

HAMILTON, ONT.

SUNSHINE

Vol. XI.
Nos. 4 & 5

MONTREAL

APRIL-MAY,
1906



CITY HALL, HAMILTON, ONT.

EVIDENCE BEFORE INSURANCE COMMISSION
EMPHASIZES THE

Strong Position and Conservative Methods of the Sun Life of Canada.

ABOUT TWO MILLION DOLLARS BETTER OFF THAN IT CLAIMED TO BE.

As some time may elapse before the companies will be heard before the Insurance Commission, the management of the Sun Life Assurance Company of Canada desires to refer briefly to points regarding that office which have been brought out in the examination of the officers of the Insurance Department.

INVESTMENTS OUTSIDE OF CANADA.

In 1903 and 1904 extended negotiations took place between the Finance Minister, the Superintendent of Insurance and the united Canadian companies, with regard to extension of their investment powers. The minister expressed his willingness to eliminate the restrictions on the amount of investments outside of Canada, if certain other changes were made, and it was fully believed that a bill to this effect would be introduced by the government in the session of 1904. For reasons brought out before the Commission, however, this bill was postponed from time to time, and has even now not been brought forward. Acting on the belief that the law was about to be changed, the Sun Life of Canada increased its American holdings. This, of course, it should not have done, although under the circumstances it perhaps was slightly excusable. When the session passed without the expected bill being brought in, the Company wrote the Minister of Finance, expressing its regret, and frankly stating that it had been lead into increasing its American holdings in view of the expected amendment. The officers told the superintendent that they would loyally endeavor to reduce the excess of American securities, although this would probably result in their having a large amount of uninvested funds on hand, as Canadian securities that are thoroughly safe, and at the same time profitable, are somewhat scarce. How the Company fulfilled its promises may be seen from the following figures given in his evidence by Mr. Fitzgerald;

Dec. 31, 1904, excess of foreign investments over legal limit	\$467,100
Dec. 31, 1905, margin with legal limit for foreign investments	112,087
Cash in banks Dec. 31, 1903	145,000
Cash in banks Dec. 31, 1904	424,000
Cash in banks Dec. 31, 1905	990,000

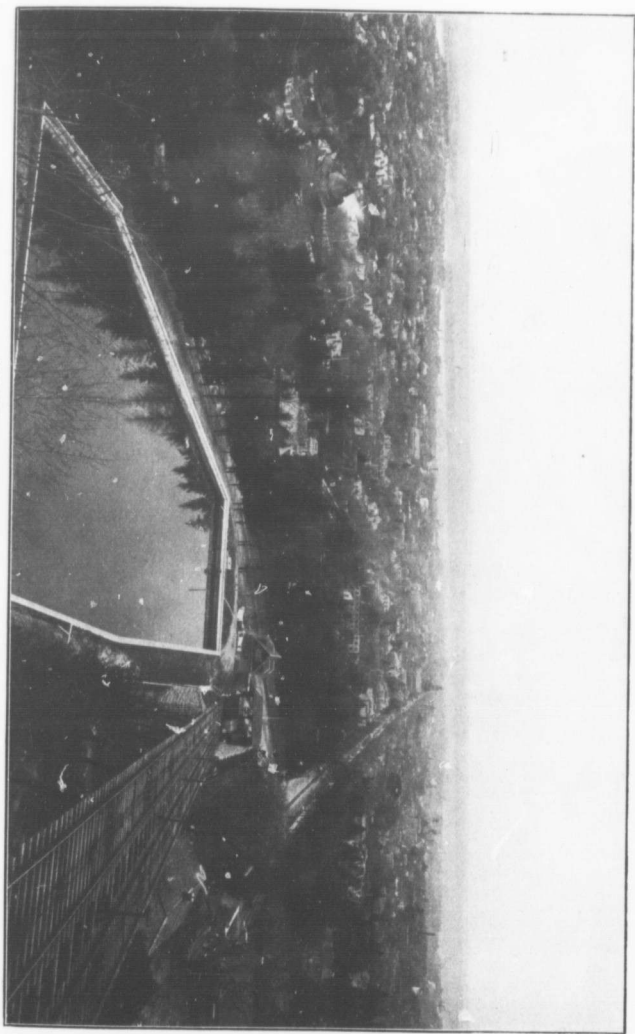
SECURITIES WRITTEN DOWN.

The Company has been so remarkably successful with its investments of recent years that we have felt that it can afford to be unusually conservative. We have always considered it our duty to make as good terms as possible when purchasing securities, and in this way, besides making handsome cash profits, have obtained large amounts of bonus stocks. At the end of 1904 some of these had become sufficiently valuable to justify us in placing them in our published list of assets. We were thus in a position to increase both our published assets and surplus by large amounts. The question arose whether we should not take a conservative course, and while transferring some of the new securities from the inactive or contingent list to the published list, at the same time transfer from the published list to inactive list some others, which, while not bad, were yet not really gilt-edged. In other words, instead of taking credit for the entire amount of these new securities as an addition to our assets, we proposed to use them in part to write down some other securities by merely substituting the new assets for the old to that extent in the published list. This was beyond question a prudent and conservative course, and its effect was to reduce our published surplus by at least \$300,000 below what we could have claimed had we acted otherwise. The criticisms which have appeared in this connection upon the evidence as brought out by the Commission, are due to an entire misconception. The course followed was merely in keeping with our ambition to be at all times better than we actually claimed to be.

From the fact that the securities named were "written down," or rather, transferred to the inactive list, it must not be supposed that they are bad debts. On the contrary, arrangements have already been made to sell about two-thirds of the entire amount at prices which will save the Company from any loss whatever. Mr. Blackadar distinctly stated in his evidence that these securities were not necessarily bad debts at all.

But in any case there is nothing new in all this. To refer to it as a "disclosure" brought out by the Commission is an error. The facts

THE CITY OF HAMILTON, ONT.—(See page 40.)



have all along been open to the public. Any one who turns to the Insurance Blue Book for 1904 will find on page 369, in the Company's annual statement, under the heading of "Synopsis of the Ledger Accounts," the whole transaction clearly set forth in unmistakable language.

SUPPOSED SALE OF
ILLINOIS TRACTION STOCK
TO DIRECTORS.

This is a mare's nest. There was no such sale as supposed at all. The facts are as follows: In December, 1904, the Company had an opportunity to buy \$580,000 of this stock on very favorable terms, the proceeds to be paid in bonds. The Company already owned a very large amount of this same stock, and it was not thought desirable to materially increase its holding, even though the terms were attractive. Some of the directors had expressed a desire to take a portion of the stock on precisely the same terms as the Company, and it was understood that the block should be divided. By error, however, the directors were not told when the transaction was about to be completed, and the Company took up not merely its own share, but that of the directors. This was on December 31, 1904. The error was discovered within a few days and was immediately corrected by the directors taking from the Company their shares, and merely reversing the entries. This was not a sale, but a mere correction of an error, which had inadvertently been made a few days previously. It did not involve any question of either profit or loss to the Company. These facts are not disputed, but on the contrary, were clearly stated by Mr. Blackadar in his evidence. No injury whatever accrued to the Company, which had merely parted with some of its bonds for a few days, holding the stock thereof for that time. Absolutely no change whatever took place during those days in the value of the stock. As far as known not one share of stock had been sold in the interval, and no development of any kind had occurred. Of the \$580,000 of stock \$223,100 was taken by the directors and \$356,900 remained with the Company. In extenuation of this error, it should be remembered that it happened on December 31, when the staff are more busy than on any other day of the year. We emphatically reiterate that the entry was a mere correction of a mistake, and nothing else, and that the directors derived absolutely no advantage beyond what they would have received had they taken up their stock ten days previously, as intended.

It must also be remembered that just at the time the Company was being criticised by the Insurance Department for holding too large an amount of American securities, and was endeavoring to reduce the volume of such holdings in order to comply with the law.

INACTIVE ASSETS.

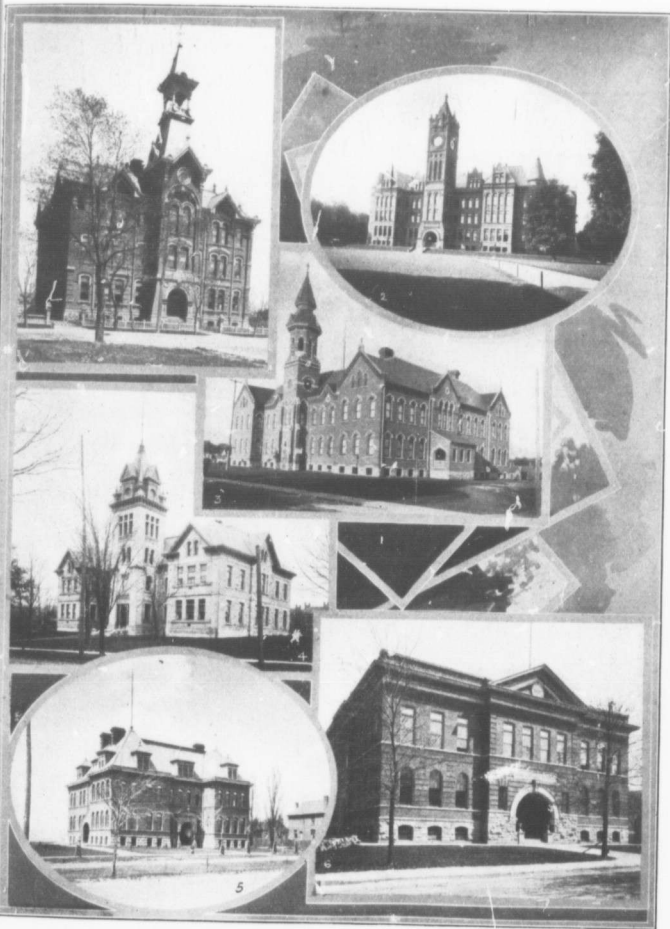
We have been reproached with having "silent assets," or bonus stocks. We certainly have them, and are very proud of having them, and our policyholders also should be remarkably well satisfied that we have them. Their possession merely shows that we occupy a vastly stronger position than we have ever publicly claimed.

While these inactive assets have not been advertised or included in our published lists, no secret had been made of their existence, and Mr. Blackader testified that detailed lists had been furnished to him both last year and this year, and that these securities had been checked exactly as the other securities of the Company. He produced statements of these securities which had been furnished by the Company to the department. He admitted that to the extent of their value the Company was that much better off than it claimed to be, and that a valuation of this contingent fund made for the department by the Company in November last amounted to \$1,968,000. The par value of the securities exceeds \$5,000,000.

STRENGTH OF THE COMPANY.

In the year 1905 the profit made by the Company from all sources amounted to \$1,344,371.80. Of this amount, \$166,541 was paid to policyholders whose policies were entitled to participation in that year. Of the balance, \$616,541.33 was set aside to complete the placing of all reserves on the three and one-half per cent. basis and \$561,252.50 was added to the published surplus, bringing the total surplus claimed up to \$1,735,698.59 over all liabilities and capital stock, even on this severe standard of valuation. The evidence before the Commission has now brought out that even these figures, splendid though they are, tell but part of the story, for the Company is really about two million dollars better off than even it claimed to be.

This highly prosperous condition has already benefited our policyholders both as regards security and profitableness. The large surplus makes the Company one of the most powerful financial corporations on the continent in proportion to its size, and when to this we add the two millions of inactive securities it is seen to be a veritable tower of strength. In regard to



SOME OF HAMILTON'S EDUCATIONAL BUILDINGS.

- | | |
|---------------------------|---|
| 1. Queen Victoria School. | 2. Ontario Normal College and Collegiate Institute. |
| 3. Ryerson School. | 4. Central School. |
| 5. Stinson Street School, | 6. King Edward School. |

profitableness, the Company has been able to make the change to the three and one-half per cent. basis with comparatively little hardship to the policyholders. The total amount which has been set aside for the increase of its reserves on old policies since the passing of the act of 1899 has been \$1,186,111.41, and less than one-sixth of this amount has been raised by reduction of the profits of policyholders, more than five-sixths having been obtained from profits on the Company's investments. Moreover, the basis for the distribution of such profits in 1905 was higher than that for 1904, and that for 1906 in its turn higher than for 1905, so that the profits being paid are already back on a highly satisfactory basis, even after complying with the change in the law, while the present strong position of the Company warrants some enthusiasm as to what the future profits will probably be.

The management considers that the facts brought out before the Commission, when understood, reflect the highest credit upon the Company, and are the subject of legitimate pride. The probing into the affairs of the Sun Life of Canada has but revealed greater strength and very conservative methods.

Two additional points have since been brought out at the investigation.

INACTIVE ASSETS NOT HIDDEN.

Besides furnishing the Superintendent of Insurance with full lists of the securities held in the Contingent Account, the Company appended the following foot-note to its regular returns for publication :

"In addition to the bonds and stocks mentioned in these schedules, the Company owns a considerable amount of common stocks and other securities, most of them obtained as bonuses in connection with purchases of bonds. It would be difficult to assign any market value to these as yet, and the Company prefers to wait until their value shall have become better established. These securities are, however, checked and audited in exactly the same manner as all others owned by the Company."

Moreover, in correspondence with the Minister of Finance, the existence of this Contingent fund was clearly stated, as also an approximate total valuation of the securities in it. It has been conclusively shown that although the Company did not consider that the time had arrived to enter these securities in its published lists, no secret was made of their existence, and our

policyholders, instead of having any ground for complaint, have cause to congratulate themselves that their Company is just so much stronger than they had supposed, and that their outlook for future profits is so particularly bright.

THE SUN'S SINGLE- HANDED FIGHT ON BEHALF OF POLICYHOLDERS.

In 1899 an amendment to the Insurance Act was passed, by which the basis for the calculation of reserves was changed from $4\frac{1}{2}$ to 3½ per cent. The reserves or liabilities are the discounted value of the Company's obligations, taking into account the probable time of death as predicted by the mortality table. The lower the rate of interest assumed in the calculation, the larger of course are the reserves brought out. Little opposition was made to the change in so far as it applied to new policies, although a substantial increase in the premiums charged by all companies thereby became necessary. The proposal to make the measure retroactive and apply to existing policies also, was, however, strongly objected to, as working a great hardship to old policyholders. The companies would be compelled to meet an enormous addition to their legal liabilities within the next few years, or be declared insolvent, and these additional funds could only be provided by making a great and unnecessary reduction in the profits of their old members. The proposed amendment set up a higher and more dangerous standard of solvency than exists in any other country in the world. The Sun Life of Canada alone opposed this step, and, single-handed, fought for the rights of old policyholders with all its power, by lengthy and forcible correspondence with the department, by a reputation, and finally before the Committee of Banking and Commerce. It succeeded in having the term for making the change somewhat lengthened, but the retroactive feature remained. There are few, even of those who then supported the change, who do not now consider that the retroactive portion was a great mistake. The march of subsequent events has abundantly justified the position then taken by this Company, and by the curious irony of fate, although the Sun Life of Canada alone opposed the amendment, it is, with one exception, the only one of the old Companies which has as yet complied with its requirements. As it has, moreover, done this in such a manner that only about one-sixth of the burden has been placed on its policyholders, the other five-sixths being provided from other sources.



SOME PROMINENT BUILDINGS OF HAMILTON, ONT.

1. Y. M. C. A. Building.
3. Sun Life Building.

2. Post Office.
4. Public Library.

The City of Hamilton, Ont.

Hamilton, Ontario, familiarly known as the Birmingham of Canada, covers an area of about 4,700 acres, and is situated upon a plain that rises gradually from the shores of Hamilton Bay, a beautiful land-locked harbor at the western end of Lake Ontario.

Tradition informs us that the first white man to set foot on the land was La Salle and his voyageurs, who explored the head of Lake Ontario in 1669, when everything was forest in all its primeval glory and in the undisturbed possession of the aboriginal red man. About the first authentic record gives us the name of Robert Land, under the date of 1778, locating in Hamilton. The life of the early settlers in this part of Ontario must have been full of hardship, and the toil required to reclaim the land tested to the utmost the energy of the first U. E. Loyalist settlers, and also the hardy sons of England, Ireland and Scotland, who left their native lands and emigrated to the new world of which so little was known at that time. The present population is about 60,000.

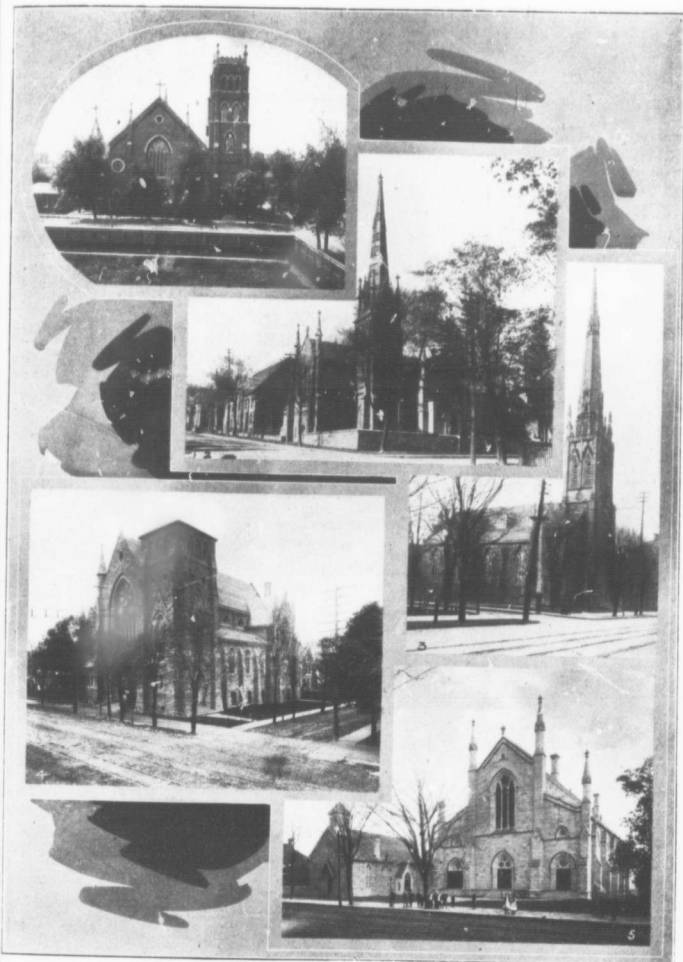
The city is situated forty-two miles west of the celebrated Falls of Niagara, and lies nestling at the foot of the escarpment over which the Falls of Niagara plunges. From the summit of the escarpment, or mountain, as it is generally called, a magnificent view is to be had. The city lies immediately below, the squares in the centre are as distinct as those of a chess board, and the foliage of the majestic maples, with which so many of the streets are lined, make a veritable flower garden lying immediately at your feet.

Hamilton has always been noted for its mild and even climate, it being several hundred miles south of London, England, and Paris, France, and a little east of the 80th degree of longitude and north of the 43rd parallel of latitude.

The waterworks system of Hamilton is owned and operated by the municipality, and quite a large revenue is derived from this source. The pumping station and filtering basins are at the Beach, about six miles east of the city. There are at present three reservoirs. The water is pumped into the city through three large mains, 20 inch, 24 inch and 30 inch respectively in diameter. The pumping capacity of the plant is about fifteen million gallons per twenty-four hours, and there is laid throughout the city about one hundred and ten miles of water mains. The total cost of installing this plant was about two million dollars.

In 1902 what was then known as the Deering Harvester Company, and which has now merged into the International Harvester Co., recognizing the immense demand there would be for harvesting machinery in the Northwest provinces and also for the British colonies across the seas, they decided to establish a plant in Canada for the manufacture of their products. After a careful and thorough investigation of the entire Canadian field, the directors came to the unanimous decision that there was but one place in which to locate and they located their works in Hamilton. They immediately set to work to acquire land for that purpose, and they have now upon the bay front one hundred and forty-five acres, which will soon be covered entirely by their immense buildings and will represent the investment of capital up in the millions. They have already built large works, for the smallest of their present buildings is more than two ordinary street blocks, while the largest is three times that length, being 1,070 feet. Mention might be made of the Westinghouse works and many other notable industries, as there are about 300 manufacturing establishments, large and small, in Hamilton, with equipments for the in-

(Continued on page 46.)



A FEW OF HAMILTON'S CHURCHES.

1. St. Mary's Cathedral (Roman Catholic).
2. Church of the Ascension (Episcopal).
3. St. Paul's (Presbyterian)
4. James Street Baptist.
5. Christ Church Cathedral (Episcopal).

STATEMENT OF ACCOUNTS FOR 1905

Sun Life Assurance Company of Canada

INCOME

Premiums—Life, New, including single premiums . . .	\$ 837,250.45
Renewals	3,025,674.32
	\$3,862,924.77
Annuities	344,676.52
Accident	115.82
Thrift Premiums, New	\$ 18,729.24
Renewals	75,931.10
	94,660.34
	\$4,302,377.45
Less paid for re-assurance	1,230.53
	\$ 4,301,137.92
Interest	958,261.58
Rents, less taxes and repairs	20,162.71
Net profit on sale of securities	437,930.02
	\$ 5,717,492.23
Total Income	\$ 5,717,492.23

ASSETS

Debentures—Market Values :	
Government, State, Provincial and Municipal bonds	\$1,224,098.39
Railway, Traction, Gas and other corporation bonds	9,183,863.82
	\$10,407,962.21
Stocks—Market Values :	
Preferred and guaranteed stocks	\$1,307,221.00
Other stocks	864,390.93
	\$ 2,171,611.93
Loans on Real Estate, first mortgage	2,272,140.46
Real Estate, including Company's buildings	1,056,597.83
Ground rents	38,640.00
Loans on Company's policies (fully covered by reserves on same)	1,732,198.77
Loans on bonds and stocks	1,789,759.38
Cash in banks and on hand	1,080,478.91
Cash deposited with Foreign Governments	74,700.00
Outstanding premiums (less cost of collection)	348,692.90
Deferred premiums	123,575.05
(These items are secured by Reserves included in Liabilities)	
Interest due and accrued (largely since paid)	202,811.74
Rents due and accrued	10,215.58
	\$21,309,384.82
Net Assets	\$21,309,384.82

DISBURSEMENTS

Death Claims, including bonuses	\$ 853,606.88
Matured Endowments, including bonuses	287,493.38
Annuity payments	105,174.11
Cash profits paid policyholders	166,578.30
Bonuses surrendered	2,873.11
Surrendered values	232,551.25
Accident claims	8.75
Dividends on Capital Jan. and July, 1905	15,750.00
Expense Account	432,049.67
Commissions	690,127.09
Medical fees	58,559.05
Taxes, exclusive of those on real estate	38,513.57
Expenses Thrift Department	34,908.92
Total Disbursements	\$ 2,918,194.08
Surplus over Disbursements	2,799,298.15
	\$ 5,717,492.23

LIABILITIES

Reserves on Life Policies according to the Hm. Table, with 3½ per cent, interest	\$17,826,001.30
Reserves on Annuities, same basis	1,277,835.61
	\$19,103,836.91
Less Reserves on Policies re-assured	3,637.99
	\$19,100,198.92
Death claims reported but not proved, or awaiting discharge	236,097.62
Annuity claims due and unpaid	7,499.04
Matured Endowments awaiting discharge	7,149.00
Present Value of Death Claims payable by instalments	68,322.61
Unearned Accident Premium	69.49
Dividends to Policyholders unpaid	30,501.14
Sinking Fund deposited for maturing debentures, etc.	4,790.47
Dividend in due Shareholders 1st Jan., 1906	7,875.00
Sundry Liabilities	6,182.94
Total Liabilities	\$19,468,686.23
Cash Surplus to Policyholders by Hm. 3½ per cent. standard	1,840,698.59
Capital paid-up	\$ 105,000.00
Net Surplus over all liabilities and capital stock	1,735,698.59
	\$ 1,840,698.59
Over all liabilities except capital	\$21,309,384.82

The Net Surplus over all liabilities and capital stock, according to the Dominion Government standard, is \$2,921,810.37

In addition to the above the policyholders have the benefit of the security of the subscribed but uncalled capital amounting to \$595,000.00.

SUNSHINE

PUBLISHED BY THE
SUN LIFE ASSURANCE COMPANY OF CANADA,
AT HEAD OFFICE, MONTREAL.

A. M. MACAULAY, *Editor.*



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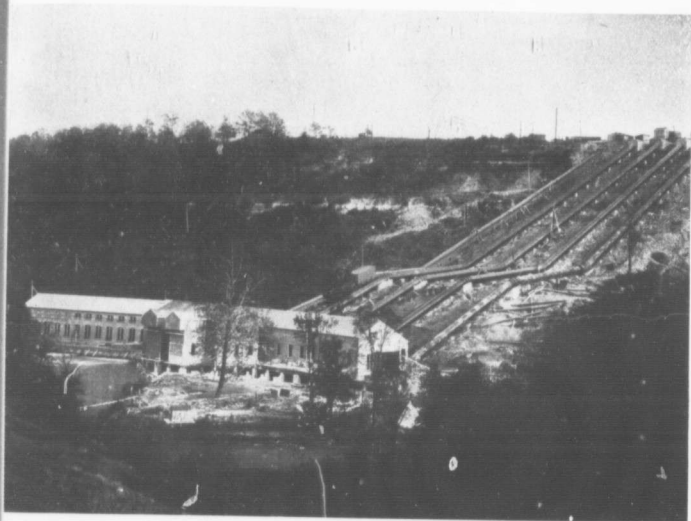
Agency Department :

FREDERICK G. COPE,
SUPERINTENDENT OF AGENCIES.

April							1906
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In these days when some newspapers of the sensational sort are sending all life companies to the bow-wows and accusing them of all sorts of lawless acts, it may be well for the public not to prejudge the companies by these sensational reports, but wait until the Royal Commission has completed its work. When all the facts are made known the public will be in a better position to pass judgment. The calm advice of the Toronto Globe is golden. The Globe says, "In the meantime Canadian policyholders need be in no panic over the security of their savings. The present investigation will discover any weakness and recommend needed amendments and the strength and standing of life assurance will be greatly improved." Some who only glance at the scare headlines may come to the conclusion that their policies are in jeopardy and allow them to lapse, and occasion on their part a loss of their life assurance. We have faith in the good sense of the people and do not believe that they will be influenced in any marked degree by newspapers whose sole object is to use the present investigation in a sensational manner for the purpose of "boosting" their circulation. Canadian life assurance is as safe and sound to-day as it ever was. There may be conflict in method, here and there, but the companies are safe and their policies are as good as gold.

The Sun Life of Canada is
"Prosperous and Progressive."



GENERATING STATION OF THE HAMILTON CATARACT POWER, LIGHT AND TRACTION CO., LIMITED
POWER GLEN, ONT.

Many of Hamilton's Industries receive their Power from this Plant.—(See page 38.)

Keep Up Your Policy.

1. Whatever arguments made it wise for you to take assurance in the first place, prove it to be still wiser to hold on to it. You are one or more years nearer to the time at which your policy will mature.

2. If you drop it, you will have to pay a higher premium when you take it up again. Assurance can never be as cheap to you a second time as it is now.

3. If you give up your policy, you may not be able to renew it when you wish to. The doctor may reject you.

4. When you find yourself unassured, you will begin to feel anxious about the future of your wife and children or other dependents. They too will be burdened with anxieties which now they do not feel.

5. An assurance policy has a value like real estate. By lapsing it, you sacrifice a part of your property.

6. If you drop your assurance, you may die before you have a chance to renew it. Many a man has died within a few weeks after the lapsing of his policy, and has left his family destitute. —Business.



The Case of Double Lapsing.

A man over in Mansfield, Ohio, had been reading Lawson's articles about life companies and decided that all companies were going to smash. He had a ten thousand dollar policy on his life in one of the big New York companies, so he let it go by default of premium and then the foolish man died, leaving his wife and family so much the poorer. If his foresight was as good as the family's hindsight, they would to-day be much the better off. Moral: Don't lapse your policy for fear you may lapse yourself.

(Continued from page 40.)

creasing demand for cheap and successful products that has sprung up within her limits during the latter part of the 19th century and the opening years of the 20th. Her increasing work shops have steadily added to the population and have increased her wealth; no branch of industry is left altogether unrepresented. Her factories are equipped with the latest labor saving devices to minimize the cost of production, maintaining a total output of metal, wood and leather industries, textile fabrics, glassware, pottery, clothing, etc. The curing and packing of meats, the canning of fruits and vegetables are also carried on with the most advantageous methods peculiar to the western side of the Atlantic.

Hamilton within the last eight years has solved a problem which has been of great interest and assistance to manufacturers, viz the transmission of electricity for a great distance and at a high voltage for power purposes. When the question of utilizing the waters of DeCew Falls, coming over the Niagara escarpment at a point about 35 miles southeast of Hamilton was first mooted, it was considered to a great extent chimerical. However, this has now passed the experimental stage and evolved from a dream into a reality. About that time local capitalists interested themselves in the formation of a company for the generation of electrical energy to be transmitted to the City of Hamilton. Many prejudices had to be overcome and many seemingly insurmountable objections had to be brushed aside. When it is taken into consideration that at that time neither in Europe or America had electricity been transmitted higher than 10,000 volts, this company found that it was absolutely necessary for the pressure to be at least 22,000 volts or over, to keep the cost of conducting the same within the financial limit set, to allow the company to un-

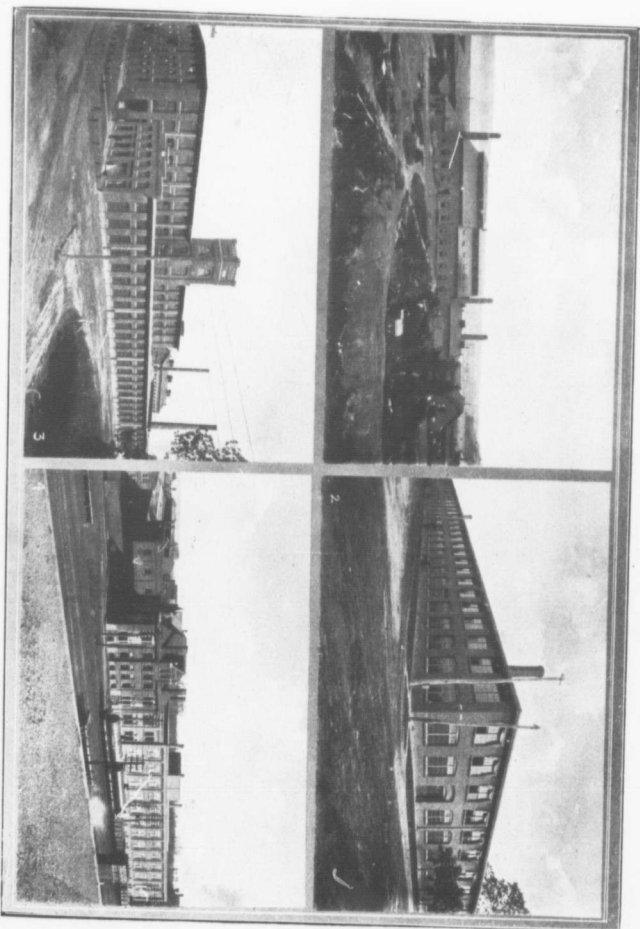
dertake the development of the enterprise, this was a great difficulty. After many experiments the work has been successful, and to-day Hamilton is illuminated by this company, the majority of her factories and her entire electrical railway system, both street and radial, consisting of about sixty-five miles of road, are operated by this silent but potent power, which has placed Hamilton in the position of being the electrical city of Canada.

There are living forces behind all this advancement. Perhaps Mayor Biggar is deserving of much of the credit of the city's rapid growth. Mr. Sandford D. Biggar entered the City Council in 1901 and served as Chairman of the Sewers and Finance Committees with such acceptance that he was eventually placed in the Mayor's chair, and is now serving his second term. Another force in the city's advancement is Mr. John T. Hall, the energetic Assessment Commissioner. Mr. Hall is more to the city than the title of his office would signify, for he is in a large degree responsible for the city's publicity, and is ever on the alert to make known the advantages Hamilton has to offer manufacturers.

With plenty of power, splendid shipping facilities, by rail and water and everything to facilitate trade advancement Hamilton will in the future make even greater progress than she has made in the past few years.

The Sun Life of Canada takes especial interest in Hamilton, because its president Mr. Robertson Macaulay was resident there for a number of years, and the Secretary and Actuary of the Company, Mr. T. B. Macaulay, claims Hamilton as his birthplace.

The Company is favored with a large business from the city and surrounding districts which is well looked after by Mr. Holland A. White, the Company's district manager.



SOME HAMILTON INDUSTRIES.

1. Cartshore, Thompson Pipe Co.
3. Imperial Cotton Co.

2. Hamilton Screw Co.
4. Sawyer, Massey Co.

No Better Way.

When a man religiously undertakes to capitalize the premium of his earning capacity, he is face to face with the question of methods of investment. . . . There is first life assurance. Life Assurance companies, thanks to the rigorous laws which control their management, are as nearly absolutely safe as human ingenuity

Patrick's wife was "ailing," and Patrick put on his Sunday best, and walked four miles to the doctor's house to tell him about her. "Now," said the doctor, when he had prepared some medicine, "here is something for your wife. I've written the directions on the bottle, and I want her to try it faithfully for a fortnight. Then if it doesn't relieve her,

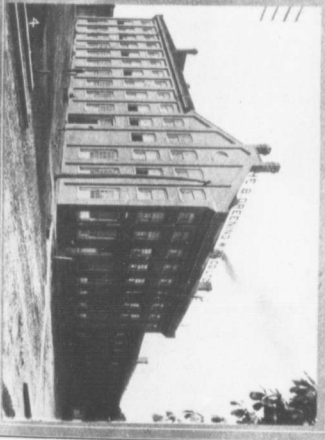
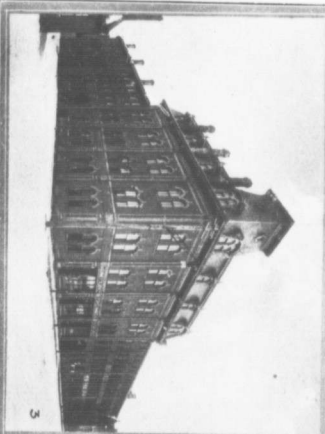
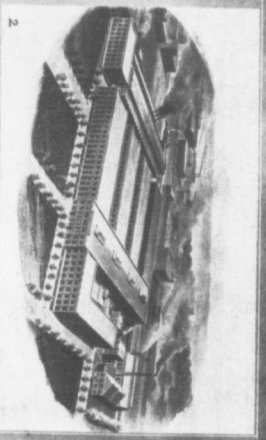
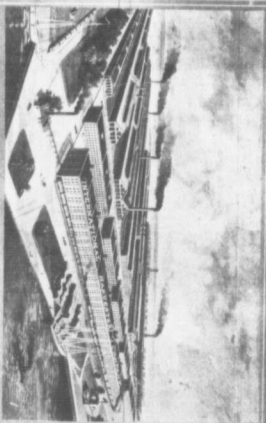


PART OF GORE PARK, HAMILTON, ONT.

can make them. For persons of small income the right form of life assurance is one of the very best methods of saving. It has a compulsive force which there is no avoiding. It provides for death as well as for life. . . . Any man who does not carry life assurance sufficient to provide for his family, for at least five years after death, should seriously question his reasons for neglecting the comfort of those for whom he is responsible.—Prof. Shailer Mathews in "The World To-day."

come to me again and I will give you another prescription." "Now doctor, see here," said Patrick, standing straight, and looking grimly at the physician. "If you have your doubts o' this curin' Mary, as it's ivident you have by the way you spake, why don't you give me first what you're goin' to give me last?"

The Sun Life of Canada is
"Prosperous and Progressive."



1. International Harvester Co.'s Works.
3. Tarney, Tilden Co.

2. Canadian Westinghouse Co.
4. The B. Greening Wire Co.

SOME HAMILTON INDUSTRIES.

Has the Sun Life of Canada Invested More Outside of Canada than the Law Authorizes?

In view of the contention that the Sun Life of Canada has exceeded the amount authorized by the Insurance Act as the total which may be invested by Canadian life companies outside of the Dominion, the following correspondence which was produced before the Insurance Commission at Ottawa, will enable our readers to judge for themselves as to the merits of the question:

(Copy.)

Office of the Superintendent of Insurance,
Ottawa, February 19, 1906.

T. B. MACAULAY, Esq.,

Sun Life Assurance Company of Canada,
Montreal.

Sir,—I desire officially to call your attention to the following facts, as shown by the statement of the above Company recently received in this office.

(1) That the amount invested by the Company in foreign securities of the undermentioned descriptions as at the 31st December, 1905, amounted to—

(a) Government bonds	\$ 107,281.16
(b) Municipal bonds	109,787.02
(c) Corporation bonds	6,819,988.55
(d) Corporation stocks	874,432.61
(e) Real Estate, Bombay, India	93,590.59

\$8,005,079.93

(2) That the amount loaned on foreign securities amounted to . . \$1,789,759.38

(3) That the Company has on deposit, outside of Canada,

(f) With Japanese Government \$ 74,700

(g) With Trustees in Great Britain, held at Bank of Scotland 500,000

574,700.09

which makes altogether . . . \$10,369,539.31

(The amount with British Trustees is estimated, and may be either slightly below or above the amounts given above. The values given are book values.)

(4) That the reinsurance reserve on foreign business at said date was . . . \$8,249,149.74
Add one-tenth thereto, say . . . 824,914.97

The result is . . . \$9,074,064.71

It therefore appears that while under section fifty of the Insurance Act the Company may

legitimately have on deposit outside of Canada and invested in and loaned on securities other than Canadian, the sum of \$9,074,064.71, the sum actually so deposited, invested and loaned, amounts to \$10,369,539.31, a sum of \$1,295,474.60 in excess of the amount which the Statute, as I understand it, permits.

I should be glad to hear from you on this subject, stating what explanation the Company has to offer, and what action it is proposed to take in the premises.

I have the honor to be,

Sir,

Your obedient servant,

(Sgd.) WILLIAM FITZGERALD,
Superintendent of Insurance.

(Copy.)

Montreal, Feb. 22nd 1906.

WM. FITZGERALD, Esq.,

Superintendent of Insurance,
Ottawa, Ont.

Dear Sir,—I beg to acknowledge receipt of your favor of February 19th, drawing our attention to a supposed over-investment of our funds in foreign securities. In reply, I must take the liberty of drawing your attention to some of the details of the schedule furnished by you.

In the first place you include as a foreign investment \$500,000, deposited by us with Trustees in Great Britain. This entire deposit consists of Canadian securities, with the exception of \$20,000 of Chicago & Milwaukee bonds which have already been classed once under the heading "(c) Corporation Securities," and cannot of course be counted a second time. Neither in our judgment can the Canadian securities, which comprise the balance of the deposit be construed as investments outside of Canada, within the meaning of the Act. The clause governing this question is found in sub-section six of section fifty of the Insurance Act, and reads as follows; "The total amount so invested or lent outside of Canada, under the authority of the said sub-sections three four and five of this section, shall never exceed by ten per cent. the said reserve upon its outstanding policies in force outside of Canada." These Canadian securities certainly are not amounts "lent or invested outside of Canada under the authority of the said sub-sections." They are not held by us under the authority of any one of those sub-sections, but under the authority of the first sub-section of section fifty. It is true that the deposit has been made under the express authority contained in the first half of sub-section three, but you will notice that the limi-

tation in sub-section six very clearly refers only to amounts "invested or lent outside of Canada," and in no way includes deposits outside of Canada, if such deposits are in Canadian securities. We are perfectly clear, therefore, that the whole of the \$500,000 in question should not be included in the list of our investments outside of the Dominion, and this, therefore, reduces the excess from \$1,295,474.60, as stated by you, to only \$795,494.60.

The next point to which I would draw your attention is the fact that you include the whole of our loans on foreign securities. Of these loans, \$842,375, were not made "outside of Canada," but to prominent stockbrokers in the city of Montreal. It is true that the securities given by these gentlemen are foreign, but on the other hand they are listed on the Montreal Stock Exchange, and very largely held in the Dominion. The Act refers to "the total amount" so invested or lent outside of Canada." We think that loans to prominent residents of Montreal on securities listed on the Montreal Stock Exchange can hardly be considered as money "invested or lent outside of Canada." When we deduct this \$842,375, we find that instead of having any over-investment outside of the Dominion, we are instead \$46,900.40 within the amount authorized by the Act.

I trust you will pardon me if I add that it seems to us that in fairness to the Canadian life companies, these particular clauses of the Act should be interpreted in the most lenient manner possible. The restrictions in question apply only to the Canadian offices, while both British and American companies are permitted to invest the proceeds of their Canadian business in American or other foreign securities at their will. Further, the law not only permits American and British companies to invest their Canadian premiums in the United States, but also even permits them to deposit with Canadian trustees for the benefit of their Canadian policyholders, securities of a class which Canadian offices are not even permitted to touch at all (e.g. the common stock of trust companies located in the United States). The Canadian companies, therefore, I think, have a right to feel that they are very unjustly discriminated against in this matter.

We also feel strongly that the restriction in question is detrimental to the best interests of the policyholders in Canadian companies. In our judgment, the most desirable securities for a life office to hold are the bonds and preferred stocks of public utility corporations, such as electric railways, gas and electric companies,

etc. Such investments, however, are only safe and desirable when they are issued by corporations serving a large population. We have as yet, unfortunately, but few large cities in the Dominion, and most Canadian public utility corporations of necessity serve comparatively small populations. Any provision which makes a life company pass by the bonds of a corporation located in a large American city, in favor of one in a small city or town, merely because the latter is Canadian, is beneficial to neither the company nor its policyholders, but is, in fact, a serious danger to both. As the Canadian companies have grown in size, the undesirability of this restriction has become increasingly felt, and we venture, therefore, to express an earnest hope that parliament will see its way at the approaching session to remove this restriction, which is both unjust and dangerous.

While we have taken the liberty of frankly expressing our views on this particular aspect of the law, we would, however, remind you in closing, that as we have already set forth, we claim to be entirely within the limitations contained in the Act as it stands, and do not admit that we are open to criticism in this connection.

Yours faithfully,
(Sgd.) T. B. MACAULAY,
Secretary.

It need only be added that even if the loans to Canadian brokers on American securities, referred to above, be construed as money lent outside the Dominion within the terms of the Act, the loans in question have nearly all been since paid off in cash.

Judge Brewer, of the United States Supreme Court, is responsible for the following: "An amusing thing took place in Washington in connection with the Supreme court last winter. There was a young man in the court room who was talking out loud, making a little confusion, and one of the old colored bailiffs that we have there went in and led him out and said: "Young man, you want to come out and be still. That is the Supreme Court of the United States in there! If they get after you, nobody in the world could help you out! Nobody could help you—except the Almighty—and the chances are that He won't interfere."

Sun Life Assurance Company of Canada

“PROSPEROUS AND PROGRESSIVE”

THE RECORD FOR 1905

Assurances issued and paid for in Cash	\$18,612,056.51
Increase over 1904	\$2,700,152.27
Cash Income from Premiums, Interest, Rents, &c.	5,717,492.23
Increase over 1904	\$1,155,556.04
Assets as at 31st December, 1905	21,309,384.82
Increase over 1904	\$3,457,623.90
Increase in Surplus during 1905	1,177,793.50
Out of this there was set aside to complete the placing of all the policies on the 3½ per cent. standard the sum of	616,541.35
(although the law allows the Companies until 1915 to do this.)	
Surplus over all Liabilities and Capital (according to Hm. Table, with 3½ per cent. interest)	1,735,698.59
And in addition profits were paid to policyholders amounting to	166,578.30
Surplus by Canadian Government Standard	2,921,810.37
Death Claims, Matured Endowments, Profits and all other payments to Policyholders during 1905	1,648,285.78
Payments to Policyholders since organization	13,118,368.35
Life Assurances in force, December 31st, 1905	95,290,894.71
Increase over 1904	\$9,963,231.86

LOOKING BACKWARD—FIFTEEN YEARS

SHOWING THE STEADY GROWTH OF THE COMPANY

	Income.	Net Assets exclusive of Uncalled Capital.	Life Assurances in force.
1890	\$ 889,078.87	\$ 2,473,514.19	\$16,759,355.92
1895	1,528,054.09	5,365,770.53	34,754,840.25
1900	2,789,226.52	10,486,891.17	57,980,634.68
1905	5,717,492.23	21,309,384.82	95,290,894.71