

on account of land and townsites sold amounting to \$14,059,179.

Two additional steamships of 14,500 tons register for the Atlantic service are being built, which will be ready for the opening of navigation 1906.

An arrangement has been made to acquire control of the Esquimaux and Nanaima Railway, a distance of 78 miles. By another agreement the Canadian Pacific and its connections will secure access to Spokane, a most important commercial and industrial centre in the State of Washington. The Nicola, Kamloops and Similkameen Railway, 45 miles, reaching to the Nicola Valley coal fields is to be leased, and a further British Columbia enterprise realized on sales last year being \$4.80 per acre. pany's Vancouver and Lulu Island Railway.

One of the most significant works now progressing is the double tracking of the line between Winnipeg and Fort William, which is required by the growing freight traffic. When the line was first projected this portion was regarded as too hopeless to be worth constructing.

After providing for the outstanding land grant bonds the balance of the proceeds of sales amounting to \$7,676,552 is a free asset, which may properly be classed with the company's surplus, available for any purpose at the discretion of the management.

Of the additional \$25,500,000 ordinary capital stock authorized at the annual meeting in 1904, the amount of \$16,000,000 was offered, the shareholders at par and all was subscribed for excepting 2,500 shares which the report just issued says, "will be sold in the open market."

The directors recommend that an amount equal to 15 per cent. of the last issue of ordinary share capital, or \$2,535,000 be transferred, as was done in the case of the previous issue from the accumulated surplus earnings; this amount to be transferred to a special fund for improvements and for such other purposes as in the opinion of the directors will be for the company's advantage.

The Canadian Pacific Railway Company, now owns 10,863,077 acres of agriculture land in Manitoba and the Northwest Territories, the average price realized on sales last year being \$4.80 per acre. This figure is likely to be exceeded for a large section of these lands owing to the influx of settlers, but assuming that the lands only realize an average of \$4.80 per acre they will bring the company \$52,147,080, which would clear off the mortgage bonds that amount to \$47,238,086, and leave \$4,909,003 to make a further deposit with the Government on account of land bonds mortgage which would be thus reduced to \$3,090,997, then, if the British Columbia lands, with an area of 3,681,480 acres owned by the company, only yield \$1 per acre, more by \$596,483 would be realized than sufficient to entirely redeem the Land Grant Bonds and leave the lands owned in the Northwest free of any incumbrance.

Besides this resource the company has the large sum, already referred to, due on land and town sites sold but only partially paid for.

The financial outlook under such conditions is very bright, as is also the business prospect. A harvest of unprecedented weight and value has been reaped in Manitoba and the Northwest. An enormous bulk of the wheat and of other products will find its way to the sea by the railway freight cars, and the Atlantic steamers of the Canadian Pacific line will be well laden with cargoes derived from the abounding agricultural wealth of the Dominion.

#### THE HAZARD IN THE FIRE INSURANCE.

SOME PHASES TO BE CONSIDERED IN RATING RISKS.

The public generally have very crude notions as to the hazard in fire insurance. There are some and their name is legion who maintain that their own particular risk is equal or superior to any of its class, and will point, in corroboration of their assertion that they have never had a loss by fire. There are others who admit that there are certain risks non-hazardous, some hazardous and perhaps a few specially hazardous. All of these admissions are very well as far as they go, but would be a very poor guide for underwriting.

Broadly speaking the hazard taken as a whole or applied to particular classes of risks is to be appraised, not by any scientific process, but by underwriting experience. This again is acted upon and influenced by various changes and inventions which either lessen or increase the hazard previously existing.

To illustrate our meaning, we will take a dwelling-house on the outskirts of a city beyond the reach of municipal fire protection, but isolated and unendangered by any other buildings. The hazard here is clearly confined to the risk itself and the rate fixed accordingly. As time goes on we will say the water works of the city are extended and the said dwelling-house coming within the range of such protection is undoubtedly improved from a fire standpoint. Again, as years go by and the city spreads itself, buildings are erected adjacent to, or in proximity of the before mentioned dwelling-house, creating another phase of hazard, viz., that of exposure, which was not there before. It then becomes a question for the underwriter, whether the risk from exposure is less, or greater than the advantage of the municipal protection. Thus the risk is no longer to be judged by itself alone, but in connection with others surrounding it.

Let us now turn from what may be called the outside to the inside hazard of the risk, and it is curious to note, that while a non-hazardous class may become hazardous, from exposure, the risk of a special hazard can be so improved by inside methods as to reduce the rate to a non-hazardous point. We