Banking, Insurance and Finance

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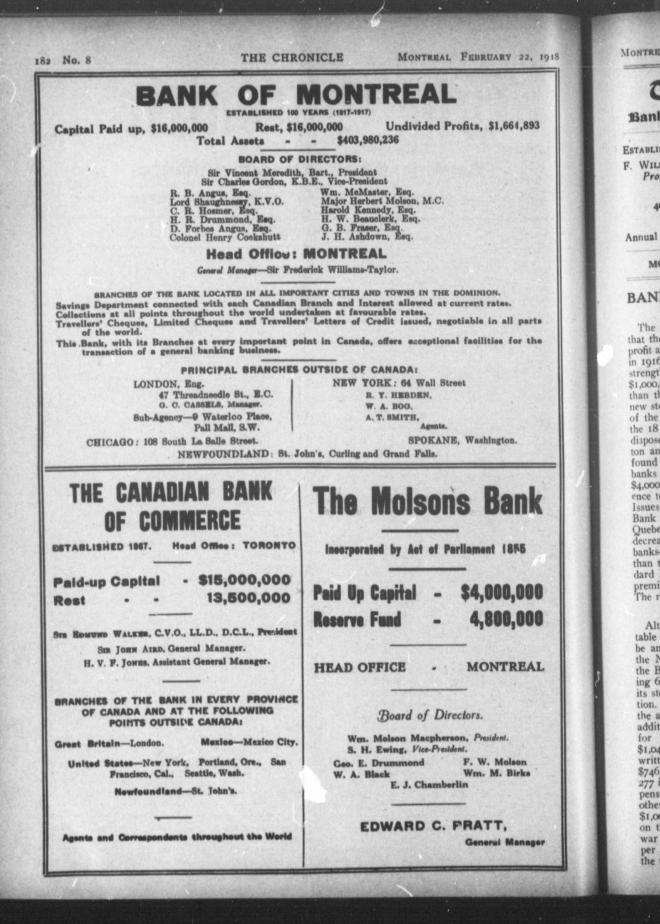
ULTIMATE FINANCIAL EFFECTS OF THE WAR.

Mr. A. W. Kiddy, the financial editor of the London Morning Post, contributes to the current Journal of the Canadian Bankers' Association, a series of suggestions regarding the ultimate financial effects of the war, which deserve attention. He points out that the end of the war will not synchronise with the end of the sacrifices which the Allies, and perhaps, in particular, the British Empire, will be called upon to make. Whether measured in terms of wealth as it is ordinarily understood, or by potential wealth in man power, the position of the Empire at the end of the war will not be where it was at the beginning of 1914. The proportionate power of the United States is likely to have been so vastly increased, as a result of the happenings of the years of war, that for some years to come, Europe will be financially mortgaged to America. Therefore, the full cost of the war and the full effect of the war upon the future economic position of the Empire has to be felt when the years of peace arrive. To regain and maintain the full financial supremacy which the British Empire has so long enjoyed, Mr. Kiddy suggests that three things are essential. One is the absolute necessity, however distasteful, for great economy and retrenchment in the matter of private expenditure in all parts of the Empire for many years to come. The second is the vital necessity for stimulating production in every part of the Empire. And the third is the necessity for the British Empire acting unitedly in the matter of tariffs in such a manner as shall develop to the fullest possible extent, and in the most rapid manner, the resources of every part of the Empire.

While Mr. Kiddy's suggestion regarding tariffs is likely to provoke discussion, the others will be generally agreed to *nem. con.* Mr. Kiddy's diagnosis of the after-war situation may be compared with the very broad hint, given by Hon. F. B. Carvell before the Montreal Canadian Club this week, regarding future direct taxation by the Dominion. The longer the war lasts, the more obscure becomes the outlook for the period following it. But it certainly seems likely that, in Canada's case, the adverse financial influences of the war will be most severely felt, immediately after it, rather than during its continuance. Thus far the rise in prices has been offset by great industrial activity, additional war taxation has been by no means severe, and only a minority have encountered real financial hardships. With the prolongation of the war, new taxation is now necessary. Sir Thomas White, in his forthcoming budget, will doubtless increase the Dominion income tax; the Excess Profits

Tax will be re-enacted and very possibly also, new and additional stamp and excise duties of one kind and another imposed. When the war comes to an end, the Dominion's debt will likely enough be four times what it was in July, 1914, and the average rate of interest payable upon it, will be considerably higher. Without venturing to prophesy how conditions in Canada immediately after the war will develop, the fact is obvious that a comparatively small population will be responsible for the interest on an immense debt (though fortunately the greater part of it will be held at home), and, whether there is a severe setback to Canadian industry or not when the war ends, taxation will have to be continued at a very high level. Commodity prices also will probably remain high. It is possible then that at that time the financial sacrifices involved by the war will be more widely and severely felt in Canada than at any time during the actual continuance of hostilities, although our lot will be a bed of roses in comparison with that of some of the Lelligerent countries.

While high prices of commodities combined with high taxation may, however, continue to bear heavily on our consuming classes for some time subsequent to the war, those same high prices will benefit sub-stantially our producers of food-stuffs, which will apparently continue to be in great demand by Europe at high prices long after the war is over. Moreover, our international financial position will thereby be favorably affected. It is obvious that with high com-modity prices, a debtor country will pay the interest charges it owes abroad with a less amount of commodities than when commodity prices are iow. Similarly, a creditor country will receive less commodities in payment of the interest due it when commodity payment of the interest due it when commonly prices are high than when they are low. Canada is a debtor country and with high commodity prices after the war, will be able to pay the interest it owes abroad with less quantities of commodities than before. The "Round Table" in a thoughtful article on this matter, recently expressed the opinion that in Canada's case the rise in commodity prices will more Canada's case the rise in commodity prices will more than counterbalance any increase in terms of money in the amount of the external debt during the war. While the continued prosperity of the agricultural population will have a favorable influence upon the whole, industrial as well as agricultural activity is necessary to a full measure of prosperity, and the extent to which high commodity prices and high taxation after the war are felt as a burden by many Canadians would seem likely to depend largely on the success of the efforts to develop a fresh industrial activity and production, subsequent to the inevitable dislocation at the war's end.



THE CHRONICLE



Banking, Insurance and Finance

ESTABLISHED 1881. F. WILSON-SMITH, Proprietor. 406-408 LAKE OF THE WOODS BUILDING,

406-408 LAKE OF THE WOODS BOLLEN, 10 ST. JOHN STREET, MONTREAL.

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MONTREAL, FRIDAY, FEBRUARY 22, 1918

BANKING PROFITS IN CANADA

The table published to-day (on page 185), shows that the bank directorates had at their disposal in the profit and loss account for 1917, a greater amount than in 1916 or 1915. In the first place, they had in 1916 strengthened the "carry forward" by more than \$1,000,000. Secondly, the 1917 profits were larger than the 1916 results; and thirdly, the premiums on new stock issues were greater in amount than in either of the two preceding years. All told, the boards of the 18 banks included in the table had \$25,044,306 to dispose of. When the returns of the British, Hamilton and Weyburn are available, it will doubtless be found that the total for 1917, in case of the 21 active banks amounted to more than \$26,000,000, or perhaps \$4,000,000 greater than the 1916 total. With reference to the item of \$1,245,087 "Premiums New Stock Issues," the amount \$911,700 reported by the Royal Bank of Canada related to the acquisition of the Quebec Bank, which transaction resulted in a net decrease of the general paid-up capital of Canadian banks—the new Royal stock having a smaller par value than the Quebec stock which it replaced. The Standard Bank's contribution represented a part of the premiums collected on its issue of \$500,000 at 200. The remainder will appear in the 1918 report.

PROFIT ALLOCATIONS.

Although the dividends paid in 1917 appear in the table as less than the 1916 payments, there will actually be an increase when the complete returns are in, as the Northern Crown recommenced paying dividends, the British returned to its ? per cent. rate (after pay-ing 6 in 1916) and the Royal paid \$132,000 more to its stockholders, on account of the Quebec amalgama-War tax on note circulation is about the same; the additions to reit total \$1,923,242, as against a net addition of only \$50,000 in 1916; and appropriations for writing down premises account amount to \$1,049,373 as against \$388,536 in 1916. The amounts written off for depreciation of assets footed up to \$746,192, as compared with \$920,000 in 1916; \$3,283,-277 in 1915; and \$2,255,840 in 1914. Contributions to pension funds, Canadian Patriotic, Red Cross and other war funds in 1917, for the first time exceeded This item now approximates 1 per cent. on the capital stock. Taken in conjunction with the war tax on note circulation, the aggregate represents 2 per cent. on capital stock, and roundly 12 per cent. of the total net profits of the banks.

The uncertain outlook caused the bankers to again strengthen the balance of profits carried forward; for the 18 banks reporting the total carried out was \$7,693,109 as against \$6,609,970 brought in.

THE BANKS AND LIFE INSURANCE.

President H. C. Cox, of the Canada Life, suggested in his annual address at the recent shareholders' meeting, that banks and insurance companies have an opportunity of co-operation in endeavoring to perpetuate habits of thrift and savings induced by purchases of war bonds. In the United States, he pointed out, there has been tried with success a plan under which the bank opens a "Premium Savings Account," bearing three per cent. interest, in which the assured accumulates by weekly or less frequent deposits the amount of his annual or semi-annual premium. Systematic publicity is given the merits of the plan by both the bank and the companies, and its possibilities are obvious.

Another channel through which the banking and insurance corporations are coming in closer touch is the relationship of life insurance to bank credits, although the significance of the bearing of life insurance upon this important matter is only just beginning to be understood by the commercial life of the nation.

To-day, pointed out Mr. Cox, not only do many of the Canadian banks include in their "Application for Credit" forms a specific question as to the amount of life insurance carried, but frequently require the customer to bring that life insurance up to a certain figure, be he firm or individual, as a condition precedent to granting a line of credit. Further than that, the customer's answer to this question actually affects the bank's consideration of the moral side of the claim for accommodation. Of this one prominent banker says:

"When a man comes to us to borrow, we want to know how much life insurance he carries; not so much because of its bearing on his financial power, but as an indication of his type of mind, for the type of mind that induces a man to insure his life, is the type of mind which makes for success in business."

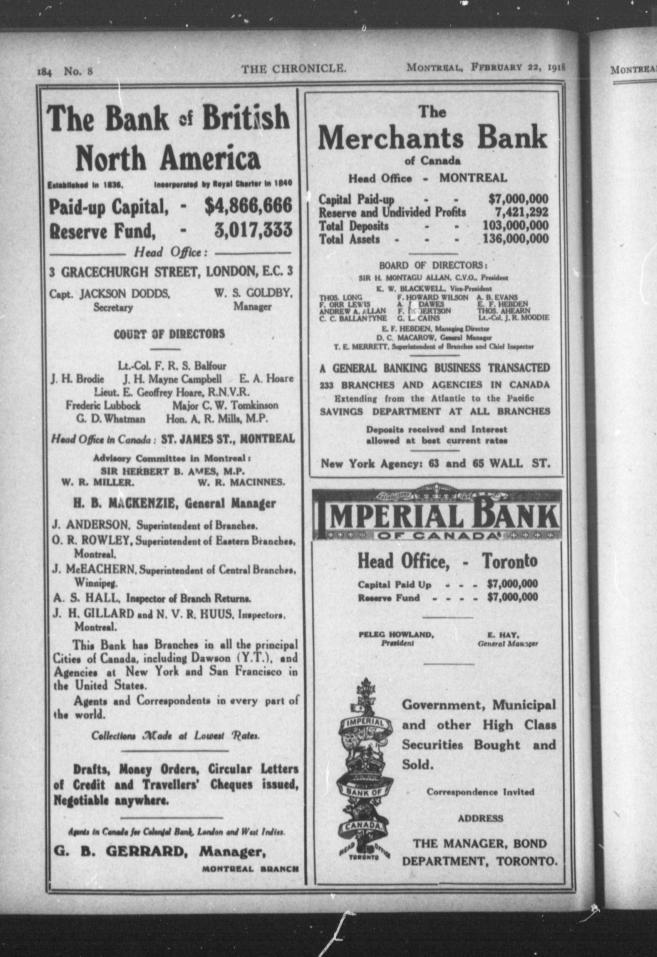
BRITISH BANK MERGERS.

The latest of a series of amalgamations of important London banks is also the largest. The London City and Midland Bank, and the London Joint Stock Bank, both of which date from 1836, are combining under the title of the London Joint, City and Midland Bank. The combined institutions have deposits and other liabilities of \$1,400,000,000.

Within the last few months, four important London banking amalgamations have taken place, those preceding the above being as follows —London and Provincial Bank with London and South-Western Bank; Union of London and Smiths with National Provincial Bank of England; London County and Westminster with Parrs Bank.

The British Governme recently announced the appointment of a commission to enquire into the effect of these amalgamations.

Mr. Proudfoot, opposition leader in the Ontario Legislature, has introduced a bill permitting insurance companies to make arrangements with returned soldiers to continue in force policies taken out by municipalities for them.



CANADIAN BANKS' DISPOSITION OF PROFITS, 1917

THE CHRONICLE.

No. 8 185

22,	1918	THE CHRONICLE.	
	Total	 \$ 3,892,393 \$ 1,879,969 \$ 743,134 \$ 733,134 \$ 472,465 \$ 472,465 \$ 1,271,293 \$ 2556,624 \$ 3,439,874 \$ 4,092,025 \$ 1,428,504 \$ 975,118 \$ 905,1474 \$ 905,1474 \$ 905,1414 \$ 259,994 \$ 341,563 \$ 341,563	000'140'07\$
(Compiled Exclusively for the Chronicle.)	Balance carried out	\$1,664,803 560,209 555,306 551,306 551,306 581,965 421,293 20,004 1332,004 1332,004 1332,004 1332,004 1332,004 1532,593 153,593 153,593 153,593 153,593 153,263 140,232 204,612 60,829	\$7,693,109
	Contribu- tions, Pen- sion Funds, etc.	\$ 47,500 194,700 56,200 57,500 57,500 1157,900 1157,900 1157,900 1157,900 155,500 55,500 55,500 157,900 110,900 110,900 110,900 1100 110,900 110,90	\$1,016,158
	Written off Deprecia- tion, etc.	\$75,000 75,000 150,000 150,000 1100,000 100,000 100,000 26,192 60,000	\$746,192
	Premises and Furniture	\$ 100,000 150,000 100,000 23,500 25,570 25,873 25,873 25,873	\$1,049,373
	Added to Rest	\$ 100,000 50,000 1,440,000 333,242	\$1,923,242
	War Tax on Circulation	\$ 160,000 65,000 49,403 40,000 700,000 10,000 1150,000 1158,357 60,000 1158,357 60,000 1158,357 11,283 40,000 40,000 11,4282 11,939	\$1,026,552
	Dividends	\$ 1,920,000 550,000 550,000 550,000 700,000 700,000 1,549,404 720,000 840,0000 840,0000 840,0000000000	\$11,589,680
	Total	\$ 3,802,303 1,879,969 1,879,969 743,134 1,310,909 743,134 1,371,296 1,371,296 1,371,296 1,371,296 8,566,624 3,536,624 3,536,624 3,536,624 1,428,504 975,118 075,1180,118 075,118 075,118 075,	\$25,044,306
	Premiums New Stock issued	\$ 911. 333	\$1,245,087
	Profits for Year	\$ 2,477,970 1,205,316 8,12,205,316 8,02,920 6,15,515 4,17,622 4,17,622 1,120,309 1,112,302 5,032,023 5,55,433 6,16,239 1,117,518 1,117,518 5,65,433 6,65,433 6,65,433 6,65,433 6,65,433 1,117,518 2,307,059 5,008 1,117,709 5,008 1,117,709 5,008 1,117,709 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 1,117,708 5,008 5,008 1,117,708 5,008 5,008 1,117,708 5,00	\$17,189,249
	Balance brought in	\$1,414,423 554,653 507,989 517,619 548,453 507,984 117,520 93,160 93,160 93,142 93,142 93,143 117,520 93,142 93,140 93,140 93,140 93,140 93,140 91,646 416,171 118,170 112,205 112,205 112,205	52,735 \$6,609,970
	Year	Oet. Nov. Nov. Sept. Apr. Jan. Nov. Nov. Nov. Nov. Nov. Nov. Nov. Nov	Apr.
	NAME	Montreal Montreal Montreal Montreal Morento Moleons. Moleons. Moleons. Moleonale Nationale Provinciale. Commer-9 Royal. Royal. Royal. Robelaga Hochelaga (a) Imperial Monteon. Morenteon Cown	(a) Sterling
Arit	Barris Harrison	the second s	a la company

(a) Dominion and Sterling profits, less Provincial taxes.

(b) Imperial profits, less auditers' fees.

Note.-Bank of British North America, Bank of Hamilton and Weyburn Security Bank annual reports nct published at date of writing.

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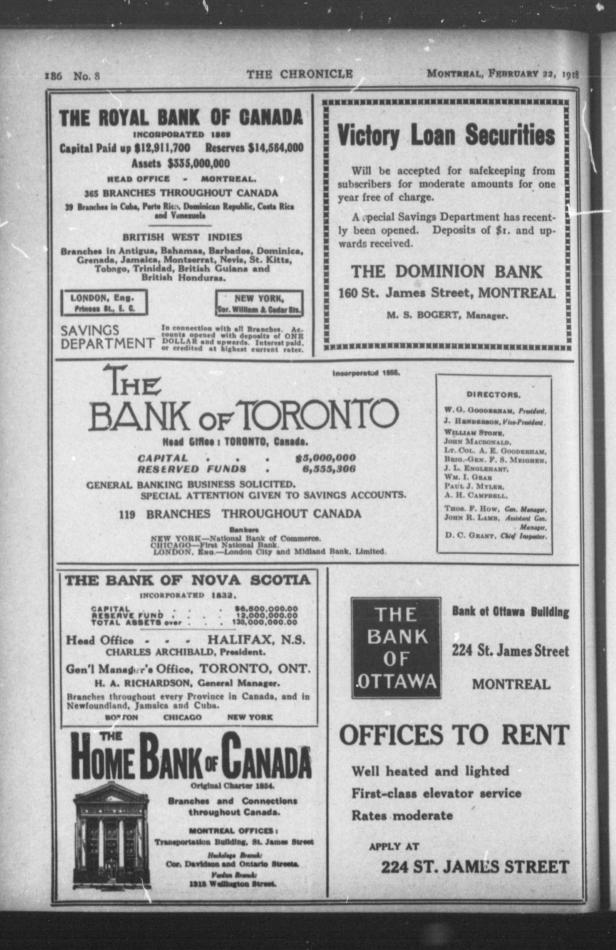
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THE MANUFACTURERS LIFE.

The thirty-first annual report of the Manufacturers Life Insurance Company of Toronto, shows a record of greater growth than that of any previous year, and indicates progress of a most satisfactory character under Mr. J. B. McKechnie's management. Insurances issued and reinstated amounted to \$16,-485,403, an increase over 1916 of \$2,856,190, while the gain in insurance in force of \$9,010,272 to \$98,-128,631 was the largest in the Company's history. Premium income increased \$208,015 (more than double the growth of 1916) from \$3,373,598 to \$3,672,514, and with substantial development also in interest income from \$1,286,043 to \$1,436,497, the total income was raised to \$5,100,011 against \$4,659,-642 in the preceding year, an advance of \$449,369. In spite of war claims, the mortality experienced

In spite of war claims, the mortality experienced during the year was under 75 per cent. of the expectancy. Payments to policyholders totalled \$2,094,-214 compared with \$1,782,380 in 1916. Dividends paid to policyholders were \$290,170 against \$249,787 in the vear preceding, and a sum of \$357,483 has been set aside for a similar payment in 1918.

Reserves for the protection of policyholders and annuitants were increased by \$1,666,102, and now amount to \$20,325,454. In view of the continuance of the war, the directors h. ve considered it advisable to again set aside additional reserves for contingencies, and a Special Reserve has been increased to \$300,000. After thus making provision for liabilities upon a stringent basis, the surplus over capital stock and all other liabilities is \$2,530,054. Had the Company complied with the Canadian Government requirements only, a surplus of \$3,670,589 would have been shown, an increase over 1916 of \$226,805.

Total assets reach \$24,585,784, a gain of nearly \$5,000,000 over the \$22,694,436 reported for 1916. Holdings of Government bonds, municipal and other securities total \$10,673,453, an increase for the year of \$1,814,191. This increase is almost entirely due to purchases of Government and high-grade municipal securities. Mortgages at \$8,351,919 are about \$170,000 lower than in 1916.

The following table exhibits the growth of the Com-

pany during the period c	0101010	The second s
	Dec. 31st, 1913	Dec. 31st, 1917
Insurance in Force	\$80,619,888.00	\$98,128,631.00
Income	3.977.087.64	5,109,010.63
Payments to Policyholders	1,448,719.16	2,094,214.53
Profits Paid To and Set Aside for Policyholders.	412,238.91	647,652.78 24,585,783.87
Assets	17,540,387.21	24,080,180.81
Surplus	1,470,857.73	2,530,054.54

It is noted in the annual statement that the substantial progress made by the Company has been accomplished at a comparatively low expense rate, and that this rate was further reduced last year, the 1917 reduction being larger than the combined reductions of the two preceding years. The facts are convincing evidence of increased efficiency in operation, and indicate a careful safeguarding of the policyholders' interests in this substantial Company, which is as favourably known in many foreign fields as throughout the Dominion of Canada.

The Province of New Brunswick is making an issue of \$1,000,000 6 per cent. 10-year bonds, which are being offered to investors at 90.08 and accrued interest, yielding 6.125 per cent. This is the first time the province has appealed to Canadian investors.

FIRE INSUFANCE RATES.

An important point, too frequently overlooked, was made by Mr. J. B. Laidlaw, Canadian manager of the Norwich Union, in his recent address before the Vancouver Insurance Institute. It is in the public interest that fire insurance companies should charge an adequate rate, since, as Mr. Laidlaw pointed out, the public is interested that companies should be able to redeem their promises. In a homely illustration, the difference between a fire insurance policy and a pound of sugar, that may be sold by a merchant is this: that when you go into a store and buy a pound of sugar for cash, the party who sells it to you is in no way interest-ed in you, and you are not afterwards interested in him. But when an insurance policy is bought, the purchaser is interested in the company, and the company in the purchaser; as long as the policy lasts. The policy/older has bought the company's credit, and is accordingly vitally interested in the solvency of the company which sold the contract. The public therefore are interested in seeing that the companies charge an adequate rate, and that they charge a fair rate, discriminating fairly between the different classes of risks insured.

Mr. Laidlaw pointed out that fire insurance rates are based, not on past experience, but on future probability:—"The secret of success in the insurance business is to so appreciate the hazard and the constant changes that occur as to estimate accurately the probability of loss, and base your rate and your practice therecn."

The official discount rate of the Bank of England is continued at 5 per cent.



188 No. 8

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MONTREY L. FEBRUARY 22, 1918 THE CHRONICLE THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY LIMITED

CANADIAN BRANCH HEAD OFFICE - MONTREAL DIRECTORS. M. Chevalier, Esq. William Molson Macpherson, Esq. Sir Alexandre Lacoste Sir Frederick Williams-Taylor, LL.D.

J. Gardner Thompson, Manager. Lowis Laing, Assistant Manager. J. D. Simpson, Deputy Assistant Manager.

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of Canada Liability Guavanteed by The LIVERPOOL and LONDON and GLOBE Insurance Company Limited Head Office : 343 Dorchester Street W., MONTREAL CASUALTY Insurance including Accident, Sickness, Guarantee, Burglary Employers' Liability and Automolvile

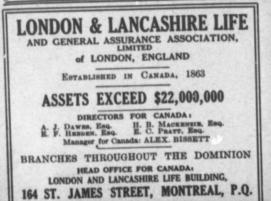
=== FIRE INSURANCE ==== DIRECTORS.

Lewis Laing, Vice-Preident. A. G. Dent J. D. Simpson Sir Alexandre Lacoste J. Gardner Thompson, President. M. Chevalier Wm. Molson Macpherson Sir Frederick Williams-Taylor, LL.D.

410 TONS OF GOLD HAVE BEEN PAID TO POLICYHOLDERS BY Insurance Company of NORTH RICA

THE OLDEST AMERICAN STOCK FIRE INSURANCE COMPANY WE MAINTAIN A DEPARTMENT TO ASSIST AGENTS IN SECURING LOCAL RISKS CONTROLLED OUTSIDE. IF THERE ARE ANY SUCH RISKS IN YOUR FIELD, WRITE US ABOUT THEM. WE MAY BE ABLE TO HELP YOU. IT IS WORTH TRYING.

ROBERT HAMPSON & SON, LIMITED GENERAL AGENTS MONTREAL



Our New Annuity Rates are meeting with instant favor. This, coupled with the Special Plans and Rates offered Total Abstainers, gives our repre-sentatives an avenue of approach unsurpassed. For men of character and ability, we have some very attractive openings. R. JUNKIN, MANAGER OF AGENCIES. THE MANUFACTURERS LIFE INSURANCE COMPANY CANADA TORONTO

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MOUNT ROYAL ASSURANCE.

Founded in 1903 by Mr. J. L. Clement, who has since acted as its general manager and secretary, the Mount Royal Assurance Company, of Montreal, has achieved within a comparatively limited period a substantial measure of success. Restraining its operations during the first decade to the province of Quebec, the Company has in recent years widely extended its interests, and transacts a large business throughout the Dominion. That the demands of prudent underwriting have not been sacrificed in the enlargement of the business is shown by the uniformly favorable anderwriting results which have been reported. Consequently, the Company now occupies a very fine financial position, offering to its policyholders the amplest security.

THE RECORD OF 1917.

For the Mount Royal, last year was again a period of steadily expanding business and of favorable experience. Net premium income, after deduction of re-insurances, amounted to \$503,285, an advance of \$73,680 upon the premium income of 1916. Interest received from investments and other receipts amounted to \$00,274, making the total net income \$563,560. Net losses paid were some \$31,000 larger than in 1916 at \$246,375, but, owing to last year's enlargement of premium income, their ratio to premiums is lower-48.95 per cent. against 50.17 per cent. In 1915, the Company's loss ratio was 39.58 per cent., and in 1914, 41.45 per cont. The loss experience for the last four years is thus a remarkably good one. Expenses of management and commission amounted to \$174.551 or 34.68 per cent. of the premium income, merely a fractional increase over the ratio for 1916. It is noted in the report that, of this total, taxes absorbed \$27,336-5.43 per cent. of net premiums.

A STRONG POSITION.

After the transfer of \$39,118 to the re-insurance reserve, making this fund \$307,998, an amount of \$103,516 was available for the profit and loss account as a result of the year's operations. After payment of dividends and writing off \$17,823, depreciation of securities, there is a balance at profit and loss account of \$412,501. Security to policyholders is now as follows:—paid-up capital, \$250,000; reserve, \$307,998; balance at profit and loss, \$412,501, a total of \$970,499. Total assets aggregate \$1,199,903. Of these assets, \$104,610 is cash in banks, and \$923,495 represents bonds, debentures and other securities held.

In view of the substantial position occupied by the Company, and its efficient organisation, a further steady expansion of its business may be anticipated, upon the prudent lines which Mr. Clement's continued management ensures.

Among the disbursements of an insurance concern reporting to the New York Insurance Department is noticed a sum described as "donation to a party who met with a calamity." There are no details of the "calamity" or the "party" to assuage curiosity.

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According to the cables, the Clergy Mutual Assurance Society and the London Life Association, Limited, both of London, England, are arranging to merge. Both are old established, non-commission life companies. Their combined premium •income is approximately \$750,000.

REEPING SPRINKLERS IN COMMISSION.

Trouble during the recent cold spell and fuel shortage period with sprinkler equipments is giving American fire underwriters considerable food for discussion. It is stated that in the United States, where sprinklers have been installed, the possibility of abnormally low temperatures has not been taken into consideration to the same extent as in Canada. It is claimed that much work could be done during the coming summer to make impossible a recurrence of recent conditions. Dry-pipe sections could be installed in parts of a risk which have been shown to be specially susceptible to freezing, and the experience gained recently should assist the insured as well as the companies in knowing how to protect a risk against freezing.

One of the leading western managers recently submitted to the companies the need of some measure of protection in case of the recurrence of the conditions which prevailed during the recent period of zero weather. He asked for the views of his associates, and an interesting symposium was the result. The idea of re-rating the risks on the unsprinklered basis while the protection is withdrawn did not appeal to many, as the suspension is usually for a short time, and the increased premium would be comparatively trivial. The plan most generally favored provides for a reduction in the amount of coverage to one-half or one-third of the lines carried as a sprinklered risk, or to the proportion the sprinklered rate bears to the unsprinklered rate, thus securing a material reduc-tion in liability during the period of the suspension of the protecton. It is claimed that this is in accordance with the equities of the case, as a very low rate and very large lines are predicated upon the protection, and that it would also be more effective in securing prompter restoration of the equipment than would the charging of a higher premium for the period. It is feared, however, that if this action is taken the inutuals would not make the same requirement, and that considerable business would be lost in consequence

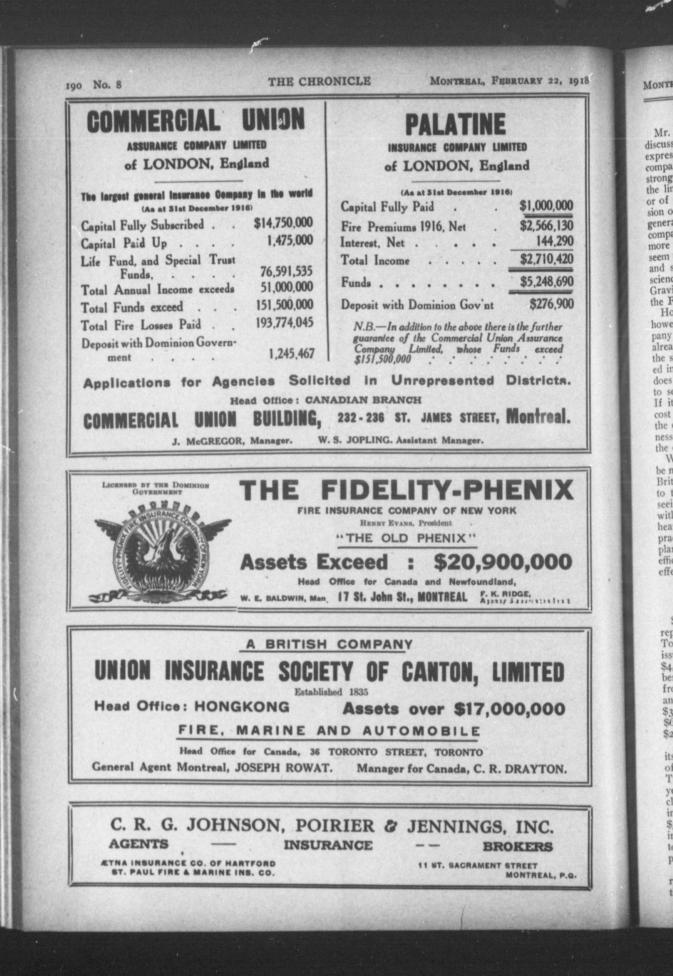
The all-important point, as developed by the symposium, is to get the equipment back into service as quickly as possible, and it was agreed that a reduction of liability would be more compelling than an increase in premium.

THE TRAVELLERS LIFE OF CANADA.

The financial statement presented at the annual meeting of the Travellers Life Assurance Company of Canada this week shows that this young Company made substantial progress during the past year. Insurance issued and revived totalled \$1,726,450, a gain of some \$137,000 over 1916, while insurance in force, which now stands at well over five millions, was increased during 1917 by over 15 per cent. Net premium income was expanded to \$151,967, a growth of \$29,000, and assets were enlarged to \$422,552 against \$246.842. Was claims during 1017 were \$17,000.

\$346.815. War claims during 1017 were \$17,000. Mr. Arthur P. Earle, A.I.A., is secretary and actuary of the Traveilers Life, which is apparently being developed on conservative lines. Hon. George P. Graham is president and the directorate includes a number of prominent business men.

When all is said and done, the best way to get lower insurance rates is to have fewer fires.—Insurance Post.



THE CHRONICLE

LARGER FIRE COMPANIES

Mr. Frank Lock, U. S. manager of the Atlas, discussing tendencies in the fire insurance business, expresses the opinion that it is inevitable that the large companies must become larger and the strong become stronger; and this will continue to be so, subject to the limitations of individual capacity of management or of sweeping catastrophe in conflagration or succes-sion of conflagrations. Generally speaking in the past generation, says Mr. Lock, the new and the small company has had an absolutely fair field, and even more than fair. Why then does the result of the race seem to be so inevitably to the companies already large seem to be so inevitably to the companies arready large and strong? Three expressions from the realms of science suggest an answer, viz: "The Law of Gravitation," "Natural Selection," "The Survival of Gravitation,' the Fittest."

How inevitable it se us, remarks Mr. Lock, that however attractive the prospectus of the new com-pany it can offer only that which the old company already possesses in addition to the present resources, the skilled management, the trusted reputation gathered in the long life of the latter. If the new company does business at the same rate and terms it is powerless to seriously draw the clientage of the old company. If it cuts established rates or buys business at high cost it cannot live, for the business is done by all of the companies at a narrow margin. Perhaps no business is based so wholly on confidence, on the trust of the community as that of insurance.

With reference to Mr. Lock's observations, it may be noted that the recent amalgamating tendency among British insurance companies is stated to be largely due to the necessity for economy in management. Farseeing British managers are reported as concerned with the prospects after the war for exceedingly heavy taxation, in comparison with pre-war standards, practically all over the world, and are accordingly planning for higher standards of economy and efficiency in operation in order to neutralise the effects of this taxation.

THE EXCELSION LIFE'S REPORT.

Steady, all-round progress during last year is reported by the Excelsior Life Insurance Company, of Toronto, in its statement for 1917. New business issued and revivals totalled \$6,068,383 compared with \$4,651,717 in the year preceding. An increased num-ber of applications from male lives under 20 and from self-supporting women is noted. Total assurance in force was increased to \$24,118,127, a gain of \$3,101,176. Net premiums totalled \$796,068 against \$665,139 and interest, \$284,015 compared with

The Company was again particularly fortunate in \$240,506. its mortality experience, which, including war losses of \$22,530, was only 64 per cent. of the expectation. The Company's average mortality rate for the last nine years, including 1917, is only 43.4 per cent. Death claims paid during 1917 were \$159,845; matured investment policies, \$60,124; endowment policies, \$37,772; surrenders, \$38,696, nearly \$9,000 less than in 1916; profits, \$38,017. Total assets were increased to \$4,593,716, a growth of \$400,000, the surplus on policyholders' account being raised to \$886,818. Mr. Victor Archambault, 11 Place d'Armes, Mont-

real, is provincial manager of the Excelsior Life for the province of Quebec.

THE ALL-ROUND INSURANCE MAN.

The fact is emphasised that up-to-date insurance agents and brokers are necessarily concerned with more than one line of insurance. They realise that their assured's affairs must be safeguarded from every possible standpoint. The assured finding an agent who is capable of looking after his interests from every standpoint feels a greater amount of confidence in him and leaves his insurance affairs to his guidance. A big business may be harmed through windstorm, big business may be named through whitebord death of employes through accidents, loss of profit and fixed expenses that go on after an explosion or fire which could have been covered by use and ne which could have been covered by use and occupancy insurance, a big explosion, and so on. Fire insurance, consequently, is but one feature of a business man's protection. The agent who deals only in that is losing sight of his assured in other regards. If he is not able and has no facilities to protect his insured in other classes of insurance, he should at least be capable of giving advice to his client regarding other lines, life insurance and the rest, telling him where to go to get proper protection and seeing to it that he is protected. He may act in co-operation with other insurance agents, and these together equip a man with a full armor. The one-track insurance man is good as far as he goes, but he goes only a limited distance. He leaves his client exposed in many vital parts and he is remiss unless he keeps in touch with the times and knows how to cover his assured in every particular.

EQUITABLE LIFE'S MUTUALISATION.

After about twelve years of discussion, involving the disentanglement of the several legal problems involved, the mutualisation of the Equitable Life Assurance Society of New York has finātly been accomplished through the approval last week by Insurance Superintendent Phillips, of New York, of the action of the stockholders, directors and policy-There now remains only the question of the action of minority stockholders as to their acceptance of the price offered for their stock-\$1,500 per sharebut, as the majority stock will be trusteed, the direction of the Society will be absolutely in the hands of the policyholders, who will now elect the entire board of trustees, instead of only a part, as has been the case since 1906.

QUEENSLAND INSURANCE COMPANY, LIMITED.

Mr. Cuthbert Hawkes, assistant manager and inspector of branches of the Queensland Insurance Company, Sydney, N.S.W., who has been visiting the United States in the interests of his Company, spent a few days in Montreal this week. He also visited Toronto. The Company has an agency in Vancouver for marine insurance. The Queensland was established thirty-two years ago, and transacts fire, marine, accident and automobile insurance. Its net premium income for 1917 was \$1,263,325 with a loss ratio of 45 per cent. Capital paid up is \$1,250,000 and total assets \$3,185,605. The Company has a high reputation in its field of operations for honourable dealings with its policyholders. Mr. Hawkes proposes to look over the Canadian field before returning to Australia. The chairman of the Company is the Hon. Sir James Burns, K.C.M.G., M.I.C., and the general manager, Mr. A. McVernon.

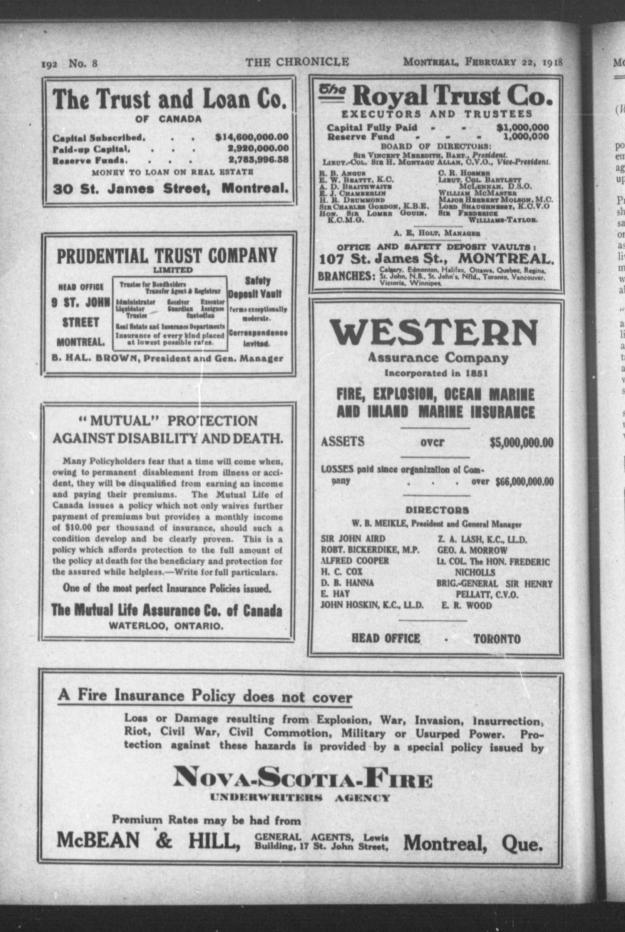
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THE CHRONICLE.

BUSINESS INSURANCE.

(W. H. Somerville, Associate Secretary, Mutual Life of Canada).

Business insurance is taken out by firms or corporations, upon the lives of important officials or employees, for the purpose of protecting the business against sudden and unexpected strains consequent upon the deaths of these men.

What plan of insurance should be recommended? Probably an idea is prevalent that joint-life policies should be issued. Joint-life policies are neither necessary nor are they even likely to be desirable. Policies on single lives, on the whole life plan, are preferable, as the aggregate premiums for the policies on single lives are not much greater than the joint-life premiums whereas policies on single lives may be dealt with with much more freedom and are more adaptable to changing circumstances.

The opinion may also prevail that the phrase, "business insurance," practically means "term insurance." This should not be the case, because a whole life policy, participating in profits, has many advantages over the term policy when insurance has been taken out for business reasons. A term policy is not a cheaper policy as compared with a whole life policy, when allowance is made for dividends and for cash surrender value.

Again, a term policy has no loan or surrender value, so that while it furnishes protection it may not be utilized in an emergency to bring in ready cash, as a whole life policy will do.

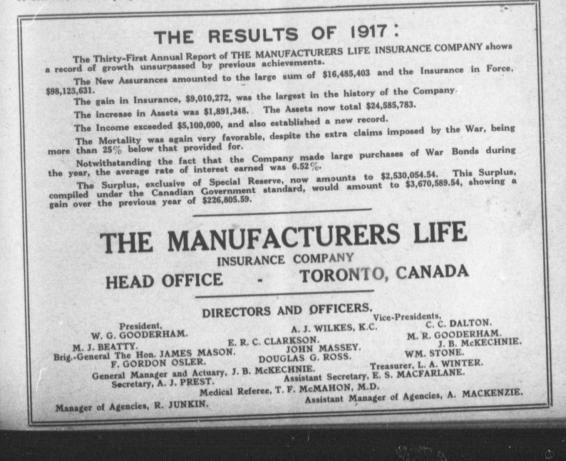
The plan to be taken depends of course upon the purpose of the insurance. The Endowment Plan may be desirable for the purpose of retiring a bond issue.

FIELD FOR BUSINESS INSURANCE.

Where is the field for business insurance? There is as much need for it in the corner grocery as there is in a firm with a million of captal. In fact, the death of a partner in a small business affects it more severely than a similar death in a large concern, with efficient organization. If the small concern is to be kept going it may be necessary to find an experienced man capable of taking the place of a deceased partner. The man may be found but he may not have the necessary capital to buy out the deceased partner's interest. If the premiums had been paid out of the profits of the firm, with the intention that the insurance should form a part of the firm's assets, the difficulties in the way of continuing the business would largely be solved.

But the benefits of business insurance are not deferred until policies become claims. Bankers are favorably influenced in their decisions as to the amount of credit to extend when they learn that the men applying for it have had the prudence and foresight to protect their business interests by means of insurance.

There is a rapidly widening demand for insurance for the purpose of protecting "business interests" as contrasted with "personal interest." Proper provision for the former demands careful thought, involving the decision in advance as to how the premiums shall be provided and what shall be done with the insurance when a policy becomes a claim. This could be best arranged by a written document, copy of which should be filed with the Company. It should include a full explanation of the insurable interest which the corporation has in the life to be assured.





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THE CHRONICLE

No. 8. 195

GANADIAN FIRE RECORD.

FIRE AT BROUGHTON, P.Q.

By the fire which occurred in the plant of the Asbestos Corporation at Broughton, P.Q., the following companies are interested:—Globe and Rutgers, \$10,000; Norwich Union, \$2,500; Niagara, \$3,500; Springfield, \$3,500; London and Lancash're, \$5,000; Union of Paris, \$5,000; Canada Accident, \$5,000; Great American, \$2,500; British Crown, \$2,500; Alliance, \$3,000; Aetna, \$2,500; Hartford, \$2.500; Quebec, \$2,500; Insurance Company of North America, \$10,000; Fireman's, \$5,000; Home, \$7,500; Sun, \$7,500; General, \$3,000; Union of Canton, \$3,500; Eunployers' Liability, \$5,000; Royal, \$5,000; Queen, \$2,500; Atlas, \$2,550. Total, \$101,550. Loss, 10 per cent.

FIRE AT ST. FOYE, P.Q.

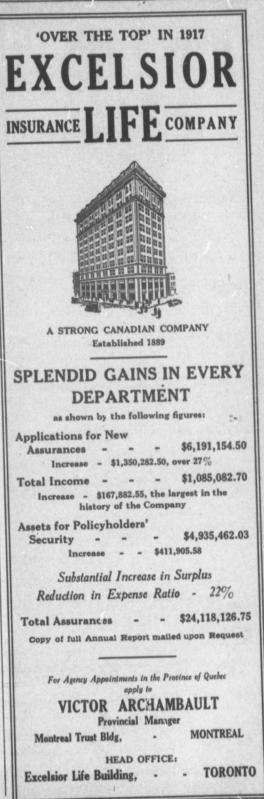
On the 13th instant, a fire occurred in the Roman Catholic Church, St. Foye, P.Q. Insurance is stated to be in Mutuelle Fabrique \$20,000. Loss, about \$50,000.

SAULT STE. MARIE, ONT.-Clifford Miller's cook camp at Michipicoten Mines, destroyed with considerable supplies, February 8.

THE CANADIAN Y. M. C. A. IN FRANCE.

Sergeant Angus Mackay (son of Mr. William Mackay, Canadian manager of the Royal Insurance Company) sends, from the front in France, the following notable tribute to the work of the Canadian Y. M. C. A. :-- "The Y. M. C. A. (Canadian) in France is the most deserving institution in the world. There may be Patriotic Societies all clamouring for help and a dozen others, but say, I have seen the Canadian Y. M. C. A. open a place and keep it going under fire, supplying, absolutely free of charge, hot coffee, tea and cocoa, biscuits and cigarettes for every soldier who wants it. Up at Paschendale they did wonderful work. I've seen the poor infantry chaps straggling down from the line hardly able to walk from exhaustion, hundreds of them go in there and have a good warm fill up and a smoke, and they kept it open all day and all night while the Canadians were there. Of course, when the Canadian moved out, their Y. M. followed them. I've seen the Imperial Tommies and Scottles walk up to the old place and when they found them gone they expressed their disappointment and their high esteem of the Canadian Y. M. Yes, Sir, they open up right under the guns and hold little services and concerts and do a great deal of good and help, and there is not a man out here who can say enough good for the Y. M. So, if you ever hear any criticism, you just tell them from one who knows that they are the finest thing in France, and you don't have to wear a Sam Brown and "stars" to get courtesy and what you want, and if you are broke you get it anyway.'

Major W. H. Clark-Kennedy, D.S.O., has been promoted lientenant-colonel and appointed to command a Canadian battalion at the front. Lieut-Colonel Clark-Kennedy, who was formerly associated with the Canadian branch of the Standard Life Assurance Company, has served with distinction in the present war over three years, and for nearly two years has held an appointment on one of the brigade staffs. His many friends wish him a continuance of the best of luck in his new and responsible appointment.



106 No. 8

THE CHRONICLE

MONTREAL, FEBRUARY 22, 1918

73rd ANNUAL REPORT	
NEW YORK LIFE INSUR	
Income for the year 1917:	C CITY
Premiums\$100,27 Interest and Rents	9,122.00 7,422.00 1,618.00 \$146,118,162
Matured Endowments. 13,56 Surrender Values. 18,52 Dividends 22,80	9,371.00 6,409.00 7,770.00 7,762.00 7,241.00
Loaned Policy-holders during 1917	\$86,887,953
New Paid-for Insurance in 1917 (Exclusive of over \$16,000,000 incr Policies revived and increased, and Additions by Dividends) Paid for Insurance in Force Dec. 31. Number of Policies in Force Dec. 31.	\$2,673,334,336 1,301,968
Admitted Assets, Dec. 31, 1917 These assets are the property of over 1.000,000 people with their dependents (in ac with their contractual rights). The Company is purely matual; it has no capital	\$934,929,381
Legal Liabilities Reserved for dividends payable in 1918. Reserved for dividends on deferred dividend policies matur-	\$760,742,335
ing subsequent to 1918 107.04	41,778.00 44,204.36
Total	\$174,187,046 \$934,929,381
THE ANNUAL DIVIDEND RATE OF 1917 WILL BE MAIL	NTAINED IN 1918
Ledger Assets [Dec. 31, 1916, 4.54% p	E LOWEST IN ITS HISTORY d statement will be sent to any erson asking for it. WIN P. KINGSLEY, President.



MONTREA

Messrs. send out

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RULES FOR NIGHT WATCHMEN

Messrs. John Sutherland & Sons, of Guelph, Ont., send out the following useful memoranda for night watchmen

1. Fire Doors-Test every fire door daily to see that it is free from obstruction and that it closes tight when you lift the counter balance weight.

2. Fire Hose—Examine the hose and couplings daily to see that they are always ready for action and

free from defects. Fire Barrels-See that there is a barrel of water and three pails for each 2,500 feet floor area, always in place.

4. Oiled Rags-See that vetal cans are provided

and that wiping rags are by led in furnace daily. 5. See that Pails of Sand with scoop are provided in painting sections, and overalls kept in metal-lined cabinet

6. Watchman's Service should be maintained at nights, Sundays and holiday's, and at all times when plant is not in operation (hurly rounds at nithes when every two hours in daytime). Old clock dials to be dated and filed daily for inspectors when asked for. 7. No Smoking Signs should appear in each wood-

working and finishing section.

8. A Daily System for removal of all refuse from factory premises should be strictly enforced.

9. Report Defects to superintendent each morning.

Important—In case of fire, ring up the Fire Department immediately. Put out the fire, if you can. If you can't, be on hand when the Fire Chief arrives. He needs you.

Mr. B. M. Armstrong, of the well known firm of Black & Armstrong, real estate and insurance, was in Montreal last week. This firm is one of the most influential of its kind in the West.

PERSONALS.

Mr. F. Sparling, secretary, Nadional Life Insurance Company, Toronto, accompanied by Mr. R. Huestis, superintendent of agents, spent a few days in Montreal last week in connection with the appointment of a manager for the Company's branch here.

Mr. J. T. Summerfield, insurance and real estate, Vancouver, B.C., spent a few days in Montreal last week en route to England. Mr. Summerfield lived in Montreal some years ago, before moving to the West, where his ability and hard work has had the inevitable result (in an unusual degree) of success. Mr. Summerfield's trip to England is in connection with business, which will give him still larger scope. He is well known to the proprietor of this journal for many years.

NOTICE

The Insurance Act of the Dominion of Canada, 1910, having been replaced by the Insurance Act 1917, Notice is hereby given that licenses have been issued to the following Companies under the provisions of the latter Act.

the latter Act. COMPAGNIE FRANCAISE DU PHENIX (authorized anglicized name ; THE PHENIX FIRE INSURANCE COMPANY OF PARIS, France)— License No. 687 for Fire.

COMPAGNIE D'ASSURANCES GENERALES, con-tre l'Incendie (authorized anglieized name; THE GENERAL FIRE INSURANCE COMPANY OF PARIS, France)—License No. 613 for Fire.

THOMAS F. DOBBIN, Manager for Canada, 17 St. John Street, Montreal.

The Northern Life Assurance Co. of Canada

HAS FOUND 1917 TO BE A YEAR OF

SPLENDID PROGRESS

as the following figures show

Assets at 31st December - Income for Year	:	:	1917 \$ 3,090,241 630,443	1912 \$1,810,228 403,899 52,353
Surplus 31st December -	-	-	72,895	2,219,844
Policies Issued and Revived -	-	-	3,420,142	9,007,182
Insurance in force 31st Decemb	er	-	12,435,227	1,270,214
Policy Reserves 31st December	-	-	2,232,442	66,722
Paid to Policyholders	1.2	-	201,867	1 40

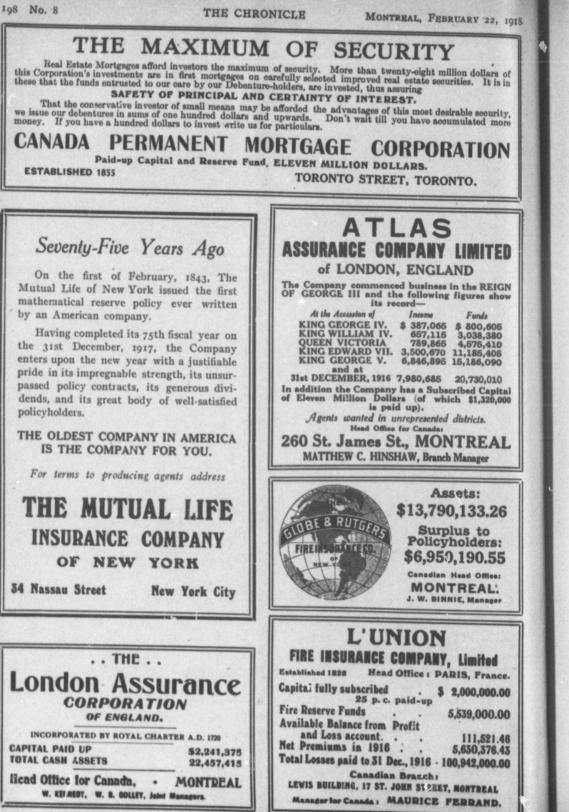
The Company is extending its organization, and is prepared to offer advantageous terms to competent producers.

A Copy of the last Annual Report will be mailed on request.

LONDON, ONTARIO HEAD OFFICE -

J. M. FERNLEY Superintendent of Agencies, East Imperial Bank Bidg., Cor. Queen & Yonge Sts. TORONTO, ONT.

J. W. GLENWRIGHT Superintendent of Agencies, West 308 P. Burns Block ALTA. CALGARY, ٠



MONTREA

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Ontario, and reviv \$2.603.85 increased premiums \$60,000 1 \$157,833. \$201,867, calling fo \$270,000

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THE CHRONICLE

THE NORTHERN LIFE'S REPORT

The Northern Life Assurance Company, of London, Ontario, reports that for 1917, new business issued and revivals amounted to \$3,420,142 compared with \$2,603,852 in 1916, the insurance in force being increased to \$12,435,227, against \$11,186,576. Net premiums reached \$451,889, a growth of nearly \$60,000 upon 1916, and interest, \$176,930 against \$157,833. Total payments to policyholders were \$201,867, death claims and matured endowments calling for \$125,157. Asets were increased by nearly \$270,000 to \$3,090,241, against \$2,822,452 a year ago. There is a surplus to policyholders of \$562,772.

Investments made during the year were largely war bonds and debentures, these holdings being enlarged by \$288,374 to \$1,083,598. Mortgages were reduced during 1917 by about \$50,000 to \$1,369,576. It is noted in the directors' report that there has been a marked increase in the efficiency of the Company's field-force, and the directors are confident that the future will bring as great growth and prosperity as is desired.

The following figures show the progress of the over a period of twenty years :-

Viera Viera	Total Assets.	Insurance in force.
Year		\$ 354,000
1897	\$138,430	\$ 354,000 2.065,200
1900	1: 253,894	3,586,160
1903		5,039,674
1906		6,399,724
1909		9,007,182
1912	0 404 000	10,401,232
1915		12,435,227
1917	3,090,241	rai anotani.

NOTICE

MOUNT ROYAL ASSURANCE COMPANY

Notice is hereby given that license No. 658 for transacting in Canasia the business of Fire and Plate Glass Insurance has been issued by the Government to the above Company, according to the provisions of the Insurance Act of 1917.

THE NATIONALE FIRE INSURANCE CO. OF PARIS

Notice is hereby given that license No. 668 for transacting in Canada the business of Fire Insurance has been assued by the Government to the above Company, according to the provisions of the Insurance Act of 1917.

UNDERWRITERS AT AMERICAN LLOYDS

Notice is hereby given that license No. 659 for transacting in Canada the business of Fire and Sprink-ler Leakage Insurance has been issued by the Govern-ment to the above Company, according to the pro-visions of the Insurance Act of 1917.

NOTICE

The Insurance Act of the Dominion of Canada 1910 having been replaced by the Insurance Act 1917, Notice is hereby given that licenses have been issued to the following companies under the provisions of the

The Alliance Insurance Company of Philadelphia, License No. 565 for Fire. Insurance Company of North America, License No. 633 for Fire, Inland Transportation, Explosion and Automobile, excluding insurance against loss by injury

to the person, Providence-Washington Insurance Company, License No. 691 for Fire and Automobile.

WANTED

Casualty and Bond man with technical experience required by a Western Canada Insurance Agency to take charge of their Bond and Miscellaneous Insurance Department. which is well established and has a large premium income. Canvassing experience and ability not essential, but knowledge of how to handle business offered and give service to present clients is essential. Present manager leaving for family reasons.

> Address-CASUALTY AND BOND MAN., C/O THE CHRONICLE, MONTREAL

NOTICE IS HEREBY GIVEN

That the Department of Insurance, Canada, has granted License No. 700, dated 15th February, 1918, under the Insurance Act, 1917, to the

ROYAL EXCHANGE ASSURANCE to transact in Canada the business of Fire Insurance, Accident Insurance, Eickness Insurance and Automobile Insurance.

ARTHUR BARRY, General Manager for Canada, Royal Exchange Assurance.

NOTICE

THE FIDELITY-PHENIX FIRE INSURANCE COMPANY OF NEW YORK has received Dominion of Canada License No. 607, under the Insurance Act of 1917, to transact Fire and Tornado Insurance.

W. E. BALDWIN, Chief Agent and Manager for Canada, 17 St. John Street, Montreal, P.Q.

NOTICE

THE CONTINENTAL INSURANCE COMPANY OF NEW YORK has received Dominion of Canada License No. 595 under the Insurance Act of 1917, to transact Fire and Tornado Insurance.

W. E. BALDWIN,

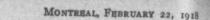
Chief Agent and Manager for Canada, 17 St. John Street, Montreal, P.Q.

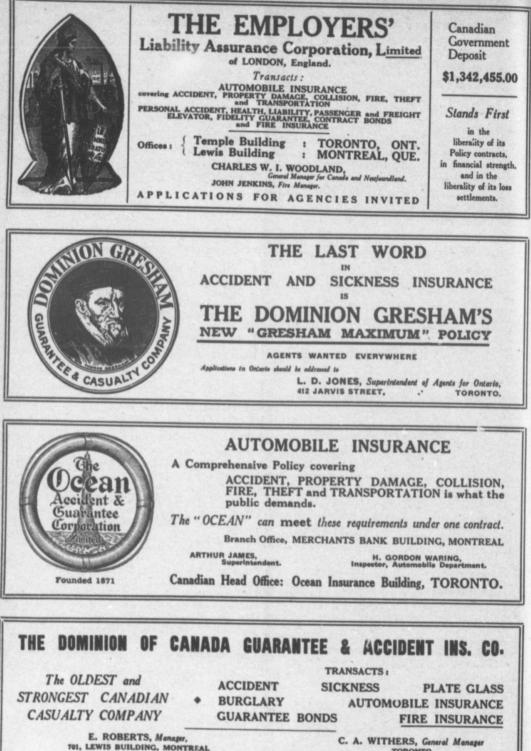
NOTICE.

The Insurance Act of the Dominion of Canada 1910 having been replaced by the Insurance Act 1917, Notice is hereby given that License No. 713 has been issued to the Sruv-VESANT INSURANCE COMPANY for the transaction of Fire Insurance under the provisious of the latter Act



THE CHRONICLE





Branches: WINNIPEG CALGARY

TORONTO VANCOUVER

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A NEW MORAL HAZARD.

In these war times, when many factories and merchandising concerns are being operated to the limit of their capacity in the production of materials for use in connection with the war, there is a class of moral hazard, points out a writer in the New York Spectator, which cannot be ascribed to wilful or intentional desire on the part of the owner of the property to wrong the insurance companies. In fact, the property may be yielding a very satisfactory profit, but the speeding up due to pressure put upon the plant to raise the output to the greatest possible extent, may produce carelessness in some despects which would tend to bring about the destruction of the plant by fire. From the fire underwriters' viewpoint the creation of a fire hazard in this manner is nearly as reprehensible as is a premeditated scheme to burn the property; for in the event of its destruction by fire the result is the same to the insurance companies-they pay the loss. There is, of course, one difference between these two classes of fires, and that is that if the intentional firebug is detected he will not collect his insurance.

In view of these conditions it is very advisable for an agent to keep in as close touch as possible with his larger risks, and to know the circumstances concerning each one, so far as they relate to the safety or danger of insured property. Conditions do not always remain the same, and what may be an excellent risk now may, owing to altered circumstances, become an undesirable one in a short time. In at least some of the instances, where the character of manufacturing plants has been changed through the war, the change is disadvantageous to the property as an insurance risk.

Application will be made at Ottawa, for an Act to incorporate the Merchants Casualty Company at Winnipeg.



CANADIAN TRADE.

THE CHRONICLE.

Statistics of Canadian trade for the month of January show a decline in comparison with January, 1917, possibly as a result in part, of the bad weather and the consequent tie-up of transportation. Exports of domestic merchandise during the month were \$96,216,284 against \$99,106,259 in 1917, and merchandise imported for consumption, \$60,677,414 against \$72,323,074. For the ten months of the fiscal year, domestic merchandise exports reached \$1,353, 811,184 against \$960,736,072 and merchandise imported for consumption, \$823,059,701 compared with \$674,064,548.

The Canadian Indemnity Company, of Winnipeg, will apply at Parliament's next session, for an Act to extend the time within which it may obtain a license under the provisions of The Insurance Act, 1917.

TRAFFIC RETURNS.

CANADIAN PACIFIC RAILWAY. 1917 1918 1916 Inere Year to date \$8,380,000 \$10,570,000 \$629,000 \$9,941,000 Jan. 31, Week ending 1916 1917 1018 Increase 2,096,000 1.890.000 206,000 Feb. 7, 14, ,876,000 2,306,000 126,000 2,180.000 1.912.000 GRAND TRUNK RAILWAY. Year to date 1916 1917 1918 Jan. 31, \$4,257,416 \$4,677,388 \$4.083.362 \$594,026 Week ending 1916 Feb. 7, 937,937 14, 868,432 1917 1918 Inorease 253,347 928,462 675,115 828,671 752,861 Dec. 75,810 CANADIAN NORTHERN RAILWAY 1917 1918 Decrease Year to ate 1916 \$2,715,300 \$117,300 Jan. 31, \$2,086,800 \$2,832,600 Increase 141,000 1918 1917 1916 Week ending 634,600 688,000 493,600 429,400 Feb. 7, 14. 86,000 312,700 602.000



