

000, which has been added to our reserves somewhat sooner than required by law, has not been lost or diverted from the policy-holders any more than has the \$10,000,000 of reserve fund held by the Bank of Montreal been diverted from its shareholders; indeed, there is added security to the policy-holder, in that the portion of this fund represented by his policy is credited direct to his policy account. The amount has been carefully invested, providing additional security for policy-holders and earning additional interest which will increase their future profits."

The following statement was also made by the President as to the nature and function of a reserve in life insurance which many persons do not understand:

"The reserve of a life assurance company is entirely different from the term reserve in a bank or ordinary joint stock company. In a life company the reserve grows out of the idea of a level premium, for while the level premium is greater than is required to cover the mortality risk in the earlier years of the policy, it is less than would be required for the later years. This over-payment with interest thereon constitutes the reserve, and is a distinct liability, and absolutely necessary to enable the company to carry out its contracts. Without this accumulated reserve, a level premium company would soon become insolvent. From another point of view, the reserve is the sum which one company would have to hand over to another company to assume its contracts. Hence it is often called the reinsurance fund."

A comparison was made between policies issued under the minimum system of the Canada Life and those of a number of British and American companies by which it was shown that those of the Canada Life are more favourable than those of any of the above companies, notwithstanding the fact that the Canada Life profits have been less during the last two quinquennial distributions, because of the amount set aside for the strengthening of our reserves.

The president stated, "there is reason to hope that, at the close of the quinquennial period substantial reductions will be made upon existing liens on policies."

The following statement of the profit account between the company and its policy-holders since its commencement up to the end of 1905 is highly interesting:

From its organization to the end of 1905 Canada Life Company has received in premiums from policy-holders.....	\$ 52,630,923
Paid Policy-holders and Beneficiaries....	\$30,911,309
Credited to Policy-holders.....	29,329,365
Total paid or credited.....	\$ 60,240,674

Ratio of amounts paid or credited to policy-holders to premiums received from Policy-holders.....	114.50
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In other words, during the past 59 years the com-

pany has paid or credited to policy-holders, on the average, the sum of \$114.50 for each \$100 received in premiums from policy-holders.

The president traversed the whole line from which attacks upon the company have proceeded and very ably defended the institution and its chief officers from the charges and the insinuations made against them.

The policy-holders are being furnished with a schedule of the investments of the company's funds, respecting which the president declared they would bear the closest scrutiny in every respect.

NOVA SCOTIA STEEL & COAL COMPANY.

The General Statement of the Nova Scotia Steel & Coal Company is not as favourable as its more sanguine connections hoped for.

The profits for the year 1905 were \$559,906 against \$501,337 in 1904, showing an increase of \$58,569. This is a large falling off from the amount of profits in 1903, which were \$859,397. The sinking fund is stated to be \$162,397 which is an advance from \$109,941 on previous year. The reserve for general depreciation, etc., is \$628,326, against \$574,414 in 1904, the increase being \$53,912, being \$3,912 more than in previous year. In the list of current liabilities we note considerable increases over amounts in the 1904 statement. The pay rolls and accounts not due are \$172,476 as against \$122,651, and the bills payable and cash advances are \$544,050 as compared with \$171,318, these make an increase of \$422,557 in current liabilities, the total of which when the decrease on bond coupons not presented and the accrued interest on bonds not yet due are allowed for is increased to \$440,122.

The share capital has been increased from \$5,969,300 to \$6,000,300 the increase of \$31,000 being in the common stock. The bonds have been reduced from \$3,890,000 to \$3,838,000, a decrease of \$52,000.

The cost of properties owned and operated by the company is \$11,037,146 against \$10,359,435 in 1904, the increase being \$677,711. The increase was caused by acquiring submarine iron ore and improvements in the plant.

The items that are viewed with most interest are the several amounts of surplus profit and loss in 1904 and 1905. In the former year the figures were \$695,749 and in 1905, \$795,325, showing the increase in the past year to have been \$99,576, or \$109,683 over 1903, which is a very moderate amount considering the non-payment of dividends on the common stock, and that, "the volume of iron and steel business transacted by the company was considerably larger than that of previous year, the increase in value being \$597,887."

The report speaks of larger orders at better prices than ever before being on the books.

It is not proposed in the coming year to expend any large sum on capital account, and every effort