

FINANCE AND INSURANCE

THE dispute over fire insurance rates in Ottawa is likely to reach a satisfactory settlement as a result of the decision of the Canadian Fire Underwriters' Association, in Montreal, October 9 and 10, when it was decided to remove the surcharge of 25c. under certain conditions. The underwriters placed this surcharge on account of the extra hazard in Ottawa from lumber yards and the defective waterworks system. In consideration of certain improvements the surcharge will be reduced 10c. after December 1, the remainder to be taken off when the big conflagration hazard is entirely removed.

THE branch at Ottawa of the Toronto General Trusts Corporation is now fairly in the field, and with a strong and representative advisory board and Mr. H. W. Chamberlin as manager, a successful career is predicted for the new venture in that section. The Toronto General Trusts Corporation has now a capital and reserve of over one million and a quarter, and with upwards of \$25,000,000 under its care, will be an important factor in the money loaning business in its new field of operations.

"COTTON companies are doing well. Of course they would do better if they had protection. Canadian Colored Cotton at 40, pays 10 per cent. on the investment. Surely there should be a big chance in buying it with hardly any risk. One buying Dominion Cotton at 32 should double his money in a year or two. This may seem a long time, but it may be sooner." The above is an extract from a recent interview with Mr. Rudolph Forget, of L. J. Forget & Co., Montreal, one of the most influential brokers and best-known financiers in Canada. Mr. Forget also speaks enthusiastically of the opportunities for investment in Canadian industrial and railway stocks. While it is gratifying to hear Mr. Forget speak so encouragingly, the fact nevertheless remains that the present indications on the stock market do not point to a boom, and the squeezing to which Canadian investors have been subjected in the last few months has bred more or less distrust in "good things."

ONE of the most interesting developments of the month was the proposal for the re-organization of The Canada Cycle & Motor Co. by cancelling \$3,000,000 common stock and reducing 30,000 preference shares from \$100 to \$20 each, par value. The preference shares were then to become shares without preference or priority and 5,000 of them were to be retained in the treasury. The discussion of this proposal, which was to have taken place at the annual meeting of the company on the afternoon of October 29, was prevented by the issuance of an injunction at the instance of the executors of the estate of Henry McGill to prevent a vote being taken on the matter of reducing the capital until Thursday, November 5, and until a motion then to be made to continue the injunction be disposed of. At the meeting the situation was explained and an adjournment made for six weeks. The annual statement would have shown a net profit for the year of \$29,344.90.

CANADA PERMANENT MORTGAGE CORPORATION.

THE Canada Permanent Mortgage Corporation, one of the leading Canadian financial institutions, has a paid up capital of \$6,000,000, which is equalled only by that of three of the largest Canadian banks. It has a reserve fund of \$1,600,000, and its invested funds amount to \$23,600,000. That the management are justified in taking credit for the virtue of stability is evident from the last statement. Less than \$2,000,000 (not quite eight per cent. of its total investments) represents the corporation's entire interest in bonds and stocks, all of which are assured dividend payers. Of this \$1,505,345 represents advances on stocks and bonds. The company does not itself own any stocks or bonds, with the exception of municipal debentures to the extent of \$118,120. The remainder of its assets, amounting to more than \$21,000,000, are made up of mortgages on real estate, cash on hand, and the corporation's office premises. It also issues four per cent. debentures which are a legal investment for trust funds, authorized by act of the Legislature, (a favorite investment of both fire and life assurance companies, for deposit with the Canadian Government). The depositors and debenture holders have an equal first claim on the entire assets of the corporation, including \$7,600,000 of actual paid up capital and surplus. By the terms of its act the Canada Permanent's investments in bonds and stocks cannot at any time exceed 75 per cent of its paid up capital. It must, therefore, have the entire amount of its borrowed capital (deposits and debentures) as well as 25 per cent. of its shareholders' capital, invested in mortgages upon real estate. In the selection of the latter there is brought to bear the very best experience available in Canada.

SHRINKAGE OF INVESTMENT SECURITIES.

THE shrinkage of securities which has wrought such havoc in financial circles these recent months has been the subject of innumerable editorials, articles and explanations. Everyone is now ready to explain how it happened, although there is not the same unanimity in deciding on what is to be the outcome.

The explanation which is most popularly received and which has a large groundwork of fact, is overcapitalization.

Confined to some of the new industrials little fault can be found with this explanation. At the height of the boom, enterprises were launched with a recklessness engendered of the gambling spirit. Capital stock was limited only by the receptivity of the investing or rather speculating public. Naturally the reaction came with the shrinkage which has been so much deplored, but which, under the circumstances, could not but have come.

Some other explanation, however, must be sought for the shrinkage during the Summer months of railroad securities of established credit, which have suffered, if not altogether so severely, yet almost as generally. It has been suggested that large blocks of these "gilt edged" securities were held in reserve by bankers and syndicates who were loaded up with industrials. When the slump came in the market and the investing public withdrew, the