

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 29th November, 1919,	\$ 1,096,418.74
Profits for the year, after deducting charges of management and all other expenses, accrued interest on deposits, full provision for all bad and doubtful debts and rebate of interest on unmatured bills	4,253,649.24
	\$ 5,350,067.98

APPROPRIATED AS FOLLOWS:

Dividends Nos. 130, 131, 132 and 133 at 12 per cent. per annum	\$ 2,152,159.11
Bonus of 2 per cent. to Shareholders	402,680.20
Transferred to Officers' Pension Fund	100,000.00
Written off Bank Premises Account	400,000.00
War Tax on Bank Note Circulation	180,295.47
Transferred to Reserve Fund	1,567,005.00
Balance of Profit and Loss carried forward	546,928.20
	\$ 5,350,067.98

RESERVE FUND

Balance at Credit, 29th November, 1919	\$ 17,000,000.00
Premium on New Capital Stock	1,567,005.00
Transferred from Profit and Loss Account	1,567,005.00
	\$ 20,134,010.00

H. S. HOLT,
President
Montreal, 18th December, 1920

EDSON L. PEASE,
Managing Director

C. E. NEMUL,
General Manager

Weakness of Reciprocal Insurance

The collapse of the National Merchants & Manufacturers Exchange of Chicago again shows the inefficiency of a system which authorizes an attorney-in-fact to involve property owners in heavy obligations, and should be a warning to those who are thinking of buying the so called "protection" offered by all manner of reciprocal insurers who are coming into Canada from time to time.

The Gilkeson-Davis Underwriting Co. was attorney-in-fact for the N. M. & M., which is now in the hands of George J. Kuebler, insurance attorney, who has been appointed receiver. The concern has unpaid losses of nearly \$50,000, together with numerous expense claims. It had been in trouble for some time, and in August, 1919, levied an assessment of 100% on all its policyholders to meet unpaid losses. The situation became worse when a large number did not pay the assessment. The amount received was not sufficient to pay the accrued losses, and meanwhile numerous other losses were coming in.

Suits were begun against the non-payers, when it was discovered that many of them had not been required to sign a written power-of-attorney, and held that they were therefore not liable under the inter-insurance system; moreover others had been given a guarantee by the attorney-in-fact that they would not be held liable for assessment.

The most important point is the absence of a written power-of-attorney, which is the sole basis for exchange of indemnity between members of a reciprocal. The receiver holds that if these members are not liable for assessments the reciprocal is not liable for any losses they have sustained. He insists, however, that they are liable

under the policy contract regardless of the absence of a power-of-attorney and are obliged to pay their pro rata share of all obligations incurred by the reciprocal. In short either way you regard it some of policyholders are bound to lose a great deal of money.

The failure has caused quite a panic in the reciprocal field because of the numerous contingent liabilities that were shown to exist after the concern was placed in the hands of the receiver.

One of the most telling arguments brought out against incorporated insurance institutions of this kind is the contingent liability of subscribers and the dangers lurking in their relationship to an exchange of which they know nothing.

TRAFFIC RETURNS**Canadian Pacific Railway**

Year to date	1918	1919	1920	Increase
Nov. 30	\$138,420,000	\$156,400,000	\$192,334,000	\$35,934,000
Week ending	1918	1919	1920	Increase
Dec. 7	\$3,480,000	\$3,797,000	\$5,215,000	\$1,418,000
Dec. 14	3,935,000	5,179,000	1,244,000	
Dec. 21	3,715,000	4,484,000	769,000	

Grand Trunk Railway

Year to date	1918	1919	1920	Increase
Nov. 30	\$68,128,850	\$80,683,227	\$12,754,377	
Week ending	1918	1919	1920	Increase
Dec. 7	1,832,822	2,441,218	608,436	

Canadian National Railways

Year to date	1918	1919	1920	Increase
Nov. 30	\$72,809,715	\$85,134,039	\$98,985,159	\$13,850,920
Week ending	1918	1919	1920	Increase
Dec. 7	\$1,714,173	\$2,050,134	\$2,678,306	\$628,172
Dec. 14	1,896,694	2,550,249	651,555	
Dec. 21	1,982,080	2,600,174	618,094	