

Mr. HEAPS: You carry practically all yourself?

Mr. McLAREN: There was an answer to that question yesterday, Hr. Heaps.

Mr. HEAPS: It seemed to me to be rather contradicted.

Mr. McLAREN: We pay about \$200,000 for outside insurance, if I remember rightly.

Mr. HEAPS: Is it necessary, in view of the very healthy state of the insurance fund to carry outside insurance?

Mr. McLAREN: Well, I would answer that by saying it is considered good policy to carry outside insurance on the property that we have insured with outside underwriters.

Mr. HEAPS: When you have \$11,000,000 in your own fund and you are paying practically no premium in the fund for insurance I cannot understand why you should pay \$200,000 to outside firms.

Mr. McLAREN: If I recollect rightly, the statement I gave you yesterday covered mostly vessels, and not rail property.

Mr. HUNGERFORD: It was felt that in connection with large risks it is wise to place it outside. Let me give you an example. Some years ago the *Prince David* went on a reef near Bermuda and the underwriters were required to pay upwards of \$1,000,000 for that single accident. We do not want to endanger our fund with these large concentrated risks.

Mr. HEAPS: You have not as many vessels now, Mr. Hungerford.

Mr. HUNGERFORD: You could not afford to lose very many without wrecking the fund.

Mr. KINLEY: Do you insure all your marine risks outside?

Mr. HUNGERFORD: Mostly, for the railway.

Mr. VAUGHAN: I think it is only the more hazardous risks that are insured outside.

Mr. HUNGERFORD: Practically all the railway company vessels are outside?

Mr. VAUGHAN: Take a boat on the Alaska route where there are narrow channels all the way and the trip is a very hazardous one.

Mr. KINLEY: You pay a bigger premium.

Mr. VAUGHAN: It is on a competitive basis, of course.

Mr. RYAN: Before we leave this question I would like to say in answer to Mr. Heaps, and I want to make myself clear in this respect, that I think so far as the policy of the railways is concerned in purchasing coal in the respective districts, they are to be commended for that policy, and it is well if they will be able to continue their policy to buy their coal from the coal mines in those districts so that they will encourage the industries there. I commend the railway for its policy in that respect.

The ACTING CHAIRMAN: Are there any other questions?

Mr. McLAREN: Yes. Mr. Walsh asked a question yesterday in regard to the decrease in amortization of discount. In answer I would say that in the 1935 accounts we charged to income \$258,000, covering a portion of premium and discount on bonds which were called and paid off. In 1936 we decided that such premium and discount was more correctly chargeable to profit and loss, and we changed our accounting accordingly. I was also asked by Mr. Walsh to submit a statement of profit and loss account restated to the basis of the proposed legislation.

The ACTING CHAIRMAN: We have this in statistical form.

Hon. Mr. STEWART: I think that was given some time ago in the committee when we were considering the recapitalization bill. I remember asking that a statement be given of the figures for the last year on the basis of the recapitalization. Is this something different?