Canadian gains not only a splendid class of wealthy solid shareholders, but a tangible available asset, besides a business, a place to do it in, a capable management, and best of all an interested, co-operating, influential, body of insurers, giving the Royal Canadian a hold upon the Maritime Provinces, that to commence at the bottom could not be attained if ever in a quarter of a century.

How to bring the transfer about is the question. A bonus will be asked, and I think it is worth a bonus, but think ten per cent nearer the value than twenty-five per cent.

We should make the best possible bargain. The gentlemen referred to know the hazard stockholders in a purely local office run, and no doubt believe in my statement that it would be a safer situation for them to be holders of one million dollars of subscribed shares in the Royal Canadian, than holders of two hundred thousand dollars in the Nova Scotia Mutual to say nothing about bonus, even, hence we may be able to have a fair bargain, and jointly conclude an arrangement mutually satisfactory. I shall await further instructions. Should you consider the scheme a valuable one, a proper competent person, or persons, should come on here fully authorized to proceed further with details.

I feel that I have well earned my commission in opening up the way in this large handsome transaction, but will stay here and render any assistance required so that the Royal Canadian shall soon be a *stern, reliable, enduring* fact. Please delay a reply no longer than you can help. I have not called upon Tobin, nor Cochrane.

I remain very truly,

S. PEDLAR.

After mailing the above letter, the following telegram was received :—

Montreal, July 14, 1873.

To S. Pedlar, Esq.,

Halifax.

" At present cannot act till new Board is elected. Write me fully on subject.

(Signed,) JOHN YOUNG.

On receipt of this, the Plaintiff sent the following telegram :

Halifax, July 14, 1873.

To the Hon. John Young,

Montreal.

Have written. I start early for Montreal to explain matters.

(Signed,) S. PEDLAR.

Before leaving for Montreal, Mr. Duffus, the President of the Nova Scotia Mutual, had addressed the Plaintiff the following letter which may be said to form the basis of the negociations which finally resulted in an agreement of amalgamation.

Halifax, July 14, 1873.

Mr. S. Pedlar,

Halifax Hotel.

Dear Sir,

In reference to the communication with you, respecting the Royal Canadian insurance Co., I communicated the spirit of the same to my Co-Directors. They would be prepared to recommend the acceptance of say \$50,000 in stock in the Royal Canadian Co., to the Shareholders of the Nova Scotia Mutual Fire Insurance Co., provided they can sell to the Royal Canadian Co., at a fair price the good-will of the Nova Scotia Mutual Co. I may say that I do not consider the price named by me \$25,000 at all excessive, considering the present position of the Nova Scotia Mutual Co., as the business could be very much increased from October to January, 1874, if amalgamated with a Company of large capital.

Yours respectfully,

JAMES B. DUFFUS,

President N. S. M.

Montreal was reached in due time, and at an interview with the Directors, the project was considered to be of so much importance that no time should be lost in having it accomplished, and Mr Young, the Provisional President of the Company, Defendant, was instructed to proceed without delay to Halifax with the Plaintiff to secure this end.

Halifax was reached, and at a conference of the Directors of the Nova Scotia Mutual Fire Insurance Company, Mr. Young and the Plaintiff, an agreement was duly entered into as follows :—

Agreement.

Memorandum of Agreement entered into between the Nova Scotia Mutual Fire Insurance Company on the one hand, and the Royal Canadian Insurance Company of Montreal, on the other hand.

That is to say, that in a conference held on the twenty-fifth day of July, 1873, of the Directors of the Nova Scotia Mutual Fire Insurance Company, and the Hon. John Young, M. P., the President of the Royal Canadian Insurance Company of Montreal, it was agreed :

That it would be mutually advantageous that the Nova Scotia Mutual Fire Insurance Company should be merged into the Royal Canadian Insurance Company of Montreal, on the following conditions :

1st. That the risks now remaining of the Nova Scotia Mutual Fire Insurance Company, amounting to the sum of about one million five hundred thousand dollars, should be assumed by the Royal Canadian Insurance Company, and that the Premiums which have been received from these risks (lists of which both of the risks and premiums to be made out) should be equally divided between both companies. The amount received being \$11,500, one half to be kept by the Nova Scotia Mutual Fire Insurance Company, and the other half being paid over to the Royal Canadian Insurance Company, they take the risks for the fifty per cent of the Premiums of covering all losses from the Policies issued up to this time by the Nova Scotia Mutual.

2nd. The shareholders of the Nova Scotia Mutual Fire Insurance Company, agree to subscribe stock in the Royal Canadian Insurance Company of Montreal to the extent of five hundred thousand dollars, with liberty to subscribe seven hundred and fifty thousand or one million dollars, and to pay over ten per cent of the said stock to the Directors of the Royal Canadian, or in other words (\$50,000) fifty thousand on the five hundred thousand, and in proportion for a larger amount.

3rd. For the goodwill of the business surrendered by the Nova Scotia Mutual, to the Royal Canadian, it is agreed that at the end of the twelve months, from the date of the subscription of the stock, the Royal Canadian Insurance Company agree to pay over to the original shareholders of the Nova Scotia Mutual Fire Insurance Company, one per cent on all stock subscribed up to the extent of one million dollars, but not for a less amount than five hundred thousand dollars.

4th. It is agreed that the business of the Nova Scotia Mutual Fire Insurance Company shall be