

Photographs, as news pictures, formerly 15 per cent. and 25 cents, now free.
 Cassava root, unground, added to list, free.
 Essential oils, N.O.P., general tariff, reduced from 10 per cent. to 7½ per cent.
 Peppermint oil, reduced from 15 and 20 cents to 5 cents and 7½ cents.
 Cottonseed oil, N.O.P., added, at 12½ per cent. and 17½ per cent.
 Coconut oil, N.O.P., added, at 12½ per cent. and 17½ per cent.

Cement Duties Reduced.

Cement, Portland and waterlime, including weight of containers, reduced from 8 and 12½ cents to 7 and 10 cents per cwt.
 Type casting and setting machines and parts, formerly 12½ and 20 per cent., now free.
 Glassware and other scientific apparatus for hospitals, new item, free.
 Traction ditchers for farm work, up to \$300, formerly 27½ per cent., now free.
 Cotton sewing thread, in hanks, reduced from 10 and 15 per cent., to 7½ per cent. and 10 per cent.
 Asphalt, not solid, 12½ per cent., under preference 17½ per cent. under general new item.
 Crude balata, new item, free.
 Nitrate compounds, for manufacture of explosives, new item, free.
 Sponges, of marine production, new item, 12½ per cent. to 17½ per cent.
 Miners' rescue appliance, new item, free.
 Such of the above goods as are taken from the unenumerated class were formerly dutiable at 15 per cent. and 20 per cent.

CORPORATION FINANCING

National Drug Company to Increase Capital Stock— International Cotton Mills' Canadian Interests

The directors of the National Drug and Chemical Company have decided to call a special general meeting of the shareholders on June 3rd to sanction a by-law increasing the capital stock by \$2,000,000, divided into two hundred thousand 6 per cent. cumulative first preference shares of £1 each, equal to \$973,333 and 10,000 7 per cent. preference shares of \$100 each. It is the intention to offer the first preference shares in England, (where all of the present first preference shares are held) some time in June, at a price equivalent to 105. The president, Mr. D. W. Bole, and the vice-president and general manager, Mr. C. W. Tinling, have just returned from England, where during a stay of one week they made all arrangements for the placing of the stock in that country.

International Cotton Mills.

Messrs. Lee, Higginson and Company, and Blair and Company, have arranged to purchase \$4,000,000 5-year 6 per cent. gold notes of the International Cotton Mills, recently incorporated in Massachusetts. The notes are dated June 1, 1913, and will, it is understood, be offered at about 98, to yield around 6¼ per cent.

In the recent reorganization more than \$6,500,000 cash has been supplied by the sale of these notes and capital stock thus providing for the payment of all the company's indebtedness and leaving it with about \$3,300,000 net working capital. The company agrees to create no mortgage or to guarantee any securities, except for the acquisition of additional property, while these notes are outstanding.

Valuation of plants, machinery and net current assets aggregate 2¾ times the amount of these notes. Profits for the calendar year 1912 were 2 8-10 times the interest on the notes. The notes are part of an authorized issue of \$5,000,000, and are callable on any interest date on or after June 1, 1914, at 101 and interest.

Interested in Canadian Companies.

International Cotton Mills has taken over substantially all the properties formerly owned by the International Cotton Mills Corporation and Consolidated Cotton Duck Company. It owns or controls 19 mills, containing 366,000 spindles, with a combined annual capacity of 70,000,000 pounds of finished product. It owns the Bay State Cotton Corporation, through possession of \$945,000 out of \$1,212,100 stock, and has a stock majority ownership in the Cosmos Cotton Company of Yarmouth, Nova Scotia, and Imperial Cotton Company of Hamilton, Ontario; the J. Spencer Turner Company of New York, and the Mount Vernon-Woodberry Cotton Duck Company, and owns the entire capital stock of the Boston Yarn Company.

All the mills owned or controlled are in operating condition, some \$2,000,000 having been put into modern machinery and equipment in the last three years.

MODERN CHANGES IN LIFE ASSURANCE

Ratio of Expense to Premium Income—Guaranteed Surrender and Loan Value—Companies' Attitude

BY R. W. BARTON, A.I.A.

A few years ago an American life company published a statement that not 5 per cent. of persons carrying life assurance were protected for an amount equal to one year's income. One of the reasons for this is the pressure by the companies through their agents of limited premiums, i.e., 20 pay life and endowment assurance policies instead of whole life continuous payment policies. This suited the agent because of the larger commission. On the company's side, however, it was probably due to their anxiety to hide the high expense rate at which business was conducted.

It is often the practice to compare two or more companies by their ratio of expenses to premium income without investigating the incidence of the premium incomes. Take, for example, two offices A and B. A writing only whole life continuous premium business while B writes 20 pay life and endowment assurance policies—each office writes an equal volume of business—obtained apart from commissions—at an equal cost. It will be seen that since the premiums are smaller in the case of office A, its ratio of expenses to premium income is higher than in the case of office B.

Tendency to Expansion.

This alone is, however, no evidence either of extravagance of management by office A or of economy of office B. No office actually restricts itself in this way, but the incidence of the premium income does at times tend in these directions, and in judging this ratio it is important to watch the point.

This point is specially referred to because there is a tendency to expansion in the whole life continuous premium business and in non-participating policies, a tendency, which, if much emphasized, might show an apparent increase in the expense ratio of the companies.

Guaranteed Loan and Surrender Value.

One of the great changes introduced in life companies, the force of which will be felt more and more in the future, is the guaranteed loan and surrender value payable immediately on proof of title. The boon that this is to the public was perhaps first realized in the financial crisis of 1907, when the New York life offices in one week loaned upon security of their policies \$16,000,000. What it cost the companies to do this at a time when the gold of gilt edged securities were hardly saleable and the banks could get 100 per cent. for 7 day loans, we are not told.

It is certain, however, that many business men realized at that time a new value in life assurance and that many large policies are being carried to-day in consequence. In future emergencies, therefore, the companies must expect an increasing strain in this respect. The companies are quite alive to the fact and will be prepared to meet it. It is a useful illustration to the policyholder, however, that each extension of benefit by the companies costs something, and that what at first sight seems a small thing may in a moment become a vital question.

Tontine Dividend Policies.

It is interesting to note that while tontine dividend policies are being forbidden in the States and discouraged in Canada, they are being revived by British companies. A marked difference in the British practice is, as is now the law in Canada, to declare at each periodic distribution of surplus the amount of dividend provisionally allotted.

These dividends do not vest until the life assured attains the tontine age. In the event of the policy becoming a claim before the vesting, or tontine age, the dividends declared simply fall back into the surplus of the current period.

Had this custom always obtained in the States and in this country, the Life Insurance Investigation Commission would have had a very different problem before them. It was another case of "How oft the means to do ill deeds makes deeds ill done." The possession of a huge unattached surplus is not good for either the management or the policyholders.

Perhaps the greatest modern change is the attitude of the companies towards their agents and the public. In the last few years men carefully trained in at least one head office are to-day carrying out a campaign of intelligent publicity all over the country.

Both the agents and the policyholders are sharing in this and it is producing results worthy of the foresight of its originators. The most marked and perhaps most desirable result being a continuous reduction in the lapse rate in the districts in which these men are working. May the light spread.