

THE CANADIAN BANK OF COMMERCE

Paid-up Capital, \$10,000,000. Reserve Fund, \$4,500,000

HEAD OFFICE, TORONTO

B. E. WALKER, General Manager ALEX. LAIRD, Asst. Gen'l Manager

BRANCHES THROUGHOUT CANADA, AND IN THE UNITED STATES AND ENGLAND

A GENERAL BANKING BUSINESS TRANSACTED

FARMERS' BANKING

Every facility afforded Farmers for their banking business. Sales Notes cashed or taken for collection.

BANKING BY MAIL.—Deposits may be made or withdrawn by mail. Out-of-town accounts receive every attention.

advance in the market for live hogs. At the same time there does not appear to have been any actual advance in prices, fresh-killed abattoir being quoted at 9 1/2c. to 10 1/4c., and country-dressed at 8 1/2c. to 9 1/4c. or 9 1/2c. Hams are in good demand, and prices are 13c. for extra large, weighing 25 lbs., and upwards; 13 1/2c. for large, 18 to 25 lbs.; 14c. for medium, 12 to 18 lbs., and 14 1/2c. for extra small sizes, 8 to 12 lbs. Bacon is also in active demand, prices being now 15c. to 16c. for smoked choice, and 12c. for green. Barrel pork is firm, and selling well at \$20 to \$22.50.

Potatoes—Carloads, on track, are selling at 60c. to 65c. per 90 lbs., and dealers are selling in broken lots at 70c. to 75c., and occasionally at 80c. for choice stock, in bags of 90 lbs., delivered into store.

Seeds—Prices for red clover show a decline of about 25c., dealers paying now \$7.25 to \$7.75 per bushel of 60 lbs., country points, alsike being \$4.50 to \$6.75. Timothy is steady, at \$2.75 to \$3.75 per 100 lbs., and is still arriving in fair quantities. Flaxseed is \$1.20 per bushel, Montreal.

Grain—The market for oats has advanced. The firm tone has been im-

parted by the news that export orders are now being worked from Ontario points. Locally, however, quotations are

unchanged at 37 1/2c. to 38c. for No. 4, store; 38 1/2c. to 39c. for No. 3, and 39 1/2c. to 40c. for No. 2. Manitoba wheat is

still quoted at 90c. for No. 1 northern, store. Ontario white wheat is now quoted at 84 1/2c. store.

Hides—The quality of the beef hides shows considerable improvement of late. Prices continue at 11c., 10c. and 9c. per lb., for Nos. 1, 2 and 3, respectively, tanners being charged an advance of 1/2c. on these prices. Sheep skins are now \$1.15 to \$1.20 each, and clips, 10c. each, the difference being made up in the value of the wool. Lamb skins, young, are 10c. each. Calf skins are 13c. per lb. for No. 1, and 11c. for No. 2. Horse hides are steady at \$2 each for No. 1, and \$1.50 for No. 2. Tallow is 4 1/2c. per lb. for rendered, and 1 1/2c. to 2 1/2c. for rough.

Feed—Prices are steady at \$19 to \$20 per ton for bran, and \$21 for shorts, in bags.

British Cattle Market.

London.—Cattle are quoted at 11c. to 12c. per lb.; refrigerator beef, 9c. per lb.; sheep, dressed, 15c. to 16c. per lb.; lambs, 17c., dressed weight.

The Union Stock-yards, Toronto Junction, will, hereafter, have two markets weekly—on Monday and Thursday.

SUN LIFE ASSURANCE CO. OF CANADA.

Evidence Before Commission Emphasizes Its Strong Position and Conservative Methods.

About Two Million Dollars 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 on, 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 loyally 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 that are thoroughly safe, and at the same time profitable, are somewhat scarce. How the company fulfilled its promise may be seen from the following figures, given in his evidence by Mr. Fitzgerald:

Dec. 31, 1904, excess of foreign investments over legal limit	\$467,109
Dec. 31, 1905, margin within legal limit, 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	950,000

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 to the inactive list some others, which, while not bad, were yet not really gilt-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 below 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 are bad 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 have all along been open to the public. Any one who turns to the Insurance Blue Book, for 1904, will find, on page 369, 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 FRACTION 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 \$580,000 of this stock on very favorable terms, the proceeds to be paid in bonds. The company already owned a very large amount of this same stock, and 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 precisely the same terms as the company, and it was understood that the block would be divided. By error, however, the directors were not told when 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. 31, 1904. The error was discovered within 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. The facts are not disputed, but on the contrary, were clearly stated by Mr. Blackadar in his evidence. No injury whatever accrued to the company, which had merely parted with some of its bonds for a few days, holding 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 \$580,000 of stock, \$223,100 was taken by the directors, and \$356,900 remained with the company. In extenuation of this error, it should be remembered that it happened on Dec. 31, when the staff are 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 would have received had they taken 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 was 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-holders also should be remarkably well satisfied that we have them. Their possession merely shows that we occupy a vastly stronger position than we have ever publicly claimed.

While these inactive assets have not been advertised or included in our published lists, no secret has been made of their existence, and Mr. Blackadar testi-

fied that detailed 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. He produced 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 \$1,341,371.80. Of this amount, \$166,541 was paid to policy-holders, whose policies were entitled to participation in that year. Of the balance, \$616,541 was set aside to complete the placing of all reserves on the three-and-a-half-per-cent. basis, and \$561,252.50 was added to the published surplus, bringing the total surplus claimed up to \$1,735,698.59, over all liabilities and 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 policy-holders, both as regards security and profitableness. 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 inactive securities, it is seen to be a veritable tower of strength. In regard to profitableness, the company has been able to make the change to the three-and-a-half-per-cent. basis with comparatively little hardship to the policy-holders. 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 \$1,186,111.41, and less than one-sixth of this amount has been raised by reduction of the profits of policy-holders, 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 in 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 strong 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 probing into the affairs of the Sun Life has but revealed greater strength and very conservative methods.