

# The Chronicle

## Insurance & Finance.

R. WILSON-SMITH,  
Proprietor.

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### State Bank Inspection Futile.

The failure of so many banks in the United States, owing to the fraudulent practices of some official, usually the president, has called out a striking protest from the "Evening Post" against the "easy laxity permeating all State departments." Our New York contemporary says:

"The futility of the State bank examiners, as a safeguard against improper banking methods, has long been notorious; their vigilance has, if anything, grown more lax since the rise of a widespread movement of speculation rendered close supervision more necessary than ever before. Yet what one usually hears, when a rotten institution collapses, is explanation why it was flatly impossible for the Banking Department to discover the irregular practices."

There are now ten prisoners in the penitentiary of one American State who were bank presidents or cashiers, which demonstrates the futility of the State system of bank inspection to prevent improper and fraudulent banking methods being pursued. The Canadian banking record is a splendid contrast to that of the United States. The inspection system of the banks of Canada is "a safeguard against improper banking methods," and its vigilance and expertness do not grow lax, but increase when closer supervision is required.

### Diamond Cut Diamond.

In noticing the fire insurance business conducted by the New Zealand government the risks of which are re-insured by Lloyds, an intimation was given that this afforded an opening for trouble owing to the competition of the regular fire companies. This trouble has arisen. Owing to the reduction of rates caused by competition Lloyds have discovered that there is another aspect of fire business besides receiving premiums. They have met with such heavy losses as to have made their arrangements with the New Zealand

Government most unsatisfactory. The Government will have to assume all the risks and charge excess of outgo to public revenue account—if the people will submit to such an outrageous system.

### A Paying Investment.

The Clergy Mutual, says the "Review," has made rather a record show on a policy taken out in 1847 for £5,000, the life being then 37 years of age. Premiums were paid for £2,287 which were gradually reduced by the system which obtains with the Clergy Mutual and were extinguished in 1876. Additions have been made for over £9,000 since, and the amount paid was actually for £14,000. As a contemporary remarks, we cannot all guarantee to live for 50 years after taking out a policy, but this kind of thing is an inducement to try. Of course, the Clergy Mutual is one of the modest offices which does not go in for commission, or anything of that kind, and which rather limits its clientele. It makes a brave show anyway.

### Gold In The Ocean.

The American Consul, Nottingham, England, has busied himself with estimating the quantity of gold held in solution in the ocean, which he figures to be worth \$2,400,000,000,000, (2,400 millions of dollars). This estimate illustrates a confusion of ideas which is quite common. The gold alleged to be in the ocean is not "worth" one cent while in solution, much less millions of dollars. It will only begin to be "worth" something when it has been extracted from the water, and there is every certainty than the cost of extracting the metal will exceed the marketable value of the product. There is plenty of gold so placed as to be practically worthless, for the cost of mining and reducing it to bullion would so far exceed its value in the market that the ore has to be left as though it were merely ordinary stone.

## THE PROVINCIAL TAX ON THE SALE, TRANSFER OR ASSIGNMENT OF SHARES, BONDS, DEBENTURES, OR DEBENTURE STOCK.

IMPORTANT OPINION AS TO ITS VALIDITY. IT IS CONTESTED TO BE AN INDIRECT TAX AND ULTRA VIRES OF THE PROVINCIAL LEGISLATURE.

In our last issue we stated that steps had been taken to obtain the opinion of the Hon. A. W. Atwater, K.C., former treasurer of the Province of Quebec, as to the constitutionality and legality of the recent Act passed by the Provincial Legislature imposing a tax of two cents per \$100 par value on the sale, transfer or assignment of shares, bonds, debentures or debenture stock.

We now have the pleasure of presenting this highly important opinion in full, which holds such a tax to be an indirect one and ultra vires of the Provincial Legislature.

Atwater, Duclos & Chauvin, Advocates.

Montreal, June 1, 1905.

R. Wilson Smith, Esq.,  
Montreal.

Dear Sir:—In reply to yours of the 22nd ult., in which you ask for an opinion on the legality or constitutionality of the Act of the Quebec Legislature, which was assented to on the 20th ult., and which imposed a tax on the sale, transfer and assignment of shares, bonds, debentures and debenture stock, I beg to say:—

The Act in question, from the copy which you have put before me, reads, in part, as follows:

Section 1.—“In order to provide for the exigencies of the public service, there shall be levied in accordance with the rules hereinafter set forth, a tax upon every sale, transfer, or assignment of shares, bonds, debentures or debenture stock issued by any corporation or company, made or carried into effect in this Province.

Section 2.—“Such tax shall be paid in adhesive stamps issued according to the laws of this Province, and particularly in accordance with the provisions of the Revised Statute respecting stamps, and with any order-in-council passed or to be passed respecting the same.

Section 3.—“The amount of stamps which shall be affixed shall be two cents for every hundred dollars or fraction thereof, of the par value of such shares, bonds, debentures or debenture stock, sold, transferred, or assigned.

Section 5.—“The stamps shall in all cases be supplied and affixed by the vendor, transferrer, or assignor, unless the sale, transfer or assignment is effected through a broker, in which case, the broker affixes the stamps, and may recover the cost thereof from the vendor, transferrer or assignor.

Section 7.—“No sale, transfer or assignment coming within the preceding provisions, upon which the tax imposed by this act is not paid, shall be legal, valid or binding.

“No corporation or company shall enter or permit the entry, in any book or register under its control, of any such sale, transfer or assignment unless stamps to the required amount be affixed when the entry is made.

“Moreover, the person in default shall be liable to a penalty of five hundred dollars, which shall be recovered with costs by ordinary process of law, in His Majesty's name, before the Superior Court.”

Other sections provide for the manner in which the stamps shall be affixed for means of ascertaining whether it has been paid and that the Act does not apply to bona fide transfers made in good faith as security for a loan.

The principal question here is as to whether the tax thus sought to be imposed by the Quebec Legislature is one which, under the terms of the British North America Act, the Legislature of the Province can impose.

By section 92 of this Act, subsec. 2, the Provinces are given the right to impose direct taxation within the Province, for the raising of the revenue for Provincial purposes.

The powers of the Province are limited by the Confederation Act, as far as taxation is concerned, to impose direct taxation within the Province. The question is, therefore, whether this is a direct or an indirect tax. The question of, What is direct taxation? has been treated by a number of lexicographers, as well as political economists, and these definitions have, in their turn, been the subject of judicial consideration, and have also been considered in cases which have come before the Courts and before the Privy Council, where their meaning in connection with this same section of the British North America Act has been considered.

In the case of Angers, es qual, vs. the Queen Insurance Company, the right of the Provincial Legislature to impose a tax upon Insurance Companies, in the shape of a license to be paid by stamps, which were to be affixed to the policies or premium receipts issued, the meaning of the words, “direct taxation,” was discussed. In this case, the Judicial Committee of the Privy Council confirmed the judgment of the Court of Queen's Bench for the Province of Quebec, and of the Superior Court, and declared the Act unconstitutional. In giving the judgment, their Lordships used the following language:—

“The single point to be decided is whether a Stamp Act,—an Act imposing a Stamp on policies,

renewals and receipts with a provision for avoiding the policy, renewal or receipt, in a Court of law, if the stamp is not affixed—is or is not direct taxation? Here we find words used which have either a technical meaning, or a general, or as it is sometimes called, a popular meaning. One or other meaning the words must have, and in trying to find out their meaning, we must have recourse to the usual sources of information whether regarded as technical words, words of art, or words used in popular language. We may consider their meaning either as words used in the sense of political economy, or as words used in jurisprudence in the Courts of law. Taken in either way, there is a multitude of authorities to show that such a stamp imposed by the Legislature is not direct taxation. As regards judicial interpretation, there are some English decisions and several American decisions on the subject, they all treat stamps either as indirect taxation, or as not being direct taxation. As regards the popular use of the words, two cyclopedias, at least have been produced showing that the popular use of the word is entirely the same in this respect, as the technical use of the word. That being so it is not necessary, as it appears to their Lordships for them to consider the scientific definition of direct or indirect taxation. All that is necessary for them to say is, that finding these words in an Act of Parliament, and finding that all of the then known definitions, whether technical or general, would exclude this kind of taxation from the category of direct taxation, they must consider that it was not the intention of the Legislature of England to include it in the term "direct taxation," and therefore that the imposition of the stamp duty is not warranted by the terms of the 2nd Subsection of section 92 of the Dominion Act.

In the case of *Lambe vs the Bank of Toronto*, the meaning of the words "direct taxation" was also considered by the Privy Council, and the definition of these words as given by John Stuart Mill was accepted as being one which is sufficiently accurate to define the difference between these two classes of taxes, and as one which was likely to have been present in the minds of those who passed the Confederation Act. This definition is quoted as follows:—

"A direct tax is one which is demanded from the very persons who it is intended or desired should pay it. Indirect taxes are those which are demanded from one person in the expectation and intention that he shall indemnify himself at the expense of another. Such are the excise or customs. The producer or importer of a commodity is called upon to pay a tax on it, not with the intention to levy a contribution upon him, but to tax through him the consumers of the commodity, from whom it is supposed he will recover the amount by means of an advance in price."

Taking this definition of direct and indirect taxation, and the Act which is now under consideration with its provisions for collecting the tax by means of stamps affixed to the contracts, or other written evidences of the transfers of stocks, bonds, etc., is it a direct or indirect tax?

The Stamp Acts under the authorities which I have cited, may be regarded as Acts providing for the raising of money by indirect taxation.

The entire section provides that the Stamps shall be supplied and fixed by the vendor, transferror or assignor, or by a broker who is entitled to recover the costs from the vendor, transferror, etc. I cannot think that this provision alone changes the character of the Act so as to make it a direct tax.

It is not a tax upon companies whose stock or bonds are being transferred. It is not a tax or a license fee payable by brokers or those who deal in stocks or bonds, but it is a tax nominally imposed upon the vendor upon each contract of sale of security, and which is based upon the par value of the securities sold, and which is to be paid by means of stamps affixed to the contract or other written evidence of the transaction.

By the Act which imposes this tax, the provisions of the general law relating to the issue and sale of stamps, are made applicable to it, and the very fact that the law requires that this tax shall be paid in stamps, which may be purchased by anyone and affixed by the purchaser of the securities, as well as by the vendor, demonstrates its indirect character.

It seems to me, that it was a matter of indifference to the Legislature who paid for the stamps which are affixed to these transactions, and that it must have been contemplated that the vendor of a security would take the fact of the payment of the tax into consideration in fixing the price at which he would sell, and that, therefore, it would enter into the price and become payable, not by the vendor, but by the purchaser. It must, I think, have been the expectation and intention that the vendor would indemnify himself at the expense of the purchaser, and that, therefore, it would be an indirect tax, quite as much as customs or excise duty, which though paid by the original importer, or manufacturer, would be taken into consideration by him in fixing the price at which the imported or manufactured article would be sold.

The fact that in certain cases the vendors might be willing to pay the tax themselves, and the fact that the amount of the tax is relatively very small does not, I think, affect the application of the general principle. In certain cases, an importer might be himself the consumer, the import duties or customs would be none the less an indirect tax.

If a tax were imposed by the Provincial Legislature upon the sale of any article of commerce—say boots and shoes—payable in the shape of a stamp to be affixed to the article, I think it would be considered that in practice this would be a tax which would be added immediately to the price of the article sold, and would come within the definition of an indirect tax, and I cannot see any distinction between such a tax as applied to com-

mercials securities, and as applied to vendable articles of commerce.

On consideration of the whole Act, I am of opinion that the tax provided for, would be held to be an indirect and not a direct one, and in consequence it would be *ultra vires* of the Provincial Legislature.

Yours truly,  
(Signed) A. W. ATWATER.

**LIVERPOOL AND LONDON AND GLOBE  
INSURANCE COMPANY.**

The 69th annual report of the Liverpool & London & Globe Insurance Company was presented to the annual meeting of the Members, held in Liverpool on 16th ult. The increase in the business of the fire department was considerable, the net premiums amounting to \$10,949,170 against \$10,335,970 in 1903, the increase in 1904 having been \$613,200.

Unfortunately this favourable condition was somewhat modified by the Baltimore and Toronto conflagrations. The net losses, inclusive of full provision for all claims that had arisen up to the close of the year amounted to \$6,904,835, which gives a loss ratio of 63.05 per cent. as compared with the low figure of 52 per cent. in 1903.

The great conflagrations of 1904 preceded the annual meeting at which the chairman said, he did not regard those disasters as unmitigated evils as it checked hostile legislation in foreign countries against fire companies and tended to strengthen confidence in those strong companies which were able to meet the claims arising from such conflagrations without suffering any serious injury. He thought also that the experience of 1904 would lessen injurious competition and help the companies to maintain and to some extent advance the rates. To some extent these opinions and forecasts of the chairman of the Liverpool and London and Globe have been verified, one evidence of which is the enlargement of the business after the great conflagrations of last year. In his address at the recent meeting the chairman said, "with such a year and such a calamity, we are able to say that we have paid all the losses out of the year and still have a profit of \$420,000. In view of the heavy calamity at Baltimore the company transferred a larger amount than was required to provide the usual 40 per cent. for outstanding risks, so that that fund is now \$120,000 more than the 40 per cent. of the premium income." The funds of the Company stand as follows: General Reserve \$7,000,000, Fire reinsurance fund \$4,500,000, Profit and Loss Account \$3,429,430, Globe Perpetual Annuity Fund \$8,271,000, Life and Annuity Fund \$27,503,905, capital paid up, \$1,228,200, the total of which amounts to \$51,932,535.

In responding to a vote of thanks, Mr. J. M. Dove, general manager and secretary, who is recognized as a distinguished underwriter, said he thought the Members had reason "to feel satisfied with the results of the business." To him it must be exceedingly gratifying for this great company, whose destinies he has guided so many years, to be in a position of such great and growing strength, enjoying such gratifying success, which is largely due to the pursuance of the broad and liberal policy which has characterized his administration.

To Mr. J. Gardner Thompson, resident manager in Canada, high credit is due for the enlargement of the business since his appointment. The premium income of the Canadian business in 1902 was \$417,774, in 1903, \$684,482 and in 1904, \$957,611. The record speaks for itself as a tribute to his talent and popularity.

**ACTUARIAL SOCIETY OF AMERICA.**

The annual meeting of the Actuarial Society of America took place in New York, on May 18 and 19. Mr. Rufus W. Weeks, vice-president of the New York Life, was elected president for the ensuing year; Mr. D. H. Wells, actuary of the Connecticut Mutual, first vice-president; Mr. John K. Gore, actuary of the Prudential, second vice-president, and Mr. Arthur Hunter, actuary of the New York Life, secretary. Papers were presented as follows:

An Accumulation Formula for Policy Values. Mr. Percy C. H. Papps.

A method of Verifying Valuation Results. Mr. W. H. Peiler.

The Theory of Lines from a Fire Underwriting Standpoint. Mr. W. S. Nichols.

A Note on Personal Selection. Mr. F. H. Johnston.

Some Suggestions regarding the Education of Actuarial Students and the Future Activities of the Society. Mr. Arthur Hunter.

Relative Results of Valuations, by Different Methods. Mr. Douglas H. Rose.

Note on Limit of Risk. Mr. R. Henderson.

Mortality among Athletes and other Graduates of Yale University. John M. Gaines and Arthur Hunter.

In addition there was a discussion of the papers read at the last session by Mr. Van Cise upon

"The Effect of Total Abstinence on the Death Rate," by Mr. Hunter on "A Graduation of the Specialized Mortality Experience" and Mr. Robertson on "The Repayment of Loans by Contingent Instalments."

At the annual dinner which was held at the

Hotel Astor, the following toasts were responded to:

Life Insurance from an Executive Standpoint. President DeBoer, of the National Life of Vermont.

Objections to Life Insurance in Days of Old. Mr. Ogden, actuary of the Mutual Benefit.

New Members. Mr. James D. Craig, of the Metropolitan Life.

Life Insurance Problems. Mr. John K. Gore for Mr. E. J. Sartelle, of the State Mutual.

A Retrospect and Forecast. Mr. R. W. Weeks, president-elect.

The attendance was the largest in the history of the Society.

#### COMMERCIAL UNION ASSURANCE COMPANY.

In presenting on a later page the statement of the Commercial Union Assurance Company it is desirable to draw attention to the comments made by the chairman at the annual meeting held in London on 3rd ult.

From the fact that the loss of \$800,000 by the company by the Baltimore and Toronto conflagrations had produced no serious effect upon the figures of last year he drew the conclusion that strong companies get the advantage when these disasters occur, and that to go into America and do a large fire business is a very dangerous thing for anybody who has not a long purse. As some compensation there has been a distinct steadying of rates from which he looked for better results from the fire business on this side than has been the case with some companies.

The premiums in the fire department were \$9,835,000, which is an increase of \$975,000. The fire fund has increased equally in spite of the Baltimore and Toronto fires. The loss ratio comes out at 55 per cent. of the premium income as against 48.7 in 1903, 50.3 in 1902, but it is better than in 1901, when the loss ratio was 59.5 per cent.

The necessity of largely increasing the fire fund is shown by these conflagrations, a point which the commercial Union has well observed and will continue to observe. But for those great fires the loss ratio would have been only 47½ per cent. so that the general business from a fire point of view is as sound as possible. The expense ratio has been reduced and the fire fund was increased by \$1,007,145.

The marine department, said the chairman, has surpassed itself, the fund has been increased by \$332,875, making it \$2,755,000, which equals two years' premium income.

The accident department amount to \$780,000, against \$585,000 in 1903, which is regarded as satisfactory considering the short time it has been established. As to workmen's compensation the Commercial Union will follow that business on conser-

vative lines and a satisfactory profit is anticipated. The loss ratio was 47 per cent., and expense ratio 35 per cent., which enabled \$157,500 to be added to the fund.

The balance sheet shows the total assets to be \$36,430,700.

This old, strong and progressive company transacts business all over the British Empire, also in Japan, South America, Germany and United States, so it is practically impossible for the disasters in any one field of its operations to have any serious effect upon the results of the entire business, as was illustrated by the experience of 1904 to which the chairman made reference. The Canadian interests of the Commercial Union are watched and promoted with diligence and skill by Mr. James McGregor, who, for many years, has been its highly esteemed chief manager in the Dominion.

The experience of the Commercial Union last year was more favourable than that of ten other companies. Its net cash received for premiums was \$528,214 and cash paid for losses \$559,371, the loss ratio being lower than the average of all the companies.

#### THE LOCAL AGENT AND THE ADJUSTMENT OF LOSSES.

The question as to how far the authority of an agent extends in the adjustment of losses has been often discussed. Decisions thereon have been delivered by Courts of law which, in general terms, may be stated to be, that, "agents cannot adjust losses in this country without having special authority for that purpose."

The adjustment of fire losses equitably between the insured property owner and the insuring company is one of the most difficult and trying duties that devolves upon the fire underwriter. The questions involved are not merely those within the province of an appraiser and accountant, but, at times, are complicated by points of law. Not only so, but consideration must be given to the character and commercial standing of the insurer. The circumstances associated with the insurance being effected and the fire which originated the claim to be adjusted need also to be investigated. Up to a certain point in the career of a property owner he may have given no cause for doubting his honour and integrity. But circumstances may have arisen which put these qualities to a strain they were unable to bear without weakening, or utter collapse. (1) A change may have occurred in the value of goods that the most experienced buyer could not reasonably be expected to anticipate. A panic, for instance, in a foreign country may have thrown a manufacturer's goods back on the market to such an extent as to paralyze his finances and destroy the value of his plant. (2) Or, by some new inven-

tion, his machinery may have become depreciated by becoming incapable of producing goods as cheaply as those made by the new process. (3) Or, a rival with much larger capital may have ruined his trade by disastrous competition. (4) Or, tariff changes may have been made which made his buildings and plant and stock comparatively worthless. (5) Or, a manufacturer may have discovered that the location of his factory or mill was so unfavourable as to prevent profits being realized.

Of each one of these five conditions illustrations might be given from the trade records of recent years. Of their possibility there can be no reasonable doubt, nor can there be any question as to these adverse conditions having caused many serious fires when it was deemed desirable for a building, or plant, or stock to be sold out to a fire insurance company.

The task of appraising the value of properties which are alleged to have been destroyed by fire is difficult enough when the evidences, as far as possible, are conclusive as to their having been in existence at the time of the fire. But, when, from some one or more of the conditions existing which are enumerated above, there is ground for doubting the truth of the schedule of the properties burnt, the fire loss adjuster has a problem to solve of extreme complexity. It has been said,

"Of all callings, that of a professed insurance adjuster offers the most lamentable opportunities for observing human weakness and depravity, for, by many persons it is considered no robbery to defraud an insurance company by fraudulent or exaggerated claims for loss or damage; and that operation which in individual cases would be called cheating, becomes when an insurance company is the subject, only a display of cuteness and shrewdness."

The duties of a fire claim adjuster are manifestly most exacting and responsible. It has been said, "he is at once judge and jury." The payment of large sums depend upon his skill, his technical knowledge, knowledge of human nature, his sound judgment, honesty and discretion. An adjuster in an eminent sense is a "specialist." To entrust his duties to and to place his responsibilities upon an inexperienced non expert person is a very rash unbusinesslike proceeding, which is alike dangerous to the interests and the reputation of the insurance company and the insured property owner.

Local agents are only in very rare cases sufficiently experienced to act as loss adjusters. They are not well advised when they undertake such duties within their own district, nor is a fire insurance company acting fairly to its agents or to itself when it places the adjustment of losses upon local agents.

The adjustment of a loss is usually unpopular, for insurers, as a class, considerably overestimate the amount of indemnity that ought to be paid to a property owner who has suffered from a fire. An

agent who adjusts a loss at a figure below what the insured estimates not only gives offence to him but to his neighbours and business connections. It has been known to seriously lower an agent's income when he has adjusted a loss much below what the policy-holder and outsiders consider correct. On the other hand, an adjustment by a local agent which is regarded as excessive discredits such agent and subjects him to suspicion of having "stood in" with the property owner to defraud the insurance company. It is a sound, general principle that no man should be asked to give judgment in a case where his own interests are involved. But a local agent has very close interests in the adjustment of fire losses within his own district. To make a decent living he must be on good terms with and be respected by the community he dwells amongst. But, by acting conscientiously in the adjustment of a fire loss he is liable to fall away from this desirable, this valuable position. He ought not to be subject to this risk, but kept strictly and exclusively to the ordinary duties of an agent, to the acquisition and retention of business, the collection and remittance of premiums and a general oversight of the risks insured by his company.

There are losses, now and again, that practically need no expert adjustment, they are so moderate in amount and so reasonable in their explanation. To such as these the local agent should confine his attentions.

Companies are not so prone to submit claims to adjusters who work "on the cheap" as they once were. Both in regard to their management generally and in this matter of loss appraisalment the insurance companies are more and more desirous of securing officials who have been trained to the business, who have had practical knowledge of its various phases, and who are able to bring sound, expert judgment to the discharge of the underwriter's and adjuster's responsible duties.

This is the age of specialists, and neither the specialty of a local agent, nor his ordinary function, is that of an adjuster of losses.

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#### MONTREAL LIGHT, HEAT AND POWER CO.

The report of the Montreal Light, Heat and Power Co., submitted to the annual meeting held yesterday, shows increases in business of profits that are "considered satisfactory."

The gross revenue for the year was \$2,901,264 and net profits, after providing for fixed charges, interest, etc., to \$1,128,789, being an increase over previous year of \$311,818 gross and \$244,775 net. After paying 4 quarterly dividends of one per cent. each, amounting to \$680,000, a balance of \$448,789 was left, which added to the surplus of \$385,100 brought from last year, brings the surplus to

\$83,889, out of which have been appropriated \$150,000 to Contingent account, \$80,399 Insurance account, which sums being deducted from \$83,889, leave a balance of \$603,490 at credit of Surplus Account.

During the year \$317,000, of 4½ per cent. bonds were issued to pay for extensions and for redemption of the bonds of subsidiary companies. The report refers to two new electric distributing stations of 10,000 H.P., to supply the east and north end of the city, which stations will be absolutely fire-proof, a provision we have repeatedly urged as desirable to be made at the city's pumping station. The company has purchased the Provincial Light, Heat and Power Co., which controls for the Province of Quebec the St. Lawrence Power Co., and owns the rights to all the surplus water of the Soulanges canal which will be utilized. A 25 year contract has been made with the Montreal Street Railway Company for an additional 7,000 H.P. electric current. Last year, 463 electric meters were installed, 4,390 gas meters, and 2,304 gas stoves, to serve which 26.47 miles of new mains were laid. The company has now 55,000 gas and electric meters in service.

The assets are stated to be \$26,541,511. The capital stock is \$17,000,000, and first mortgage 4½ per cent. bonds, \$7,500,000, less \$1,013,000 in Escrow, and \$1,854,000 in Treasury. The Lachine Sinking Fund 5 per cent. bonds are \$4,000,000, less \$593,000, leaving the bonds liability \$8,040,000. The insurance suspense account is \$100,000 and contingent account \$150,000. The liabilities amount to \$25,938,021, which sum deducted from the total assets of \$26,541,511 leaves \$603,490 as "surplus account."

**MR. H. STIKEMAN ON BRITISH COLUMBIA AND THE WEST.**

Mr. Stikeman, general manager of the Bank of British North America, has just returned from a visit to the Northwest and British Columbia, where this bank is well represented and a large business done. He was deeply impressed with the development made in the last three years, as shown by new settlements; the growth of towns and the increased area of land under cultivation. He found the forest lands being extensively cleared, as many prefer them to the prairie, for where tress cover the soil there is a more regular rainfall than in open lands. For a certain class of settlers, there is also an attraction in the work of clearing a farm for themselves. Cattle raising he looks upon as promising to be a rich source of wealth, as for this agricultural enterprize the Northwest lands are well adapted. He was much impressed by the universal contentment and sanguine spirit prevailing in the West. From interviews with the bankers throughout the Western Provinces he acquired the conviction that the financial condition of the West is sound, and that all the banking facilities needed were now provided. Probably there had been some

degree of an over-sanguine spirit shown by many farmers, but Mr. Stikeman regards the general conditions to be thoroughly sound.

He found the output of gold in the Yukon somewhat declining, as is usually the case after the first rush to gold fields. The Bank of British North America has a branch at Dawson City so was in close touch with the local conditions.

The mining conditions in British Columbia he found to be improved, as wildcat methods and operators are now not in evidence. More scientific methods are being pursued in order to utilize low grade ores, the outcome of which is promising.

**THE FIDELITY AND CASUALTY CO. OF NEW YORK.**

As intimated in a previous issue, the above company are opening up business in Canada, and have made the necessary government deposit.

Messrs. Lukis, Stewart & Co., Montreal, have been appointed chief agents for the Dominion, and are prepared to transact Burglary, Accident and Health insurance, for the company

**PROMINENT TOPICS.**

**TERMINUS OF THE GRAND TRUNK PACIFIC.**—It is announced that Kaion Island has been selected as the terminus of the Grand Trunk Pacific Railway. This island forms part of the land reserved by the Government of British Columbia for railway purposes. It contains 16,000 acres, of which 10,000 acres have been deeded to the Grand Trunk Pacific for their harbour and terminal. It is situated south of Port Simpson at the entrance of Brown's passage. At low tide there is dry land between the island and the mainland.

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**THE EQUITABLE TANGLE.**—Rumour has been less busy in the past week in setting stories afloat re the Equitable. Several local movements in the South and West are said to have been commenced of the enquiry order, but they have no significance. The latest idea is to induce President Roosevelt to order a government investigation or to make recommendations to Congress looking to legislation being considered that might settle the trouble. It is deemed likely that the President will refer to this affair in a message to Congress, but, beyond giving the directors and policy-holders some good advice it is most unlikely that the President will interfere. The signs of the day point to a settlement being on the way. So magnificent an institution in which hundreds of thousands are deeply interested and will be for long years to come, will come out of this ordeal better prepared than ever to carry out the incalculably beneficent work of life assurance.

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**MUTUALIZATION DECLARED UNLAWFUL.**—Justice Maddox in deciding the Lord suit re Equitable declares that the right of shareholders to choose the directors is a property right which even the Legisla-

ture can only take away by repealing a company's charter. Any plan for giving policy-holders control by electing a majority of the directors he decides is without warrant of law. If this decision is sustained on appeal the proposed mutualization of the Equitable cannot be carried out until the Legislature repeals the charter.

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THE REPORT OF MR. FRICK, which is stated to have been presented to the directors, is said to contain several important recommendations. It is not likely to be published until it has been passed upon by the Board. It will, no doubt, be an exposition and an endorsement of the strong financial position occupied by this giant of insurance.

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THE COLLAPSE OF RUSSIA'S WAR FLEET.—The overwhelmingly disastrous blow struck by Japan at the war fleet of Russia on Saturday last is without precedent in naval annals. The conflict has been compared to Trafalgar with which it has no points in common. There were no torpedo boats, nor mines in Nelson's day; the vessels in conflict then were close enough at times to get their rigging interlocked. Bravery was more severely tested when ships fought at close quarters. For battle ships of 12 to 14 thousand tons, carrying hundreds of seamen, to be sunk by a torpedo, or by shots fired from a vessel a mile or more distant, is an awful because so inglorious a fate. No naval genius, no bravery, no skill in gunnery can protect a man-of-war from a concealed mine. One cannot but feel that there is an element of unfairness in a conflict in which the ships of one combatant are exposed to invisible torpedos, the location of which is only known to their foes.

\* \* \* \*

WHAT IS TO BE THE OUTCOME of the disaster which has almost annihilated Russia's war fleet and sent her chief Admiral with scores of officers and thousands of seamen into captivity? After the terrible nature of the reverse and loss is realized by the Czar and his advisers, surely they will also realize the hopelessness of the struggle against Japan and will listen to the proposals for peace which are reported to have been made by more than one of the great Powers of Europe and by the President of the United States.

That the Czar has declared his intention to fight while he has a soldier left is incredible. If he has said this, his reason is dethroned. The feeling is general and is deepening that the end of the war is near at hand. To facilitate the retreat of Russia from a situation which seems hopeless, to use an old saying, "a bridge of gold" ought to be built. For Russia's sake, for humanity's sake we trust the preliminaries of peace are being considered.

A BILL TO REORGANIZE THE HARBOUR BOARD is announced to be in course of preparation by the Hon. Raymond Prefontaine, Minister of Marine and Fisheries. The purpose is stated to be the abolition of the Board as at present constituted, the appointment of a new commission with narrower powers to be more directly representative of the government and under its control. The Board now consists of six members appointed by the Governor-in-Council, which means the Dominion Government, the Mayor of Montreal, while in that office, and one commissioner appointed respectively by the Board of Trade, the Corn Exchange, the Chamber of Commerce and the shipping interest, the government representatives thus having a majority.

The Government cannot act too promptly in placing the National Harbour of this Dominion and its waterways in a condition to accommodate, maintain and develop the shipping trade of this country, otherwise it will be diverted to ports of the United States. There is absolutely no other port in the Dominion, which can retain the shipping trade of Canada except Montreal.

\* \* \* \*

CHANGE IN BANK ACT.—The Honourable Mr. Fielding, Finance Minister, will introduce a Bill to amend the Bank Act by authorizing banks to increase the number of directors.

\* \* \* \*

REAL ESTATE IN MONTREAL is rapidly advancing in value as is shown by recent purchases. A large number of costly buildings are being erected. This city, despite its drawbacks, is bound to grow, and our civic rulers need to awake to the fact and take action to do away with the disgrace and drawback of bad roads and sidewalks. The majority of our citizens are prepared to contribute towards these improvements if some practical plan is proposed. It is "up to" our civic Fathers to suggest how the necessary funds may be raised for putting the roads in the condition becoming this Metropolitan city.

\* \* \* \*

THE AETNA INSURANCE COMPANY'S courteous invitation to inspect its new fire-proof building at Hartford is acknowledged with thanks.

\* \* \* \*

MONTREAL WATER WORKS.—A large majority of the Aldermen have decided to purchase a steam pump for the water works, which action may be a protest in connection with the gas contract. The sooner, however, the City Council makes up its mind to instal electric pumping machinery the better. This great city ought not to be dependent on one pumping apparatus, and it would be difficult to prove that electricity is not cheaper than steam.



ANNEXATION.—We are glad to see that some practical steps have been taken towards annexing the suburbs of Montreal. St. Henri seems likely to have the honour of being the first to throw in its destinies with Greater Montreal. One thing is certain, this city cannot much longer be "cribbed, cabined and confined" within its present bounds. It is also certain that in the interval before annexation the debts which will have to be assumed will not be growing less.

\* \* \* \*

THE EASTERN TOWNSHIPS BANK will shortly remove from the offices now occupied on St. James St. in this city to more commodious ones next door which are being prepared for this bank's occupation.

\* \* \* \*

DEATH OF THE HON. WILLIAM MACDOUGALL.—The Hon. W. Macdougall, C.B., died at Ottawa, on 29th ult. He was born at Toronto on 22nd January, 1822. In his 18th year he was articled to a local lawyer. By his 28th year he had established three journals, one being "The North American," which gave powerful impetus to the movement for establishing more liberal forms of Government in Canada. He advocated the decimal currency system and the free navigation of the St. Lawrence. He was elected for Perth in 1857 and at once made his mark as a fluent, well-informed speaker. He acted for some time as one of the editors of the "Toronto Globe" with which paper his own paper had been merged. In all the conferences to promote confederation he took an active part, his services being rewarded by the Crown and his being made a Privy Councillor and Minister of Public Works in the Cabinet of Sir John A. Macdonald. On Canada acquiring the Northwest Territories, he was sent to establish local government as Lieutenant-Governor of Rupert's Land and the Northwest. He and his party were stopped by rebels under Louis Riel and forbidden to proceed. The subsequent events, which culminated in the Northwest rebellion in 1885, constitute an unpleasant chapter in our history and will ever remain a subject of controversy. After serving on numerous Commissions and sitting in the Ontario Legislature as member for South Simcoe he again entered the House of Commons where he vigorously urged the adoption by Canada of a commercial policy which was ultimately adopted. Indeed, he lived to see most of his ideas on public matters crystalized in legislation. All through his career as a politician, all his life indeed as a man, even when a Minister of the Crown, he was a journalist of singular power and influence. History will gratefully record his services in promoting popular government in Canada; in reforming the currency, and in establishing the unity of Canada by Confederation.

#### QUERIES' COLUMN.

In order to furnish our readers with information we propose to devote this column to replies to correspondents. Letters should be addressed to "THE CHRONICLE, Enquiry Department, Montreal."

Answers will only be given to such communications as bear the writer's name, not for publication, but as evidence of good faith, and only to questions referring to matters of general interest in regard to which the Editor of Queries' Column will exercise his own discretion.

1448.—M.C.C. Montreal, the only definite offer to the shareholders of the Montreal Cotton Company is contained in the circular issued by the Royal Trust Company on behalf of a Syndicate dated 20th May, 1905. In this it is proposed to pay 133 1-3 per cent. for each share of Montreal Cotton Stock in securities of a Company to be formed as follows:—

\$100 in 6 per cent. bonds of the new company and \$33.33 in 7 per cent. non-cumulative Preferred Stock of the new Company. Assuming that these securities would sell in the open market at 90 for both the Bonds and the Preferred Stock, the actual cash value of Montreal Cotton shares would be 120.

The present capital of the Montreal Cotton Co. is \$3,000,000, all of which represents actual cash paid in by the shareholders for the development and equipment of the property, the capital contains no watered stock. The Company shows a surplus of \$2,100,000, of 70 per cent. of its Capital and this would of course be surrendered to the new Company if the proposed exchange is carried out. The price offered is considered inadequate by some of the leading shareholders and decided opposition is developing. It may be necessary to offer better terms to secure the control of the Montreal Cotton Company.

#### PERSONALS.

SIR WILLIAM P. HOWLAND, celebrated his 94th birthday at St. Catharine's, on 29th ult. We are glad to hear of his being in good health, with which we hope he will continue to be blessed.

MR. DANIEL MILLER, who, for thirty-seven years has been on the staff of the Merchants' Bank of Canada, during sixteen of which he has been manager of the Toronto branch, is about to retire. Mr. Miller is, and has ever been very highly respected by the customers of the bank, by the community in which he has resided, and all who have the pleasure of his acquaintance.

MR. L. GOLDMAN, managing director of the North American Life Assurance Co., is at present visiting the Northwest and British Columbia, in the interests of his company. He is expected to return to Toronto towards the latter part of this month.

MR. W. E. MOREHOUSE, of the Eastern Townships Bank, will leave this city in a short time to take charge of the Bedford branch.

MR. A. G. CAMPBELL, of the Bedford office, will succeed Mr. Morehouse as accountant at the Montreal office.

## Notes and Items.

At Home and Abroad.

**MONTREAL CLEARING HOUSE.**—Total for week ending June 1st, 1905—Clearings, \$22,633,097; corresponding week 1904, \$18,443,213; corresponding week, 1903, \$23,515,298.

**OTTAWA CLEARING HOUSE.**—Total for week ending May 25, 1905—Clearings, \$2,171,516; corresponding week last year, \$1,631,725.

THE ROYAL has absorbed the Textile Mutual Fire, a sound Lancashire company.

THE CALEDONIAN, OF EDINBURGH, has been admitted to Mississippi and will likely enter Alabama later. It has gone into Georgia, Florida, Kentucky and Tennessee in the South within the past four months, Manager Post believing in the future of the field and personally supervising its development for his Company.

THE NORTH BRITISH AND MERCANTILE, after being absent a year, has again entered Paterson, N. J., with Mr. F. R. Reynolds as local agent.

**IMPORTANT ACCIDENT CASE.**—On 27th ult., the United States Circuit Court Judge rendered an opinion of special interest to accident underwriters, in his decision refusing a motion for a new trial in the case of J. A. Carroll, executor, against the Fidelity and Casualty Company of New York, growing out of the death of the late F. G. Stacy, president of the Gaffney National Bank. The case is briefly reported in the N. Y. "Commercial Bulletin."

Stacy was called a liar by a man named Porter, and he resented the insult with a blow in the mouth. An abrasion was made by Porter's teeth on Stacy's fist and a few days later blood poison set in and Stacy died. The insurance company refused to pay the policy, alleging that Stacy had come to his death by violent and unlawful means. Suit was instituted at the last term of the Circuit Court in Greenville and the jury rendered a verdict for \$5,000, the full amount of the policy, in favour of the estate. The defendant moved for a new trial and Judge Brawley has just ruled that the death of Stacy was a result of accidental inoculation, and the motion for a new trial was dismissed. The case presents a number of interesting features. The court does not state that the blow which was struck in resenting an insult was an accident, but it is the breaking of the flesh, allowing the poisoning microbes to enter the system of Stacy, causing death, and which Stacy, of course, never intended, is an accident, and therefore the estate is entitled to the money for which he was insured.

**DANGERS FROM KEROSENE AND OTHER PETROLEUM OILS.**—Mr. Hy. D. Davis, State Fire Marshal, Ohio, has issued the following:—In the United States at large, as shown by 50,955 fires tabulated by Mr. F. C. Moore, kerosene lamps cause 6 per cent. of all fires. In Ohio, owing to a "flash test" ten degrees higher than in any other state being absolutely enforced by oil inspectors, they cause less than three per cent. of the fires, and less than one per cent. of the total property loss.

Unfortunately, there is no falling off in the number of persons injured by using coal oil to encourage stove fires. Putting a small quantity of oil on kindlings in a cold stove, or on a blaze, is unattended by danger, but pouring it on hot embers showing no blaze, or on hot iron, results in the development of a mass of gas which explodes.

Of the 225 coal oil fires in Ohio last year, 158 resulted from the explosion or overturning of lamps, 24 from oil stove accidents, 11 from lanterns, 27 from reckless handling of the oil.

The products of petroleum are not liable to spontaneous combustion as are the animal and vegetable oils, because they have no affinity for oxygen, but the explosive vapour from gasoline burns one Ohio house for every day in the year.

Crude oil, when distilled, yields about three-fourths its bulk in kerosene, which is subsequently treated with sulphuric acid and then with caustic potash. The petroleum in the still, which resembles a car on-tank, is heated slowly, the oils vaporize in the following order and are condensed in pipes cooled by water.

Cymogene and Rhigolene, which are gases at ordinary temperature, are used for local anaesthesia; petroleum ether, as a solvent for fats and gums and for gas machines; gasoline for cleansing, for gas machines, lamps and stoves; the naphthas for the making of varnishes and oil cloths, and the benzines for dry-cleaning and for painter's use. The explosion from the vapour which rises from gasoline at ordinary temperatures fired 395 houses in Ohio in 1904.

Next in specific gravity, but first in importance, is the kerosene oil which is distilled after the lighter parts mentioned have been driven off. Then the lubricating oils, which represents three per cent. of the petroleum oil, are distilled. The residue, after the paraffine and vaseline are extracted is used to heat the still.

The oil chemists being reticent, I am unable to learn what efforts have been made to produce a marketable article from the odour. Perhaps the smell may go to join the squeal, which is said to be the only hog product thrown away by the packers."

## Correspondence.

We do not hold ourselves responsible for views expressed by correspondents.

### NEW YORK INSURANCE LETTER.

New York, May 31, 1905.

The period since our last communication has been one of conventions, the National Board having held its annual meeting on the 11th inst., and the Southeastern Tariff Association (in which most New York companies are interested), and the National Fire Protection Association both having had their annual meetings last week. All of these were important and interesting gatherings, and while there is not space here to give the details, those to whom they are available, will find them well worth examination and study.

The National Board finds that its expenses for inspection, investigation, etc., have piled up so rapidly that it is now necessary to begin retrenchment. There was a hot discussion at the recent meeting, over the question whether the work of the now famous Committee of Twenty should be cut off or continued. The chief opponent to the continuance of the work was the Home Insurance Company, which has been freely criticized for its short-sighted and penurious policy. The Committee of Twenty was appointed for the purpose of investigating conditions in the larger cities, and its work bears directly upon the conflagration hazard. There was an overwhelming vote in favour of continuing the work.

Equitable Life affairs drag their slow and painful length along, much to the disgust of those who would be glad to see the matter settled on a permanent and satisfactory basis, and thus behold the end of the charges and recriminations which have taken place since this unfortunate muddle began. The sentiment generally is in the direction of a recently-published cartoon which represents all the principal officers being lifted from the upper windows of the Equitable building, through the persuading virtue to be found in the sole of a cowhide boot. It is thought that the report of the Frick Committee, on or about June 1, may do much to clear the atmosphere.

After several years of discussion, the New York Fire Insurance Exchange has finally agreed to include household furniture in the co-insurance clause. In a city like New York, where so much of rich value is frequently gathered together under one roof in fine residential portions of the town, it is thought to be only fair to the companies to have the clause applied to contents as well as buildings. An exception is made where the value of the furniture does not exceed \$2,500.

Much interest was created among the companies here and elsewhere, by the decision in Arkansas, against the Hartford Fire Insurance Company, which remained in the State to await the result of the Court's action in the suit against it as a violator of the anti-trust law. The Court upholds the constitutionality of the law, and it is evident that the act will have to be repealed, or else the State will be obliged to depend upon its own resources for the commodity of fire insurance.

NOTES.

Mr. George E. Kendall, erstwhile United States manager for the National, of Ireland, has been appointed consulting underwriter of the new City of New York Fire Insurance Company.

Manager Charles H. Post, of the Caledonian, is in Europe, attending the centennial celebration of his Company, at Edinburgh.

Vice-President and Managing Director J J Kenny, of the Western, of Toronto, sailed recently from this port for England.

Manager Charles H. Sturhahn, of the Rossia, sails tomorrow, June 1, for Germany.

Secretary E. G. Laughton Anderson, and Actuary, W. R. Strong, of the London Guarantee and Accident Insurance Company, arrived recently in this city, for their annual visit in this country.

The New York Life Insurance Company is celebrating its sexennial in this city, and a large number of agents both from this country and Europe are present.

President Richard A. McCurdy, of the Mutual Life Insurance Company, is reported in extremely ill health, and his early demise is not unlooked for by many best acquainted with his condition.

Many fire insurance companies of this city are interested in the \$11,250,000 insurance which has recently been issued upon the paintings on exhibition at the Albright Art Gallery, in Buffalo.

In this city, recently fire insurance stocks sold as follows: Hartford Fire, 825; Aetna, 350; Phoenix, of Hartford, 285; Springfield, F. and M., 257.

QUEST.

STOCK EXCHANGE NOTES.

Wednesday, p.m., May 31, 1905.

Prices have steadily advanced from the sharp decline of last week. The Japanese naval victory had a decidedly stimulating effect. The news of the defeat of the Russian fleet was promptly reflected in Monday morning's higher market quotations from London. The advance is well held, and improvement continues. Business on the local exchange has broadened with prospects of reasonable activity. An early ending of the war would probably be the signal for a bullish campaign in the stock market. All other stock market factors are favourable. Seasonable weather during the next few weeks will go far to assure an abundant harvest, and this, with the continued large railway earnings and satisfactory trade conditions, warrants optimism.

Detroit Railway was the most active stock, and scored a new high level for the year, during this week's trading. Montreal Power continues firm, and closed at the highest of the week. The statement of the Company for the year ending 30th April, has been published, and will be submitted to the shareholders at the annual meeting on Friday next, 2nd June. It is considered a favourable showing, and the report is more fully referred to in another column. C.P.R. made a heavy gain from last week's level, advancing almost 7 points, and closing strong. There was only one transaction in Lake of the Woods Common this week, 75 shares changing hands at 96½ this afternoon. Nova Scotia Steel Common was an exception to the general market, and was fractionally weaker, selling down to 60 on a small volume of business.

There is no change in the money rates and the call rate in Montreal continues at 4½ per cent. The rate for call money in New York to-day was 2½ per cent, and in London it was quoted at 3 per cent.

The quotations for money at continental points are as follows.—

	Market.	Bank.
Paris.....	1½	3
Berlin.....	2½	3
Amsterdam.....	2½	2½
Vienna.....	2½	3½
Brussels....	2½	3

\* \* \* \*

C. P. R. advanced to 148½, and closed with 148% bid, a net advance of 6% points, and 1,816 shares were traded in during the week. There were 6 shares of the New Stock sold, this little lot changing hands at 143%. The earnings for the third week of May show a decrease of \$14,000.

\* \* \* \*

The Grand Trunk Railway Company's quotations as compared with a week ago are as follows:—

	A week ago.	To-day
First Preference.....	108	108½
Second Preference.....	98	98½
Third Preference.....	48½	49½

\* \* \* \*

Montreal Street Railway advanced to 219 bid, and closed with 218 bid, a net gain of 4 full points for the week, but only 205 shares figured in the week's business. The earnings for the week ending 27th inst., show an increase of \$2,733.46 as follows:—

		Increase.
Sunday.....	\$6,926.54	\$ *587.39
Monday.....	7,878.30	282.74
Tuesday.....	7,563.94	*575.38
Wednesday.....	8,119.20	1,614.77
Thursday.....	7,767.46	766.28
Friday.....	7,124.10	475.55
Saturday.....	8,615.48	756.89

\*Decrease.

Toronto Railway continues dull, but is firm around 105½, the closing bid being 105½, a net gain of ¼ of a point for the week, and 323 shares changed hands. The earnings for the week ending 27th inst., show an increase of \$4,485.56, as follows:—

		Increase.
Sunday.....	\$5,302.28	\$ 1,073.78
Monday.....	7,460.81	*409.33
Tuesday.....	8,198.99	*2,683.96
Wednesday.....	11,101.95	3,751.44
Thursday.....	8,124.45	1,307.99
Friday.....	7,486.83	785.44
Saturday.....	9,394.06	660.20

\*Decrease.

Twin City has improved in price, and closed with 111½ bid, a net gain of 1¼ points. The business in the stock was small, and only 125 shares were traded in during the week. The earnings for the third week of May show an increase of \$9,050.90.

Detroit Railway was the most active stock in this week's market, and advanced to 90¼, reacting to 89½ bid at the close, a net gain of 1¾ points. During the week 4,751 shares were dealt in. The earnings for the third week of May show an increase of \$10,458.

There were no sales in Halifax Tram, and the closing quotation was unchanged from a week ago, with 104 bid.

Toledo Railway has advanced 1½ points, and closed with 34¼ bid. The stock was in fair demand, and 605 shares came out during the week's trading.

Mackay Common was fractionally stronger, and closed with 39¼ bid. The trading was very limited, only 156 shares being dealt in. The Preferred Stock closed with 72¼ bid, unchanged from a week ago, and 275 shares were involved in the week's business.

There were no sales in Ogilvie Preferred, nor was there any quotation for the stock at the close to-day.

Lake of the Woods Common closed with 95 bid, and 75 shares changed hands during the week, the price paid being 96½. The Preferred Stock was traded in to the extent of 70 shares, the last sales being at 111 X.D. The quarterly dividend of 1¼ per cent. on the Preferred Stock will be paid to-morrow.

R. & O. only figured to the extent of 50 shares during the week, two lots of 25 shares each being traded in. The closing bid was 72¾, a gain of ¼ of a point for the week.

Montreal Power advanced to 90½, and closed with 90½ bid, a net gain of ¼ of a point for the week on transactions involving 1,386 shares.

Montreal Cotton sales totalled 568 shares, the last sales being made at 116½. The Royal Trust Company have issued a circular offering the shareholders \$100 in 6 per cent. Bonds, and \$33.33 of 7 per cent. Preferred Stock of a Company to be formed, in exchange for each share of Montreal Cotton Company stock, transferred to the Royal Trust Company, for the syndicate. It is not certain whether the deal will go through. The President of the Montreal Cotton Company has called a meeting of the shareholders to place a statement of the

Company's affairs before them, so that they may properly understand the value of the stock which they are asked to surrender.

Dominion Iron Common closed with 20¾ bid, a gain of ½ point for the week, and 880 shares were dealt in. The Preferred Stock sales totalled 120 shares, and the closing bid was 66. The Bonds closed with 84¼ bid, a gain of 1¾ points for the week, and \$62,000 were dealt in.

Dominion Coal Common closed with 74½ bid, a decline of 1½ points from last week's closing quotation. Only 50 shares were traded in during the week. The Preferred Stock sales amounted to 97 shares, the last sales being made at 115¼. In the bonds \$51,500 changed hands, the last sales being made at 99¼.

Nova Scotia Steel Common closed with 60¾ bid, a decline of ¼ of a point from last week's quotation, and 417 shares changed hands during the week. There were no transactions in the Preferred Stock, nor in the Bonds.

	Per cent.
Call money in Montreal.....	4½
Call money in New York.....	2½
Call money in London.....	3
Bank of England rate.....	2½
Consols.....	91½
Demand Sterling.....	9 ½
60 days' Sight Sterling.....	9½

Thursday, p.m., June 1, 1905.  
The market opened firm this morning, but ran off fractionally during the day. There was no tendency towards liquidation, however, and the heaviest declines barely went over one-half point. C. P. R. sold at 148¾, and closed offered at 147½. There was only one transaction of 25 shares during the day. Detroit Railway advanced to 90¼, and reacted to 89½, the last sales being at 89½. Montreal Cotton figured in to-day's business, and advanced to 117, closing with 117¼ bid. Montreal Power was firm around 90 at the close, after selling at 90½ in the morning. The total business of the day was of small dimensions, and the detailed transactions will be found below

**MONTREAL STOCK EXCHANGE SALES**

THURSDAY, JUNE 1, 1905.

MORNING BOARD.

No. of Shares.	Price	No. of shares.	Price
25 C.P.R. ....	148¾	100 Toledo .....	34½
124 Mont. Street .....	219	55 Sectia .....	60
145 Power .....	90½	10 " .....	60¾
50 " .....	90¾	25 Mont. Cotton. ....	116½
100 " .....	90¾	10 Iron Com. ....	20½
100 Detroit .....	90	25 Coal Pfd ... ..	115¼
475 " .....	90¼	3 Bell Telephone. ...	157½
150 " .....	90¾	25 " .....	15¾
675 " .....	90¼	25 Halifax Tram. ....	104
100 " .....	90¾	\$25,500 Coal Bonds. ...	99¾
150 " .....	90¼	\$5c(A) Textile Bonds ..	87
25 Soo Com. ....	114¾		

AFTERNOON BOARD.

150 Detroit Ry. ....	89¾	8 Bank of Commerce. .	165½
125 " .....	89¾	5 Bank of Montreal ..	55
25 Bell Telephone. ....	150¾	10 Sectia Id. ....	113
1 Mont. Cotton. ....	116	75 Power. ....	90
75 " .....	116½	15 " .....	89¾
50 " .....	117	\$500 N.S. Steel Bonds. .	110¾
25 Mackay Pfd. ....	72¾		



STOCK LIST

Reported for THE CHRONICLE by R. Wilson-Smith & Co., 160 St. James Street, Montreal. Corrected to May 31st, 1905, P.M.

Table with columns: BANES., Capital subscribed, Capital paid up, Reserve Fund, Per centage of Rest to paid up Capital, Market value of one share, Dividend for last half year, Revenue per cent. on investment at present prices, Closing price per cent. on par, When Dividend payable. Rows include various banks like British North America, Canadian Bank of Commerce, Dominion, Eastern Townships, Hamilton, Hochelega, Imperial, La Banque Nationale, etc.

Curative. + Bonus per cent. † Price per Share § Annual. \* These figures are corrected from last Govt. Bank Statement MARCH 31st, 1905.

STOCK LIST—Continued.

BONDS.	Rate of Interest per annum	Amount outstanding.	When Interest due	Where Interest payable.	Date of Redemption.	Latest quotations.	REMARKS.
Commercial Cable Conpn. ....	4	\$18,000,000	1 Jan. 1 Apl.	{ New York or London.....	{ 1 Jan., 1907.	96	
Registered. ....	4		1 July 1 Oct.				96
Can. Colored Cotton Co. ....	5	2,000,000	2 Apl. 2 Oct.	Bank of Montreal, Montreal.....	2 Apl., 1902.	98	
Canada Paper Co. ....	5	200,000	1 May 1 Nov.	Merchants Bank of Can., Montreal	1 May, 1917.	98	
Bell Telephone Co. ....	5	2,000,000	1 Apl. 1 Oct.	Bank of Montreal, Montreal.....	1 Apl., 1925.	98	
Dominion Coal Co. ....	6	3,433,000	1 Moh. 1 Sep.	Bank of Montreal, Montreal.....	1 Moh., 1912.	98	
Dominion Cotton Co. ....	4 1/2	\$ 808,200	1 Jan 1 July	.....	1 Jan., 1916.	98	Redeemable at 110
do do B	6	758,500	.....	.....	.....	87 1/2	Redeemable at 110
do do C	6	1,090,000	.....	.....	.....	88	do 105 after 5 yrs
do do D	6	450,000	.....	.....	.....	90	Redeemable at 105
Dominion Iron & Steel Co. ....	5	\$ 7,876,000	1 Jan. 1 July	Bank of Montreal, Montreal.....	1 July, 1929.	84 1/2	Redeemable at 110 & accrued interest
Halifax Tramway Co. ....	5	\$ 600,000	1 Jan. 1 July	Bk. of N. Scotia, Hal. or Montreal	1 Jan., 1916.	100 1/2	Redeemable at 105
Intercolonial Coal Co. ....	5	344,000	1 Apl. 1 Oct.	.....	1 Apl., 1916.	100	Redeemable at 105
Laurentide Pulp .....	6	1,112,000	.....	.....	.....	100	
Montmorency Cotton.....	5	1,000,000	.....	.....	.....	100	
Montreal Gas Co. ....	4	880,074	1 Jan. 1 July	Company's Office, Montreal.....	1 July, 1921.	101 1/2	Redeemable at 105
Montreal Light, Heat and Power	4 1/2	7,500,000	1 Jan. 1 July	Bank of Montreal, Montreal.....	1 July, 1932.	101 1/2	after Jan. 1st, 191
Montreal Street Ry. Co. ....	5	222,000	1 Moh. 1 Sep.	Bank of Montreal, London, Eng.	1 Moh., 1908.	103	
do do .....	4 1/2	681,833	1 Feb. 1 Aug.	" " Montreal.....	1 Aug., 1922.	103	
do do .....	4 1/2	1,500,000	1 May 1 Nov.	" " Montreal.....	1 May, 1922.	103	
Nova Scotia Steel & Coal Co. ....	6	2,500,000	1 Jan. 1 July	{ Union Bank, Halifax, or Bank of Nova Scotia; Mont'l or Tr'n'to	1 July, 1931.	107	Redeemable at 110
Ogilvie Flour Mill Co. ....	6	1,000,000	1 June 1 Dec	Bank of Montreal, Montreal.....	1 June, 1932.	116	after June 2
Rehellen & Ont. Nav. Co. ....	5	471,580	1 Moh. 1 Sep.	Montreal and London.....	1 Moh., 1915.	103	Redeemable at 110
Royal Electric Co. ....	4 1/2	\$ 180,000	1 Apl. 1 Oct.	Bk. of Montreal, Mont'l or London	Oct., 1914.	104	Redeemable at 110
St. John Railway .....	5	\$ 875,000	1 May 1 Nov.	Bank of Montreal, St. John, N.B.	1 May, 1925.	105	5 p.c. redeemable yearly after 190
Toronto Railway .....	4 1/2	800,000	1 Jan. 1 July	{ Bank of Scotland, London.....	1 July, 1914.	105	
do do .....	4 1/2	2,509,953	28 Feb. 31 Aug.	.....	31 Aug., 1921.	105	
Windsor Hotel .....	4 1/2	340,000	1 Jan. 1 July	Windsor Hotel, Montreal.....	2 July, 1912.	104 1/2	
Winnipeg Elec. Street Railway. ....	5	3,000,000	1 Jan. 1 July	Bank of Montreal, Montreal.....	1 Jan., 1927.	104 1/2	
Toledo Ry. & Light Co. ....	5	700,000	1 Jan. 1 July	.....	1 July, 1912.	104 1/2	
do do .....	5	5,185,000	1 Jan. 1 July	.....	1 July, 1903.	104 1/2	
do do .....	4	4,000,000	1 Jan. 1 July	.....	1 July, 1909.	104 1/2	

[FIRE]

German American  
Insurance Company  
New York

CAPITAL  
**\$1,500,000**  
NET SURPLUS  
**5,841,907**  
ASSETS  
**12,980,705**

AGENCIES THROUGHOUT CANADA.

# COMMERCIAL UNION

## Assurance Company, Limited.

The Directors have much pleasure in submitting to the Shareholders their Forty-Third Annual Report, with the Audited Accounts.

### FIRE DEPARTMENT.

The Net Premiums for 1904 amounted to £1,967,712, being an increase of £195,893 as compared with the year 1903, and the losses paid and outstanding to £1,091,895 or 55.5 per cent. of the Premium Income.

From the Profits of this Department the sum of £75,000 has been carried to Profit and Loss; and, after providing for outstanding Losses, the Fire Fund stands at £1,983,005 as against £1,781,576 at the same time last year.

### LIFE DEPARTMENT.

The New Business of the year consisted of 1,159 Policies, assuring £950,758, while the New Premiums included in the Account amounted in gross to £30,273.

The claims by death, £154,119, were within the amount expected.

The transactions of the year resulted in a surplus of £157,460, and increased the Life Assurance Fund to £2,776,549.

### MARINE DEPARTMENT.

The Net Premiums received were £247,864, and the Net Losses paid and outstanding amounted to £103,402.

From the Profits of this Department the sum of £50,000 has been carried to Profit and Loss; and, after providing for outstanding Losses, the Marine Fund stands at £551,671.

### ACCIDENT DEPARTMENT.

The Net Premiums received amounted to £156,762, and the Losses paid and outstanding to £73,611. The operations of the year resulted in a surplus of £31,520, and increased the Accident Fund to £92,212.

### PROFIT AND LOSS.

This account has been closed with a balance of £175,751 16 7 and out of that amount the Directors recommend:—

(a) The payment of a Dividend of Twenty-five Shillings per Share (free of Income Tax), making with the Interim Dividend of Twenty Shillings paid in November last, Forty-five Shillings per share for the year 1904	62,500 0 0
(b) The provision for an Interim Dividend on account of the year 1905, of Twenty-five Shillings per Share to be paid on the 3rd November next	62,500 0 0
leaving a balance to be carried forward of	50,751 16 7
	<b>£175,751 16 7</b>

### FIRE DEPARTMENT.

REVENUE ACCOUNT, FROM 1ST JANUARY TO 31st DECEMBER, 1904,

Dr.	To	£	s.	d.
Amount of Fire Fund at the beginning of the year		1,781,576	4	5
Premiums, after deduction of Reinsurances		1,967,712	3	11
Interest		56,116	19	3
		<b>£3,805,405</b>	<b>7</b>	<b>7</b>

Ca.	By	£	s.	d.	£	s.	d.
Losses paid and outstanding, after deduction of Reinsurances					1,091,895	5	5
Commission and Brokerage					312,420	2	8
Contributions to Fire Brigades		12,476	2	0			
State Charges—							
Foreign		31,126	17	3			
Expenses of Management		298,943	10	5			
Bad Debts					342,546	9	8
Amount to Profit and Loss					538	11	11
Amount of Fire Fund at the end of the year					1,983,004	17	11
					<b>£3,805,405</b>	<b>7</b>	<b>7</b>

### BALANCE SHEET OF THE COMPANY.

31st DECEMBER, 1904.

#### LIABILITIES.

SHAREHOLDERS' CAPITAL—				
Subscribed—50,000 Shares of £50 each	£2,500,000	0	0	
Paid-up				250,000 0 0
General Reserve Fund	£200,000	0	0	
Investment Reserve Fund	24,883	11	10	
Guarantee and Pension Fund	70,496	5	0	
Profit and Loss Account	175,751	16	7	
Shareholders' Life Profits Account	38,666	8	0	
Fire Fund	1,983,004	17	11	509,798 1 5
Marine Fund	551,670	14	7	
Accident Fund	92,212	18	2	
"West of England" 4 p. c. Term, Deb. Stock	£298,506	0	0	2,626,887 10 8
"Palatine" Ditto	266,068	0	0	
Balance of Appropriation for "Palatine" Purchase				564,574 0 0
Leasehold Redemption and Sinking Fund Account				17,188 12 6
Amounts due to other Companies for Reinsurances				7,224 10 4
Outstanding Losses:—				193,670 16 2
Fire	£177,430	0	0	
Marine	7,347	0	0	
Accident	19,437	3	6	204,214 3 6
Life Department—Temporary Deposit	30,954	3	10	
Perpetual Premiums, Fire Deposits and Survey Fees	18,047	6	7	
Bills Payable	5,326	16	7	
Amounts due to Agents and others	3,459	9	8	
Interest received in advance of due dates	5,371	17	7	
Unclaimed Dividends and Interest	713	6	6	63,873 0 9
Life Account, as per separate Balance Sheet				4,437,430 15 4
				2,848,709 9 9
				<b>£7,286,140 5 1</b>
ASSETS.				
Mortgages on Property within the United Kingdom				£ 27,508 18 4



	£	s.	d.
Mortgages on Property out of the United Kingdom . . . . .	74,811	0	0
Mortgages on Rates raised under Acts of Parliament . . . . .	17,652	9	7
Loans upon Life Interests and Reversions	47,600	0	0
Loans upon Personal Security . . . . .	1,072	15	8

INVESTMENTS—

British Government Securities . . . . .	188,311	4	0
Indian and Colonial Government Securities . . . . .	296,478	7	8
Colonial Municipal Securities . . . . .	72,247	10	6
Foreign Government Securities . . . . .	177,781	14	3
United States Government Securities . . . . .	193,750	3	8
Do. Railway Bonds . . . . .	696,119	16	10
Do. Railway Stocks . . . . .	83,211	5	0
Do. Municipal Securities . . . . .	168,361	2	8
Railway and other Debentures and Debenture Stocks . . . . .	356,906	5	3
Railway and other Stocks and Shares	146,748	15	9

Freehold Premises at Home and Abroad, partly occupied as Offices of the Company, and partly producing revenue . . . . .	£419,083	17	11
Leasehold Premises do. and partly producing revenue	20,099	1	10
	739,182	19	9

Branch, Agency and other Balances . . . . .	437,366	1	3
Amounts due by other Companies for Re-insurances and Losses . . . . .	81,725	12	2
Contribution of Expenses due by "West of England Life Fund" . . . . .	2,574	16	9
Outstanding Premiums:—			

	£	s.	d.
Fire . . . . .	16,22	8	5
Marine . . . . .	32,022	4	10
Accident . . . . .	1,116	16	4
	49,361	9	7

Outstanding Interest . . . . .	5,845	10	5
Bills Receivable . . . . .	33,346	2	4
Stamps in hand . . . . .	921	18	1
CASH—On Deposit . . . . .	£129,075	8	3
with Bankers and in hand . . . . .	408,469	7	7
	537,544	15	10

£4,437,430 15 4

Life Investments and Outstanding Accounts, as per separate Balance Sheet . . . . .	2,848,709	9	9
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£7,286,140 5 1

JOHN TROTTER,  
JAMES F. GARRICK, *Directors.*

HENRY MANN,  
*Secretary.*

LONDON LETTER.

FINANCE.

London, Eng., May 29, 1905.

Although the mining share markets of the London Stock Exchange have sadly fallen away of late years, and "booms" are never now spoken (the last was the "Kaffir" craze of 1895), the extent to which the British public is interested in mines remains enormous. The production of new companies has slackened down considerably, but on the other hand a policy of concentration and combination has had strong support.

I have spoken before of the reasons for, and the attempts at awakening interest in the Transvaal, and the Rand especially. Rhodesia is also forcing itself more and more upon the mining investors' attention. Striking discoveries of banket and alluvial gold have been made

in the Mashonaland and Victoria district, whilst gold, tin and copper deposits of surpassing value, have been found north of the Zambesi.

West Africa has dropped right behind, all the companies having proved failures. Egypt is scarcely fulfilling the promise of last year. West Australia suffers from a lack of new discoveries. New Zealand is as discredited as West Africa. British Columbia has ceased to figure in the market, and only two or three American mines are dealt in here. Shares like Boston Coppers have little runs sometimes, but these require a Count Ward with the entree into the smart West End set, to get them going.

The latest mining year books give particulars of 3,745 mining and exploration companies dealt in (more or less) here. Of these, 1,023 are South Africans, 557 are Australasians, 351 West Africans, and the remainder scattered about other parts of the world.

Bankers here are concerned very much about the Public Trustee and Executor Bill, which is now before the House of Commons. This Bill as originally introduced, contained a clause which allowed a testator, settler, or other creator of a Trust deed, to direct or authorize the appointment of a particular banker, and also allowed the Public Trustee to employ any banker who had been intimately connected with the affairs of the estate he was dealing with. All this has been swept away by the striking out of the clause in Grand Committee. The result is that the Public Trustee, whenever one is appointed, will keep the account of every Trust in which he is concerned, at the Bank of England. Other bankers consider this a distinct infringement of principle.

INSURANCE.

That the old antagonism here against the United States insurance companies was not dead, but only sleeping, is shown by the outbreak of criticism, consequent upon the publication here of some of the "Frenzied Finance." The city editor of the "Daily Chronicle" who is a notorious pessimist, and who, at regular intervals predicts the coming financial collapse of the whole world, is a vehement writer of books and articles against the American insurance companies, and at the present time in half a-dozen widely-circulated organs of public or private opinion, he has loquacious supporters.

The damage done to life assurance proper, and thrift generally, by the so-called house-purchase companies, is recognized on all sides, but still more damage is now being done by a variant, on the idea introduced from America, within the last two years. Over here, these particular concerns are known as bond investment companies. They have sprung up like mushrooms, especially in the north of England, where we have dense populations of middle-class folk, who have scraped and saved, and who are easily impressed with the desire to make one dollar do the work of two.

It is good news to hear at last, that a Board of Trade committee of enquiry is to be appointed to look into these kindred associations. Many of them issue no proper accounts, and their working expenses are excessive.

Most important newspapers in this country have been conveniently blind to the damage caused by these bond and free-home institutions, but first, the powerful "Manchester Guardian," the greatest daily outside London, and then the "Times," have begun to expose the whole caboose.

# CITY OF WINNIPEG

## DEBENTURES

SEALED TENDERS addressed to "The Chairman, Finance Committee," and marked "Tender for Debentures," will be received at the office of the City Comptroller, City Hall, Winnipeg, Manitoba, up to 3 o'clock p.m., on FRIDAY, 16th JUNE NEXT,

FOR THE PURCHASE OF

**\$1,209,875.42**

OF CITY OF WINNIPEG DEBENTURES

Payable in Winnipeg in gold or its equivalent. Interest at four per cent. per annum, payable half-yearly at the Canadian Bank of Commerce, in London, England, New York, Montreal and Winnipeg, at the holder's option. Debentures dated 15th May, 1905.

\$ 111,713.68	....	....	....	....	running 7 years
44,654.86	....	....	....	....	running 10 years
363,836.89	....	....	....	....	running 15 years
271,860.18	....	....	....	....	running 20 years
417,809.81	....	....	....	....	running 30 years

**\$1,209,875.42**

Purchasers to pay accrued interest to date of delivery. Tenders may be for the whole or part. No tender necessarily accepted. Further particulars furnished on application.

D. S. CURRY, City Comptroller

Winnipeg, 18th May, 1905.

## TENDERS FOR GOVERNMENT OF BRITISH COLUMBIA.

### 3 1-2 PER CENT. DEBENTURES.

Tenders will be received up to the 15th of June, 1906, for the purchase of \$365,000 Government of British Columbia Dyking Debentures, in denominations of \$1,000, issued under the authority of the "Dyking Assessments Adjustment Act, 1905," bearing interest at the rate of 3 1-2 per cent per annum, payable half-yearly, at the Government Treasury, Victoria, on the 1st January, and 1st of July, in each year; the Principal redeemable in 32 years from the 1st of July, 1906.

Tenders to state the price net, the amount to be deposited at the Canadian Bank of Commerce, Victoria, on the 30th of June, 1906.

Tenders to be addressed to the Honourable the Minister of Finance, Victoria. Right of acceptance of any tender reserved.

May 5, 1906.

## WANTED

A gentleman having twelve years' experience in Banks, during eight years as manager, will accept a position as assistant manager in Montreal, or as manager in a small town in Canada. First-class references

Address

D.H.J.

THE CHRONICLE OFFICE,  
Montreal.

## WANTED

A gentleman of experience, aged 35 years, desires to obtain the general agency for Montreal of a Fire Insurance Co., has splendid business and social connections. First-class references.

Address:—

X.Y.Z.

THE CHRONICLE OFFICE,  
Montreal.

**WANTED**—Toronto Agency of first-class Fire Insurance Company.

J. N. LYNDE & CO.,

118, King Street West,

Toronto.

## TENDERS FOR DEBENTURES.

Sealed tenders addressed to the undersigned marked "Tenders for Debentures" will be received up to and including June 30th next for the following debentures:—

\$60,000.00 debentures of the City of Calgary, Alberta, of \$1,000.00 each, bearing interest at 5 per cent. with coupons attached, payable in thirty years from January 1st, 1905, interest payable half-yearly at Calgary, and principal at same place at the end of thirty years.

\$8,000.00 debentures of the City of Calgary, Alberta, of \$1,000.00 each, bearing interest at 5 per cent with coupons attached, payable in twenty years from May 1st, 1905, interest payable half-yearly at Calgary and the principal at the same place at the end of said period.

Debentures delivered at Calgary.

Dated at Calgary, May 3rd, 1906.

(Signed) H. E. ELLIS,  
City Clerk.

**BABCOCK & WILCOX, Limited.** New York Life Insurance Co's Bldg.  
11 Place d'Armes, MONTREAL.

THE BABCOCK & WILCOX  
PATENT WATER TUBE

# BOILERS

Are the **MOST SUCCESSFUL BOILERS** of the present day, because of their  
**High Economy, Great Durability, Perfect Safety**

SEND FOR PARTICULARS AND PRICE. TORONTO OFFICE, 114 KING STREET WEST