

**CANADIAN INSURANCE CONTRACTS NOT
SCRAPS OF PAPER.**

The decision of Mr. Justice Allard in the Montreal Superior Court in the case involving the validity of the contracts entered into in the United States by the defunct Montreal-Canada Fire Insurance Company is a decidedly welcome one from the standpoint of the interests of the Canadian fire insurance business as a whole, whatever the niceties of the-law may be. As regards the latter, Judge Allard appears to have fortified his position strongly by reference to precedent and the logical reading of the Company's act of incorporation. However, that may be, it seems extremely desirable from other than the legal point of view that the decision should stand. The action in question arose out of claims made by United States policyholders of the defunct company upon the liquidators, who felt bound to resist them on the ground that the transactions involving these claims were *ultra vires* the Company. Judge Allard upheld the claims, deciding that an insurance company, acting in virtue of a federal act of incorporation, can make contracts of valid effect beyond the boundaries of the Dominion, if there is no restrictive clause in the act of incorporation itself, and if the contracts are not in contravention of the law of the country in which they are made. In the Montreal-Canada's Dominion act of incorporation, there was no specific restriction of business to the Dominion, hence the claims arising out of the transaction of business in the United States must be met.

While the United States policyholders of the Canadian fire companies regularly entered in the United States are protected by deposits, and those companies are of high standing, a decision in the Canadian courts allowing the legality of the plea of *ultra vires* when losses result from *bona fide* "unlicensed" transactions entered into beyond the boundary line by a Canadian company would almost certainly have had a bad effect. At present Canadian insurance rightly occupies a position of very considerable prestige among our neighbours. Any legal decision, suggesting that policies issued by Canadian companies in the United States, even if unlicensed there, were mere "scraps of paper," would certainly have been unfortunate. It is not altogether pleasant that the liquidators of the Montreal-Canada felt bound to raise this defence. The transactions of the Montreal-Canada outside the Dominion were probably ill-advised, in view of the limited resources of the Company. Once entered into, however, the obligations incurred should be redeemed whatever the consequences. In this case, any loss accruing to Canadian creditors of the defunct company as a result of the additional claims allowed by Judge Allard is of less importance than the emphatic maintenance of the rule that a Canadian insurance company which enters upon obligations in the United States is bound, legally as well as morally, to meet those obligations.

The late Mr. Denis Murphy, of Ottawa, who left an estate valued at nearly two million dollars, carried life insurance of \$90,300.

The Sun Life of Canada and the Canada Life are reported as among the companies participating in the \$2,500,000 insurance recently taken out by Mr. J. P. Morgan.

C.P.R.'s NEW FINANCING.

The new financing announced by the Canadian Pacific Railway in the shape of a collateral trust bond issue is designed to aid Great Britain's financing on this side. The proposed procedure is in brief as follows:—the British Government has mobilised and owns or will own a very large volume of securities of C.P.R. and its controlled and leased lines; the Government will turn these over to the C.P.R. in exchange for such an amount of 20-30 year five per cent. collateral trust bonds of the Canadian Pacific Railway Company in dollar form as will equal, at par, the value on a five per cent. basis of the securities received from the treasury, calculating the pounds sterling at the rate of £21 to \$100. These collateral trust bonds will be issued in New York. Under the proposed arrangement the annual fixed charges of the Company will remain as they are at present, interest on the collateral trust bonds being covered by interest on the securities deposited as collateral. The amount involved may run to nearly \$200,000,000. Shareholders will pass upon the proposal on May 2nd.

The patriotic Boston Standard tells us that "New England hearts are beating steadily these days and are pumping red blood." Well, what do they usually pump?

The total of \$266,748,300 subscribed to the recent War Loan includes \$18,121,000 representing conversions of the 1925 war loan and \$5,983,000 Dominion three-year debenture stock converted. So that the actual new money offered was \$242,644,300.

ESTABLISHED 1873.

The
Standard Bank
of CANADA

QUARTERLY DIVIDEND NOTICE No. 106

NOTICE is hereby given that a Dividend at the rate of THIRTEEN PER CENT. PER ANNUM upon the Capital Stock of this Bank has this day been declared for the quarter ending 30th April, 1917, and that the same will be payable at the Head Office in this City, and at its branches on and after Tuesday, the 1st day of May, 1917, to Shareholders of record of 21st April, 1917.

By Order of the Board,
J. S. LOUDON,
Assistant General Manager.

Toronto, March 22nd, 1917.