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BRITISH COLUMBIA

FINANCIAL TIMES

A Journal of Finance, Commerce, Insurance, Real Estate, Timber and Mining

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British Prohibition of Imports and the Province

Remedies to Correct the Shortage in Tonnage by Increasing Home Production and Decreasing Non-Essential Imports Will Have No Adverse Effect on British Columbia Industry.

The great speech of the British premier in the British parliament on February 24th last was the answer to some of the most pressing problems facing Great Britain and the Empire, and had a great effect on business, not only in the Empire, but in those countries with whom Britain trades.

In outlining the solutions which it was hoped would have a material influence in correcting the present adverse economic situation, the premier pointed to the shortage of tonnage as affecting the food supply in Great Britain. The shortage in tonnage was due, not only to submarine warfare, but also to the necessity of placing a large number of ships in the war service of the armies of Britain and the Allies. The effect of both causes was to threaten seriously the regular and available supply of food to feed the people.

After narrating the poor agricultural results of the year, the premier pointed out two remedies. The first was to increase home production by instituting plans to use all agricultural land for the planting and cultivation of crops. The second remedy (which has already gone into effect) is the prohibition of imports of articles and commodities that are not necessary for the waging of war, nor that can be used as food.

When both remedies have been given, in large measure, their proper effect, there will result very marked and favourable changes in Great Britain. If, for instance, England could be brought to the agricultural development of France and Holland and Belgium before the war, literally millions of tons of food products would no longer need to be imported. It cannot be hoped to produce such development before the advent of peace, but the results from the success of home production this autumn will have a tremendous effect on the shipping situation, if only normal agricultural conditions prevail.

The prohibition of imports of non-essentials will have only a less effect in the solution of the problem. In some phases of the problem stern measures have been adopted. In two particulars the recommendation is remarkable.

Beef cattle are to be killed in larger numbers than formerly, to the point of depleting herds. The killing of beeves will increase the supply of meat and decrease the importation of cattle feeds. Then, also, the premier requires the leveling of forests to supply the lumber demand, and at the same time prohibits the importation of lumber.

Prohibited articles of import include all classes of luxuries and a large list of articles which Englishmen have long regarded as necessities. The institution of these

prohibitions will have a serious effect on some of the allied countries, such as France and Italy, neutrals such as Holland, the Scandinavian countries, and the United States, and to some extent the outlying Dominions and possessions of the Empire. But the premier pointed out that these are stern times which demand stern measures.

The announcement of British policy gave momentary concern to the business interests of Canada, and in particular of British Columbia. It was, however, soon ascertained that the adverse effects on trade of the Dominion would be almost nil.

Increased production of grain in Britain cannot for a moment change the enormous export demand for Canadian grain. The wastage of war in Europe is too severe for this remedy to exercise a material influence on Dominion export trade. In Eastern Canada some interests may be affected which export prohibited articles to Britain. The United States will suffer on this score much more intensely.

British Columbia industry and production can scarcely be touched. The minerals that

the province produces are badly needed for war purposes. Most of the lumber business being done with Britain in the province is for the Admiralty, and will not be affected. The scarcity of bottoms is such that we cannot do any business there except in the above case. If we had the available bottoms, the Australian trade would take all we could export. The prohibition of news print has not the slightest bearing on our provincial manufacture. The local and United States demand could take all the output if the production were increased tenfold. The prohibition of fish and canned salmon, it was at first thought, would seriously interfere with the industry. But here, again, fish has risen to remarkable heights in price because of Canadian and United States demand. Canned salmon is an article in the

On March 12 the Government will call on the people of Canada to participate in the winning of the war by furnishing, next to men, the most important instrument of waging war. The patriotism of the people is on trial. The financial ability is here to subscribe for two or three times the amount that will be offered. The people of British Columbia could subscribe, without sacrifice, five millions of dollars in place of the two millions they subscribed to the Second Loan. What could they do if they had the spirit of sacrifice that actuates the people of Britain and France?

Let British Columbia do her full duty.

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canteen, and hence viewed as part of a ration, and therefore does not come within the scope of the Act. That part of the pack which is not required for the army is, of course, denied to the British market, and may possibly result in lower prices than if the prohibition had not been put in force. The huge demand on the continent for food products of all classes cannot exclude canned salmon as an article of diet. It is not likely that the poor, benighted consumer will be permitted the luxury of an exception in the wild flight in price of those articles of food which go to make up his bill of fare.

The Orders-in-Council giving effect to the premier's speech provided for exceptions permitting special imports of prohibited articles in certain cases, provided that the British Board of Trade gave its recommendation and assent. In this provision it is readily seen that the Board of Trade has extraordinary powers and can mitigate hardships or effect desirable objects, provided they do not undermine the spirit and intent of the Orders-in-Council.

From what is at present known, the influence of these British prohibitions will be almost imperceptible on the trade of Canada, and will not likely adversely affect a single industry in British Columbia.

BRITISH COLUMBIA LIFE ASSURANCE COMPANY

On another page is shown the balance sheet of the British Columbia Life Assurance Company as at December 31st, 1916, and a summary of the directors' report.

For the year undoubted progress and evidence of conservatism and careful management are shown. The character of the insurance in force, which totals \$2,623,241, is attested by the experience of the year. Death losses amounted to \$12,448.75, of which war was the cause of claims amounting to \$9,261.25. \$2,187.50 was paid out for death from accident, while only \$1,000 was from natural causes. The death rate was only 48.2 per cent. of the expected. All claims against the Company have been met as soon after proofs of death have been established as possible, and at the end of the year not one dollar of claims was outstanding.

It is, however, on the expense side of the balance sheet that most notable improvement has been made. Head Office expenses were reduced \$4,000; commission and agency expenses were reduced over \$13,000 and miscellaneous expenditures about \$3,600, a total reduction of nearly \$21,000. The management deserves great credit for affecting such a notable saving.

The balance sheet shows an increase of \$17,500 in bonds and debentures, being the company's participation for the year in the Canadian war loan. Loans on policies have increased about \$12,000. Outstandings and deferred premiums have been nearly cut in half. In 1915 they stood at \$40,607, while the present figures are \$22,151. The reserve on policies, which now stands at \$177,472, has increased \$3,165, and the investment reserve fund has been increased from \$10,753 to \$13,504.

The surplus for the year amounted to \$2,751; while in 1915 the deficit for the year's operations amounted to \$4,387. This is praiseworthy progress, and as such is entitled to the consideration and confidence of the business interests of the province.

The company's security to policy holders is 156 per cent. of its present liability to policy holders and with respect of subscribed but uncalled capital there is an added reserve of \$900,000.

The company's position is sound, its management is capable and economical, and it stands ready to advance with the advance of British Columbia in material prosperity and population.

History and Development of Marine Insurance

By MR. B. G. D. PHILLIPS

Second installment—Part One appeared in issue of February 17th—
Marine Insurance of the Lombards—Lloyd's coffee house and
the Lloyd policy.

"It was inevitable that the occupation of the Lombards should lead them to engage in marine insurance, and this accordingly seems to have taken place at an early period of their settlement in England, though at what precise date is unknown. Probably, like the merchants of the Steelyard, who led the way for them, and for several centuries excelled them, in everything connected with foreign trade and shipping, the Italians, as they made money-lending their principal business, so began marine insurance by advancing sums on Bottomry loans. That they knew, and in all likelihood also embarked in, the practice of modern insurance, by means of premiums, in the course of the fifteenth century, if not earlier, is shown by still existing laws on the subject. The oldest of these laws bearing on marine insurance is contained in an ordinance of the year 1435, issued by the magistrates of Barcelona, a seat of commerce in intimate communication at the period with the trading cities of Northern and Central Italy. The ordinance provides that, 'in order to extirpate all manner of frauds that may take place in effecting insurances on ships, great and small, and on goods and merchandise,' it shall not be lawful for the future, first, to take out any insurances at Barcelona on vessels owned and freighted by foreigners; secondly, to take out insurances on foreign vessels freighted at Barcelona for more than one-half their value; and, thirdly, to take out insurances on vessels owned and freighted at home for more than three-fourths of their total value. It is further ordered that, 'in case of contravention, the insurances made shall not be payable, and the insurers shall not be liable to be sued for payment, but shall at the same time retain the premiums paid for such insurances.' Some of the other enactments of the Barcelona ordinance are of interest, seeing their age of nearly four centuries and a half. It is ordered that 'to prevent disputes between the parties, there shall be no priority of time or privilege on the part of the underwriters of the same insurance, even if subscribed on different days; the like obligation and the like contract binding on the first name holds all the others.' Further, it is ordered that 'to put a check upon the eagerness of many underwriters,' who subscribe several policies on one vessel for the same voyage, it shall not be lawful to do so any longer, unless it be at the desire and express consent of the insured. In case of contravention the insurers 'shall return the premiums which they have received to the insured, and shall nevertheless be bound by the terms at first contracted.'

The ordinance goes on to enact that 'the notaries and other persons' who write out policies of insurance shall be bound to see that they are properly drawn, 'clearly and distinctly, without confusing terms,' and that they are signed, in the first instance by the insured or his representative, 'who must declare on oath the particulars of insurance.' To prevent the issue of mere wager policies, the underwriters 'likewise must declare on oath that the insurances are real and not fictitious;' and for the same reason they are specially forbidden to use the words, 'value more or less, or done or not done' in the policy. It is moreover enacted that 'all those who take out insurances are bound to pay the stipulated premium, completely and absolutely, at the time the contract is signed, observing also that the fact of such payment is entered on the policy; and to have this done the contract shall have no force or value, either for the insured or for the insurers, but from the moment of payment being made and received.' Finally, it is ordered that the underwriters shall be obliged to pay for damages, or total loss, not later than four months after the same has been truly asserted, 'under penalty of prompt execution, as in the case of letters of exchange,' and that 'where no news has been received from an insured vessel, as it happens sometimes that ships go down without leaving a trace of their movements, the insurers must pay for the loss at the end of six months after the date of receipt of the last report.' There are a number of other enactments, and it is evident from the careful minuteness with which they are drawn up, and the wisdom they show, particularly as regards the prevention of frauds, that marine insurance must have been at the date of their publication in general use, not only on the Mediterranean, but among most of the seafaring nations of Europe."

In the same spirit were the insurance laws of the maritime Cities of Italy, the oldest known of these being a decree of the Grand Council of Venice, dated 1468. The following extract from the Preamble is interesting. It gives as the reason for its enactment that "owing to the perversity of human nature men are apt to quarrel about money matters, and that notably underwriters, persons who undertake to insure large and small vessels not infrequently get into the pernicious and detestable habit of disputing insurance claims upon frivolous causes." How different from the underwriters of the present day! Other decrees promulgated about the same time, deal with the carriage of deckloads, forms of policies,

fixing of rates, appointment of brokers, and other matters of essential importance to the carrying on of Marine Insurance.

The sojourn of the Lombards in London came to an end about the same time as the merchants of the Steelyard. Whilst they were not actually expelled their activities grew less and less until the reign of Queen Elizabeth when they finally disappeared from England altogether.

About the year 1652 coffee appears to have been introduced for the first time into England. At first sight it is not altogether clear what coffee has to do with Marine Insurance, but it appears to have had a very considerable bearing on it in an indirect way. The introduction of coffee was soon followed by the institution known as the coffee house, where merchants used to gather and discuss their business. These coffee houses were also in many cases the centre of political intrigues, and owing to this fact many edicts were directed against them, efforts being made at one time to close them altogether.

The most famous of these coffee houses, so far as Marine Insurance is concerned, was one kept by a certain Edward Lloyd, mention of it being made for the first time in the "London Gazette" of February, 1688. This coffee house was a special haunt of captains and ship owners, and it was also apparently a very favorite centre for holding auction sales of various descriptions, and to have been a sort of reception place for lost property, as appears by the following advertisement, "A Negro Maid aged about 16 years, named Bess, having a stript stuff Wastcoat and Peticoat, is much pick't with the Small Pox, and hath lost a piece of her Left Ear, speaks English well, ran away from her Master, Captain Benj. Quelch, on Tuesday, the 8th of December. If any persons secure the said Negro, and delivereth her to Mr. Lloyd, at his Coffee House in Lombard Street, shall receive a Guinea reward and reasonable charge."

There is little doubt that this coffee house was the scene from which sprang the great insurance corporation known as Lloyds, and that Edward Lloyd was, so to speak, the godfather of Marine Insurance in England. He was also responsible for the publication known as "Lloyd's News," which has been issued regularly with one break of thirty years, from 1690 to 1720, until the present time, and is today probably the leading marine newspaper.

In 1720 the two first Marine Insurance Companies were incorporated by Royal Charter, viz., The Royal Exchange Assurance Corporation, and the London Assurance Corporation, being granted a monopoly of Marine Insurance, which was of the most exclusive kind excluding all but private Underwriters from becoming insurers in the future. Whilst at the outset the private underwriters who were doing business at Lloyd's looked with great disfavor on the monopoly conferred on these companies, it was soon realised that in its nature it acted as a protection of the private underwriting interest against the possible competition of a host of New Marine Insurance companies. The act indeed proved one of the foundation stones of the greatness of Lloyd's and remained in force until its repeal in 1824.

It is unnecessary to trace the gradual development of Lloyd's from a private concern into a corporation established by act of Parliament, but the most important change in its constitution probably occurred about the year 1769 when in order to put a stop to the illegitimate and nefarious transactions which occasionally took place within their circle the principal merchants and underwriters frequenting the coffee house formed themselves into a society under fixed rules.

In 1779 the members of Lloyds took common action to obviate the inconvenience which had arisen from the diversity in the forms of policy in use, and on the recommendation of the committee it was agreed to adopt for exclusive use a definite form thenceforward, known as Lloyd's policy. The only alteration which has been made in its wording from the above date to the present time consists in the substitution of the words "Be it known that," instead of "In the name of God, Amen," this was adopted in 1850.

Having thus endeavored, although in a very superficial manner to trace the history of marine insurance, it now remains to consider its principles and practice as in use at the present day. The policies issued by the various companies although for the most part based upon Lloyd's form, differ from this form and from each other in many particulars. "Our judges have on occasions been uncompromising towards this venerable instrument. It has been designated 'absurd and incoherent,' 'a very strange instrument,' 'drawn with much laxity,' and it has been described as 'hardly intelligible.' The words of the antiquated policy-form have been likened to hat-pegs waiting to be capped by legal decisions, a process which in course of time has provided us with very many caps upon the pegs. These legal caps are not to be lightly cast aside, and in considering the advisability of abolishing or amending the venerable form of policy it must not be forgotten that its phraseology and terms have been

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Head Office—Toronto, Canada

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Reserve Fund - - - -	\$13,500,000

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so subjected to legal decisions, that the meaning which our Courts attach to almost every word has been ascertained. The adoption of a new form of policy would therefore unlikely provide a fresh row of hat-pegs to await in turn legal decisions to cap them. For this reason it seems preferable to keep to our old friend the ancient form, to

".....rather bear those ills we have
 Than fly to others that we know not of."

Most of you are doubtless conversant with the terms of a marine policy, but for the benefit of those who are not I would like to read an extract from an article which appeared in the "Saturday Evening Post" a few weeks ago by Mr. Will Payne.

No doubt, trying sophomorical experiments in shipping legislation would strike the British marine mind as a sort of temporal sacrilege; for that mind is a highly conservative institution. When Christopher Columbus was in swaddling clothes some adventurous fellow countrymen of his had drifted up to London, where they introduced the art of finance. One branch of the art consisted of insuring ships, that being a much older form of insurance than either life or fire. It is said to have been practiced in the twelfth century, and I believe there is extant an English policy dated 1555. Now the standard insurance policy on a ship to-day is substantially in the same form the Lombards drew up in the middle ages. Having a thing that works satisfactorily the British see no reason to change it.

Lloyd's, where much of the world's marine insurance is written and which for generations has been almost a synonym for shipping the world over, derives its name from an eating house which one Edward Lloyd conducted in Tower Street in the days when docks were unknown and ships used to lie in the Thames, off the Tower of London.

This singular insurance policy, as used today, begins with the capital letters S.G. in the upper left-hand corner. Nobody knows what the letters signify. Some think they stand for Ships and Goods, while other learned persons incline to the opinion that they mean Salutis Gratia. But they are very good letters, doing no harm, and nobody would think of leaving them off. The policy proceeds to declare that insurance is given—upon any kind of Goods and Merchandise, and also upon the Body Tackle, Apparel, Ordnance, Munition, Artillery Boat, and other Furniture of and in the good Ship or Vessel called the—whereof is Master, under God,——or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the said ship and the Master thereof is or shall be named or called.

And so on. As a matter of fact the blank for the name of the "Master, under God," is never filled in nowadays; but nobody would think of leaving the blank out of the policy. Farther along the policy reads:

Touching the adventures and perils which we, the Assurers, are contented to bear and do take upon us in this voyage, they are, of the Seas, Men of War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and People of what Nation, Condition or Quality soever, Barratry of the Master and Marines, and of all other Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the said Goods and Merchandises and Ship.

That would appear to cover every possible damage occurring through an act of war; but, in fact, no damage occurring through an act of war is covered by the insurance. They leave all the foregoing rigmarole in the policy and then cancel it by adding in red ink that all consequences of warlike operations are excepted. But the moment there is a threat of war—to say nothing of war itself—ship-owner and shipper want vessel and cargo insured against the war risk. So they pay an extra premium and the red-ink clause, which cancels the old clause, is stricken out by drawing a line through it. That seems a somewhat clumsy way to go about it, but it works very satisfactorily.

Something over a hundred and fifty years ago iconoclastic hands were raised to amend the ancient and sacrosanct form of a Lloyd's insurance policy. After profound agitation a clause was added to the policy; not, you understand, incorporated in the body of the policy—iconoclasm itself would not go that far—but tacked on at the bottom, below the signatures. This portentous innovation reads as follows:

N.B.—Corn, Fish, Fruit, Flour and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides and Skins are warranted free from Average under Five Pounds Per Cent; and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds Per Cent, unless general, or the Ship be stranded.

That sounds like an exercise in composition by Class B in a lunatic asylum, and it means substantially that the underwriters refuse to recognize petty damage claims arising under certain conditions.

(To be continued in next issue, March 17th)

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No. 5

The Dominion Finance Minister announces that a loan will be opened for subscription on Monday, March 12th next. No particulars are at present available. The consensus of opinion seems to be that the loan will be for an amount of between one hundred million and one hundred and fifty million of dollars, that the interest rate will be five per cent, that the maturity will be twenty years, and that the issue price will be about ninety-six per cent. of par.

The loan is not apt to differ materially from its two predecessors. There seems to be some disposition to increase the term of maturity. The first loan was for ten years, the second for fifteen years, and if the gossip proves true, this will be for twenty years. In lengthening the term of maturity the advantage is all with the holder of the longest term security. General expectation is that in a few years after peace normal interest rates will return. If this prove true, and the contention is all in its favor, then all good securities will decrease in interest yield or, what is the same thing, advance in price. The Dominion government securities are now selling on a 5.30 per cent. basis. If, say five years after the war, these securities sell on a 4.50 per cent. basis, which is very reasonable to expect for such a high grade security, then all loans of the Dominion then outstanding will have advanced from a 5.30 per cent. basis to a 4.50 per cent. basis, meaning a very handsome appreciation in price. But a security having only a few years to run before maturity cannot advance in price as much as a longer termed security and there is not the opportunity for increase in price as in the latter case.

Investors having this in mind are more keen for the same security having the longest maturity because of this opportunity for appreciation in price. It is, perhaps, for this reason that the Finance Minister will increase the term to twenty years or longer if he does so at all.

In the prosecution of this war, which requires every ounce of energy and resource the empire can command, it strikes us that where the British Government leads, the Dominion of Canada may safely follow.

The services of this journal are offered through an inquiry column, which is open to subscribers and the public generally without charge, for detailed information or opinion as to financial or industrial affairs or institutions throughout the Province of British Columbia. Wherever possible the replies to these inquiries will be made through this column. Where inquiries are not of general interest, they will be handled by letter. We think that we can assure our readers that the opinions expressed will be sane and conservative, and that all statements will be as accurate as possible.

No action is more opportune for Canada than was recently taken by the Imperial Government in the stimulation of home production and the restriction of the importation of non-essentials. While great stress is being laid on increasing production, there are limits raised by reason of scarcity of population. The capacity to produce, as is well known, is unlimited, but the people to produce are not here.

In the matter of conservation of resources by restriction of imports, the field is wide. There hardly exists at present a prohibition of any luxury or non-essential. The tremendous activity existing in the East and the prosperity of the prairies, together with limited prosperity in British Columbia in certain lines are responsible for outbreaks of extravagance and reckless expenditure of money that should be used for the economic waging of war. If the patriotic motive is not sufficient—and manifestly it is not—then the prohibition, first, of the importation, and second, of the manufacture of luxuries should be placed on the Statute Book. The harm that would be done to certain business interests and manufacturers would be out of all comparison with the great economic good that would be accomplished.

Along with the prohibition of imports and manufacture of luxuries could be carried on a campaign of thrift. We think that this long-delayed activity on the part of the government should be instituted at once, and there is little time to lose.

Full details of the great British loan are not yet available, but the Chancellor announced that, counting the conversion of Treasury Bills, over one billion pounds sterling of new money was raised, involving over five millions of individual subscriptions. This is the largest loan in history, and is astonishing, not only to Britain and the Empire, but to neutrals and to the enemy.

About twelve billions of dollars of securities were available for conversion, and it is possible that with the new money raised, total subscriptions may approximate ten billions of dollars. With the unlimited opportunity for conversion given to the people of Germany, and what is practically compulsory subscription, the last loan aggregated about three and one-half billions of dollars, therefore, the economic advantage of Britain is manifest. It remains now for the best advantage to be taken of this preponderance of wealth to effect a victory that will assure permanent peace.

British Columbia Permanent Loan Company

NINETEENTH ANNUAL MEETING OF SHAREHOLDERS.

The nineteenth annual meeting of the shareholders of The British Columbia Permanent Loan Company was held at the head office, 330 Pender Street West, Vancouver, B. C., on Wednesday, February 28th, at 3 p.m.

Mr. W. H. Malkin, Vice-President, occupied the chair, and the Secretary, Mr. James Low, acted as secretary of the meeting.

The minutes of the last annual meeting were read and confirmed, and the secretary presented the report of the directors and the financial statement for the year.

PROFIT AND LOSS ACCOUNT. For Year Ending December 31st, 1916.

Income—		
Interest received on Mortgage Loans	\$207,345.64	
Interest received on Share Loans	356.58	
Interest received on Agreements for Sale....	1,285.83	
Interest received on Bank Deposit Acc'ts	1,140.52	
Interest received on War Bonds.....	1,325.07	
		\$211,453.64
Rents net		4,219.26
Miscellaneous Income		2,053.20
		<u>\$217,726.10</u>
Deduct—		
Administrative and General Expenses:		
Management and General Expenses	\$26,935.96	
Provincial and War Taxes.....	3,884.53	
Sterling Debenture and Agency Expenses	14,375.57	
Taxes on Company's Properties	6,814.15	
Depreciation written off Furniture and Fixtures.....	572.81	
Reserved for Taxes on Foreclosed Properties	2,500.00	
		\$ 55,083.02
Interest Charges:		
Sterling Debenture Interest \$38,223.27		
Currency Debenture Interest 14,702.32		
Bond Interest	28,637.23	
Bank Loan Interest	17,567.30	
Interest on Mortgage on Lots 1, 2, 3, 4, Blk. 36, D.L. 541 4,000.00		
		<u>103,130.12</u>
		\$158,213.14
		<u>\$ 59,512.96</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT.

Undivided Profits at December 31st, 1915	\$ 49,031.80	
Net Profit for year ending December 31st, 1916	59,512.96	
		\$108,544.76
Deduct—		
Interest on Terminating Stocks	\$ 5,050.92	
Transferred to Contingent Fund.....	10,000.00	
		<u>15,050.92</u>
Undivided Profits Carried Forward to January 1, 1917		<u>\$ 93,493.84</u>

The Chairman expressed regret that illness prevented the President of the Company, Dr. Wilson, from being present, and read the following message from him to the shareholders:

"I regret exceedingly my inability to be present at the meeting. Heretofore, with the exception when I was absent from the province, it has been my privilege and pleasure to take part in all these annual proceedings.

Under the unprecedented conditions which have prevailed for some years, and through which Western Canada, and especially British Columbia, has not benefited by the trade incident to the great war, but on the contrary, has lost heavily through lack of tonnage and loss of man power, together with the high rates of interest offered for money in Great Britain, the operation of Canadian Loan Companies has been rendered increasingly difficult, necessitating the most unremitting care and attention on the part of your Directors.

Under the conditions referred to, together with the high war provincial taxation, that we are able to submit a report such as that in your hands, showing the earning-power of the Company to have been over 8 per cent. (approximately \$55,000.00), is a matter of congratulation. Your Directors have kept in view during the year the desirability of protecting the good name which this Company already enjoys. All our liabilities have been fully and promptly met. With the ending of the war and the resumption, to a degree at least, of normal business conditions, no part of the country will experience a quicker return to prosperity than British Columbia, and I hope that this Company will show a corresponding return to normal conditions."

In moving the adoption of the report, the Vice-president, Mr. W. H. Malkin, said in part:

The printed report in your hands will show you accurately and clearly what has been accomplished during the past twelve months.

It is a matter for congratulation that we have been able in these strenuous times to make a profit amounting to about 6 per cent. on the paid up capital of the company. For many reasons it is much more difficult, since the war broke out, for a Company of this kind to earn dividends. We have to pay higher rates of interest on our debentures in Great Britain, and a conservative policy demands the investment of our surplus funds in war loans, which are liquid, although mortgages would bear higher rates of interest.

I have no doubt that the decision of the directors to pay no dividend will prove disappointing to the shareholders, but I believe the shareholders, after studying the financial report and giving the matter careful consideration, will fully endorse the action of the directors in appropriating \$10,000 of the profits to contingent fund and carrying the balance, \$44,462.04, together with the \$49,031.80 from 1915, forward unappropriated to 1917.

The amount of interest due and accrued may seem to you somewhat large, but in explanation I would remind you of the moratorium legislation which has been enacted in Alberta, Saskatchewan and Manitoba, and also of the Soldiers' Relief Act of our own province of British Columbia. These moratoria have had a very serious effect on our collections. The wives and families of the men who have gone to the front have to be protected and harsh measures in the circumstances would not be right. We trust, however, when the war is over, that we shall be able to collect this interest and thereby reduce to a normal sum the amount showing in our statement under the heading "Accrued Interest Receivable."

I think we are in danger sometimes of forgetting that we are a "country at war," but it is well to remind ourselves that, so long as this condition exists, the future, so far as finance is concerned, is uncertain and unknown. Bearing this in mind your directors are desirous of providing in every way possible for any contingency that may arise in the future on account of the war or other economic reasons.

In speaking of the Dominion, it is most encouraging to find that whereas when the war broke out the country was confronted with a serious adverse trade balance of over \$300,000,000; today we can with pride point to the fact that this adverse trade balance has been converted into a credit balance. During that short period from August, 1914, to the present time, not only has the country succeeded in doing this, but Canada has floated two domestic loans amounting to \$200,000,000 and provided credits for \$250,000,000 for the Imperial Government, to enable them to pay for the munitions they have bought from us. Never has Canada's credit stood so high in the eyes of the financial experts of the world. Our securities are eagerly bought up by American investors, and I think we can look into the future with great confidence and encouragement.

While Western Canada has not, so far, benefited from war orders, nevertheless it has enjoyed considerable prosperity. The crops, with the exception of Alberta, were not as heavy as in 1915, but the prices realized were so much greater that the total monetary return will be equal to 1915.

The same story of prosperity is told of our own province. Although the salmon season last year was an off one, 1,000,000 cases of salmon were packed, aggregating in value between \$5,000,000 and \$6,000,000. The cut of lumber in 1916 very much exceeded that of 1915, and the price of all grades today is much higher and the demand very active. The mills are working full time, and many of them over-time. Mining is also very active. The fruit crop was good last year, over \$1,000,000 worth of fruit being shipped out of the Okanagan Valley alone. The youngest and perhaps the most interesting industry is shipbuilding. There are at present under construction and on order no less than twelve vessels, and more orders, I understand, are in sight. I believe this is going to prove one of our greatest industries. The demand for ships at the present time is very great, and will continue when the war is over for a considerable period, and I think we can take it for granted that when the final terms of peace are made, they will carry with them some measure of preferential tariff between the Allied nations, thereby bringing British Columbia into much closer touch with Russia than she is at the present time. The port of Vancouver being the gateway for Russian trade, should see a great increase of imports and exports. After the war Russia will need a vast quantity of goods, which we can provide her with.

Mr. Chris Spencer, in seconding the motion to adopt the report, said:

"The Chairman has gone over the ground very thoroughly and leaves very little for me to say, but one thing that appeals to me is that the statements are clear; they are not ambiguous and they show exactly the position of the Company and its operations during the year. The way in which the borrowers are meeting their payments shows that the system under which the Company is loaning its funds is a safe one. We have had paid us by our borrowers over \$247,000 in principal, and \$207,345.64 in interest during the year, and you will note in the report that out of the principal

returned we have decreased our liabilities to the public by \$235,399 and that the interest actually collected represents a return of nearly 8 per cent. on the amount of mortgages outstanding. The fact that these payments in 1916 have been greater than in 1915 shows that the Company is coming back to normal conditions as rapidly as is possible under existing circumstances. The chairman has so completely shown you the wisdom of conserving the company's cash assets that it is needless for me to say anything more in that connection. In looking over the report I have noticed that of our assets, mortgage loans bonds and cash alone, amount to \$2,659,172.48, and practically equal to our total liabilities to the public and the par value of our capital stock.

The General Manager, Mr. T. D. Macdonald, gave a complete analysis of the statement, emphasizing the following facts:

That almost 80 per cent. of the gross earning power of the company's mortgages had been collected.

That the policy of the company towards borrowers was one of compromise, an honest effort to pay receiving every encouragement.

That 10 per cent. of the gross amount at loan had been collected during the year.

That the greatest possible economy consistent with efficiency was exercised.

That the unappropriated balance and interest accrued, but not yet collected, together amount to \$190,775.98 or over 20 per cent. of the paid-up capital.

That the company had 2254 mortgages on its books, the aggregate amount of which was \$2,506,751.05, an average of \$1,100 per mortgage, being 30 per cent. less than the original amounts.

That property acquired by foreclosure represented only 2.38 per cent of the total assets, or 3.40 per cent. of the funds invested in mortgages; also that accrued interest receivable amounted to only 3.78 per cent. per annum on the amount loaned. Collections during 1916 were much better than in 1915.

That liquid assets had been improved by the purchase of \$100,000 in war bonds. Liabilities to the public were decreased by \$235,399.74.

That the reserve remains unchanged from last year, but the total surplus has been increased by \$72,000, and now amounts to \$863,160.93.

The motion to adopt the report was then carried unanimously. The election of directors resulted as follows: Messrs. D. H. Wilson, W. H. Malkin, C. Spencer, Geo. Martin, R. J. Robertson, R. Gelletly and A. H. Douglas.

Messrs. Buttar & Chiene, C. A., Edin.) and Messrs. Price, Waterhouse & Co., C.A., (London, Eng.), were re-elected auditors for the ensuing year.

The shareholders decided to contribute \$1,000 to the Canadian Patriotic Fund during the present year, and also discussed in detail and adopted a new set of by-laws for the Company.

At a subsequent meeting held by the Board, Dr. D. H. Wilson was elected President, and Mr. W. H. Malkin, Vice-President.

The following appointments were made: T. D. Macdonald, General Manager; James Low, Secretary-Treasurer; Albert Whitaker, Inspector; Messrs. Harris, Bull & Mason, Solicitors, Bank of British North America, Bankers.

Full particulars regarding the Company and its operations may be had on application to the Head Office, 330 Pender Street West, Vancouver, B. C.

Canadian Northern Railway's Splendid Earnings

New Transcontinental Make Gain of 45 Per Cent in Freight Revenue—Carried 131,000,000 Bushels of Grain During Year.

While many Canadian companies have, during the past year, made considerable progress as compared with previous periods, it is doubtful whether any statement issued will meet with such general favor as that of the Canadian Northern Railway System. This report, showing as it does a complete reversal in the character of the returns as compared with the previous year, is of interest not only to shareholders but to the Canadian public generally, owing to the attention that has been attracted by the railway situation in Canada.

Every part of the report gives emphatic evidence of the strides that have been made during the twelve months' period and many of them are of such a phenomenal character that it is almost impossible to conceive that such a complete change was possible in the short period of a year.

The feature of the report that is likely to be especially gratifying is that which shows the prominent part the Canadian Northern with its transcontinental system has been able to play in handling such a large proportion of the grain requirements of the Mother Country.

Right along it has been the contention of Sir William Mackenzie and his associates that it was only a matter of a very short period before Canada and the Empire would enjoy the benefits of the big system that had been built up across the Dominion and the showing made in the report indicates that these hopes have been realized much earlier than it would have been thought possible when the transcontinental system was set in operation a little over a year ago.

A few of the outstanding features of the report are as follows: An increase in freight traffic during the year of \$8,352,412, equivalent to as much as 45.87 per cent.; increase in passenger traffic, \$717,246, or a gain of 13.25 per cent.; an increase in total operating revenue of \$9,564,168, or 36.91 per cent. over the previous year. That the Company's lines handled over 131,000,000 bushels of grain is proof positive that the railway has been located in the best grain growing areas of the west.

That the Company has been able to make such striking gains in the amount of traffic handled over its lines will undoubtedly be more readily appreciated when it is remembered that it was only operated as a transcontinental system during the last seven of the twelve months of the fiscal year and when it is recalled that last winter the weather conditions in the western provinces, and more particularly in British Columbia, were the most severe that had been experienced in a great many years, in fact, in some instances were the most difficult that Canadian railways had ever to meet in that part of the country. It should also be pointed out that the Company had the disadvantage, owing to the conditions arising from the war, of being without its own terminals in such important centres as Vancouver in the west and Montreal in the east.

The development that is sure to be most favorably received by everybody who is following the growth of the larger Canadian railways will come from the fact that the Canadian Northern Railway has come within hailing distance of earning its total fixed charges, the deficit for the year being brought down to less than a quarter of a million dollars, a reduction from the previous year of almost \$1,400,000. As was to be expected, a great proportion of

the increased revenues come from the large crop gathered in the Canadian West in the fall of 1915, but since that time there has been a marked increase in the general freight traffic handled over the lines and during the first four months of the current fiscal year gross earnings have continued to show large increases over the corresponding periods of the year now under review. Perhaps the most striking development in this connection is that it is in the month of October that the heaviest grain movement occurs, and yet in October, 1916, the gross earnings showed a gain over those of the same month in the previous year. As the grain crop was very much lighter, this evidently indicates that the growth in the traffic in other commodities has more than offset the lighter grain movement of the year now being reported on.

During the year the Company had under operation an average of 8,048 miles, as compared with an average of 7,269 miles, an increase of 779 miles, or 10.727 per cent. over the previous year.

As was to be expected, a large part of the Company's increase in freight revenue originated from the grain traffic. The Company, during the year, carried a total of 131,978,809 bushels of grain as compared with 58,575,520 bushels in 1915, an increase of 73,403,289 bushels, or 125.31 per cent.

The report gives complete information regarding the returns obtained on the Pacific Coast division which was operated for the first time during the course of the year. The report says:

"The Company's new mileages on the Pacific Coast Division have not yet come into their full earning power, as operation on these divisions was only commenced in the late autumn of last year. The British Columbia section from the commencement produced each month substantial increases in revenue, and before the close of the fiscal year yielded most encouraging revenues. Much of the business offering is from the Pacific Coast to points inland, but a commencement has been made in the marketing of the excellent timber tributary to the line and in the cultivation of the rich lands in the valleys through which the railway traverses the mountain country. The excellent showing made by the mileage in British Columbia, after only seven months of operation, may be well considered an outstanding feature in the year's operations.

Some of the features of the report that will be especially interesting to railway interests who follow the developments of business and the manner in which it is handled are the following:

Operating expenses were \$26,102,744, compared with \$19,288,814 for 1915, an increase of \$6,813,930, or 35.23 per cent. A portion of this increase is due to the operation of a greater mileage and to the expenses incidental to taking over new lines which were operated for only a portion of the year. But, with the heavier traffic, the system was naturally compelled to expend a relatively larger amount in operation, spending for this purpose \$3,243.38 per mile as compared with \$2,653.57 per mile the previous year.

To the preponderance of grain traffic—this commodity being carried at a low rate—is due the decrease in the revenue per ton mile from 00.821 cents to 00.679 cents or 18.29 per cent.

It is interesting to note, however, that the average distance a ton of freight was hauled increased from 204.08 miles to 288.46 miles, or 41.35 per cent, with, of course, a marked advantage in operating results. The passenger train earnings per train mile increased from 87.409 cents to 93.379 cents, or 6.83 per cent.

NEW WAR LOAN

March Twelfth.

BE READY TO HELP

WIN THE WAR

WITH YOUR DOLLARS

PEMBERTON & SON

BOND DEALERS

PACIFIC BUILDING VANCOUVER, B.C.

Representatives of WOOD, GUNDY & CO., Toronto

Phoenix Assurance Company Limited FIRE AND LIFE

General Agents:

CEPERLEY, ROUNSEFELL & CO., LTD.

Winch Building, Vancouver, B.C.

Losses Adjusted and Paid in Vancouver

The General Administration Society

Head Office: Montreal British Columbia Office: Vancouver

Capital Subscribed	- - -	\$500,000.00
Paid Up	- - -	\$125,000.00
Reserve	- - -	\$100,000.00

Trustees, Executors, Administrators and General Financial Agents

Credit Foncier Building, Vancouver, B. C.

MONTREAL HALIFAX TORONTO WINNIPEG VANCOUVER

DALE & CO. LIMITED

Marine and Fire Underwriters

107-110 Pacific Building, 744 Hastings St. W.
VANCOUVER, B. C.
Telephone Seymour 3252

The Toronto General Trusts Corporation

Assets under administration: \$71,869,470

TRUSTEES EXECUTORS FINANCIAL AGENTS

British Columbia Advisory Board: A. H. Macneill, K.C. (chairman) and Eric W. Hamber of Vancouver, and R. P. Butchart and F. B. Pemberton of Victoria.

BRITISH COLUMBIA OFFICE:

407 SEYMOUR STREET VANCOUVER, B. C.
FRANK M. PRATT, MANAGER

PROVINCIAL COMPANIES INCORPORATED.

Dominion Film Corporation, Limited, Victoria.....	\$ 500,000
Mineral Resources Exploration Co., Limited, Vancouver	500,000
The Eburne Clear Cedar Mills, Limited, Van- couver	50,000
Fort Steele Lumber Company, Limited, Ft. Steele	25,000
Vancouver Forge Company, Limited, Vancouver...	25,000
Portland Fisheries, Limited, Vancouver.....	20,000
Regal Lumber Company, Limited, Vancouver.....	10,000
The Powers & Doyle Company, Limited, Nanaimo	50,000
Hammond & Findlay, Limited, Vancouver.....	10,000
Vancouver Equipment Company, Limited, Van- couver	10,000
Ladysmith Smelting Corporation, Limited, Vic- toria	1,000,000
Foren Investments, Limited, Victoria.....	10,000
Marine Safety Appliances, Limited, Vancouver....	50,000
'Frisco Mining Company, Limited (N. P. L.), Prince Rupert	500,000
Sidney Mills, Limited, Sidney.....	200,000

COMPANY CEASING BUSINESS.

The F. F. Dalley Company of Hamilton, Limited, has ceased to carry on business in British Columbia.

ASSIGNMENTS, CREDITORS' NOTICES, ETC.

Sleigh, Orcutt & Son, loggers, Powell River, have assigned to William McBain, mill manager, Powell River.

Mr. C. C. Ferguson, general manager and actuary of the Great West Life Assurance Company (head office, Winnipeg, Manitoba), was a visitor to British Columbia during the week in connection with general agency and inspection business of the company in the province. He expressed himself as well pleased with the work being carried on in the interests of the Company, which also voiced the keen satisfaction of the directors. The Great West Life has for several years written more business than any other company doing business in British Columbia. Last year the agencies wrote over \$2,300,000. While in Vancouver Mr. Ferguson was the guest of Mr. J. A. Johnson, under whose direction the greater portion of this business was written.

H. BELL-IRVING & CO. LTD.

(Insurance Department)

INSURANCE

AND

Financial Agents

Represent The Caledonia and British Columbia
Mortgage Co., Ltd., of Glasgow, Scotland

322 RICHARDS STREET

VANCOUVER, B. C.



STOCKS, GRAIN COTTON PRODUCE

bought and sold on commission on New York, Chicago, Toronto,
Montreal and London Exchanges.
Latest market quotations.

Direct private wire to Chicago and New York.

CORRESPONDENTS:

Logan & Bryan, Chicago and New York; Osler & Hammond,
Toronto.

WAGHORN, GWYNN & CO. Ltd.

300 Pender Street

STOCK AND BOND BROKERS

Vancouver, B. C.

Recent Annual Reports

Annual Statements Filed with Registrar of Companies, Victoria

WM. M. O'NEIL COMPANY, LIMITED.
Registered Office, 548 Seymour Street, Vancouver.

Balance Sheet as at February 29, 1916.

LIABILITIES—	
Capital Paid Up	\$312,200.00
Sundry Creditors	29,887.29
Reserve Fund	18,144.54
Bond Interest Account	1,972.00
Victoria Branch	6,395.30
Bond Issue	120,000.00
Total	\$488,599.13
ASSETS—	
Real Property	\$ 68,500.00
Sundry Debtors	33,491.80
Stocks on Hand as per Inventory	89,984.00
Funds Invested as per Inventory	153,150.00
Machinery	1,400.00
Fittings and Furniture	4,182.85
Stationery Supplies	710.00
Good-will	90,000.00
Deposit Account	62.50
Mortgage Account	2,000.00
Partners' Salaries	7,943.07
H. J. Wade Estate	3,484.05
Unexpired Insurance	595.00
Western Warehousing Co.	7,031.89
Sinking Fund	8,059.00
Cash on Hand	4.05
Bond Charges	18,000.00
Total	\$488,599.13

W. J. RISK,
Secretary.

CANADA GOLD DREDGING COMPANY, LIMITED (N. P. L.).
Registered Office, 901 Vancouver Block, Vancouver.

Balance Sheet as at December 31, 1916.

LIABILITIES—	
Capital Authorized	\$5,000,000
Capital Issued	\$4,025,000.00
Sundry Creditors	50,885.71
Total	\$4,075,885.71
ASSETS—	
Mining Properties	\$4,025,000.00
Incorporation Expenses	3,486.89
Concession Expenditures	47,398.82
Total	\$4,075,885.71

W. J. WILSON,
Director.

HIGH WHEAT & CATTLE COMPANY, LIMITED.

Registered Office, c/o Consolidated Mining & Smelting Co., Trail.

Balance Sheet as at December 31, 1915.

LIABILITIES—	
Capital Stock	\$159,200.00
Bills Payable	19,034.07
Profit and Loss Account	54,307.97
Total	\$232,542.04
ASSETS—	
Land	\$ 96,834.00
Cattle as per Inventory	81,500.00
Feed and Grain	18,640.00
Implements and Machinery	11,793.89
Buildings and Fences	17,058.98
Land Improvements	6,250.00
Unexpired Insurance	29.00
Boarding House Stores	200.00
Cash in Bank at High River	236.17
Total	\$232,542.04

M. W. BURDETT,
Secretary.

ANGLO-CANADIAN SECURITIES, LIMITED.

Registered Office, 102-4 Yorkshire Building, Vancouver.

Balance Sheet as at November 30, 1916.

LIABILITIES—	
Capital Authorized	\$500,000
Capital Issued	\$22,500.00
Reserve	984.66
Accounts Payable	236.00
Profit and Loss Account	1,203.37
Total	\$24,924.03
ASSETS—	
Agreements of Sale	\$ 9,507.56
Mortgages and Loans	14,215.75
Savings Account	39.74
Accrued Interest	1,078.23
Cash on Hand	82.75
Total	\$24,924.03

W. W. WILLIAMS,
Secretary.

BRITISH COLUMBIA PERMANENT LOAN COMPANY.

The Nineteenth Annual Report of the British Columbia Permanent Loan Company, being for the year ending December 31st, 1916, exhibits increased strength over the previous year and the continued pursuance of a conservative and careful management.

The most noteworthy feature of the report is a reduction of \$235,400 in liabilities to the public. The policy of not including interest earned, but not collected, in the profit and loss statement was maintained. This item now stands at \$97,282, and is considered by the management as a good but slow asset. Although the net profit for the year was \$59,513, the Company decided to continue to pass dividends, thus conserving its assets and strengthening its position. This amount, less \$5,050 interest on terminating stocks and \$10,000 transferred to contingent fund, together with a profit and loss credit of \$49,032 as at December 31st, 1915, has been carried forward to 1917 as undivided profits which now stands at \$93,494.

In view of the heavy reduction in liabilities to the public, it is natural that the earnings for the year would show a reduction from the previous year. The total earnings amounted to \$217,726, a decrease of \$15,222 from the previous year. But expenses show a greater reduction for the year, being \$158,213 for 1916 as against \$177,022 in 1915, a reduction of \$18,809, and a net gain in profits of \$3,587.

The change, though small, is notable in that its debenture holders and shareholders may confidently assume that the Company is rapidly overcoming the effects of the closing of its deposit department two years ago. The disadvantages of moratoria and soldiers' relief acts certainly will not continue to affect more adversely the earnings of the Company than they have since this class of legislation was instituted.

With the better financial and commercial conditions obtaining in the territory served by the company, namely British Columbia, Alberta, Saskatchewan and Manitoba, the year 1917 may possibly witness a marked change in the earnings of the Company.

On another page will be found the proceedings of the annual meeting held on Wednesday, February 28th.

The Royal Trust Company

HEAD OFFICE: MONTREAL

Capital Fully Paid - - - - \$1,000,000
Reserve Fund - - - - - \$1,000,000

BOARD OF DIRECTORS:

Sir Vincent Meredith, Bart., President	E. B. Greenshields
Sir H. Montagu Allan, C.V.O., Vice-President	C. R. Hosmer
R. B. Angus	Sir William Macdonald
A. Baumgarten	Captain Herbert Molson
A. D. Braithwaite	Lord Shaughnessy, K.C.V.O.
E. J. Chamberlin	Sir Frederick Williams-Taylor, LL.D.
H. R. Drummond	
C. B. Gordon	
Hon. Sir Lomer Gouin, K.C.M.G.	

A. E. Holt, Manager

BRANCHES IN BRITISH COLUMBIA:

Vancouver—732 Dunsmuir Street. A. M. J. English, Local Manager.

Victoria—Rooms 206-7, Union Bank Building. F. E. Winslow, Acting Local Manager.

THE GREAT-WEST LIFE ASSURANCE COMPANY

NOTICE OF QUINQUENNIAL DIVIDEND

Policy No. P-31781. Date January 1, 1907. Amount \$2000. Plan: Ordinary Life. Age 38 On the Life of Herbert William Baker
President, Northern Securities Co., Vancouver, B. C.

Dear Sir:— Winnipeg, January 1st, 1917.
We have much pleasure in advising you that on the approaching renewal date there will be credited to this Policy a second quinquennial dividend of \$101.90 as an Automatic Dividend Fund, in accordance with the terms of the contract. The total fund at that time will be as follows:

Dividend Fund credited at previous allotment	\$ 57.50
Interest thereon for five years.....	22.95
Present allotment	101.90
Total Fund	\$182.35

BRANCH OFFICES: PLEASE ATTACH THIS NOTICE TO YOUR POLICY.
640 Hastings St. W. Yours truly,
Vancouver
Union Bank Building
Victoria
JAMES FORBES, For the Actuary.

Canada Permanent Mortgage Corporation

Head Office - - - Toronto

ESTABLISHED 1855

President—W. G. Gooderham.
First Vice-President—W. D. Matthews.
Second Vice-President—G. W. Monk.
Joint General Managers—R. S. Hudson, John Massey.
Superintendent of Branches & Secretary—George H. Smith.

Paid-Up Capital - - -	\$6,000,000.00
Reserve Fund (earned) - -	5,000,000.00
Investments - - -	32,264,782.81

BRITISH COLUMBIA BRANCH

432 Richards Street, Vancouver.
MANAGER: GEORGE L. SMELLIE

DEPOSITS

The Corporation receives Savings Deposits of One Dollar and upwards. Interest at

FOUR PER CENT

per annum is credited and compounded half-yearly. The financial strength and recognized position of the Corporation makes it an exceptionally safe depository for savings. Depositors find our office conveniently situate for the transaction of their business. We welcome small deposits and give them the same attention as the largest.

ANNOUNCEMENT

Messrs. G. J. Hammond and W. C. Findlay wish to announce that they are now associated under name Hammond & Findlay, Limited, with offices at 501-2 & 3 Yorkshire Building, 525 Seymour Street, Vancouver, British Columbia.

AGENCY DEPARTMENT—This office is prepared and properly equipped to handle all classes of agency business such as the Collection of Mortgage Interest, Rents and Agreements. We are experienced in the Management of Properties of every nature and our knowledge of local conditions makes it desirable for Property Owners to avail themselves of the services of this department.

MINING DEPARTMENT—British Columbia is now experiencing a revival of the Mining Industry. Special attention will therefore be given to this branch of the business. We are agents for The Mineral Resources Exploration Co., Limited, and we will be pleased at any time to give reliable information with reference to the mining activity of the Province.

All matters entrusted to us will receive personal attention.

Yours faithfully,

HAMMOND & FINDLAY, LIMITED.

Telephone: Seymour 3525.

Cable Address: Bowes Scott
Salmon Arm

P. O. Box 62

BOWES SCOTT & CO.

MINING AND CONSULTING ENGINEERS
AND VALUERS

SALMON ARM, BRITISH COLUMBIA

Late of London, England and Coolgardie, Western Australia.

Colonial Trust Company

INCORPORATED 1909

Registered under British Columbia Trust Companies Act.

AUTHORIZED TO ACT AS

ADMINISTRATORS RECEIVERS EXECUTORS
LIQUIDATORS ASSIGNEES AND TRUSTEES

An estimate of the Company's charges for acting in any of the above capacities will be gladly given.

Head Office: 1221 Douglas St., Victoria, B.C. Cable Address: "Conail"

"A Canadian Company for Canadians"

The British Colonial Fire Insurance Co.

Head Office, Montreal

AGENTS FOR B. C.

Royal Financial Corporation, Limited

Sey. 4630

Vancouver, B.C.

ERLING H. GISKE

AUDITOR AND
ACCOUNTANT

807 NORTH WEST TRUST BUILDING

VANCOUVER, B.C.

The Union Steamship Company of B.C.

LIMITED

Frequent and regular sailings to all settlements, logging camps and canneries on the Northern B. C. Coast.

For full information as to freight and passenger rates and times of sailing, apply to

Head Office on Wharf, foot of Carrall Street
Phone Seymour 306

Aims and Objects of Insurance Federation

Address of Federation Provincial Secretary Before Insurance Men of Victoria.

Mr. Ernest A. Browne, provincial secretary of the Insurance Federation of British Columbia, addressed the Victoria insurance men on the purposes of the Federation. The *Colonist* (Victoria) of February 11th, contained the following account of the meeting:

The aims and objects of the Insurance Federation of British Columbia was the topic of an interesting address recently delivered before Victoria insurance men by Mr. Ernest A. Browne, secretary of the Federation which was organized six months ago and is the first federation to be instituted in Canada. With a present membership of 325 of Victoria and Vancouver insurance men the new organization is rapidly increasing in membership, and as soon as 500 members from the insurance business of the province have been secured it is proposed to take in as associate members an equal number of merchants, bankers and manufacturers.

The object of the Federation, Mr. Browne pointed out, is "to furnish its members and the general public with reliable information concerning the origin, nature and effect of any legislation, the purpose or natural consequence of which is to make the state wholly or in part, directly or indirectly, an underwriter of insurance hazards of any description, and to support all legislation which fosters sound insurance; to bring together the buyers and sellers of insurance that they may have a better understanding of each other's problems. It is a movement for the preservation of legitimate insurance of every kind; the expression of a conviction that the duties of a state are to govern its citizens and to protect them and their property, and not to take over to itself the monopoly of any business."

Commenting upon the useful and honorable business of insurance Mr. Browne argued strongly against state or provincial insurance. He said: "State or Provincial insurance is repugnant to the spirit of a Britisher, it is an alien importation; it is engendered of influences unfriendly to this nation. It originated in Germany, where they place the state above individual liberty. The communistic idea entered the United States with the immigration of socialistic tendencies, and it is gradually working its way into Canada. Paradoxical as it may seem, the great institution of insurance is itself imperatively in need of insurance."

The Federation movement, Mr. Browne explained, started in the United States about three years ago, since which time every state of the Union has been organized, and the policy of each is determined by a National Council of Insurance Federations. The provinces of Canada will have similar organizations, to the end that the insurance business "can be mobilized at a moment's notice strong enough to obtain justice on any question of importance."

Through the B. C. Federation, Mr. Browne explained, it was hoped to educate the public to study and understand the insurance question and its importance to them, whether fire, life or accident insurance; place the business upon a higher plane and create confidence in every privately owned corporation and in the gentlemen representing these corporations.

A strong appeal to the insurance men of the province to join in the movement and support to the full the Federation was made by Mr. Browne, and the increase in membership of the Federation would indicate that the appeal is meeting a ready response.

At a subsequent meeting the Victoria insurance men unanimously decided to become members of the Insurance Federation of British Columbia. The acting-secretary, Mr. J. R. Shearer, and the acting-treasurer, Mr. P. R. Brown, sent the names of sixty-one members to the provincial secretary at Vancouver.

MEETING OF INSURANCE FEDERATION.

A general meeting of the Insurance Federation of British Columbia was held at the Mainland Board of Fire Underwriters rooms in the Rogers Building, Vancouver, on Friday, February 23rd.

A resolution was presented calling for an amendment to the constitution permitting affiliation with other organizations whose objects are similar. The amendment when passed will enable the British Columbia Federation to affiliate and co-operate with the National Council and with each of the state federations, to their mutual advantage. British Columbia is the first and only province to organize a federation, but it is expected that the other provinces will shortly initiate this movement.

The Victoria members who recently joined, were welcomed into the Federation, and the best wishes of the Vancouver members were extended. The Victoria secretary was asked to call a meeting with the object of appointing one or two vice-presidents to have seats on the provincial executive committee.

It was decided to send the secretary of each branch a copy of the minutes of all the meetings. It is felt that by this action the various branches throughout the province may be kept in close touch with the proceedings of the Federation.

Considerable interest was taken in the rapid growth and widespread attention that the Federation was receiving. The need was pointed out to perfect the organization and to enlarge the membership.

NELSON INSURANCE MAN VISITS VANCOUVER.

Mr. Charles F. McHardie, Nelson, was a recent visitor to Vancouver and spent considerable time with the secretary and the executive of the Insurance Federation of British Columbia in the interests of the Federation at Nelson. The insurance interests of Nelson are taking a keen interest in the work of the Federation. They have appointed Mr. Harry Bird, a vice-president for the Nelson district, with a seat on the executive council of the provincial Federation, and also Mr. H. Ernest Dill has been appointed acting-secretary for Nelson.

RECENT FIRE LOSSES.

Recent fire losses reported to Superintendent of Insurance, Victoria:—

Burnaby, Feb. 18.—Stride Avenue and Eighteenth Street; owner and occupant, Reuben Butcher; wood dwelling; value of building \$2,000, insurance on same \$1,500; value of contents \$600, insurance on same nil. Total loss, \$2,575. Cause not known. Hudson Bay Insurance.

South Vancouver, Feb. 2.—4604 John Street; owner, R. C. Goodwin; occupant, J. E. Tretheway; wood dwelling; value of building \$2,500, insurance on same \$1,900; value of contents \$1,000, insurance on same nil. Total loss, \$1,525. Cause unknown. Liverpool-Manitoba, North America.

Vancouver, Feb. 4.—101 Dufferin Street West; owner, Prudential Builders' Estate; occupant, W. G. Scrim; frame corrugated-iron boiler house and dry kiln; value of building \$1,200, insurance on same \$700; value of contents \$5,000, insurance on same \$1,000. Total loss, \$1,136. Cause, dust being swept off boilers with furnace doors open. British American-Phoenix, London; Guardian, Norwich Union.

Mission City, Feb. 5.—Washington Street; owner, James Roy, assignee for Abbott Estate; occupant, James Gascoigne; frame building with cement basement; hardware store; value of building \$5,000, insurance on same blanket policies covering various buildings \$6,000; value of contents \$5,500, insurance on same \$4,500. Total loss, \$10,500. Cause unknown, but investigated. British Crown, Scottish Union, British Colonial, Westchester, National.

Smithers, Feb. 1.—Block 30, Lot 29, Main Street, Smithers; owner and occupant, Prince Theatre Co.; wood moving picture theatre and dance hall; value of building \$2,500, value of contents \$2,000; insurance nil. Total loss, \$4,500. Cause, thawing frozen water pipe with blow-torch.

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402 PENDER STREET WEST, VANCOUVER, B.C.



SYNOPSIS OF COAL MINING REGULATIONS.

Coal mining rights of the Dominion, in Manitoba, Saskatchewan and Alberta, the Yukon Territory, the North-West Territories and in a portion of the Province of British Columbia, may be leased for a term of twenty-one years renewal for a further term of twenty-one years at an annual rental of \$1 an acre. Not more than 2,560 acres will be leased to one applicant.

Application for a lease must be made by the applicant in person to the Agent or Sub-Agent of the district in which the rights applied for are situated.

In surveyed territory the land must be described by sections, or legal sub-divisions of sections, and in unsurveyed territory the tract applied for shall be staked out by applicant himself.

Each application must be accompanied by a fee of \$5, which will be refunded if the rights applied for are not available, but not otherwise. A royalty shall be paid on the merchantable output of the mine at the rate of five cents per ton.

The person operating the mine shall furnish the Agent with sworn returns accounting for the full quantity of merchantable coal mined and pay the royalty thereon. If the coal mining rights are not being operated, such returns should be furnished at least once a year.

The lease will include the coal mining rights only, rescinded by Chap. 27 of 4-5 George V. assented to 12th June, 1914.

For full information, application should be made to the Secretary of the Department of the Interior, Ottawa, or to any Agent or Sub-Agent of Dominion Lands.

W. W. CORY,
Deputy Minister of the Interior.

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The British Columbia Life Assurance Company

FINANCIAL STATEMENT

Balance Sheet as at December 31st, 1916

ASSETS		LIABILITIES	
Bonds and Debentures	\$ 82,483.10	Reserve on Policies in Force	\$177,472.00
Mortgages	124,040.40	Premiums Paid in Advance.....	360.85
Cash on Hand and in Bank.....	16,856.55	Surrender Values Claimable on (Cancelled Policies)....	3,976.00
Real Estate	4,732.60	Re-Assurance Outstanding	3,845.65
Loans on Policies (Secured by Legal Reserve).....	29,171.55	Sundry Accounts Outstanding	624.51
Outstanding and Deferred Premiums (Reserves in- cluded in Liabilities) (Less Commissions).....	22,151.20	Taxes Accrued and Outstanding.....	1,452.39
Interest Due and Accrued	13,539.08	Capital	100,000.00
Balance Due for Premium on Stock.....	4,310.33	Investment Reserve Fund	13,504.30
Furniture and Fixtures at Head Office and Branches (Less Depreciation)	3,950.89		
	<u>\$301,235.70</u>		<u>\$301,235.70</u>
RECEIPTS		DISBURSEMENTS	
First Year Premiums (Less Re-Assurance).....	\$ 13,136.95	Policyholders	\$ 31,056.75
Renewal Premiums (Less Re-Assurance).....	75,282.42	Taxes, Licenses, etc.	1,761.10
Interest Receipts	10,384.29	Salaries and Expenses at Head Office.....	10,820.80
Net Real Estate Income.....	99.15	Commissions and other Agency Expenses.....	23,915.88
		Advertising, Printing, Stationery, Postage, etc.....	2,392.66
		Medical Fees	1,962.00
		Office Furniture	289.92
		Express, Telegrams and Telephones.....	364.13
		Rent and Light	1,567.65
		Appraisal Expenses	32.50
		Legal Expenses	2,050.43
			<u>\$ 76,213.82</u>
		Balance	22,688.99
	<u>\$ 98,902.81</u>		<u>\$ 98,902.81</u>

L. W. SHATFORD,
President and Managing Director.

W. F. CURELL,
Secretary.

We have made a continuous audit of your books and records for the year ending December 31st, 1916, and certify that in our opinion the above Balance Sheet is drawn so as to fairly show the position of the Company as disclosed by the books and the Actuarial Report.

KENDALL, BARR & CO.,
Auditors.

I beg to report that I have valued the Insurance in force as at December 31st, 1916, and have found the net reserve after deducting the allowance for expenses authorized by the Insurance Act, amounting to \$177,472.00. The valuation was made on the basis of the 5% 3½ per cent. Table, the basis prescribed by the Insurance Act. The insurance in force amounted to \$2,623,241.

C. C. SINCLAIR, A.A.S.

DIRECTORS' REPORT

Your Directors beg to present their Report for the year ending 30th December, 1916, together with a Financial Statement of the Company:

INSURANCE ISSUED	\$ 502,663.00	
INSURANCE IN FORCE	2,623,241.00	
INCOME	98,902.81	made up as follows:
First Year Premiums (Less Re-Assurance).....	\$13,136.95	
Renewal Premiums (Less Re-Assurance).....	75,282.42	
Interest	10,384.29	
Net Real Estate Income.....	99.15	

The premium income is a notable feature of our report, while the interest receipts can be considered satisfactory and represent a yield of 7½ per cent.

Expenses—The year's expenses amounted to \$45,157.07, as compared with \$66,089.59 in 1915, while the income remains practically the same. This large reduction in expense has been brought about with due regard to efficiency and sound progress and should be regarded as very gratifying, indeed.

Death Losses—\$12,448.75 from the following causes:

War	\$9,261.25
Accidental	2,187.50
Natural	1,000.00

The mortality was 48.2 per cent. of the expected; but the losses by deaths, apart from those caused by the war, were remarkably small.

Total Assets—\$301,235.70, being an increase over the previous year of \$9,280.37.

Security to Policyholders—The percentage of assets to the present liability to policyholders is 156, and including the reserve liability of shareholders in respect of subscribed but uncalled capital amounting to \$900,000, this percentage is 664.

Surplus—\$2,751.20, which your Directors have deemed wise to transfer to the Investment Reserve Fund, making that fund now the substantial amount of \$13,504.30. It will be recalled that in 1915 the deficit in the year's operations amounted to \$4,387.05.

Actuarial—The Insurance in force has been valued by Mr. C. C. Sinclair, B.A., A.A.S. of The Great West Life Assurance Company, of Winnipeg, who has certified to the correctness of the Policy Reserve.

Having regard to the losses by deaths caused by the war and to all other conditions, your Directors consider the statement presented highly satisfactory.

L. W. SHATFORD,
President.

Mining Throughout British Columbia

Receipts at Trail Smelter—Review of Dominion Report on Possibility of Smelting Zinc Ores in Canada—New Bonds.

The following are the ore receipts in gross tons, at the Consolidated Company's Trail smelter and refineries from February 15 to 21, 1917, inclusive:

Mine	Location	Week	Year
Aberdeen, Merritt			169
Admiral, Valley, Wn.			39
Alaska, Campbell Riv.			25
Beatrice, Camborne			65
Bell, Slocan		71	110
Bluebell, Ainsworth		63	294
Blue Grouse, Cowichan			37
Burton, Elko			30
California, Nelson			27
Centre Star, Rossland		1421	7,836
Comfort, Ainsworth			51
Day, Republic, Wn.		285	779
Eldon, Eldon, Alta.			40
Electric Point, Boundary		682	4,385
Emerald, Salmo		175	1,048
Emma, Eholt		1072	5,446
Eureka, Nelson		75	503
Galena Farm, Slocan			113
Hercules, Kellogg, Id.		649	1,239
High Grade, Springdale		96	248
Highland, Ainsworth		177	519
Hope, Republic, Wn.			300
Iron Mask, Kamloops		174	1,084
Isaac, E. Kootenay		20	88
Josie (LeRoi 2) Rossland		371	1,293
Knob Hill, Republic, Wn.		206	1,644
Kuhnert, Boundary, Wn.			12
Lanark, Revelstoke		40	40
Lamphere, Gerard			19
Lead Queen, E. Kootenay		42	86
Le Roi, Rossland		2647	14,307
Loon Lake, L. Lake, Wn.		72	358
Lucky Jim, Slocan		72	358
Lucky Thought, Ainsworth			106
Molly Gibson, Ainsworth			42
Mountain Chief, Renata			61
No. 1, Slocan			33
Ottawa, Slocan			44
Paradise, E. Kootenay		30	797
Quantrell, E. Kootenay			61
Queen Bess, Slocan		44	247
Queen Bess, Kamloops			26
Rambler-Cariboo, Slocan			77
Rio Tinto, Nelson		57	57
Ruth, Slocan			37
Silver Hill, Ainsworth			9
Sovereign, Slocan			34
Sil. Standard, Omenica		34	166
Southern Bell, Salmo			3
Spok-Trinket, Ainsworth			16
Standard, Slocan		103	1,287
St. Eugene, E. Kootenay		32	199
Sullivan, E. Kootenay		2919	19,111
Tip Top, Kashabawa, Ont.		101	466
United Copper, Chewelah		157	1,260
Utica, Slocan		49	187
Wakefield, Copeland, Id.			41
Wonderful, Slocan			45
Totals, week and year		11,843	67,041

—Trail News.

The following are the conclusions arrived at by Mr. A. W. G. Wilson, who conducted an investigation on smelting during May, June and July, 1916, and were embodied

in his report, which has been published by the Department of Mines, Ottawa.

The report is of particular interest to the residents of British Columbia and is one side of the argument for and against the possibilities of smelting Canadian zinc ores entirely at home.

1. The author considers that so far as the actual operations of a smelter are concerned, the cost of smelting in the Crowsnest Pass area or on the Pacific Coast would not be much greater than in the middle Western rates, where coal is used for fuel, and with co-operation between all the interests concerned, it could be carried on here as cheaply or cheaper than elsewhere. The cost in the natural gas areas of Canada would be greater than in the corresponding areas in the United States, but not at all prohibitive. The author considers that it is not in the public interest to permit natural gas to be used for zinc smelting. The difficulties of obtaining skilled labor and trained supervisors are not insuperable, most of the raw materials, apart from ores, could probably be obtained locally. If suitable ores were available for treatment, spelter could be produced at a cost which would compare favorably with the cost of production by these methods elsewhere.

2. The author is in accord with all previous investigators in concluding that it has not been demonstrated that British Columbia silver-lead-zinc mines are capable of producing high grade zinc ore concentrates to support a smelter operating on the Belgian or any similar process. There is not a sufficient tonnage of high grade ores known to be available without importing foreign ores; the silver-zinc concentrates now produced are of too low a grade to be treated commercially in a smelting plant whose only supply is these ores; the tonnage produced is too small; the output is too irregular; the methods of concentration now in use with two exceptions, are inefficient and wasteful; there is a great lack of co-operation among the various producers.

3. An independent zinc smelting plant would be handicapped for lack of a silver refinery. It would have to consign all lead and silver residues to Trail, or to Helena, Montana, entailing additional freight charges against the ore and curtailing the possible profits of the smelter. The alternative would be to establish its own refinery, which would necessitate entering a limited market on a competitive basis for lead ores. The operation of silver refineries to treat retort residues only has not proven to be a profitable operation for the zinc smelters. Such a plant would probably be unable to secure any revenue from sulphuric acid, made as a by-product at most U. S. plants.

4. It would have been commercially feasible to have established a zinc smelter on the Pacific Coast any time during the first half of the year 1915, to treat British Columbia zinc ores, and ores from Australia. The product from such a plant would have found a ready market for certain classes of munition work, but would not have been suitable for making brass for cartridges and shell cases. Owing to the prevailing high prices of zinc this plant would have easily paid for itself during the first year of operation, the production of zinc ores in British Columbia would have been greatly stimulated, a better knowledge of the possibilities of zinc mining in British Columbia would have been obtained, and the returns to the producers would have been greater than they have been.

5. As an alternative, it would have been commercially feasible to have established a zinc smelter in the Crowsnest Pass area, or to have rehabilitated the old Frank smelter at any time during the first half of the year 1915, to treat zinc ores from the Kootenays. The supply of ore available would not have been adequate for a large plant, but foreign ores could have been imported. The conditions of the zinc market and the preference that would have been given in the home market, would have made such a venture

profitable for a time. The quantity of zinc that could have been produced would have been less than if such a plant had been established at the coast, because the ores available are of a lower grade than the Australian ores, are more difficult to treat and are limited in quantity.

6. There is a notable lack of co-operation among the independent zinc producers. The organization of a Zinc Producers' Association to supervise all matters of common interest, and to enable the various producers to co-operate more closely with each other, would tend to improve conditions in the zinc industry.

7. The majority of the coal producers in the west do not appear at any time to have been willing to make any serious effort to assist in the establishment of a zinc smelting industry. The prices quoted, so far as they have come under my observation, with one exception are higher than are usually demanded in other fields for products of a similar grade. When one considers that there is a considerable quantity of material, now a waste product, that could be utilized by a zinc smelter, it would seem that more encouragement might have been given.

8. The establishment of the new electrolytic plant at Trail, and the proposed establishment of the plant at Nelson by the French Complex Ore Reduction Company have materially altered the situation with respect to a market for British Columbia zinc ores. The process being used at Trail is still undergoing development, and the Consolidated Mining and Smelting Company is not in the market to purchase zinc ores, having an ample supply of their own. As soon, however, as the initial difficulties are overcome, it is their intention to purchase ores suitable for treatment in their plant, and subject to the market demands for spelter. The capacity of the plant will be such that they should be able to treat a large percentage of the zinc output of the Kootenays.

9. The establishment of a zinc smelting plant in British Columbia at the present time does not appear feasible for the following reasons:

(a) Inadequate supply of suitable ores.

(b) Inadequate supply of suitable labor.
(c) Lack of knowledge of suitability of local clays for retort purposes.

(d) High cost of structural materials, including fire brick.

(e) The retorting process is not especially adapted to treat the complex silver-lead-zinc ores which comprise the bulk of the British Columbia output, whereas developments now going on in electrolytic processes give promise of a solution of this problem.

(f) The electrolytic processes also give promise of a greater adaptability in the peculiar needs of British Columbia ores. If these processes are successful it may prove to be possible to treat some ores locally in plants of smaller unit size than are practicable in smelting by retort process.

In the first 11 months of operation, net earnings from the 100-ton mill of the Galena Mining & Milling company, controlled by Patrick Clark estate, Spokane, have been approximately \$200,000, according to an official. In this period the \$100,000 bond on the property, a mile from Silverton, B. C., has been liquidated; development of mine and construction of mill has been financed, while there is now a substantial balance in the treasury. The bond was for \$100,000, construction and development expense being \$80,000.

A deal was closed in Merritt recently whereby J. W. Macfarlain, a mining man of Vancouver, secured a bond on the Hunter group of copper-gold claims on Mill creek above Nicola. Mr. Macfarlain undertakes to commence development work within 30 days and prosecute it vigorously during the life of the bond. The Hunter group is owned by Thomas Hunter of Nicola, and is located on Mill creek. Mr. Hunter has done considerable prospecting and development work and has a very promising prospect. The lead is said to be large and well-defined and to contain some exceptionally high grade ore.

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DEPARTMENT OF FINANCE, OTTAWA
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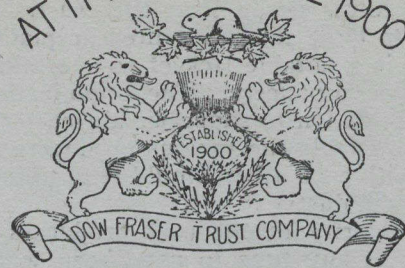
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