The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881 **PUBLISHED EVERY FRIDAY.**

Vol. XXXIII. No. 30 **MONTREAL, JULY 25, 1913.** **Single Copy 10c. Annual Subscription $5.00**

THE STATIST AND CANADA

In view of the unwarranted attacks which have been lately made upon the Dominion by some foreign critics, the survey of Canadian financial affairs which recently appeared in the London *Statist* is not only of interest but of importance. In London, the *Statist* occupies an unique position. With one exception there is no financial or economic journal which approaches it in influence among the higher circles of British finance. Its opinion regarding the situation here and probable lines of development will have more weight with those who own and control enormous amounts of British capital than all the efforts of the smaller fry who have been so insistent of late, and to whom indeed perhaps we ourselves are inclined to give more attention than they deserve.

Of the many points developed by the *Statist* in its argument for a sanely optimistic view of the Canadian situation, there are two to which attention may be particularly drawn as of outstanding importance. "In considering the credit of Canada," the *Statist* writes, "investors should not fail to take into account the important fact that the large amounts of the capital recently borrowed in this country have been for what may be termed foundation purposes, and that the amount of capital required in future in proportion to production will not be nearly as great as hitherto." Some of our most energetic critics appear to have overlooked this fact entirely, though to anyone who is reasonably well acquainted with conditions in Canada, it should be fairly obvious. It is indeed hardly going too far to say that a contributory reason for the present stringency of funds in Canada is the fact that so large an amount of capital is sunk in enterprises which have not yet reached their reproductive stage. Of necessity time is required before enterprises will begin the reproduction of wealth, and it may quite fairly be anticipated that in due course the vast majority of the Canadian enterprises entered upon during recent years will yield very handsome returns to those who are concerned with them, and that, when that stage is reached, it will be possible to add largely to their productive capacity at what will be small cost in comparison with the primary expenditure which has been made.

Some interesting observations are made by the *Statist* in regard to the much discussed question of the borrowings of the Canadian municipalities. The *Statist* suggests that while in the interests of the credit of Canada as a whole, ways and means would be found by the Dominion Government to aid any municipalities who had incurred greater obligations than they could take care of at the present time, that it may be found advisable in the future to follow the British precedent of creating a Local Loans stock with a Government guarantee. That is to say, a Government loan would be issued, whose proceeds would be devoted solely to loans to the smaller municipalities. The advantages claimed for an arrangement of this character are two-fold; the smaller municipalities are able to borrow on much more favorable terms than they could otherwise, and the Government, through the administrative department controlling the Local Loans stock, as it might be called, would be able to keep an eye on the municipalities and check any tendencies to extravagance through, if necessary, the withholding of funds. Curiously enough this suggestion by the *Statist* coincides with a proposal by Mr. Sanford Evans, the ex-mayor of Winnipeg, at the annual convention of the Union of Canadian Municipalities, for the control of municipal financing by a Local Government Board, while elsewhere we refer more fully to a proposal elaborated by Mr. Vere C. Brown, of the Canadian Bank of Commerce, for the appointment by each of the prairie provinces of a municipal commission by whom all expenditures for local improvements by urban municipalities would have to be approved. The link between these three proposals, put forward quite independently of each other, is the recognition of the fact that in the interests of the municipalities themselves some kind of systematic supervision of their borrowings by an impartial and detached administrative body is required. In each case the object aimed at through different means is to enable the municipalities to borrow for their legitimate requirements more readily; to make their securities the more easily marketable. It is obvious that the requirements of the municipalities say during the next decade, and for the mere purposes of providing the necessities of communal life—water, drains, roads and pavements, and so on—will be enormous, and the point which has thus been simultaneously raised certainly deserves close attention with a view to action along approved lines. Neither so-called municipal banking, nor the peddling out of bonds in small quantities among local investors is likely to prove an efficacious remedy for the troubles of the municipalities through tight money—the former indeed is likely to do much more harm than good.

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ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, JULY 25, 1913.

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EXCHANGE MOVEMENTS AND THE BANKS' CURRENCY.

Of the June bank statement it can be said that it does not hold much promise of immediate relaxation of the tension in the Canadian money markets. There was a slight drop in the percentage of available assets to liabilities; and as the Bank of Montreal has redeemed something like $20,000,000 of Canadian Pacific's 5 p.c. bonds since 30th June, presumably paying cash or its equivalent for the greater part, it would not be strange if that transaction served to further reduce the balances carried by our banks in London and New York.

MOVEMENT OF NEW YORK EXCHANGE.

Another point to be considered in connection with the home money market is the situation as regards New York exchange in the Montreal and Toronto markets. Latterly New York funds have been quoted at a premium—the quotations hovering near the gold export point. As a matter of fact some gold was shipped to New York this month. Now it has been expected in some quarters that July or August would witness a movement of gold in the opposite direction—from New York to Montreal. The extra demand for currency to move the Western crops sets in in the beginning of September; and the supposition was that the banks would probably bring in gold from New York for the purpose of depositing with trustees of the central gold reserve, in order that they might freely issue notes in excess of paid-up capital.

ORDINARY CURRENCY ISSUES ALMOST EXHAUSTED.

It is yet possible that the exchange market may reverse its position in regard to New York funds in the six weeks before the demand for currency makes itself strongly felt in our wheat fields. Although the margin of ordinary issue power of the banks as at June 30th was about a million dollars greater than at the same date in 1912, nearly all of the banks were pressing closely upon their ordinary limits, and probably all of them will have to over-issue, either subject to tax or subject to gold deposits, in the course of the next two or three months. Thus the Commerce had an unused margin of $1,600,000; the Montreal, $700,000; the Royal, Nova Scotia, and Northern Crown, $600,000; the British, $500,000; the Hochelaga and Molsons, $400,000; and all the others, $3000,000 or less. That was the position at the end of June. The chances are that at the present time the ordinary issues are practically exhausted in the case of many of the banks; and in August the new plan of issuing against gold may be in operation. Money rates in Canada are unchanged; call loans in Montreal and Toronto rule at 6 to 6½ p.c., and commercial advances command 6 to 7.

EUROPEAN DEVELOPMENTS.

The monetary situation in Europe has been devoid of sensational features. London bank rate stands at 4½ p.c. In the open market call money is quoted 2¾ p.c.; short bills are 3¾ p.c.; and three months' bills, 4 to 4 1-16. The bulk of the $3,500,000 new gold offered on Monday was taken by the Bank of England. This is regarded as fairly satisfactory evidence that the situation on the Continent is clearing. During the week the sentiment at London, Paris and Berlin has improved materially. One effect of the improvement was seen in the brightening up of the Wall Street market. It has been understood that European selling was largely responsible for the low prices in New York; and that being the case it would be but reasonable to expect recovery in Wall Street to follow upon improvement in the European situation.

THE BITER BIT.

Bank of France rate is still 4 per cent. and that of the German Reichsbank, 6 p.c. Private rate in Paris is 3¾ and in Berlin 4¾. Bulgaria has given in to the combination of Balkan states, and once more the European chancellories are permitting themselves to hope for peace. However, Turkey is said to have

re-occupied Adrianople, and apparently the work of negotiating a settlement will have to be begun afresh. Taking the whole episode of the Balkan struggles there could be no better illustration of the manner in which overpowering greed tends to react disastrously on the parties manifesting it.

NEW YORK POSITION.

Call loans in New York are quoted 2½ p.c. The supply of time money was larger and the situation somewhat easier. Sixty day loans, 4 p.c.; ninety days, 5 p.c.; and six months, 6 to 6¼ p.c. The Saturday statement showed the clearing house institutions to have effected a slight improvement of their reserve position. In case of all members the loans were reduced $3,423,000, while cash decreased $640,000—the addition to surplus reserve being $857,000. And in case of the banks alone the contraction of loans amounted to $2,244,000, and there was an increase of $1,600,000 in cash—the net result being an increase of $452,000 in surplus. The surplus of all members stands at $20,272,000; that of the banks alone at $19,639,000. These are not large figures considering how imminent is the crop moving season. However, New York is encouraged by evidences that Europe has been lending capital there in the past week or two. And possibly in the course of a month or six weeks there will be a considerable amount of British and French funds placed at the disposal of the American market. Nothing definite has as yet been arrived at in regard to the demand of Eastern trainmen for higher wages—except that the question is to go to arbitration under the Newlands bill. In the meantime Wall Street has not taken the matter as a very serious factor. Confidence has been inspired by satisfactory preliminary reports of earnings just issued by Union and Southern Pacific and Republic Iron and Steel Company.

The financial situation, it is conceded in usually highly conservative circles, is intrinsically bad. Paris is overloaned to the Balkan war combatants, and the Balkan countries are now financially ruined.—*N. Y. Journal of Commerce.*

* * * *

A circular issued by Laurentide's directors says that the funds received from the new issue of stock will cover estimated expenditures during the next two years in the development of the Company's water power at Grand'Mere. The work now going on will bring the present 22,000 horse-power up to 75,000 or 80,000 and eventually to 100,000 horse-power.

* * * *

A good deal of praise has been bestowed upon Canadian banking from various sources, and the system compares very well with that of the United States, Canada's nearest neighbour, and with Australia, where conditions are in many respects not dissimilar. A good deal of the praise is due to the bankers, however, who show themselves very anxious to apply the system reasonably and cautiously.—London *Times.*

ADVANTAGES OF THE NEW CENTRAL GOLD RESERVE.

That the most important of the principal provisions of the new Bank Act is the establishment of the new Central Gold Reserve, which should have a potent influence not only in times of stress, but the whole year round is the argument advanced by a correspondent who describes the main provisions of the new Bank Act in the London *Times.* The correspondent points out that in November last year, the emergency circulation of the banks actually approached $10,000,000, and the margin of emergency circulation available at that time was $20,000,000 or so. At ordinary times, the writer proceeds, that margin would be ample, and it may be said at once that the Central Gold Reserve provision is expected to operate more advantageously during that portion of the year in which the crops are, supposedly, not being moved. But a prudent Minister of Finance will not assume that times always will be ordinary, and indeed it is possible that this autumn will see a situation of painful pressure upon Canada's financial resources. At such times a more or less insignificant action by a bank may start a panic, or at least a serious run on deposits. At the end of April last deposits payable on demand in Canada were $365,340,002, and, after notice, $631,160,280, a total of $996,500,282. In November, when the pressure is usually at its height, they were last year $16,000,000 higher. To meet a run on such a huge amount a good deal more than $20,000,000 might very well be needed. Given time under the old system the currency could no doubt have been engineered. But time is just what is not available at times of panic, and the new provision does all that is possible to economize time. First of all, by eliminating a Government department. There always was a certain amount of inconvenience in connection with the use of Dominion notes, and if large numbers had been required immediately it is doubtful whether they would have been forthcoming, and if they had been there would have been the delay of transporting them to the centres at which they were required. Again, if gold had had to be imported from abroad there would have been delay in releasing it after it had served its purpose. In a number of other ways difficult to enumerate without a great deal of explanation the old system was ill-adapted to meet a crisis.

MAKING CURRENCY MORE ELASTIC.

However, continues the *Times* correspondent, one does not anticipate crises, involving runs on a large scale, and, as has been said, the Central Gold Reserve is designed to serve a purpose in normal times. During recent years the bank note issues have frequently approached very near to the limit authorized between February and September. For instance, in June last year the circulation was within $2,000,000 of the circulation in September, when the emergency clause operates. At such times a great deal of anxiety was caused the bankers lest the authorized limit should be exceeded, and, as was explained above, the arrangements for changing from bank notes to Dominion notes were clumsy and took time. The system was inelastic in a country such as Canada where great distances have to be traversed between the centre of Government and many of the most active centres of industry and agriculture. Under the new system any amount of bank notes may be held in reserve to be released instantaneously by the deposit

of gold—or Dominion notes—and in practice, since the gold and Dominion Notes are to a considerable extent expected to remain deposited in the Central Reserve, the circulation will be permanently extended.

And in that period of the year when the emergency circulation clause is imperative, even more than when it is operative, the Central Gold Reserve will be a most powerful means of preventing panic or a run on the banks. The emergency clause does give a substantial margin of safety during the autumn and winter, but during the remainder of the year the approach of circulation to the authorized limit has in the past put the banks in a poor position to meet demands upon their resources. The question of obtaining sufficient circulation at all times and with the utmost promptitude has been one of the chief defects in the Canadian system. The Central Gold Reserve promises to meet the situation and without the manifest risks of extending the emergency clause to a longer period of the year—as has been suggested.

Statement of the Chartered Banks of Canada.

Statistical Abstract for Month Ending June 30, 1913, giving Comparison of Principal Items, with Increase or Decrease for the Month and for the Year.

(Compiled by THE CHRONICLE).

	June 30 1913	May 31 1913	June 30 1912	Inc. or Dec. for month, 1913	Increase or Decrease for month, 1912	Inc. or Dec. for year
Assets						
Specie	$37,944,392	$40,325,676	$37,122,765	— $2,381,284	+ $1,309,906	+ $821,627
Dominion Notes	94,544,199	93,109,636	93,048,039	+ 1,434,563	— 3,193,736	+ 1,496,160
Notes of & Cheques on other Bks.	69,346,174	61,386,713	57,753,139	+ 7,959,461	— 3,775,543	+ 11,593,035
Deposits to Secure Note issues	6,456,104	6,407,415	5,902,446	+ 48,689	+ 75,334	+ 553,658
Loans to other Bks. in Can. sec'd	138,100	138,900	149,835	— 800	— 15	— 11,735
Deposits with and due other Banks in Canada	5,360,097	6,043,512	9,975,578	— 683,415	+ 1,237,689	— 4,615,481
Due from Banks, etc., in U.K.	15,941,257	21,835,356	28,904,110	— 5,894,099	— 165,587	— 12,962,853
Due from Banks, etc., elsewhere	33,165,595	27,826,664	34,887,411	+ 5,338,931	+ 4,895,651	— 1,721,816
Dom. and Prov. Securities	8,963,208	9,009,861	9,168,353	— 46,653	— 35,1[illegible]3	— 205,145
Can. Mun. For. Pub. Securities	24,793,399	23,827,613	21,433,677	+ 965,786	— 1,853,623	+ 3,359,722
Rlwy. and other Bonds & Stocks	67,099,605	67,021,544	62,292,016	+ 78,061	+ 1,052,070	+ 4,807,589
Total Securities held	100,856,212	99,859,018	92,894,046	+ 997,194	— 836,726	+ 7,962,166
Call Loans in Canada	68,642,377	69,982,540	68,701,855	— 1,340,163	+ 396,698	— 59,478
Call Loans outside Canada	89,363,520	96,151,209	120,569,812	— 6,787,689	+ 4,737,076	— 31,206,292
Total Call and Short Loans	158,005,897	166,133,749	189,271,667	— 8,127,852	+ 5,133,[illegible]4	— 31,265,770
Current Loans and Discounts in Canada	899,260,009	898,959,650	848,940,089	+ 300,359	+ 11,657,539	+ 50,319,920
Current Loans and Discounts outside	36,894,681	37,691,786	34,254,568	— 797,105	+ 776,004	+ 2,640,113
Total Current Loans and Disc'ts	936,154,690	936,651,436	883,194,657	— 496,746	+ 12,433,543	+ 52,960,033
Aggregate of Loans to Public	1,094,160,587	1,102,785,[illegible]35	1,072,466,324	— 8,624,598	+ 17,570,317	+ 21,694,263
Loans to Dominion Government	....	....	....	....	....	....
Loans to Provincial Governments	3,046,853	3,739,690	1,839,354	— 692,837	+ 210,837	+ 1,207,499
Overdue Debts	4,337,782	4,038,844	3,759,885	+ 298,938	+ 391,777	+ 577,897
Bank Premises	40,349,315	39,528,988	35,384,795	+ 820,327	+ 484,205	+ 4,964,520
Other Real Estate and Mortgages	3,769,034	3,753,201	2,694,488	+ 15,833	+ 32,626	+ 1,074,546
Other Assets	11,939,112	11,062,436	13,660,707	+ 876,676	— 2,498,632	— 1,721,595
TOTAL ASSETS	$1,521,354,957	$1,521,841,373	1,490,443,071	— 486,416	+ 15,727,611	+ 30,911,886
Liabilities.						
Notes in Circulation	105,697,629	102,997,936	102,011,848	+ 2,699,693	+ 8,192,515	+ 3,685,781
Due to Dominion Government	9,364,652	9,177,632	9,319,250	+ 187,020	— 914,106	+ 45,402
Due to Provincial Governments	31,340,479	30,582,146	27,969,243	+ 758,333	— 555,172	+ 3,371,236
Deposits in Canada, payable on demand	362,769,928	364,159,642	373,500,189	— 1,389,714	— 3,453,022	— 10,730,261
Deposits in Canada, payable after notice	622,928,969	630,755,603	631,317,687	— 7,826,634	+ 6,023,343	— 8,388,718
Total Dep'ts. of Public in Can.	985,698,897	994,915,245	1,004,817,876	— 9,216,348	+ 2,570,315	— 19,118,979
Dep'ts. elsewhere than in Can	104,289,782	97,935,216	82,067,093	— 6,354,566	+ 4,192,553	+ 22,222,689
Total dep'ts. other than Gov'nm't	1,089,988,679	1,092,850,461	1,086,884,969	— 2,861,782	+ 6,762,868	+ 3,103,710
Loans from other Banks in Can.	....	....	....	....	....	....
Deposits by other Banks in Can.	5,901,732	6,160,169	8,293,695	— 258,437	— 157,648	— 2,391,963
Due to Banks & Agencies in U.K.	11,755,653	9,205,833	6,429,765	+ 2,549,820	+ 540,096	+ 5,325,888
Due to Banks and Agencies elsewhere	7,656,846	9,675,769	7,567,820	— 2,018,923	+ 279,978	+ 89,026
Other Liabilities	18,464,480	21,079,085	14,164,698	— 2,614,605	+ 1,186,102	+ 4,299,782
TOTAL LIABILITIES	$1,280,170,221	$1,281,729,097	1,262,641,353	— 1,558,876	+ 15,334,629	+ 17,528,868
Capital, etc.						
Capital paid up	116,191,087	115,969,433	112,588,537	+ 221,654	+ 248,598	+ 3,602,550
Reserve Fund	108,732,561	108,681,280	101,031,186	+ 51,281	+ 152,338	+ 7,701,375
Liab. of Directors and their firms	10,122,423	10,387,348	10,779,229	— 264,925	+ 138,425	— 656,806
Greatest Circulation in Month	108,122,567	104,967,124	103,295,602	+ 3,155,443	+ 2,738,441	+ 4,826,965
Aver. Specie held during Month	36,655,065	36,859,641	35,637,671	— 204,576	— 220,449	+ 1,017,394
Av. Dom. Notes held during Mth.	92,642,958	87,501,889	94,373,152	+ 5,141,069	— 1,846,530	— 1,730,194

THE FALL IN THE BANKS' HOME DEPOSITS.

The fall in the Canadian deposits of the banks last month as disclosed by the newly-published June bank statement, appears to have created a greater stir than is warranted by the event. The facts are that at June 30 the banks' demand deposits were $362,769,928 against $373,500,189 at June 30, 1912 a decrease of $10,730,261, and notice deposits, $622,928,969 against $631,317,687 at the corresponding date, a decrease of $8,38 718. In all the decrease is about 19 million dollars. In the case of the demand deposits there was a retrogression in comparison with the corresponding date of 1912 in May, but the fall in notice deposits is the first of its kind for several years. It amounts to one and one-third per cent., and when consideration is given to the present day situation in Canada, and to the fact that this fall is distributed over the whole of the Dominion it can hardly be regarded as an alarming symptom. The course of deposits during recent months and the development of the financial situation here had prepared bankers for such an event. Reasons why for its occurrence are numerous enough. Many people have been compelled to reduce their customary balances to finance business needs or speculative deals entered into when money was easier, others are taking advantage of the "bargain sale" of securities on the Stock Exchange and elsewhere and placing savings balances into permanent investments. When these two tendencies are so strongly in evidence as at the present time, a reduction in notice deposits can be no matter for surprise. The reduction in demand deposits would be in part a reflection of the banks' policy in restricting loans to the absolute necessities of industries and commerce.

PROLONGED DOWNWARD TENDENCY.

A study of the banks' Canadian deposits shows that they have had a downward tendency since the fall of last year. The notice deposits attained their maximum of $643,664,000 last August, but the total Canadian deposits of the banks (exclusive of government deposits), after crossing the billion dollar mark in May, 1912, reached their nighest level at $1,023,912,000 in October last. They were maintained at above a billion dollars until January, when these was a sudden tumble to $989,519,000. By the end of April they had moved up again to $996,500,000 but May and June brought them down to $985,699,000, the amount returned for June 30. The general movement of the banks' Canadian deposits in the last 12 months is shown in the subjoined table.

In contrast to this fall in home deposits, the foreign deposits of the banks are reported at an unusually high figure at June 30. They were then $104,289,782, a gain of $6,350,000 for the month and of about twenty-two and a quarter millions for the year. The month's increase is accounted for by an advance in the Bank of Montreal's foreign deposits which at June 30 were $49,219,000 against $41,806,000 at May 31, an advance of $7,400,000. It is probable that this movement is only a temporary one due to the payment of an instalment on the C.P.R. stock issue last month. On the 1st July, the redemption of such amount of the 5 per cent. bonds due in 1914, as were then presented by the bondholders, in accordance with the offer of the C.P.R. to then redeem the bonds at 102, would probably tend to lower these deposits. It is said that some $20,000,000 of these bonds have been redeemed.

INCREASE IN CURRENT LOANS.

The clamour in the West that the banks are starving the country receives no support from the evidence provided by the June bank statement. In spite of the fact that the Canadian deposits of the banks have fallen off during the last year by nineteen millions, the banks have increased their commercial and industrial loans in Canada in the same period by over $50,000,000, their total reported at June 30 being $899,260,009. And if the reply be made that this increase is not adequate to the need, it can only be said that other folk besides those in the West are in the same boat, for the simple reason that the supply of floating capital in the financial centres has been absorbed for the present and that until a new supply has been accumulated it is hopeless to expect that anybody will be able to get an adequate supply—or what they consider an adequate supply. The banks' foreign balances, which form a useful index of the rapidity of the flow of foreign capital to Canada, were at June 30, some $12,350,000 lower than at June 30 last year.

The banks further cut their Canadian call loans last month by some $1,350,000, bringing them down to the level of a year ago. Foreign call loans were also cut last month by $6,800,000 and at $89,363,520 are over $31,000,000 lower than a year ago. The banks' reserves position, which had been steadily improved since last December, sufficed a set-back last month, the percentage at June 30 being 22.07 against 22.81 at May 31.

COURSE OF BANK DEPOSITS: July 1912—June 1913.

(000's omitted.)

(Compiled by the Chronicle.)

	Demand	P.C. Inc'se for Year	Notice	P.C. Inc'se for Year	Total	P.C. Inc'se for Year
	$		$		$	
June, 1913	362,770	*2.87	622,929	*1.33	985,699	*1.90
May	364,160	*3.39	630,755	0.87	994,915	*0.73
April	365,340	5.78	631,160	2.57	996,500	3.72
March	357,756	7.79	630,435	4.02	988,191	5.36
†Feb.	349,662	8.98	630,467	5.03	980,129	6.37
Jan.	354,519	11.86	635,000	6.40	989,519	8.29
Dec., 1912	379,777	13.36	632,641	7.03	1,012,418	9.32
Nov.	376,829	10.28	635,811	7.96	1,012,640	8.81
Oct.	383,814	15.62	640,098	9.15	1,023,912	11.49
Sep.	374,369	19.38	640,536	10.90	1,014,905	13.88
Aug.	360,575	15.90	643,664	11.80	1,004,239	13.24
July	372,013	17.68	640,592	12.23	1,012,605	14.06

*Decrease.

†Bank of Nova Scotia on absorption of Bank of New Brunswick transferred about $6,000,000 of latter's deposits from notice to demand.

REGULATING MUNICIPAL ISSUES.

Western Banker Favors Appointment of Provincial Municipal Commissions—By this Means Criticisms would be Checked and Market for Municipal Issues Further Developed.

Mr. Vere C. Brown, superintendent of Central Western branches of the Canadian Bank of Commerce, puts forward in the Winnipeg *Free Press* an interesting proposal for the regulation of the borrowings of urban municipalities in the prairie provinces by the appointment in each province of a municipal commission, charged with the duty of superintending the borrowing of the municipalities, and whose approval it would be necessary to secure for all expenditure for local improvements. After alluding to the British system of superintending the activities of the municipalities, Mr. Brown, in describing his proposal, says:—

FUTURE LARGE REQUIREMENTS.

Now, if such legislation is desirable in Great Britain, in Western Canada it has become almost an absolute necessity. The rapid development of this country during the last few years, with the correspondingly rapid growth of our cities and towns, has resulted in the creation of municipal borrowings in a volume which has latterly aroused unfavorable comment in the securities markets, and the question is continually asked whether we are not going altogether too fast, particularly in Western Canada. The doubt which has been created on this score has greatly aggravated the difficulty of marketing our municipal securities in the present period of monetary stringency.

If, as we all believe, the development of the West in the next decade or so must proceed at even a greater ratio than in the last, then the financial requirements of our urban municipalities must reach even larger figures—figures unknown in connection with municipalities of the same age in any other country; and if our municipal securities are to be marketable at all readily, it is imperative that some action of a pronounced character shall be taken without delay to inspire confidence on the part of foreign investors in the economic soundness of the expenditures on which issues of such securities are based.

COMPETENT PROVINCIAL COMMISSION REQUIRED.

It will not suffice to say, in answer to the attacks which have been made on the credit of our municipalities, that in some respects the attacks are wholly unwarranted, and that in all others the criticisms are far more serious than the facts justify. Such attacks have been made, and however unjust they may be, they are certain to have a prejudicial effect. The situation, therefore, demands that action shall be taken without avoidable delay to bring about conditions under which reasonable grounds for adverse criticism will be wholly removed and the credit of our securities established on the highest possible level. I submit that such conditions would be effectively created through the regulation of municipal expenditures by a competent provincial commission.

I know of no instance of a western municipality having made expenditures on a scale beyond its ability to pay. But, having regard to the extraordinary condition of growth existing in the West, is it likely that this will continue to be the case if we do not find some effective means of laying on a restraining hand?

SOME CRITICISMS.

Mr. Brown proceeds to make some detailed criticisms in regard to the municipalities. He suggests, (1) that there is a marked tendency on the part of most western towns and cities to spread out altogether over too large an area, necessitating an excessive mileage of sidewalks, pavements, water mains and sewers; (2) that determination of the amounts of money which may safely be expended by the smaller municipalities on necessities calls for careful calculation and is now being dealt with as a rule without competent advice; (3) that means are wanted for the guidance of municipalities in the solution of the problem of water supply, (4) that the municipalities, especially the newer ones, are in need of restraint and guidance if unwise expenditures are to be avoided; and (5) that debenture terms need shortening. Proceeding he outlines the duties of the proposed commission as follows:—

DUTIES OF PROPOSED COMMISSION.

(*a*) To regulate the limits to the boundaries of each municipality, beyond which expenditures for improvements may not be undertaken.

(*b*) To see that assessments are limited to conservative valuations of property. [In some cases we have high assessments and a low tax rate. A higher tax rate and a lower assessment would remove the ground for a good deal of ill-considered criticism.]

(*c*) To decide whether any proposed improvements are really warranted and well within the ability of the municipality to pay.

(*d*) To see that the plans and specifications call for work of an approved character, and that they have been prepared with a reasonable regard to the possible necessities of the future.

(*e*) To regulate the period of time for which the relative debentures shall be issued.

(*f*) To regulate the investment of sinking fund moneys.

A BROADER MARKET WANTED.

I desire to emphasize the fact, says Mr. Brown in conclusion, that in offering this suggestion, in the first instance, I was mainly prompted by a consideration of the uncomfortable situation which has been created through the inability of many of our municipalities to find a market for their debentures, and of the serious consequences which must ensue if some steps are not taken to place the credit of our municipalities beyond the possibility of criticism. But even if our issues of municipal securities were marketable without question, the fact would remain that the work of a provincial commission, such as now proposed, would be of incalculable benefit to the whole community.

I do not wish to be misunderstood as offering any reflection whatever on the amplitude of the security afforded by the issues of debentures by western municipalities. That they do not constitute a first-class security the leading financial authorities of Canada unanimously agree. Insufficient regard, however, has been had to the absorptive power of the securities markets. Hereafter municipalities will have to arrange a firm sale of their securities before embarking on capital expenditures, and our chief concern at the moment should be to see that everything possible is done to further the creation of a sufficiently broad market for such securities.

NEW SECRETARY OF THE BANK OF BRITISH NORTH AMERICA.

The Bank of British North America announce the appointment of Mr. Jackson Dodds to be Secretary of the Bank, with headquarters at London, England, in succession to Mr. A. G. Wallis, who retires on pension, after a service of 46 years, during thirty-two of which he filled the post of secretary.

Mr. Dodds, who has been assistant secretary of the Bank for 2½ years, succeeds to the important position of secretary while still a young man. He is the third son of Mr. Jackson Dodds, sen., for many years collector for Inland Revenue for the City of London, and was born in 1881 and educated at the City of London School. After four years' service at the London, England, branch of the Comptoir Nationale d'Escompte de Paris, he entered the service of the Bank of British North America in February, 1901, at Halifax. He was subsequently stationed at Montreal, Ottawa, Brandon and Darlingford branches. In 1907 he was appointed manager at Reston, Man., and in 1909 assistant manager at Vancouver. In February, 1911, he was appointed assistant secretary at London. Mr. Dodds is well-known among Canadian bankers, who will warmly congratulate him upon the present important appointment.

SIR FELIX SCHUSTER ON THE OUTLOOK.

Sir Felix Schuster, one of the greatest of London banking authorities, in his speech this week at the semi-annual meeting of the Union of London and Smiths Bank was conservatively optimistic. He declared that it reflected credit on the money market that London had withstood the Balkan strain so well. The losses had been estimated at 348,000 killed and wounded and at £246,000,000 sterling in property. He hoped these appalling figures were exaggerated. But the effect of such losses was incalculable.

Concerning the enormous depreciation of securities he quoted the *Bankers Magazine* statistics for the last six years. The aggregate value of 387 representative securities, for instance, has decreased from £3,588,531,000 in June 1912, to £3,396,940,000 in June of this year. He said against that depreciation must be set the great prosperity and activity of trade. He believed that recovery would soon set in and would be as rapid as the decline.

It was, he said, almost impossible to accurately forecast money to the end of the year because of the many obscure factors, but there was no reason whatever for an alarmist view. Nevetheless a certain amount of self-restraint was necessary. Regarding new capital Sir Felix said: "We must not lend too freely abroad. General development may be somewhat retarded, but with a fair amount of caution we need not expect excessive money rates in the autumn. Rates, however, cannot be expected to move much lower than they are now."

CAUSES OF DEATH AMONG MEN AND WOMEN.

Medico-Actuarial Mortality Investigation Shows Interesting Statistics— Percentage Derived by New Method.

Not the least interesting part of the recent report, Volume II, of the Medico-Actuarial Mortality Investigation, is that on causes of death among men and among women. Hitherto the statistics on causes of death have been tabulated by the percentage from each cause to the total deaths, but this standard, it is stated, is not a satisfactory one when there is a large variation in the death rate among the groups in question. For example, if a comparison were being made between a group of farmers and another group of miners, in which the mortality was twice as high among the latter as among the former, a comparison for each cause of death to the total deaths would not be satisfactory. The committee in charge of the investigation have accordingly prepared the ratio from the principal causes of death per 10,000 exposed to risk. Both methods of comparison have been given. The following table for the most common causes of death is of interest. It is based on the experience among men.

RATIO PER 10,000 EXPOSED TO RISK.

	15-29 p.c.	30-44 p.c.	45 and over p.c.
Typhoid fever	6.7	4.6	3.7
Tuberculosis of the lungs	10.6	8.2	8.4
Cancer and other malignant tumors	1.0	3.2	14.4
Cerebral hemorrhage and apoplexy	1.0	4.1	21.2
Organic disease of the heart	1.4	4.0	19.9
Pneumonia	3.6	6.3	15.8
Nephritis and Bright's disease	1.9	4.9	17.9
Accidents of all kinds	5.7	5.5	8.9

The foregoing shows briefly the types of diseases which result in an increasing death rate.

There is an interesting comparison of the causes of death among three types of risks—(*a*) overweights, (*b*) normal, or average weights, and (*c*) underweights. Taking ages at entry 30-44, it is shown that the death rate from tuberculosis of the lungs among the overweights is only 1.8 per 1,000 exposed to risk, against 16.5 among the underweights. On the other hand, the death rate from diabetes at these ages of entry is 2.3 among the underweights, against 11.4 among the overweights per 10,000 exposed to risk.

WOMEN.

Corresponding tables for women to those for men appear in the report, the following giving an indication of the death rate from the most common causes.

RATIO PER 10,000 EXPOSED TO RISK.

	p.c.	p.c.	p.c.
Typhoid	3.3	2.7	2.3
Tuberculosis of the lungs	14.1	8.6	7.3
Cancer and other malignant tumors	1.4	7.3	24.3
Pneumonia	3.2	4.7	19.5
Nephritis and Bright's disease	2.2	43.0	13.6
Diseases of pregnancy and the puerperal state	6.5	3.4	.0
Accident	2.0	2.4	4.8
Cerebral hemorrhage and apoplexy	.8	2.4	18.7
Organic diseases of the heart	1.7	3.3	19.6

A comparison of the foregoing table shows that the death rate is greater among men than among women from the following causes: typhoid fever, appendicitis and typhilitis, cirrhosis of the liver, suicide and accident. On the other hand the death rate from cancer and other malignant tumors is greater among women than among men.

POLICY LOANS OF CANADIAN LIFE COMPANIES.

In the article last week referring to the investments of the Canadian life companies, reference was made to the continued growth in policy loans. It is well-known that during the current year the borrowing of policyholders have been exceedingly heavy, and in view of this fact and of the agitation among some of the American companies against the continued and rapid growth of these loans, it will be interesting to show the present position of the Canadian companies in this connection, and to compare it with the position of life insurance institutions working in other fields.

For some years past the policy loans of the Canadian life companies have been on the upward grade, not only increasing by substantial amounts year by year, but enlarging their proportion to both the amount of insurance in force and the total assets of the companies. Thus at December 31, 1902, the amount of insurance in force of the Canadian life companies was $308,202,596, the amount of policy loans and premium obligations upon policies being about two and one-quarter per cent. of that amount. Ten years later at December 31, 1912, the Canadian life companies had increased their insurance in force to $706,661,120, policy loans and premium obligations upon policies reaching then three and two-thirds per cent. of that amount. When comparison is made with the life companies' assets, the growth in policy loans is seen to be still more striking. The following figures show the loans and premium obligations upon policies of the Canadian life companies since 1901 and the proportion such loans and obligations bear to the companies' funds:—

	Amount. Dec. 31.	Year's Increase	Proportion to Coy's funds. Dec. 31.
1901	$ 6,437,682	....	9.7
1902	7,044,111	$606,429	9.6
1903	7,942,580	898,469	9.7
1904	8,812,029	869,449	9.7
1905	9,679,244	867,215	9.4
1906	11,091,446	1,412,202	9.7
1907	14,057,512	2,966,066	11.2
1908	16,750,846	2,693,334	12.1
1909	18,409,651	1,658,805	12.0
1910	20,409,223	1,999,572	12.3
1911	22,960,040	2,550,817	12.0
1912	25,879,863	2,919,823	12.2

Going back a further ten years to 1892, it is seen that in that period, policy loans and premium obligations on policies were generally about 10 per cent. of the Canadian life companies' assets. The highest figure reached was in 1896, 10.5 per cent.; the lowest in 1892, 8.7 per cent.

INCREASE SINCE 1907.

From these figures it is seen that 1907 marks the beginning of a new period in regard to these policy loans. From that year forward, these loans have been uniformly at a higher level proportionately to the companies' assets than before. The reasons for this are well-known. It was in 1907 that the merits of the life insurance policy as an easy means of raising ready cash at a cheap rate really became widely appreciated. The American life companies are credited with having loaned $16,000,000 in one week during 1907. At all events that time marks the beginning of the great forward movement of borrowing on life policies, which has been continued in Canada even since, in periods of comparative monetary ease as well as in those of stringency. The maximum net increase shown in these loans was in 1907, $2,966,066, but last year was but little behind this amount with $2,919,823, and at the close of last year the policy loans and premium obligations at $25,879,863, represented 12.2 per cent. of the companies' assets—with one exception the largest proportion which has been recorded. In view of the companies' experiences in regard to these loans during the current year, a further advance in their proportion to assets is probably to be anticipated.

On behalf of the American life companies, it is frequently said that only an infinitesinal proportion of these loans are ever repaid. This apparently is not the experience of the Canadian companies, since last year, loans amounting to $2,190,584 were repaid. The suggestion frequently made that loans lead to lapses is also challenged by officials of some Canadian life companies, who argue that the man who will take the trouble to secure a loan upon his policy is by taking that trouble giving *prima facie* evidence of his intention to keep the policy in force, while he may avail himself of the loan value from time to time as, of course, he is perfectly free to do, for the purpose of financing a business transaction in which he is interested.

EXPERIENCE OF AMERICAN COMPANIES.

It is interesting to compare with the experience of the Canadian life companies in regard to loans on policies that of the American companies. At January 1, 1903, according to statistics compiled by the *Insurance Age* of New York, the assets of the American life companies were $2,062,430,804 and their loans on policies, $108,152,613, a proportion to assets of 5.24 per cent. By January 1, 1913, assets had grown to $4,137,121,015 and loans on policies to $525,589,086, a proportion of 12.74 per cent. The proportionate growth by years during the period is shown in the following:—

	p.c.		p.c.
1903	5.24	1909	11.29
1904	6.09	1910	11.44
1905	6.67	1911	11.95
1906	7.42	1912	12.23
1907	8.90	1913	12.74
1908	10.50		

Comparing these figures with the ratios of the Canadian companies, it is seen that while in the early years of the period Canadian policyholders borrowed

upon their policies proportionately rather more freely than American policyholders, the proportion of American policy loans has since become higher. The figures suggest that while our people have been accustomed at all times to borrow upon their life policies to finance business deals or speculations, that American policyholders have only within recent years awakened to the possibilities of the policy loan, and are, perhaps, using them less for business purposes than for luxuries. The automobile and the cost of high living are largely blamed for policy loans in the United States; apparently the effect of these in Canada in this connection is not nearly so prouounced.

Regarding the experience of life insurance companies abroad in regard to policy loans, the British companies reported for 1910 loans on policies equal to 10.1 per cent. of their assets and, in addition "loans on policies and personal security" equal to 6.1 per cent. The Australasian companies reported for 1910 "loans on policies and personal security" equal to 14.2 per cent. of their assets. Apparently, therefore, in comparison with life companies elsewhere the present experience of the Canadian life companies in regard to policy loans is normal.

RATES AND COMMISSIONS IN THE LIABILITY BUSINESS.

The trenchant circular recently issued by the New York Superintendent of Insurance to the liability companies and published in our issue of July 4 is deserving of serious attention beyond the bounds of those who are immediately affected by it. In brief, the Superintendent told the companies in language whose bluntness was its most outstanding characteristic, that unless they amend their present ways of conducting business along lines which he indicated, their licenses will be revoked. The Superintendent stated that the department will insist upon the companies conducting their liability business upon a sound basis and in particular that they are to follow these lines:—(1) Basing their underwriting upon statistical experience and the physical and moral hazard of each individual risk and free from the influence of competition; (2) total commissions are not to exceed 20 per cent.; (3) administration expenses are to be minimized.

REASONS WHY.

The reasons why for the Superintendent's drastic action are well-known. Conditions in the American liability business have been by no means satisfactory for a prolonged period. Many ot the companies have incurred heavy losses through this business. Their reserves are computed in accordance with the present loss reserve law, but are said not to be sufficient, which fact is not surprising in view of the universal experience in regard to the capacities of liability business for swallowing up what have appeared to be entirely adequate reserves. However, apparently the conditions described have not prevented the companies from engaging in sharp competition among themselves, with the result that expenses have been pushed up, and the consequence that the companies have incurred the present wrath of the Superintendent of Insurance.

CONDITIONS IN CANADA.

We call attention to this matter at the present time because it is whispered that conditions in the liability business in Canada are not altogether what they should be. It is said that the evils which have been so vigorously denounced by the New York Superintendent are by no means unknown also in the Dominion. The suggestion is not here made that they are such as to call for so strong a condemnation as that administered by Mr. Emmet, but merely that it would be a wise thing for the companies who transact liability insurance in Canada to make a determined effort to alter present conditions somewhat for the better.

POSSIBILITIES OF STATE INSURANCE.

The results of the Superintendent's circular are yet to be seen. But it would seem to be shortsighted merely to jibe at the Superintendent's threats of sweeping action and allow events to take their normal course along the present lines. Because by so doing the companies are merely proceeding to deliver themselves into the hands of the State insurance enemy—the victims of their own folly. Some of us may not like it, but there is no use in blinking the fact that the tendency towards diverting various forms of business activity into administration at the hands of the State is making considerable headway at the present time. Here in Canada, owing to the predominance of a sturdy form of individualism, we are probably somewhat less affected by it than elsewhere. But inevitably the effects of the tendency will be felt here, sooner or later. If the companies transacting a liability or workmen's compensation business cannot show in opposition to any proposed State scheme that they are performing this service for the community more efficiently than it could be performed by the State, and in fact in the most efficient manner possible, they are certain to be beaten, and to now pursue a course which is not conducive to efficiency is merely to weaken their argument for their own continued existence. It is possible that there will not be a contest in Canada between State insurance and liability companies' insurance for many years. But the necessity for paying serious attention to the present action by the New York Superintendent still holds. The commanding influence of New York legislation has been felt before now not only throughout the Union, but also on this side of the border, and drastic action in New York in regard to this matter might easily have its reflection here. It would be a wise move for the Canadian liability companies to put their house in order. Otherwise they may one day find someone bent upon doing it for them without consulting their wishes.

THE DEVELOPMENT OF CONSEQUENTIAL LOSS INSURANCE.

(*H. W. Connell, Commercial Union Assurance Company.*)

The earlier and present contracts in consequential loss insurance differ chiefly in that the former made the insurer liable for a certain percentage of the fire loss, whereas the latter carries liability dependent upon the consequent diminution of the turnover or output.

THE CONTRACT.

The policy most commonly in use at present covers:—

(*a*) Net profits and specified standing charges.

(*b*) Increased cost of working necessarily incurred by the insured in order to continue the business.

In the event of a fire happening which interferes with the progress of business, the loss under the first item is calculated as a proportion of the consequent reduction in turnover or output, whichever was the pre-arranged basis, as compared with the corresponding period of the previous year, the said proportion being that which the sum insured or the actual net profits plus standing charges for the previous year, whichever be the less, bears to the turnover for the previous twelve months or financial year. This procedure has the dual effect of preventing an insured from gaining an advantage by over-insurance, and of placing a condition of average on the item. It is a point not generally realised by prospective insurers, unless specifically pointed out, that in arriving at the percentage of decreased turnover which they would be entitled to claim, the sum insured will be compared with the annual turnover, even though the insurance only indemnify them for six months or three months or any other period less than a year, and that therefore to protect their interests adequately it is essential the sum insured should represent the amount of net profits and standing charges for twelve months. Otherwise, if, say, a 6 months' indemnity policy had a sum insured representing 6 months' profits and standing charges only, the proportion of the sum insured to the turnover for the previous year would approximate to half only of the real proportion of profits and standing charges to turnover, and the insured would consequently be covered for only half his loss. It is in this way the wording carries the equivalent of a *pro rata* Condition of Average.

STANDING CHARGES.

It may be interesting to mention the following as some of the items coming under the heading of Standing Charges: Rent, rates, taxes, interest on debentures, mortgages and loans, insurance premiums, advertising expenses, salaries to permanent staff, wages to skilled employees, travelling expenses, bank interest and charges, directors' fees, dividend on preference shares, postage and telegrams, legal and accountancy expenses, electricity, gas and water charges, bad debts, power charges, repairs. Many of these are essentially standing charges which will continue to be payable by the insured even though the works are silent; but others are not so self-evident.

Items such as advertising and travelling expenses, postage and telegrams, electricity, gas and water charges may continue to be a charge on the business although it is not producing; but, on the other hand, they may be reduced or temporarily extinguished, when the company's liability would be similarly reduced. Provision is made therefore in the policy by a clause to the following effect:—

"Provided that if any of the Specified Standing Charges shall be reduced or cease to be paid or payable by the insured, the amount of loss shall be reduced accordingly."

Bad debts accrue annually in most large concerns and have to be met out of gross profits at the end of the year. An amount representing the total annual bad debts may therefore be included in the sum insured, so as to make the insurer pay the proportion thereof during interruption which would otherwise be earned.

Power charges may be payable during stoppage, where power is loaned from other tenants, or, where the insured produces his own power, it may cost as much in partial stoppage to run the engine for part of his plant as to run for the whole.

Repairs refer to the up-keep of the premises apart from the portion damaged by fire. All buildings require annual expenditure to keep them tenantable and efficient, and the item therefore becomes a standing charge.

INCREASED COST OF WORKING.

The loss under the second item—*i.e.*, increased cost of working—is not proportionate to turnover, but is the actual increased amount necessarily expended for the purpose of continuing the business. This may take many forms, but the principal are the rent of temporary premises, the hire of machinery, and the additional cost of raw or partly manufactured material.

Provision is usually made for monthly settlement in the event of loss and the ultimate total loss is of course limited by the sum insured or the expiry of the period of indemnity.

It is required that the premises be kept insured against loss by fire, and the liability under a consequential loss policy is not established unless and until the company or one or more of the companies covering the material fire loss have admitted liability. That may appear to be a *sine qua non*, but it reminds me of a gentleman with whom I discussed consequential loss a few months ago. He deferred his decision as to whether to insure until the quarter day on which his fire policy fell due, and on calling upon him about that time I was rather taken aback when he said he had decided to continue his fire insurance instead. Needless to say, the matter did not end there.

In most policies the definition of fire extends to include the explosion of gas used for light, heat or power and boiler or economiser explosion. In others, either the definition is not so wide or all explosions are excluded unless specially mentioned. Some of these contingencies are not within the scope of an ordinary fire policy and therefore a consequential loss caused by the explosion of a boiler would not be covered unless there were a boiler policy under which liability were admitted.

NET PROFIT.

"Net Profit" includes such a deduction for depreciation as, having regard to the customary practice of previous years, the accountant may deem reasonable. Such amounts are generally trading profit unappropriated and in many strong businesses the method of excessive annual depreciation of plant is adopted as a means of creating a reserve. Sometimes the insured insists on the amount hypothecated

to balance sheet for depreciation being included as a standing charge for greater safety, but such a procedure only has the effect of making the policy tautological. The settlement of losses is left in the hands of a professional accountant, mutually appointed by the company and the insured, and in adjusting the amount of the loss he must make allowance for any additions and deductions which, having regard to any extraordinary or other circumstances of the business, ought to be made. This condition admits of a very broad interpretation and it is difficult to define how far the accountant's jurisdiction extends thereunder. It is, however, a very useful and necessary provision, which both insured and insurer must realise tends to greater fairness in settlement if handled scrupulously and intelligently. For instance, imagine a large mill where an all-round increase in wages has been made on account of a Trades Union agitation or otherwise. The net profits would be reduced (theoretically, at any rate) by the amount of the wages increase, and allowance would have to be made accordingly when comparing with the figures for the previous year. A similar position occurs through the increase of railway or shipping freights, of which we have recently had an example. Increased expenditure through legislation such as health and unemployment insurance, rates and taxes, would not have the same effect, because the reduction in net profits would be counteracted by the increase in standing charges, leaving the proportion of net profits and standing charges to turnover the same as before. This is without taking into account the profitable increase in selling prices by the manufacturer so as to maintain his rate of net profit, in which event the accountant will have further to exercise his powers of adjustment. The instance will occur where an exceptionally large contract or contracts are in hand at the time of the fire or were completed in the months in a previous year with which comparisons is to be made when assessing. In the former case a settlement on the basis of the profits twelve months previously would be quite inadequate to indemnity the insured, whilst in the latter he would make a handsome profit on the fire. Both examples are very undesirable, and presumably the accountant would regard them as coming within the definition of extraordinary or other circumstances of the business and would make the additions or deductions he is empowered to do. I shall discuss other instances of the application of this condition as they occur.

ALTERATION IN RISKS.

The insured is called upon to give particulars of any alteration in risk or of increase in the rate for fire insurance occurring after the policy is effected and in the event of fire to produce as required all books of account, etc. Also to do and concur in doing all things which may be reasonably practicable to minimise any interruption of or interference with business and to avoid or diminish any loss. This is similar in principle to the Fire Policy Condition, but it becomes more interesting in reference to the insurance of increased cost of working when considering how much can reasonably be allowed to be expended. The point will subsequently be discussed more fully. Should the business be liquidated or permanently discontinued after a fire, then the insurance under the policy shall be void. Obviously such a condition is necessary, both because of the difficulty of settlement otherwise and for the diminution of moral hazard.

Other conditions make the usual provisions for excluding damage by earthquake (unless specially mentioned), riot, civil commotion, invasion and kindred disturbances, fraud, etc., and for arbitration. In addition, the principle of making liability dependent on fire policy liability has the effect of applying the ordinary fire policy conditions also, or at least those which have bearing on the possibility of the policy being rendered void,

Such is an outline of the contract and conditions attaching thereto most commonly in use. The policies of the several offices show variations of detail, some of which have been mentioned, but the essential principles remain in harmony. There are innumerable practical difficulties and contentious points inseparable from a class of insurance dealing with multifarious trades, with aspects peculiar to each, but it is only possible in the limited time to touch upon a few.

ADAPTATIONS TO SPECIAL CIRCUMSTANCES.

Examining first the basis of the contract, it will be noticed that the principle of comparing the turnover in the months following a fire with the turnover in the corresponding months of the previous year and of taking the previous year's figures as a means of arriving at the percentage of decreased turnover payable is only strictly equitable in what might be termed "the ideal case" where a firm's total turnover is constant year by year and where fluctuations in any particular months repeat themselves yearly in the corresponding months. Few, if any, exactly answer to such a description, but many approximate to it. Qualified as the contract is by the clause granting discretionary powers to the auditor in extraordinary or other circumstances, the wording will, in the majority of cases, afford as satisfactory a basis of settlement as can be hoped for in view of the fact that consequential loss insurance aims to provide indemnity against what can at best be a problematical loss which can never be proved and which can only be estimated upon the basis of probabilities founded on the past results of the particular business insured. There are many instances, nevertheless, in which it is desirable or necessary to specially adapt the wording rather than to leave adjustment to the somewhat indefinite qualifying clause. To take a general example, businesses dependent mainly on large contracts rather than on consistent smaller trading are likely to show erratic annual figures. Here it would seem more satisfactory, though far from perfect, to substitute the average results of a period of years, and probably an average month in place of a particular one. In the case of firms having recently commenced or recently extended business it may be necessary to stipulate that comparison be made with the turnover for a previous period less than twelve months. Before such a wording were negotiated it would be imperative to ascertain that the business was not subject to seasonal fluctuation and that the experience of the part of the year was a reliable guide to the other. Many progressive businesses have a constantly increasing turnover and profits, which provide a further requirement to be met. One way is to agree that the proportionate increases attained during the last year over the one previous, or the average proportionate increases over a period of years, shall be assumed in the present year. Another is to accept the proportionate increase in the

months previous to fire over the corresponding months in the previous year as the basis of increase to be assumed. In decreasing turnovers the converse applies. Without discussing at the moment the question as to whether this or other examples would, in view of their special features, be acceptable risks, the discretionary clause referred to would in any event still be operative, but it is undoubtedly the spirit of the contract to retain it for use in unforeseen circumstances and to meet evident, though unusual, requirements of individual cases by suitably adapting the policy wording.

(*To be continued.*)

AUTOMOBILE INSURANCE.

(*A. T. Graham, in The Spectator.*)

(*Continued from page* 1019.)

DEPRECIATION IN VALUE.

You may, perhaps, be interested to know why a motor car is subject to so high a percentage of depreciation the first year, as compared with the low percentage of depreciation for each succeeding year. This is due, in large measure, to the practice of the manufacturer placing a new model on the market every year. The style of each model is slightly different from its predecessors, and frequently some new device, which experience has suggested, is added. Anyone wanting to buy a car would naturally select the latest model, or demand a concession in price. Therefore, the builder himself is responsible for the first year's depreciation on an unused car. If the car has been used, then the depreciation caused by the builder plus the depreciation caused by wear and tear or by the fact that the car is second-hand would have to be deducted from the original list price, and the balance would be the selling price at that time.

Most dealers will sell a new car for from 20 per cent. to 40 per cent. of its list price and take their preceding year's model in trade; hence the dealers generally have come to consider it necessary, in many cases, to sell two cars in order to earn one commission. The car traded in is supposed to be again sold for its actual cost to the dealer, which includes the cost of repairing and repainting; but it is hard for one to disabuse his mind of the impression that the selling price of the madeover car carries with it at least a small profit.

The component parts of a car are not all subject to the same rate of depreciation. For instance, tires will depreciate much more rapidly than any other part of a machine, because they are constantly in contact with the road, and are, therefore, subject to the greatest wear and tear. The machinery for transmitting the power is an important item in the cost of the car; and as this is constantly or frequently in action when the car is being operated, it stands to reason that it is quite liable to wear and tear. Frames and bodies, particularly closed bodies such as limousines and coupés, are not necessarily liable to abnormal depreciation. Good leather upholstering will last a long time if properly cared for. A leaky radiator will speedily put a good engine out of commission.

FREQUENT OVER-INSURANCE.

There are two sides to the question of depreciation. When the owner of a car applies for insurance he almost invariably assures the agent that his car has had the best of care and is in excellent condition. This representation usually entitles him to the maximum amount of insurance and gives him the benefit of minimum depreciation. I should call this theoretical, or underwriters' depreciation. Actual depreciation is rarely, if ever, determined until after a loss has occurred. Then the adjuster, with the assistance of an expert if necessary, goes into details, and in a majority of instances his investigation results in the discovery that the depreciation was underestimated and the car over-insured. Occasionally, in such a case, the assured will refuse to settle on the basis of the adjuster's figures and will demand an appraisal. Ordinarily the reasonableness of the adjuster's offer is borne out by the award of the appraisers.

Many policyholders and, I am sorry to say, many agents and brokers, labor under the impression that the face of the policy should be paid when the subject of the insurance is a total loss. Even if it were feasible to determine the value at the time of issuing the policy there would be no sure rule of predetermining the depreciation up to the time of loss, if one should occur during the policy period. If an attempt should be made to appraise every car when insured, the rates would have to be raised considerably in order to meet the added expense of the business.

When the assured holds a valued contract the company has no alternative but to pay the face of the policy in case of total loss, even though the value at time of destruction be much less than the amount insured. This emphasizes the absurdity of the valued form and the advisability of its abolishment. Scarcely any kind of property depreciates as rapidly as a motor car; hence a company should reserve the right to ascertain the actual loss after the occurrence of the accident, and not pledge itself at the time of issuing the policy to pay a stipulated amount in the event of total destruction.

FORMS OF POLICIES

The first motor car policies issued by Lloyds of London in this country were known as Forms No. 1, No. 2, No. 3 and No. 4, and the rates were 2 per cent., 3 per cent., 7 per cent. and 6 per cent., respectively. These forms are substantially the same to-day as they were when originally introduced, the only important difference being that the assured was obliged to bear the first loss of $50 by collision under Forms No. 2, No. 3 and No. 4. The broker or agent placing the business was required to inspect every car and was allowed a fee of $5 in each case, in addition to the regular commission. The assured was compelled to pay the $5 fee. Subsequently the rates for Forms No. 3 and No. 4 were gradually reduced to 4½ per cent. and 4 per cent., respectively, on all kinds of cars—steam, electricity and gasoline—used for both private and public purposes, and the $5 fee was abolished. The deductible average under collision policies was also reduced, first to $25, and later there was no deductible average if the collision loss amounted to or exceeded $25.

At the present time Lloyds policies cover as follows:

Form No. 1.—Against fire, theft (if $25 or more), lightning, explosion, self-ignition, salvage and the risks of transportation and navigation, such as collision, derailment, sinking and standing. The territorial limits are the United States, Canada, Europe and elsewhere, if required. Detached bodies and

equipment are covered under an average clause.

Form No. 2 is the same as No. 1, and contains an additional clause assuming liability for collision damage to the car insured (except the first $25, which must be borne by the assured) if the damage is caused by collision with a railroad or street car, or with a municipal fire department vehicle or fire insurance patrol wagon.

Form No. 3 also insures against all the perils covered under Form No. 1, and, in addition, covers damage by collision with another object to the assured's car and to other property, if the assured shall be held to be legally liable for and shall pay for the same. It also covers loss or damage to the assured's car caused by running into open draws. The underwriters exclude, under this policy, the initial collision loss of $25.

Form No. 4 is the same as Form No. 3, except that it does not cover collision done or third party liability—that is, it does not cover the assured's liability for physical damage to the object collided with. (The underwriters do not cover collision damage to tires under Forms No. 2, No. 3 or No. 4 unless the total collision damage to the car is at least $50.)

For an additional rate of fifty cents some of the underwriters will pay *all* theft losses under any one of these four forms.

AMERICAN STANDARD POLICY.

All the American and foreign stock companies engaged in writing automobile insurance in this country issue a standard policy—that is to say, the policy of each company is identical as to phraseology with the policies of all the other companies. This policy covers the body, machinery and equipment of a described car within the limits of the United States (excluding its possessions) and Canada; also, while on coastwise steamers between ports within said limits. It covers loss by fire from any cause whatsoever; loss by collision and derailment while aboard a railroad car, and loss by sinking, stranding and collision with another vessel while aboard a steamboat. It also covers theft, if amounting to $25, excepting theft committed by persons in the employment, household or service of the assured. It stipulates that passengers shall not be carried for compensation and that the car insured shall not be rented or leased.

Extra bodies, equipment not in use or on the car, robes, coats, hats, caps, gloves, leggings, boots, goggles and chauffeurs' livery are not insured under this policy, except by endorsement and for a specific amount. If the car insured has more than one body, the additional or detached body would not be covered, unless the additional body clause should be attached to the policy. This clause states that the amount of the policy shall be divided into three parts, one part applying to the chassis and equipment, one part to the touring body and one to the limousine body. Under a valued form of policy it became necessary to employ this rider, for the reason that without it a loss might occur to a detached body and, in that event (there having been no predetermination as to its value), it would be difficult, if not impossible, to fix the liability of the company, or, rather, to fix the measure of loss that the company should pay in such a case.

If personal effects, such as chauffeurs' livery, gloves, goggles, etc., are to be insured, they must be covered under the "Personal Effects" endorsement for a specific amount and in consideration of an additional premium, to be computed at the same rate as is charged on the automobile. This endorsement excludes loss from theft, robbery and pilferage—that is to say, losses from these causes must be borne by the assured.

"EUROPEAN PRIVILEGE CLAUSE."

Should a policyholder require insurance on his car while abroad, it would be necessary for him to secure what is known as the "European Privilege Clause." This clause permits him to take his car to the United Kingdom of Great Britain and Ireland and to Continental Europe, and covers it while there. It also includes the ocean risk both ways. An additional charge of one-half of one per cent. is made for this extension of coverage.

When a car is used for carrying passengers for compensation a special rider must be attached to the policy permitting the same, and the assured must pay an additional rate of one per cent. for the privilege.

Within the last month the automobile companies have authorized their agents, upon request, to eliminate the theft feature from their policies and allow a reduction of one-eighth of one per cent. on cars in Class No. 1 and one-quarter of one per cent. on cars in Class No. 2. It is a foregone conclusion that but few policies excluding loss by theft can be sold in large cities, although there is a possibility of a large demand for this form of contract in the smaller places, where the danger of theft losses is at a minimum.

Damage from collision to an insured car is assumed under what is known as the "Collision Damage Sustained Clause," which covers damage to the automobile in excess of $25 by being in collision with any other automobile, vehicle or object, excluding loss to tires, unless the total collision damage to the insured car exceeds $200. This clause excludes damages caused by striking any part of the roadbed; by striking the rails or ties of street, steam or electric railroads; by being operated in a race or speed contest, or while being operated by any person under sixteen years of age, or under the age limit fixed by law. The first loss of $25, which the assured is obliged to stand under this clause, will be assumed by the company in consideration of an additional premium of $35.

The "Collision Done," or property damage, rider indemnifies the assured, in case he is legally liable for physical damage by collision to the property of others, when caused by the automobile insured. Should the object collided with be another automobile, and should a fire occur in the other automobile as a result of the collision, then the damage done by the fire would also be covered under this rider to the extent of the insurance covered thereby. This risk is sometimes called third party liability.

The property damage rider of the liability companies is a broader cover than that used by the automobile companies, because it, as well as the liability policy itself, covers all the assured's legal liability to financial loss resulting from the maintenance or operation of his car, except fire loss to the automobile collided with.

I have often wondered why the automobile companies ever undertook to cover third party losses. This is purely the function of a liability company. The liability companies have also usurped the function of the automobile companies by covering, under

their policies, collision damage sustained, which is purely the function of the automobile companies. I believe the day is not far distant when this inconsistency will be corrected. No assured can be made legally liable to himself and, therefore, it is not within the province of a liabality company to indemnify the assured for such losses as he may sustain to his own property, any more than it is within the province of the automobile companies to assume the obligations of the assured for third party liability.

(*To be continued.*)

MUNICIPAL FINANCE OF THE WEEK.

In my opinion, the municipal securities in Canada have been and are now giltedged—*Sir Thomas Shaughnessy.*

* * * *

Vancouver proposes to issue locally $100,000 4½ p.c. local improvement bonds in $100 denominations at 90 cents on the dollar.

* * * *

Moose Jaw has negotiated through Wood, Gundy & Company, of Toronto, a $300,000 loan at 6 p.c., maturing on January 1 next.

* * * *

Winnipeg's new loan in London of £690,000 4½ per cent. consolidated stock at 97 has gone exceedingly well, having been oversubscribed.

* * * *

Edmonton is discussing the raising of funds locally through the issue of bonds in small amounts. An interest rate of six or seven per cent. "to make them attractive" is talked of.

* * * *

Toronto, according to a statement by the acting-treasurer, has $6,000,000 available on deposit in London to meet the short term notes sold last year, and maturing on August 1. It is said that the city need not float more than three or four millions of bonds during the remainder of the current year.

* * * *

A tentative agreement has been reached for the purchase by the City of Toronto of the Toronto Railway's tracks and franchises for $22,000,000 if the report of the experts shows the property and rights to be worth this amount. The deal is conditional upon the city acquiring the Toronto Electric Light Company's franchises and holdings at a price of $8,000,000.

DOCTORS AND LAWYERS CLAIM EXCESSIVE FEES FOR INSURANCE SETTLEMENTS.

That doctors and lawyers are apt to make claims for excessive fees when dealing with liability and workmen's compensation claim settlements is charged by the New York Insurance Department in its report of the examination of the United States branch of the London Guarantee & Accident Company. The report says:—

"In Illinois we find that the injured workman has in some cases even though the amount of the compensation is absolutely certain, placed his claim with an attorney. The files of the Company show many liens for attorneys' fees served on the Company, the fees in some cases being as much as 50 per cent. of the benefits to be paid. It is the policy of the Company, whenever possible, to induce the attorney to accept a smaller fee. There is nothing to show that the services of attorneys are required in any cases except those arbitrated or appealed to the courts, and such cases comprise but a very small proportion of the whole number. It is also found that the medical fees charged by the doctors are in many cases exorbitant. The payment of such fees will, of course, increase the cost of compensation insurance. The Company endeavors to be fair to the doctors, but does, in many cases, persuade them to accept a reduction from their bills."

REVIEW.

THE CANADIAN ANNUAL REVIEW FOR 1912. By J. Castell Hopkins, F.S.S. The Annual Review Publishing Company, Toronto.

The new volume of the Canadian Annual Review, an ambitious and elaborate work, follows lines already familiar. It contains a vast amount of information. If you want to know all about the naval question—what Mr. Borden said in London, what Sir George Ross spoke in the Senate, what Mr. Bourassa shouted in *Le Devoir,* look in the "Annual Review." Do the same if you want to know anything about imperial affairs, transportation, finance and industry, development and resources, literature and journalism, foreign relations, and other things too numerous to mention. If what you want isn't to be found there, the fact will be surprising.

AGRICULTURAL CREDITS IN SASKATCHEWAN.

The Saskatchewan Royal Commission on Agricultural Credits and Grain Markets has returned from an investigation of European systems of co-operative credit and state loans. The commission will hold sittings throughout Saskatchewan for the purpose of hearing the opinions of the farming and civic communities upon the following subjects, before making their report to the legislature:

1. Conditions surrounding the extension to farmers of long term credit on mortgage, and short term credit by banks on personal security, and the rates of interest and other charges levied in connection with such credit at the present time.
2. The conditions under which, and the methods by which better and cheaper credit is obtained by farmers in some other countries.
3. Types of institutions for providing long term credit on mortgage and short term credit on personal security, respectively, that would be best suited to the conditions that now obtain in rural Saskatchewan.
4. The legitimate uses to which credit obtained on long term mortgage may be put.
5. The legitimate uses to which personal (bank) credit may be put.
6. The effect, if any, of real estate speculation on agricultural credit.
7. The cost of producing grain in Saskatchewan and ways in which that cost may be reduced.
8. The cost of placing the grain of Saskatchewan on the world's markets and ways in which that cost may be reduced.
9. The relation between the cost of producing grain in Saskatchewan and the price received by the producer.
10. Measures by the employment of which the standing of Saskatchewan's grain in the market of the world may be improved.

FINANCIAL GOSSIP

The Merchants' Bank has opened a new branch at West Edmonton, under the management of Mr. E. A. Finn.

* * * *

The Grand Trunk has successfully issued £1,500,000 five-year 5 p.c. bonds at 98 in London this week, the issue having been over-subscribed.

* * * *

I can see no real reason for anxiety. The general trade of the country appears to me to be reasonably good and with a fair crop, we have every reason to expect that conditions will be quite normal again in the late autumn.—*Sir Thomas Shaughnessy.*

* * * *

At the meeting of Wayagamack Pulp and Paper held yesterday at Three Rivers, Que., net earnings of $256,774 were reported as a result of twelve months' operation of the logging department and six months' operation of the paper mill.

* * * *

So far as possible indications count the West will have a fairly good harvest and there will be no marked diminution of the orders that go east yearly to keep the wheels of industry turning and to put money into the working man's pay envelope.—Winnipeg *Free Press.*

* * * *

Mr. C. Sweeny, superintendent of British Columbia branches of the Bank of Montreal, interviewed in Montreal, stated that conditions in the Pacific province are exceptionally sound. "There is a tightness in the money market all over the world, but the situation in British Columbia is not a bit worse than in any other part of the continent," he said.

* * * *

Porto Rico Railways is offering to its shareholders at par $500,000 seven per cent. cumulative preference stock in the proportion of one share of the new issue to every seven shares of common and preferred combined, now held. The proceeds of the issue are to provide for the completion of the Company's storage dam and the extension of lighting lines.

* * * *

Reports prepared by L. W. Brockington, secretary of the improvement department of the municipality of Edmonton and forwarded to the council at Mayor Short's request, show that $15,550,000 is urgently required for paving, water, sewer, sidewalk and boulevard work. The amount eventually required for similar work is estimated at $61,317,676, as follows: Paving, $23,081,840; water, $5,828,994; sewer, $10,558,992; sidewalks, plank and concrete, $4,707,880; boulevards, $17,139,970. The gross area of the city limits is given as 43.85 square miles, the length of all streets being 740 miles.

* * * *

Mr. A. M. Nanton, of Winnipeg, has been elected a director of the Ogilvie Flour Mills Company, in succession to the late Sir Edward Clouston, Bart.

* * * *

With only one dissenting bondholder, the recently announced plan of re-organization was ratified at a meeting of the Canadian Coal & Coke Company's bondholders, this week. The dissenting bondholder represented $25,000 bonds, out of $1,665,000 bonds.

Canadian Northern's gross earnings for the year ended June 30, were $22,979,800, an increase of $3,441,200. The aggregate increase in mileage was 409 miles, the average mileage in operation during the year being 4,297. Operating costs for the year were $16,930,800, an increase over the previous year of $2,508,300.

* * * *

As against a decrease of $79,000 in C.P.R. gross earnings for the second week in July, the first actual loss to be recorded in years, traffic returns for the past week showed an increase of $15,000. Though the margin over the loss recorded in the previous week is large, the actual increase is the smallest since earnings began showing a declining tendency about the middle of March. Traffic returns for the past week were $2,608,000, as against $2,598,000 fot the same week last year.

INSURANCE NOTES & NEWS

The present talk about a slowing-down does not apply to life insurance.

* * * *

Mr. Frederick Schooling has been elected presidents of the Institute of Actuaries.

* * * *

As a result of the flood which visited the city of Dayton, Ohio, during March, fire insurance companies have been called upon to pay over three quarters of a million dollars, or to be exact, $784,060.

* * * *

It is now announced that the two new 12 million gallons pumps, long promised, are to be added to the Montreal city's pumping plant next month. These will displace two old pumps, and fire underwriters, who have had some sharp contests with the city authorities in regard to them, will not be sorry to see the new pumps finally in operation.

* * * *

CANADIAN ACCIDENTS DURING JUNE, 1912, BY INDUSTRIES AND GROUPS OF TRADES.

Trade or Industry	Killed	Injur'd	Total
Agriculture	8	5	13
Lumbering	10	3	13
Mining	5	13	18
Railway construction	14	10	24
Building Trades	10	45	55
Metal Trades	14	116	130
Woodworking Trades	1	16	17
Printing and Allied Trades	...	3	3
Textiles	...	4	4
Food and Tobacco preparation	...	5	5
Leather	...	2	2
Transportation—			
Steam Railway Service	4	89	103
Electric Railway Service	...	11	11
Navigation	9	7	16
Miscellaneous	3	15	18
Public Employees	7	9	16
Miscellaneous Skilled Trades	4	12	16
Unskilled Labour	8	19	27
Total	117	384	491

To establish a new life company in Great Britain is as great a task as that of establishing a new daily newspaper. Indeed, we are not sure that it is not a greater task than that of the twelfth labour of Hercules.—Manchester *Policyholder*.

* * * * *

A compilation by *Safety Engineering* of statistics of fires since January 1, 1908, in buildings of an institutional character discloses these facts: Number of fires 326, amount of loss $6,500,000, average loss per fire $20,000. The figures are incomplete.

* * * *

The Western's calibre has indeed been demonstrated by its sixty-two years' record, the honorable discharge of all liabilities, and an unflinching attitude when faced by conditions requiring courage and cash. —London *Post Magazine*.

* * * *

The New York Insurance Department's examination of the United States branch of the London Guarantee and Accident shows for 1912 a loss on the year's underwriting of $203,029, including all lines of business transacted, but that the underwriting loss on liability and workmen's compensation business was $232,045.

* * * *

The Right Hon. Alfred Lyttleton, whose recent death at the comparatively early age of 56 has called forth many appreciative references testifying to a character of great charm, was chairman of the Law Union and Rock Insurance Company, on the board of which he had been for many years.

CANADIAN FIRE RECORD

(Specially compiled by The Chronicle)

ST. DAVID'S, ONT.—Building owned by Edward Lowery damaged, July 17.

TRENTON, ONT.—Lumber piles of Canada Creosoting Company, damaged, July 21. Loss, $10,000.

OTTAWA, ONT.—Gibson's Hotel, Metcalfe Road, damaged, July 10. Loss, $5,500. Origin, lightning.

TORONTO.—Two frame houses in Fairbanks Av., Earlscourt, destroyed, July 20. One owned by John Godfrey.

Automobile of W. J. Ross, 63 Yorkville Avenue, damaged July 17. Loss, $100. Origin, back firing.

HALIFAX, N.S.—Interior of John White & Co.'s stove store, Water Street, gutted, July 18. Loss on stock heavy.

ERINDALE, ONT.—Summer residence of Dr. Walter McKeown, on Schreiber estate destroyed, July 19. Loss, $15,000.

WELLAND, ONT.—D. Tewsley's residence in Wainfleet township burned July 17, with nearly all contents. Small insurance.

SOUTH DUMMER, ONT.—A. Patterson's house at Cottesloe destroyed, July 20. Loss, $3,000; insurance, $600.

W. Buchanan's barn, 10th concession of Dummer, destroyed. Origin, lightning.

WATERFORD, ONT.—M. C. R. freight sheds burned July 22. Loss, $8,000. Supposed origin, spark from engine.

EDMONTON, ALTA.—Forest fires are reported to be burning furiously between Tete Juan Cache and Jasper, July 21.

MONTREAL.—Stables at Delorimier Park destroyed, July 18, and several valuable horses killed. Loss, $25,000.

Montobello Apartments damaged, July 16. Origin, unknown. Loss, $3,000.

James Thompson's home, 64 Draper Avenue, Notre Dame de Grace, damaged, July 20.

Store of Robertson and Descoteau, 676 St. Catherine Street, Maisonneuve, and adjoining houses damaged, July 23. Loss, $2,000. Origin, explosion of gasoline.

MIDLAND, ONT.—Residence on George Hill's farm at Fesserton destroyed, July 20. Three deaths. Origin, unknown.

INGERSOLL, ONT.—Nagle & Mills' frame storehouse damaged, July 22. Loss covered by insurance. Origin, spark from locomotive.

BRANDON, MAN.—B. & J. Crestall's warehouse in Second Street, stocked with second-hand goods, gutted, July 22. Loss, $10,000. Origin, incendiary.

ST. JOHN, N.B.—Building at Canterbury and Church Streets, owned by M. Farrell, occupied by himself, Metropolitan Waist Co., S. J. McGowan Co., Ltd., R. Hunter and T. P. Kane, damaged, July 12. Total loss, $25,000. Origin, defective wiring.

WINNIPEG.—Wesley College rink, corner of Ellice Avenue and Balmoral Street, damaged, July 18. Loss, $600. Newspaper report says:—"It is thought that the buildings were fired purposely as the rink is an eyesore to the surrounding residents."

Frame house under construction at 586 Ashburn Street (builder, George Laird, 377 Alexander Avenue), damaged. July 20. Loss, $3,700. Spark set fire to a bed room at 640 Ashburn Street, occupied by Arthur Earle, doing $300 damage.

Watch tower of Louise bridge damaged, July 20. Origin, trolley of street car. Loss, small.

LONDON, ONT.—Insurance affected by fire at Johnston & Murray's, on July 15, as follows:—Commercial Union, $1,000; London & Lancashire, $3,500; Westchester, $4,500; Atlas, $1,000; Phœnix of London, $1,000; Employers' Liability, $3,000; Norwich Union, $4,000; London Mutual, $5,000; L. & L. & G., $1,000; Guardian, $3,000.

CALGARY, ALTA.—Pryce-Jones' store, First Street West, damaged, July 10. Loss about $20,000. Origin, unknown. Insurance as follows:—American, New Jersey, $10,000; New York Underwriters, $10,000; Hartford, $5,000; Queen, $,000; Alliance, $5,000; Caledonian, $10,000; Aetna, $25,000; American Central $10,000; Yorkshire, $10,000; Union, $5,000; Hartford, $10,000; Royal Exchange, $30,000; Union, $10,000; Phœnix of London, $10,000; Sovereign, $10,000; St. Paul, $5,000; Aetna, $25,000; Canadian, $10,000; N. B. and Mercantile, $35,000; L'Union Fire, $5,000; Northern, $20,000; Scottish Union and National, $10,000; Guardian, $15,000; National Union, $20,000; British and Canadian Underwriters, $5,000; Duquesne Underwriters, $5,000; Imperial Underwriters, $10,000; Employers' Liability, $30,000; Palatine, $15,000; Liverpool and London and Globe, $60,000; Prov.-Wash., $25,000; Norwich Union, $5,000; British American, $20,000; Acadia, $15,000; Law Union, $5,000; Firemen's, $10,000; Protector Underwriters, $5,000; National, $30,000; Canadian National, $5,000; London, $7,500; Royal, $10,000; Commercial Union, $20,000; Home, New York, $10,000; Springfield, $5,000.

Traffic Returns.

CANADIAN PACIFIC RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
June 30.....	$47,087,000	$59,342,000	$64,323,000	$4,981,000
Week ending	1911.	1912.	1913.	Increase
July 7.........	2,096,000	2,571,000	2,700,000	129,000
" 14.........	2,170,000	2,701,000	2,604,000	Dec. 97,000

GRAND TRUNK RAILWAY

Year to date.	1911.	1912.	1913	Increase
June 30........	$22,521,022	$23,855,411	$27,138,193	$3,282,782
Week ending	1911	1912.	1913.	Increase
July 7........	943,095	1,012,051	1,087,463	75,412
" 14........	994,800	1,037,863	1,131,358	93,495
" 21........	960,016	1,077,951	1,164,836	116,885

CANADIAN NORTHERN RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
June 30	$7,152,600	$9,203,900	$10,739,900	$1,536,000
Week ending	1911.	1912.	1913.	Increase
July 7........	$346,500	391,900	432,700	40,800
" 14........	364,700	436,700	454,500	17,800
" 21........	357,000	426,100	447,800	21,700

TWIN CITY RAPID TRANSIT COMPANY.

Year to date.	1911.	1912.	1913.	Increase
June 30.......	$3,733,122	$3,875,004	$4,188,880	$313,876
Week ending.	1911.	1912.	1913	Increase
July 7........	183,360	166,467	179,735	13,268
" 14	153,600	152,560	166,435	13,875

HAVANA ELECTRIC RAILWAY CO.

Week ending		1912.	1913.	Increase
July 6........	....	$51,659	$56,480	$4,821
" 13	....	48,533	57,931	6,398
" 20	....	49,422	54,716	5,288

DULUTH SUPERIOR TRACTION CO.

	1911.	1912.	1913.	Increase
July 7	$25,898	$24,988	$29,163	$4,175

DETROIT UNITED RAILWAY.

Week ending	1911.	1912.	1913.	Increase
June 17	183,349	213,040	250,668	37,628
" 14.......	197,102	221,178	252,944	31,765
" 21.......	205,089	224,079	255,570	31,491

CANADIAN BANK CLEARINGS.

	Week ending July 24, 1913	Week ending July 17, 1913	Week ending July 25, 1912	Week ending July 27, 1911
Montreal	$54,889,578	$55,816,789	$57,492,938	$45,382,638
Toronto	37,241,854	39,811,262	44,509,439	36,773,410
Ottawa	3,837,466	4,303,441	5,457,291	4,164,694

MONEY RATES.

	To-day	Last Week	A Year Ago
Call money in Montreal...	6-6½%	6-6½%	5 %
" " in Toronto....	6-6½%	6-6½%	5 %
" " in New York..	2¼%	2¼%	2¼ %
" " in London	2¾%	2¾%	2¼ %
Bank of England rate.....	4½%	4½%	3 %

DOMINION CIRCULATION AND SPECIE.

May 31, 1913....	$113,746,734	Nov. 30, 1912	$118,958,623
April 30	114 296,017	October 31.......	115,748,414
March 31........	112,101,886	Sept. 30	115,995,602
February 28,....	110,484,879	August 31.........	116,210,579
January 31, ...	113,602,030	July 31	113,794,845
December 31, 1912	115,836,488	June 30	111,932,239

Specie held by Receiver-General and his assistants:-

May 31, 1913. ..	$100,481,562	Nov. 30, 1912.....	$106,698,599
April 30	100,706,287	Oct. 31	103,054,008
March 31	98,507,113	Sept. 30	103,041,850
February 28......	98,782,004	August 31........	103,014,276
January 31.	101,898,960	July 31....	100,400,688
December 31, 1912	104,076,547	June 30...........	98,141,536

List of Leading Stocks and Bonds

CORRECTED TO THURSDAY, JULY 24th, 1913

BANK STOCKS.	Closing prices or Last sale. Asked.	Bid.	Par value of one share.	Return per cent. on investment at present prices.	Rate of Annual Dividend	Capital subscribed	Capital paid up	Rest Fund	Per cent'ge of Rest to paid up Capital	When Dividend payable.
			$	Per Cent.	Per cent	$	$	$		
British North America	....		....	....	8	4,866,667	4,866,667	2,920,000	60.00	April, October.
Canadian Bank of Commerce	203½	202½	50	5 40	10+1	15,000,000	15,000,000	12,500,000	83.33	March, June, Sept., Dec.
Dominion XR	....	....	100	....	12+2	5,427,700	5,356,227	6,356,227	118.67	Jan., April, July, Oct.
Hamilton	....	....	100	....	11	3,000,000	3,000,000	3,500,000	116.66	March, June, Sept., Dec.
Hochelaga	....	....	100	....	9	3,894,400	3,560,925	3,000,000	84.25	March, June, Sept., Dec.
Home Bank of Canada	....	....	100	....	7	2,000,000	1,938,208	650,000	33.54	March, June, Sept., Dec.
Imperial XD	....	....	100	....	12	6,910,000	6,776,159	6,776,159	100.00	Feb., May, August, Nov.
Merchants Bank of Canada XD	189	....	100	5 29	10	6,764,700	6,764,700	6,419,175	94.90	March, June, Sept., Dec
Metropolitan Bank	....	....	100	....	10	1,000,000	1,000,000	1,250,000	125.00	Jan., April, July, Oct.
Molsons	190	....	100	5 78	11	4,000,000	4,000,000	4,700,000	117.50	Jan., April, July, Oct
Montreal	....	....	100	..	10+2	16,000,000	16,000,000	16,000,000	100.00	March, June, Sept., Dec.
Nationale XD	136	134	100	5 14	7	2,000,000	2,000,000	1,550,000	77.50	Feb., May, August, Nov.
Northern Crown Bank	....	....	100	....	6	2,862,400	2,760,065	300,000	10.87	January, July.
Nova Scotia	254	....	100	5 51	14	6,000,000	5,957,320	10,839,248	181.80	Jan., April, July, Oct.
Ottawa	....	....	100	....	12	3,951,500	3,935,820	4,435,820	112.70	March, June, Sept., Dec.
Provincial Bank of Canada	....	....	100	....	6	1,000,000	1,000,000	575,000	57.50	Jan., April, July, Oct.
Quebec	....	122	100	5 60	7	2,721,260	2,684,396	1,250,000	46.57	March, June, Sept., Dec.
Royal	215¼	215¼	100	5 57	12	11,560,000	11,560,600	12,560,000	108.65	Jan., April, July, Oct.
Standard XR	....	....	50	....	13	2,487,050	2,479,760	3,179,760	128.23	Feb., May, Aug. Nov.
Sterling	....	....	100	....	5	1,211,709	1,123,472	300,000	26.70	Feb., May, August, Nov.
Toronto	....	....	100	....	11+1	5,000,000	5,000,000	6,000,000	120.00	March, June, Sept., Dec.
Union Bank of Canada	....	....	100	.. .	8	5,000,000	5,000,000	3,300,000	66.00	March, June, Sept., Dec.
Vancouver	....	....	100	....	....	1,174,700	857,140	40,000	4.67	......
Weyburn Security	....	....	100	....	5	631,200	315,600	65,000	20.60	......
MISCELLANEOUS STOCKS.										
Bell Telephone	142	141	100	5 63	8	15,000,000	15,000,000	.....	....	Jan., April, July, Oct.
Brazilian Traction	85¼	84¾	100	7 04	6	104,500,000	104,500,000	.....	....	Feb., May, Aug., Nov.
B. C. Packers Assn, pref	....	....	100	....	7	635,000	635,000	....	....	May, Nov.
do Com	....	....	100	....	6	1,511,400	1,511,400	....	....	May, Nov.
Canadian Pacific	218½	218¼	100	4 57	7+3	260,000,000	198,000,000	....	....	Jan., April, July, Oct.
Canadian Car Com	...	61½	100	6 52	4	3,500,000	3,500,000	....	....	April, Nov.
do Pfd XD	....	....	100	....	7	6,100,000	6,100,000	....	....	Jan., April, July, Oct.
Can. Cement Com	27½	27¼	....	..	....	13,500,000	13,500,000	....	....	....
Do. Pfd	90	88	....	7 77	7	10,500,000	10,500,000	....	....	....
Can. Con. Rubber Com	85	83	100	4 70	4	2,805,500	2,805,500	....	....	Jan., April, July, Oct.
do Pref	....	96	100	7 29	7	1,980,000	1,980,000	....	....	Jan., April, July, Oct.
Canadian Converters	41	40	100	9 75	4	1,733,500	1,733,000	....	....	Feb., May, Aug., Nov
Canadian General Electric	105	104½	100	7 61	7+1	5,640,000	5,640,000	....	....	Jan., April, July, Oct.
Canadian Cottons	36	35	100	...	....	2,715,000	2,715,000	....	....	....
do do. Pfd	72½	72¼	100	8 27	6	3,661,500	3,661,500	....	....	Jan., April, July, Oct.
Canada Locomotive	47	...	100	....	....	2,000,000	2,000,000	....	....	....
do. do. Pfd	89½		100	7 82	7	1,500,000	1,500,000	....	....	Jan., Apl., July Oct.
Crown Reserve XR	...	3.10		....	60	1,999,957	1,999,957	....	....	Monthly.
Detroit United Ry	68	67¾	100	8 82	6	12,500,000	12,500,000	....	....	March, June, Sept., Dec.
Dominion Canners	67½	65¼	100	8 89	6	2,148,600	2,148,600	....	....	....
Dominion Coal Preferred XD	106½	105¼	100	6 57	7	3,000,000	3,000,000	....	....	January, August.
Dominion Textile Co. Com	78½	78	100	7 63	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
do Pfd	100	....	100	7 00	7	1,859,030	1,859,030	....	....	Jan., April, July, Oct.
Dom. Iron & Steel Pfd	95	94½	100	7 36	7	5,000,000	5,000,000	....	....	April, October
Dominion Steel Corpn	44¼	44¼	100	9 27	4	35,656,800	35,656,800	....	....	Jan., April, July, Oct.
Duluth Superior Traction	....	....	100		5	3,500,000	3,500,000	....	....	Jan., April, July, Oct.
Halifax Tramway Co	160	...	100	5 00	8	1,400,000	1,400,000	....	....	Jan., April, July, Oct.
Havana Electric Ry Com	....	....	100	....	6	7,463,703	7,463,703	....	....	Jan., Apl., July, Oct.
do Preferred	....	....	100	....	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
Illinois Trac. Pfd	91	88	100	6 59	6	5,304,600	5,304,600	....	....	Jan., April, July, Oct.
Kaministiquia Power	....	....	100	....	5	2,000,000	2,000,000	....	....	Feb., May, August, Nov
Laurentide Com XR	146½	146	100	5 44	8	7,200,000	7,200,000	....	....	February, August.
Lake of the Woods Mill. Co. Com	130	124	100	6 15	8	2,100,000	2,100,000	....	....	Mar., June, Sept., Dec.
do do Pfd	....	....	100	....	7	1,500,000	1,500,000	....	....	Jan., Apl., July, Oct.
Mackay Companies Com	....	....	100	....	5	41,380,400	41,380,400	....	....	Jan., April, July, Oct.
do Pfd	67	65	100	5 97	4	50,000,000	50,000,000	....	....	Jan., April, July, Oct.
Mexican Light & Power Co	69	....	100	5 79	4	13,585,000	13,585,000	....	....	Jan., April, July, Oct.
do do Pfd	....	....	100	....	7	2,400,000	2,400,000	....	....	May, November.
Minn. St. Paul & S.S.M. Com	127	125	100	5 51	7	20,832,000	20,832,000	....	....	April, October
do Pfd	....	....	100	....	7	10,416,000	10,416,000	....	....	April, October.
Montreal Cottons	55	....	100	7 27	4	3,000,000	3,000,000	....	....	March, June, Sept. Dec.
Montreal Light, Ht. & Pwr. Co	208	207	100	4 80	10	17,000,000	17,000,000	....	....	Feb., May, August, Nov.
Montreal Telegraph	139	....	40	5 76	8	2,000,000	2,000,000	....	....	Jan., April, July, Oct.
Northern Ohio Traction Co	....	....	100	....	5	9,000,000	9,000,000	....	....	March, June, Sept., Dec.
N. Scotia Steel & Coal Co. Com	75	72½	100	8 00	6	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.
do Pfd	....	....	100		8	1,030,000	1,030,000	....	....	Jan., April, July, Oct.
Ogilvie Flour Mills Com	107¾	107¼	100	7 42	8	2,500,000	2,500,000	....	....	Jan., Apl., July, Oct.
do Pfd	112	....	100	6 25	7	2,000,000	2,000,000	....	....	March, June, Sept., Dec
Penman's Ltd. Com	51	49	100	7 84	4	2,150,600	2,150,600	....	....	Feb. May, August, Nov
do Pref	....	..	100	..	6	1,075,000	1,075,000	....	.....	Feb. May, August, Nov.
Quebec Ry. L. & P. XD	11¼	11¼			....	9,999,500	9,999,500	....	....	....
Richelieu & Ont. Nav. Co.	105½	105¼	100	7 56	8	3,132,000	3,132,000	....	....	March, June, Sept., Dec.
Shawinigan Water & Power Co XD	121	119½	100	4 95	6	10,000,000	10,000,000	....	....	Jan., April, July, Oct.
Toledo Rys & Light Co	....	....	100		....	13,875,000	13,875,000	....	....	....
Toronto Street Railway	138½	137½	100	5 76	8	10,968,383	10,968,383	....	....	Jan., April, July, Oct.
Tri-City Preferred	....	....	100		6	2,826,200	2,826,200	....	....	Jan., April, July, Oct.
Twin City Rapid Transit Co	103½	103	100	5 74	6	20,100,000	20,100,000	....	....	Jan., Apl., July, Oct.
Twin City Rapid Transit, Pfd	....	....	100	....	7	3,000,000	3,000,000	....	....	Jan., Apl., July, Oct.
West India Electric	94	....	100	5 31	5	800,000	800,000	....	....	Jan., April, July, Oct.
Windsor Hotel	....	....		....	5	3,000,000	3,000,000	....	....	May, November
Winnipeg Electric Railway Co	....	185	...	6 48	12	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.

The Canadian Bankers' Association will hold its annual meeting at Winnipeg in September.

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It has been the experience of the life insurance business, that there is a tendency toward a greater demand for life insurance protection in times when business generally is receding or at a lower ebb than normal.—*Insurance World.*

The Canadian Surety Company of Toronto has been formed as a subsidiary of the American Surety Company of New York. It will re-insure in Canada the business of the American Surety Company and take over its agency organization here. Mr. W. H. Hall, formerly manager for Canada of the American Surety, is general manager, and Mr. W. H. Burgess, secretary.

STOCK AND BOND LIST, Continued

BONDS	Closing Quotations Asked	Closing Quotations Bid	Rate p.c. of Interest per annum	Amount outstanding.	When Interest due.	Where Interest payable	Date of Maturity.	REMARKS
Bell Telephone Co.......	98½	..	5	$3,649,000	1st Oct. 1st Apl.	Bk. of Montreal, Mtl.	April 1st, 1925	
Can. Car & Fdy.........	..	..	6	3,500,000	1st June 1st Dec.	....	Dec. 1st, 1939	Red.at 110 aft.Nov.'19 or in pt.aft.Nov.'11
Can. Converters.........	..	..	6	474,000	1st June 1st Dec.	....	Dec. 1st, 1926	
Can. Cement Co.........	..	97	6½	5,000,000	1st Apl. 1st Oct.	" "	Oct. 21st, 1929	Redeemable at 110
Dominion Coal Co.......	98		5	6,300,000	1st May 1st Nov.	" "	April 1st, 1940	Red. at 105 and Int.after May 1st,1910
Dom. Iron & Steel Co...	90⅝	90	5½	7,332,000	1st Jan. 1st July	Bk. of Montreal, Mtl	July 1st, 1929	
Dom. Tex. Sers. "A"....	..	..	6	758,500	1 March 1 Sept.	Royal Trust Co. Mtl.	March 1st, 192	5 Redeemable at 110 and Interest.
" "B"....	..	..	6	1,000,000	"	" "	"	Redeemable at par after 5 years
" "C"....	100	..	6	1,000,000	"	" "	"	Red. at 105 and Interest
" "D"....	..	..	....	450,000	"	" "	"	" "
Havana Electric Railway	..	..	5	7,824,731	1st Feb. 1st Aug.	52 Broadway, N.Y. .	Feb. 1st, 1912	Redeemable at 105
Halifax Tram...........	..	..	5	600,000	1st Jan. 1st July	Bk. of Montreal, Mtl.	Jan. 1st, 1916	
Keewatin Mill Co........	..	100	6	750,000	1st March 1 Sept.	Royal Trust Co., Mtl.	Sept. 1st, 1916	Redeemable at 110
Lake of the Woods Mill Co	..	..	6	1,000,000	1st. June 1st Dec.	Merchants Bank of Canada, Montreal..	June 1st, 1932	
Laurentide Paper Co....	..	104	6	947,305	2 Jan. 2 July	Bk. of Montreal, Mtl.	Jan. 2nd, 1920	
Mexican Electric L. Co..	..	..	5	5,778,600	1st Jan. 1st July	" "	July 1st, 1935	
Mex. L't & Power Co....	..	..	5	11,728,500	1st Feb. 1st Aug.		Feb. 1st, 1933	
Montreal L. & Pow. Co..	97	96½	4½	6,787,000	1st Jan. 1st. July	" "	Jan. 1st, 1932	Red. at 105 and Int. after 1912
Montreal Street Ry. Co..	..	190	4½	1,500,000	1st May 1st Nov.		May [illegible] 1932	
Ogilvie Flour Mills Co...	..		6	1,750,000	1st June 1st Dec.	Bk. of Montreal, Mtl.	July 1st, 1932	Redeemable at 105 and Interest
Penmans................	89¾	89	5	2,000,000	1st May 1st Nov.	Bk. of M., Mtl. & Ln.	Nov. 1st, 1926	Redeemable at 110 after Nov. 1,1911
Price Bros	83	..	6	833,000	1st June 1st Dec,	....	June 1st, 1925	
Quebec Ry. L & P. Co...	46¼	45¾	5	4,866,666	1st June 1st Dec.	....	June 1st, 1929	
Rio Janeiro............	..	..	5	25,000,000	1 Jan. 1 July	....	Jan. 1st, 1935	
Sao Paulo..............	..	..	5	6,000,000	1st June 1st Dec.	C. B. of C. London. Nat. Trust Co. Tor.	June 1st, 1929	
Toronto & York Radial..	..	..	5	1,620,000	1 July 1st Jan.	B. of M., Tor. & N.Y.	Feb. 1st, 1919	
Winnipeg Electric......	99½	..	5	1,000,000 4,000,000	1st Apl. 1st Oct 2 Jan. 2nd July	Bk. of Montreal, Mtl. " "	Jan. 1st. 1927 Jan. 1st. 1935	
West India Electric......	..	..		600,000	1st Jan. 1st July	....	1929	

REFERENCE DIRECTORY

Legal Firms, Brokers, Agents, Etc.