

A LIFE COMPANY'S FINANCES.

Editor, Monetary Times;—

SIR,—The report of the Ontario Inspector of Insurance for the year ending December 31st, 1901, shows the financial operations of the People's Life Insurance Company of this city to be, to say the least very peculiar, as the following facts taken from that report will demonstrate.

The total liabilities of the company on the above date, amounted to no less than \$237,149.21. Its assets at the same time amounted to only \$127,906.56, or only about 53 cents on each dollar of the company's liabilities. The liabilities included \$154,450 for debentures issued and sold by the company. See page 9 of Inspector Hunter's last report.

Although the reinsurance reserve liability of the company under its life insurance contracts is supposed to be based on interest earnings of $4\frac{1}{2}$ per cent., such earnings received and to be received by it for the year 1901 were only \$2,152.37, or only about 1 66-100 per cent. on its gross assets of \$127,906.56—not one-half the rate required by law.

The most astonishing financial transactions of the company during its year 1901 were its issuing and selling its debentures to the amount of \$105,850, and its having actually paid out to some one a commission of \$25,585 for selling them. The directors of the company must estimate the value of its promises to pay pretty cheaply to be willing to sell its debentures at such a discount.

Over the names of the Hon. J. R. Stratton and other of its officials, the People's Life Insurance Company is declared to be "purely mutual." Webster's definitions of the word "Mutual" are "Reciprocal acting or related"—"Reciprocally receiving and giving." And as applied to insurance, "The policy-holder sharing losses and profits." These definitions being correct, where and how do the policy-holders of the People's Life Insurance Company stand?

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P. B. OWENS.

Toronto, Dec. 1st, 1902.

[There is certainly room for our correspondent's remarks upon the position of this life company last year, as outlined above. Upon application to the company for an explanation of some of the matters mentioned, and of other features of the 1901 report, in the Blue Book, we are informed as follows: The reason for the issue of debentures to the extent of \$105,000, is that former debentures are replaced by these, and the new ones are postponed for the benefit of the policy-holders; that is to say, the reinsurance reserve takes precedence of the debenture stock in paying off liabilities. Moreover, it is stated that there has been a considerable reduction of debenture liability during the present year; and this, with an increase of assets owing to the writing of \$1,400,000 of new business during 1902, will appear to the credit of the company in the next Ontario Return. The present authorities of the company acknowledge frankly that the People's Life was by no means in good shape, when they took hold of it, but they assert that it is steadily improving its position, and will show very differently at the close of the present calendar year. As to the payment of so heavy a commission on the sale of debenture stock, which has a startling look, it appears to us from the company's explanation that the \$25,000 here called commission would have been more correctly called discount. At any rate it cost that much to place, and the managers consider the transaction was worth its cost. We shall look with interest for the statement in the Return for 1902, showing the company's improved condition.—Ed. Mon. Times].

OUR ST. JOHN LETTER.

The lumber trade of New Brunswick may suffer a severe blow through the extension of the Bangor and Aroostook railway to Fort Kent, at the junction of the St. John and Fish rivers, forty or fifty miles northwest of Grand Falls. Fort Kent is in Maine, on the borders of this province, and the centre of an extensive lumber region. The logs cut in this section, about 30,000,000 feet annually, have been in the past floated down the St. John river to the city of St. John,

and there manufactured into lumber and shipped to the United States, giving employment in river-driving to New Brunswick labor, and in their manufacture at St. John to still more New Brunswick hands, while much of the carrying to the American markets has been in schooners nominally owned in the United States, but in reality the property of St. John shipping men. It is believed that the Bangor and Aroostook road will quote rates which will induce the lumbermen to manufacture this lumber in the big mills that American capital has built at Van Buren and at other points. A further extension of the Bangor and Aroostook to St. Francis is talked of, and if this is made the Americans will get still more of the American lumber. At present there are in St. John a number of large mills owned by Americans, and it may be expected that the owners of these will continue to do business here. The manager of the Bangor & Aroostook, who has been steadily pushing his line into the country served only the Canadian Pacific, and who has diverted from that road much valuable trade, is Mr. F. W. Cram, who was the manager of the New Brunswick railway in this city when the Canadian Pacific took over the line.

This week the New Brunswick Telephone Company, the local organization operating the Bell system, moved into its handsome new exchange in this city, and now St. John has a modern, up-to-date telephone system. The old service was about as unsatisfactory as it is possible to imagine, and the change was not made until after several years of constant grumbling by the patient users of the antiquated system. The telephone in New Brunswick is believed to have been a splendid investment for those interested.

St. John is quite a tea-dealing centre. A half dozen or more leading merchants here are engaged in the business of packing and blending teas and have travellers out vigorously pushing their sale. Considerable energy and capital has been put into the business, and so far as can be judged all are meeting with a fair measure of success. Messrs. Estabrooks and McGaffigan, two of these tea dealers, are having a legal difficulty that is soon to be aired in the courts. Mr. Estabrooks thinks that the name "Tea Rose" tea, adopted by Mr. McGaffigan in his blend, is an infringement of the Estabrooks' name "Red Rose," particularly as each uses a cut of a rose. What view the court will take of the matter of course remains to be seen but among the trade in St. John and throughout the province the matter is causing some interest, particularly as dealers have been warned not to use the McGaffigan tea, while Mr. McGaffigan has promised to stand behind all his patrons. I may add that Theodore H. Estabrooks is preparing to build on Union street in this city what is intended to be the largest and finest tea warehouse in Canada. Plans for this are now being prepared, and it is Mr. Estabrooks' intention to put in an up-to-date plant, so that the workmen engaged in blending his teas and in caring for his steadily growing trade will have all the facilities required.

St. John, N.B., 9th December.

WHERE AMERICAN COMPETITION EXISTS.

There is so much talk as to American competition that it is necessary to bear in mind that only a small part of American exports compete with ourselves. We do not compete with America in corn or timber, or meat, or bacon, and a hundred other things she exports. But we do come in conflict with her when she sells manufactured goods, and it is my object in this article to show in what parts of the world America sells her manufactures. The question "What becomes of American exports of manufactures?" can be definitely answered by the figures of the American Treasury Bureau of Statistics. They show that during the year 1901, 52 per cent. of the United States manufactures exported went to Europe, 23 per cent. to North America [i.e. Canada], 6.6 per cent. to South America, 8.2 per cent. to Asia, 7 per cent. to Oceania, and a little less than 3 per cent. to Africa. The total value of manufactures exported to Europe was £43,000,000; to Canada and Mexico, £19,000,000; to South America, £5,400,000; to Asia, £6,700,000; to Oceania, £6,000,000, and to Africa, £2,000,000.