earning power.

An Ample Margin.

This decline need not be a matter of regret. Interest earnings are not everything, and a perusal of the companies' official returns of overdue interest shows plainly enough that some of them have had considerable trouble in collecting interest on a proportion of their mortgages. In common with all loan corporations, the companies have, no doubt, been prejudicially affected by the adverse legislation passed in several of the western provinces. However, when every allowance has been made for this, the figures of overdue interest and of the amounts of mortgages on which interest has been overdue over a year as at December 31st, 1918, certainly suggest in some cases, either laxity or management or a greediness after high interest returns leading to the acceptance in the past of loans not altogether desirable. For the present, of course, War Loans and not mortgages are the primary subject of investment interest with the life companies. But it is well that the facts here stated should be borne in mind, and it is to be hoped that when another demand for mortgage money arises, the companies will have learnt something from past experience.

With regard to the future, it is to be expected that the average interest rate will show a stationary or downward tendency while the companies are

compelled to invest a substantial proportion of their annual increase in assets in Dominion Government loans. We think also the companies should bear in mind the possibility—we do not say probability that this compulsory investment legislation will survive the war. However that may be, there is a very ample margin between the average interest rate earned and the valuation interest rate, which is very low in the case of most of the companies, and with a continuance of capable and economical management, policyholders in Canadian life companies are likely to find nothing to grumble about in regard to 'profits', so far as these are dependent upon interest earnings.

British and American Companies.

The little group of British companies, including one Australian company, appearing in our tabulation, show a small loss in their average interest rate last year. The average rate reported by the group included in the present tabulation of 4.52 for 1915, 4.43 per cent. for 1916, and 4.60 in 1917, compares with 4.42 per cent. in 1914, 4.15 per cent. in 1913, and 4.10 per cent. in 1910.

In the case of the American companies operating in Canada, the interest rate for 1918 was 4.80 per cent. compared with 4.89 per cent. in 1917, 4.86 per cent. in 1916, 4.84 per cent. in 1915, 4.76 per cent. in 1914, and 4.80 per cent. in 1913. It is noted by American authorities that the older life companies in the States have shown an appreciable rise in their earning power since about 1902.

GENERAL FIRE INSURANCE COMPANY OF PARIS

Mr. Thomas F. Dobbin, Manager for Canada of the General Fire Insurance Company of Paris, announces the appointment of Mr. Joseph Rowat as chief agent for Montreal.

Since Mr. Rowat opened his office some two years ago, his business has developed rapidly.

He now represents the Union Insurance Society of Canton, the British Crown Assurance Corporation and the General Fire Insurance Company of Paris, three very strong companies, and the office is therefore well equipped to handle large lines.

THE MONTREAL CITY & DISTRICT SAVINGS BANK

The Annual Meeting of the Shareholders of this Bank will be held at its Head Office, St. James Street, the ninth day of February next, at 12 o'clock noon, for the reception of the Annual Reports and Statements and the Election of Directors.

By order of the Board.

A. P. LESPERANCE,

General Manager.

Montreal, January 7th, 1920.