

Sun Life Assurance Co. OF CANADA.

Evidence Before Commission Emphasizes Its Strong Position and Conservative Methods.

About \$2,000,000 Better Off Than It Claimed To Be

COMMENTS BY THE COMPANY

As some time may elapse before the companies will be heard before the Insurance Commission, the managers of the Sun Life Assurance Company desire to refer briefly to points regarding that office which have been brought out in the examination of the officers of the Insurance Department.

INVESTMENTS OUTSIDE OF CANADA.

In 1903 and 1904 extended negotiations took place between the Finance Minister, the superintendent of Insurance and the United Canadian companies, with regard to extension of their investment powers. The minister expressed his willingness to eliminate the restrictions on the amount of investments outside of Canada, if certain other changes were made, and it was fully believed that a bill to this effect would be introduced by the Government in the session of 1904. For reasons brought out before the Commission, however, this bill was postponed from time to time, and has even now not been brought forward. Acting on the belief that the law was about to be changed, the Sun Company increased its American holdings. This, of course, it should not have done, although under the circumstances it perhaps was slightly excusable. When the session passed without the expected bill being brought in, the company wrote to the Minister of Finance, expressing its regret, and frankly stating that it had been led into increasing its American holdings in view of the expected amendment. The officers told the superintendent that they would endeavor to reduce the excess of American securities, although this would probably result in their having a large amount of uninvested funds on hand, as Canadian securities are thoroughly scarce, and at the same time profitable, are somewhat scarce. How the company fulfilled its promise may be seen from the following figures given in its evidence by Mr. Fitzgerald.

Dec. 31, 1904, excess of foreign investments over legal limit, \$467,100.

Dec. 31, 1905, margin within legal limit for foreign investments, \$112,087.

Cash in banks Dec. 31, 1903, \$145,000.

Cash in banks Dec. 31, 1904, \$424,000.

Cash in banks Dec. 31, 1905, \$99,000.

SECURITIES.

WRITTEN DOWN.

The company has been so remarkably successful with its investments of recent years that we have felt that it can afford to be unusually conservative. We have always considered it our duty to make as good terms as possible when purchasing securities, and in this way, besides making handsome cash profits, have obtained large amounts of bonus stocks. At the end of 1904 some of these had become sufficiently valuable to justify us in placing them in our published list of assets. We were thus in a position to increase both our published assets and surplus by large amounts. The question arose whether we should not take a conservative course, and while transferring some of the new securities from the inactive or contingent list to the published list, at the same time transfer from the published list to the inactive list some other securities not bad, were yet not really edged. In other words, instead of taking credit for the entire amount of these new securities, as an addition to our assets, we proposed to use them in part to write down some other securities by merely substituting the new assets for the old to that extent in the published list. This was beyond question a prudent and conservative course, and its effect was to reduce our published surplus by at least \$300,000, because what we could have claimed had we acted otherwise. The criticisms which have appeared in this connection upon the evidence as brought out by the Commission, are due to an entire misconception. The course followed was merely in keeping with our ambition to be at all times better than we actually claimed to be.

From the fact that the securities named were "written down," or rather, transferred to the inactive list, it must not be supposed that they had debts. On the contrary, arrangements have already been made to sell about two-thirds of the entire amount at prices which will save the company from any loss whatever. Mr. Blackadar distinctly stated in his evidence that these securities were not necessarily bad debts at all.

But in any case there is nothing new in all this. To refer to it as a "disclosure" brought out by the Commission is an error. The facts, which, along with the evidence, have been made open to the public. Anyone who turns to the Insurance Blue Book for 1904 will find on page 259, in the company's annual statement, under the heading of "Synopsis of Ledger Accounts," the whole transaction clearly set forth in unmistakable language.

SUPPOSED SALE OF ILLINOIS TRACTION STOCK TO DIRECTORS.

This is a mare's nest. There was no such sale as supposed at all. The facts are as follows: In December, 1904, the company had an opportunity to buy \$500,000 of this stock on very favorable terms. The proceeds to be paid in very large amount of the same stock. It was not desirable to materially increase its holding, even though the terms were attractive. Some of the directors had expressed a desire to take a portion of the stock on pre-

cisely the same terms as the company, and it was understood that the directors were not to hold, however, the transaction was about to be completed, and the company took up not merely its own share, but those of the directors. This was on Dec. 21, 1904. This error was discovered with a few days and was immediately corrected by the directors taking from the company their shares, and merely reversing the entries. This was not a sale, but a mere correction of an error, which had inadvertently been made a few days previously. It did not involve any question of either profit or loss to the company. These facts are not disputed, but on the contrary, were clearly stated by Mr. Blackadar in his evidence. No injury has been merely parted with some of the stock instead thereof for that time. Absolutely no change whatever took place during those days in the value of the stock. As far as known, not one share of stock had been sold in the interval, and no development of any kind had occurred. Of the \$500,000 of stock \$223,100 was taken by the directors and \$276,900 remained with the company. In extension of this error, it should be remembered that it happened on December 31, when the staff were more busy than on any other day of the year. We emphatically reiterate that the entry was a mere correction of a mistake, and nothing else, and that the directors derived absolutely no advantage beyond what they took up their stock ten days previously, as intended.

It must also be remembered that just at that time the company was being criticised by the Insurance Department for holding too large an amount in American securities, and for endeavoring to reduce the volume of such holdings in order to comply with the law.

INACTIVE ASSETS.

We have been reproached with having "silent assets," or bonus stocks. We certainly have them and are very proud of having them, and our policy also should be remarkably well satisfied that we have them. Their possession, merely shows that we occupy a vastly stronger position than we have publicly claimed.

While these inactive assets have not been advertised or included in our published list, no secret has been made of their existence, and Mr. Blackadar testified that certain lists had been furnished to him both last year and this year, and that these securities had been checked exactly as the other securities of the company. His published statements of these securities which had been furnished by the company to the department, he admitted that to the extent of their value the company was that much better off than it claimed to be, and that a valuation of this contingent fund made for the department by the company in November last amounted to \$1,968,000. The par value of the securities exceeds \$5,000,000.

STRENGTH OF THE COMPANY.

In the year 1905 the profit made by the company from all sources amounted to \$1,344,371.89. Of this amount, \$190,541 was paid to policyholders whose policies were entitled to participation in that year. Of the balance, \$816,541 was set aside to complete the placing of all reserves on the three and half per cent. basis, and \$351,292.50 was added to the published surplus, bringing the total surplus, including capital stock, even on this severe standard of valuation. The evidence before the Commission has now brought out that even these figures, splendid though they are, tell but part of the story, for the company is really about two million dollars better off than even it claimed to be.

This highly prosperous condition has already benefited our policyholders, both as regards security and profitability. The large surplus makes the company one of the most powerful financial corporations on the continent in proportion to its size, and when to this we add the two millions of insurance to the two millions of insurance, the company has been able to make the change to the three and half per cent. basis with comparatively little hardship to the policyholders. The total amount which has been set aside for the increase of its reserves on old policies since the passing of the act of 1899 has been \$1,186,114.1, and less than one-sixth of this amount has been raised by reduction of the profits of policyholders, more than five-sixths having been obtained from profits on the company's investments. Moreover, the basis for the distribution of cash profits in 1905 was higher than for 1904, and that for 1906 is its turn higher than for 1905, so that the profits being paid are already back on a highly satisfactory basis, even after complying with the change in the law, while the present position of the company warrants some enthusiasm as to what the future profits will probably be.

The management consider that the facts brought out before the Commission, when understood, reflect the highest credit upon the company, and are the subject of legitimate pride. The public has not revealed greater strength and very conservative methods.

HARVEST OF THE CANADIAN SEAS

Fisheries of the Dominion Produced Over \$23,000,000 Last Year.

Ottawa, March 27.—The annual report of the fisheries branch of the Department of Marine and Fisheries, gives a great deal of interesting information bearing on this important branch of Canadian industry. Col. Gourdeau, the Deputy Minister, in his report states that the total value of the fish caught and the fish products of Canada in 1904 was \$23,516,000. With one exception, in 1901, when a phenomenal catch of salmon in British Columbia swelled the total value of that year's fisheries beyond \$25,000,000, this is the largest aggregate on record. The improvement has been general, as with the exception of mackerel and cod, the other principal kinds of fish show fair increases over the previous season.

The Harvest of the Sea

The value of the fish catches by provinces is as follows:—Nova Scotia, \$2,389,000; British Columbia, \$2,219,107; New Brunswick, \$4,671,984; Ontario, \$1,702,229; Quebec, \$1,251,207; Manitoba, \$1,766,977; and Prince Edward Island, \$1,077,546.

These figures as compared with those of the previous year show the following increases: British Columbia, \$476,742; New Brunswick, \$484,245; Ontario, \$258,855; Manitoba and the Northwest Territories, \$238,312. The decreases were: Nova Scotia, \$554,503; Quebec, \$460,335; Prince Edward Island, \$21,504. The large decrease in Nova Scotia is attributed to the failure of the mackerel fisheries, and that of Quebec to the shortage in the cod industry.

The following varieties of fish contributed more than a million dollars each to the general result: Salmon, \$2,389,000; lobsters, \$2,219,107; cod, \$4,671,984; herring, \$2,219,107; whitefish, \$1,077,546. The value of sardines was \$390,441, and oysters \$155,516. The much prized eels are at the foot of the list, but this branch of fishery industry yielded \$12,414.

The Army of Fishers

During the year not less than 75,345 men were engaged in the Canadian fisheries, not including the numerous employees of the lobster industry. These fishermen used 6,233,333 fathoms of gill nets and seines, besides other fishing gear and fixtures, valued at \$1,251,207. The value of the catch, aggregating capital of \$12,516,000, was \$23,516,000, which shows an advance of \$100,000 over the harvested capital of the previous season.

The Salmon Industry

In the salmon industry of British Columbia the quantity of fish caught was less than during the previous season, having a few canneries closed in operation, yet taking into consideration the development of other branches of this industry, as dry salted salmon prepared for the oriental trade, for instance, which has more than doubled the aggregate value of all kinds of salmon in British Columbia waters over the previous year. The capital invested in the canning industry alone amounts to \$1,251,207, and the total yield of all kinds of salmon in that Province is computed at \$1,352,782.

Only 22 vessels of the sailing fleet were hunting during the season, using 60 boats and 161 canoes, manned by 212 white men and 332 Indians. The result of this hunt was 14,646 fur seals, valued at \$219,690.

The report says that the revival of the valuable whaling industry, which was at one time actively pursued from the Gulf of St. Lawrence, is a feature of great moment in the maritime industries of the Dominion.

STOESSSEL SNUBBED

Port Arthur's Defender Ostracised by Russian Society.

St. Petersburg, March 27.—General Stoessel, who succeeded Port Arthur to the Japanese, is being ostracised by the official and military sets—the most powerful in Russian society. The members of the family are boycotted, and he dare not show himself in any of the clubs of which he is a nominal member. His applications for an audience of the Czar has always met with a refusal. He was informed on one occasion that the Czar would not receive the betrayer of his country. The anxieties of the siege have left the general in very bad health, and the boycott has made his so despondent that he has threatened to commit suicide. It is likely that the Stoessel family will remove to some quiet spot in Southern Europe, where the defender of Port Arthur may forget his troubles and recover his health.

Gold Ring for Athlete.

Port Dalhousie, March 27.—James McGinnis, the star right wing of the Berlin senior O. H. A. team, now visiting his former home here, was presented with a gold ring at a banquet held at the Austin House here last night by his friends and hockey admirers.

IRISH LEGISLATION IS POSTPONED

Bannerman Will First Tackle Educational and Labor Problems.

London, March 27.—It has practically been determined not to attempt to introduce a larger programme for Irish legislation during the present session of Parliament, but it is expected the Government will introduce legislation for Ireland early in the next session.

Sir Anthony Patrick Macdonnell, under secretary to Lord Lieutenant of Ireland, who obtained fame last year owing to his advocacy of the so-called "devolution" plan, is engaged in formulating a reform scheme. The features of the plan are closely guarded within the ministry, and it is expected that months will elapse before the ministers will engage in a formal conference on all the subject with the Irish Nationalists.

The leaders of the Government are anxious to dispose of the education and labor legislation this session, regarding the difficulties ahead of those problems, and they are determined to keep the Irish question in the background in order to escape an additional complication in the general political situation.

It is believed that the Government's Irish programme, when completed, will prove exceedingly liberal and possibly include an assembly to sit in Dublin.

In the meantime the Irish Nationalists generally maintain their attitude of friendliness toward the ministry while awaiting the revelation of its definite programme.

The so-called "devolution" plan for the improvement of the Government of Ireland stops short of Home Rule, but turns the Government of Ireland over to the Irish, a great extent.

It is based on principles of committing large administrative powers to a financial council, partly elected and partly nominated by the various county councils throughout Ireland, which shall sit at Dublin.

MONTREAL OBJECTS

Opposes Lord's Day Measure Now Before the Commons.

Montreal, March 27.—The Montreal City Council yesterday unanimously adopted a hostile resolution to the bill for observance measure, and both Protestants and Catholics were most outspoken in the condemnation of the bill. The resolution was made by Ald. Mucier, and seconded by Ald. Sadler, who represents the banner Protestant ward of the city. Mayor Eckers also spoke approvingly of the resolution, which registered council's objection to the adoption of such a law, and requests the Government "not to form any legislation whose effect would be to prevent on Sunday the running of street cars and trains, excursions by boat or railway, the opening of public parks, provided that no spiritual liquors be sold thereat, and whose effect generally would tend to deprive the citizens of Montreal of the means of healthy and moral recreation."

Need Big Fleet.

Berlin, March 27.—During the debate on the naval bill in the Reichstag today, Herr Spahn, formerly vice-president of the Reichstag, said Germany had to reckon on the fleets of France and Great Britain being arrayed against Germany's increasing fleet, adding:

"We hope for and must attain this point that the enemy will have to consider whether it is wise to attack Germany or not. It is impossible to have a colonial policy unless supported by a fleet."

Cord Playing Barred.

Montreal, March 27.—Rev. Dr. William I. Shaw, principal of the Wesleyan Theological College, is of the opinion that any attempt to amend the church laws as to recognize card playing and dancing will be defeated at the forthcoming meeting of the general conference, which convenes in this city in September next. Dr. Shaw maintains that a clear two-thirds majority is against any change in these respects, and that the question will come up in the form of a motion, which, without discussion, will be defeated.

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A GUIDE FOR TRAVELERS

GRAND TRUNK RAILWAY.

(Corrected to date)

MAIN LINE-SARNIA TUNNEL TO SUSPENSION BRIDGE AND TORONTO.

Arrive from the east—4 a.m., 10:45 a.m., 11:15 a.m., 11:20 a.m., 6:35 p.m., 7:43 p.m., 10 p.m.

Arrive from the west—12:15 a.m., 12:20 a.m., 11:10 a.m., 1:25 p.m., 4:10 p.m., 6:25 p.m.

Depart for the east—12:20 a.m., 3:25 a.m., 8:10 a.m., 11:20 a.m., 2:05 p.m., 4:25 p.m., 6:55 p.m. (Eastern Flyer).

The trains leaving at 8:10 a.m. and 2:05 p.m. stop at all stations. The 8:10 a.m. local and the 11:20 a.m. and 4:25 p.m. expresses have through coach for Toronto. The Eastern Flyer at 5:55 p.m. stops only at Ingersoll, Woodstock, Brantford and Hamilton, and goes to Toronto.

Depart for the west—4:15 a.m., 7:40 a.m., 11:10 a.m., 11:32 a.m., 1:55 p.m., 8 p.m.

7:40 a.m. and the 1:55 p.m. trains stop at all stations. The 4:15 a.m., 11:32 a.m. and 8 p.m. express run through to Chicago without change. The 11:10 a.m. express amalgamates with the 11:32 express at Port Huron.

LONDON AND WINDSOR.

Arrive—10:40 a.m., 4 p.m., 6:50 p.m. Eastern Flyer, stops only at Chatham and Glencoe, and 11 p.m.

Depart—6:35 a.m., 11:25 a.m., 2:20 p.m. International Limited 7:50 p.m., stops only at Glencoe and Chatham.

STRATFORD BRANCH.

Arrive—10:40 a.m., 10:55 a.m., 1:20 p.m., 6:35 p.m., 10:55 p.m. Depart—6:20 a.m., 10:45 a.m., 2:54 p.m., 5 p.m.

LONDON, HURON AND BRUCE.

Arrive—9:45 a.m., 6:10 p.m. Depart—8:15 a.m., 4:50 p.m. Trains marked thus run daily.

Those not so marked run daily except Sunday.

CANADIAN PACIFIC RAILWAY.

Arrive—From the east—11:30 a.m., 1 p.m., 11:30 p.m. From the west—5 a.m., 8:35 a.m., 5:20 p.m.

Depart—For the east—5:05 a.m., 8:4 a.m., 5:28 p.m. For the west—11:33 a.m., 8:10 p.m., 11:35 p.m.

*From Chatham only. **Runs only to Chatham.

NICHICAN CENTRAL RAILWAY.

Arrive—6:55 a.m., 11:10 a.m., 6:10 p.m., 9:45 p.m. Depart—7:15 a.m., 2:20 p.m., 5:30 p.m., 10:25 p.m.

FERE MARQUETTE RAILWAY.

Arrive—6:45 a.m., 12:15 p.m., 2 p.m., 4:45 p.m., 10 p.m. *From Walkerville. **Depart—5:45 a.m., 9:45 a.m., 2:30 p.m., 4 p.m., 8:40 p.m.

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