

"Were the bonds shown in the Government report?"

"Yes."

"Did you exhibit the stock in the report?"

"No, but it appears in the books shown to the Government officer."

The bonds were of a par value, \$50,000. They had a book value of \$38,000.

Mr. Tilley brought out the fact that the subscribers to the electrical development stock had entered into an agreement to pool their holdings and hold them for a year, with Messrs. Mackenzie, Pellatt, and Nicholls as the Committee of Managers.

"Do you think that this was a proper agreement for a life insurance company to enter into when investing funds?"

"No."

"Can you give us your reasons?"

"I do not think it is wise for a life insurance company to tie up its securities. The directors thought soon after we went into it that it was not a wise agreement."

He stated that it took from 3 to 4 years before a policy began to earn a surplus.

Mr. Bradshaw declared that during the short time he had been in the business the commission on new business had grown from about 4 p.c. to 60 and 65 p.c.

He expressed himself as strongly opposed to the system of rebating. The payment of agents by salary instead of commission he held would not prove a remedy. In reply to Mr. Tilley, he admitted that persons in search of insurance came personally to the officers of the company and obtained the usual rebate. He was aware that these people went around securing tenders from the various companies. Mr. Bradshaw regarded this as a bad state of affairs. The witness considered rebating as very inequitable, and certain companies had endeavored to have it stopped. No assistance or encouragement had, however, been secured from the Legislature.

Mr. Bradshaw expressed a decided objection to efforts being made to extend the business which involved a heavy expenditure from the surplus. He stated that the business of the Imperial Life was written 65 p.c. on the deferred system, 10 p.c. on the five-year distribution plan, and the rest on non-participating plans, showing the preponderance in the semi-tontine system in recent years. The witness declared he did not approve of the deferred dividend system and would like to see it eliminated from the books.

Mr. Hellmuth remarked that Mr. Bradshaw's principles differed materially from his practices, both in this regard and with respect to rebating.

"I would like to get back to sound principles," the witness asserted, "but neither I nor any other

actuary in America or Great Britain is strong enough to do so yet."

He attributed the heavy lapses last year were caused by the exposures of irregularities in the affairs of certain of the large companies in the United States.

This closed the examination of the Imperial Life. Mr. A. J. Patterson, formerly manager of the Home Life, having neglected to obey the summons of the Royal Commission to appear as a witness the sittings were suspended until the missing witness is found and makes his appearance.

BANK BRANCHES IN ONTARIO.

The banks are coming in for some criticism just now in connection with their branch extension policy. There are now 1,454 branch banks in the Dominion as compared with 747 at the end of 1901, and 1,049 at the end of 1903. Taking the Province of Ontario by itself the increase has been from 349 at the end of 1901, to 701 at the present time, in other words the banking offices have almost exactly doubled. Deducting the increase shown for Ontario, 356, from the increase for the whole Dominion, 707, there is left 351 for all the other provinces. Some of these have been opened in the Province of Quebec, but the bulk of them belong to Manitoba, Saskatchewan and Alberta (the two new Northwest provinces), and British Columbia. Against this part of the movement not so much objection is urged.

It is generally recognized that the country out there is developing rapidly, that business is very active, and the people quickly accumulating wealth. New towns, furnishing profitable business for one or more banking offices, have grown up in a short space of time, and other places in which at first one or two offices were to be found, have got so much larger and busier as to furnish room for additional banks. Although the population of the West is still comparatively small, the inhabitants, are hungry borrowers, like those of most new districts in course of rapid development.

Nearly every body finds at hand good opportunities of making money in ventures of one kind or other which in many cases call for the use of borrowed capital. Thus it happens that a town of 1,000 people in the Northwest will provide considerably more banking business than towns of the same size in the East. The people use the banks more. Quite frequently one, or may be two, banks will go into a Western town, or hamlet as it might more properly be called, when it has but 200, or may be less than that, of a population. When they do this they have in mind this fact that quite a large proportion of the population of the place and of the tributary district will become at once profitable customers, and besides that the