invest the profits at a net rate of six per cent. interest during all that time, such profits consisting of the difference, as herein shown, between the with-profit and without-profit rates, plus the interest thereon? It looks to me as if a man would, on the average, be justified in carrying at least double as much life insurance on the profit plan as he may have thought of doing upon the so-called "low-rate-straight-life-profits-in-advance" plan, advocated by agents of companies that do not give their policyholders any chance to participate beyond the first few years.

Yours, etc.,
WILLIAM H. ORR.

Toronto, May 13th.

ROYAL EXCHANGE ASSURANCE

In a comparatively short time, the high reputation and progressive methods of the Royal Exchange Assurance, so well known in other parts of the world, have become well established in Canada. The company, with its head office in London, was incorporated in 1720, and since then has established branch and district offices throughout Great Britain and branches in the overseas empires and in foreign countries. The Canadian branch is situated in the company's own building, the Royal Exchange Building at Montreal. The Canadian directors are Mr. H. V. Meredith, president of the Bank of Montreal, chairman; Dr. E. T. Lachapelle, of Montreal, and Mr. J. S. Hough, K.C., of Winnipeg, an influential directorate. Mr. Arthur Barry is the company's manager for Canada. He is an experienced and alert underwriter. His efforts, seconded by those of the Canadian directorate, have been rewarded by a very satisfactory volume of business in Canada.

The company's report and accounts for the year ended December 31st, 1913, show that in the life department, during the twelve months, 2,613 proposals were received for £1,463,-021 sum assured and £980 reversionary annuities. Of these, 2,258 were completed, assuring £1,173,352 sum assured and reversionary annuities of £360 at single and full annual premiums of £42,584, of which £182,600 sum assured was re-assured at annual premiums amounting to £4,419. The total premium income for 1913 (after deducting re-assurance premiums) was £360,375, being an increase of £12,901 upon the figures for 1912. The interest earned was £149,766, being £4 4s. 10d. per cent. on the life funds, but after deduction of income tax the average rate yielded was £4 0s. 2d. per cent. The total income from premiums and interest (less tax) amounted to £501,996, an increase of £21,709 upon the previous year.

The claims paid and outstanding (excluding endowments matured) amounted to £193,315. This sum was less than the expected amount based on the Mortality Tables used in tht valuation. The sum disbursed for surrenders, including bonus, was £19,590. The expenses of management and commission were £55,183, a liberal allowance having been made for all items outstanding and accrued. The company's life assurance fund amounts to £3,680,326, and the annuity fund to £914,245.

The capital redemption fund amounts to £81,281. The fees received by the company's trustee and executor department amounted to £4,761. The securities in trust on this account are held entirely apart from the funds of the corporation and do not appear in the balance sheet.

Coming to the company's fire department, it is seen that the net premiums for the year amounted to £883,986, which, with interest, gave a total income of £888,930. The losses, after providing for all claims known to have occurred on or before December 31st, amounted to £467,358. The commission was £166,625 and the expenses of management were £168,856. Full provision has been made in each case for outstanding items. The fire fund, after transferring £63,749 to the Profit and Loss Account, amounts to £403,595.

In the marine department, the net premiums amounted to £295,936, which, with interest, gave a total income of £299,655. The losses paid in respect of 1913 and previous years amounted to £242,324. The expenses of management were £33,255. The marine fund, after transferring to the profit and loss account £40,116, amounts to £251,239.

The company's general accident fund, after transferring £40,517 to the profit and loss account, amounts to £177,565. After carrying the departmental profits and the interest and allowing a sum of £30,000 for depreciation of investments the balance of the profit and loss account amounts to £580,-823. The assets amount to £7,093,062.

An examination of the company's balance sheet shows it to be in an exceedingly strong position.

COMPANY RELEASES CLAIM AND THEN BACKS

Position of Central Railway of Canada, Which Made Recent Bond Issue, Does Not Seem Clear on Land Grant Question

The offer of £1,225,000 first mortgage 5 per cent. bonds of the Central Railway Company of Canada in London last month, has raised a controversy which can scarcely please any of the parties concerned. Chiefly, these parties are the railway company, the Dominion government, the Ontario government, the Quebec government, the bondholders who participated in the £600,000 issue of bonds in July, 1911, and the bondholders, prospective and actual, concerned in the issue last month. The matter of dispute apparently revolves around land grants. The beginning of events goes back to a few years before *The Monetary Times* was first issued, to just before Confederation. Since then, numerous bills and acts and resolutions and prospectuses, and lawyers, and governments, to say nothing of legal phraseology, are involved to such an extent as to make the brain of the layman grow weary.

Beginning at this modern end of the dispute, we find it stated in the prospectus regarding the company's bond issue last month:—"The Canadian Government has already voted, on certain sections of the line, the usual subsidy. A further grant to cover the remainder of the line between Montreal and Midland has been applied for and should in the ordinary course, be voted during the present session of the Canadian Parliament. On the usual terms and on the estimated cost of construction this will be at the rate of $6,400 per mile."

The prospectus also states:—"By the trust deed the present issue of bonds will be constituted a first mortgage on the railway undertaking, namely, the before-mentioned 438 miles of railway and branches and their equipment, and on all land grant subsidies to which the company is or may be entitled in respect of the mortgaged property, and on all cash subsidies or bonuses received or to be received from the government of Canada, or of the provinces of Ontario and Quebec."

Wording is Different.

This wording is considerably different from that in the prospectus issued in connection with the bond flotation in London in July, 1911, which said in part that the bonds were "to be secured by a first charge on 164 miles of railway and branches, and some 1,300,000 acres to be granted under the Canadian Government Land Grant subsidy." No mention is made in the company's prospectus last month specifically of the 1,300,000 acres of land. When reference was made to the land in the prospectus in July, 1911, the attorney-general of Ontario cabled the bankers concerned in the issue, stating that the Ontario government did not consider the land grant as still in force.

When the company's prospectus appeared in London last month, Mr. W. L. Griffith, secretary to the Canadian High Commissioner's office in that city, cabled to Premier Borden quoting the prospectus and asking for instructions. The Premier replied, in part, that "the question of granting subsidies has not been considered, and the government do not expect to introduce any subsidy bill at this session. There has been no decision to grant subsidies to this railway." That indicates the position of the Dominion government.

Position of Quebec Government.

As to the position of the Quebec government, Sir Lomer Gouin writes to *The Monetary Times* as follows:—"No grant in money or in lands has been made to the Central Railway of Canada by the province of Quebec, and no action to this end is contemplated." Under the Acts 19-20 Victoria, chapter 12 and 24 Victoria, chapter 80, the Province of Canada was authorized under certain conditions to grant subsidies in land to certain companies, but these subsidies have now lapsed and no claim can be made for them from the province of Quebec, says Sir Lomer.

In the case of Ontario, an act was assented to on April 16th, 1912, which stated in part:—

"No person or company shall be entitled to or receive a grant of any land situate within the province of Ontario, or of any right, title, or interest therein, out of any lands set