

# The Chronicle



## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION

Too much attention to newspaper headlines may easily lead these days to wrong impressions regarding the present development and trend of economic events. The era of high prices is not universally coming to end immediately, but the trend of circumstances suggests that in certain lines, though not in others, the summit has been reached and passed. What is happening may fairly be described, we think, as follows. In the United States a movement is under way to lower retail prices. This movement is particularly evident in the clothing and allied trades, and is a result partly of the public's refusal to buy at the summit prices lately prevailing, and the necessity, owing to pressure from the banks, for the liquidation of stocks. To what extent this is really a genuine movement in the direction of lower prices, and to what extent it is merely advertising and window-dressing, is extremely difficult to determine; the one thing certain is that it is not entirely genuine. Participation in it by wholesalers and manufacturers is not yet much in evidence. Concurrently with this movement, and as a result of the tightness of credit everywhere, there has developed a decided weakness in certain primary markets. Grain and foodstuffs were reported as slumping in Chicago a few days ago; heavy declines in some other staple commodities are reported in Great Britain. The Stock Exchanges also have been decidedly weak. These declines, we believe, represent mostly the curbing of speculative excess as a result of tight money and "nerves" on the part of speculative holders. They are indicative of a beginning of the process of deflation; but they show no more than a beginning. Deflation will be, it is to be hoped, a long and gradual process, if it is speeded up, the result may be, in fact, inevitably will be panic and disaster. What has happened thus far is the merest preliminary.

It will be noted that in the United States, where the reduced prices movement has been carried farthest, it affects only articles which more or less come into the luxury class. Clothing and shoes are not luxuries, it is true, but they comprise a

class of purchases which can at least be reduced to a very considerable extent. Foodstuffs, sheer necessities, have been scarcely touched thus far; in fact, they show some tendency the other way. Some Canadian authorities are talking of \$3 to \$5 wheat in the fall. It is perfectly natural that articles of the luxury class should first feel the effects of monetary stringency, but there will be scarcely any substantial steps towards deflation until the production of foodstuffs causes their price to decline. Only when foodstuffs come down substantially will it be possible to secure, without hardship, a deflation of wages from the extravagant standard now prevailing in certain cases, although the outrageous demands which are still being made in various quarters suggest that some of the so-called working classes are doing their best to secure deflation with hardship, through making the industries in which they are engaged unprofitable. When the unprofitable stage is reached, the step of the shutting down of factories and unemployment is not far off.

Deflation in the ultimate analysis, comes back to the old matter of supply and demand. Monetary stringency and currency reform may have some effect; but abstention from consumption and increase of production and transportation facilities are absolutely essential to complete the process of deflation without hardship. In fact nowadays, as always, there is no sovereign cure for economic ills except thrift and hard work.

In the paragraph above, transportation facilities have been linked with production. It is significant that in the United States just now, emphasis is being strongly placed upon the necessity for increased equipment for the railroads, and for holding railway labor. There is no doubt that the transportation blockade, consequent upon labour-strikes, and the shocking condition in which the United States roads were allowed to get during the period of the war, has had a good deal to do with recent economic troubles. The necessity for new equipment extends to the Canadian roads, and we are inclined to think also that, apart from equipment, the time is approaching for a new

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# The Chronicle

## Banking, Insurance and Finance

Established 1881.

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MONTREAL, FRIDAY, MAY 28th, 1920

### THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

period, of railway construction in the Dominion. Canada may be "over-railroaded" in some few sections, but in other quarters facilities are obviously insufficient, and judicious railroad expansion now will allow for a normal healthy industrial development later. It is understood that the U. S. Railroad Commission has recommended loans approaching \$125,000,000 to the weaker roads for use in the purchase of equipment.

There is no easing of the monetary situation locally. The Montreal Stock Exchange has made the  $7\frac{1}{2}$  per cent. interest rates on clients loans mandatory, and bankers are reported as continuing to scrutinize commercial loans and discounts with extreme care. So far in fact, there appears to be few signs of the materialisation of easy money conditions with the advance of the spring, which had been expected in many quarters. In New York conditions are much the same, having very little prospect, according to representative New York bankers, of any easy money over the summer. It seems that commercial borrowers, alive to this fact, are arranging now for needs from one to three months hence. Commercial paper rates in New York are very firm with the market quoted  $7\frac{1}{2}$  to  $7\frac{3}{4}$  per cent., which means that the commercial people who have to go to the New York market for accommodation are paying 8 to  $8\frac{1}{4}$  per cent. for this money.

A New York banker, talking to The Chronicle the other day, volunteered the frank opinion that London is fast regaining its financial supremacy, and that it is merely a question of time, and not a very long time, before New York loses the temporary supremacy it obtained as a result of the war. Complaint is made, said this banker, that American bankers have not been using their opportunities during recent years. But in fact, he explained, they were not able to use them owing to the conservatism and provincialism of the American investor, who can see no further than his nose,—in other words, prefers a local mortgage to a British or other foreign bond. Within the last year, for the selling of what foreign bonds have been marketed in the United States, the most powerful banking

syndicates possible to be organized have been got together. The best and the largest selling organizations have been turned loose on the job. The bonds themselves have been as extraordinary investment inducements as any investor ever set eyes on. Yet, said the banker, it is no secret that in almost every case of attempted foreign government flotation, the operation has been anything but a success. The bonds have been sold after a fashion, but that is all. The banker referred to was loud in his praise of British capacity for taking wide views financially, and of British willingness to build for the future without any immediate glory or results,—in fact British willingness to subordinate the claims of the present generation to the future is something which, in the bankers opinion, was absolutely un-American. "This tribute to British capacity was an unexpected and entirely spontaneous one, and is of distinct interest in view of its source. By all accounts the Allies are now considering plans for international loans, to discount the German indemnity, which loans will be floated without the aid of the United States. It is obvious that successful maturing of such plans, would have a considerable effect in heightening London's prestige.

### PUBLIC ISSUES OF CAPITAL

The speculative craze that has been so much in evidence, and which is largely due to the heavy profits being made in certain industries of the country, has brought a new and inexperienced class of shareholder into the field, and though many of them are purely speculators, they include some genuine investors, who ought not to be deprived of the full disclosure of material contracts and other documents, which the Act contemplates for their benefit. There are signs that the pendulum is beginning to swing back to healthier money conditions, and the sooner it reaches that state the better it will be for business and the country as a whole. The country needs the help of all genuine investors with cash in their pockets to improve the financial position of the nation by supporting first the State gilt-edge securities, and next those industrial enterprises seeking money solely for an extension of trade. In some cases, in the latter category, there may be good reasons for appealing to the public through an issuing house, but there should be still the same necessity for full disclosure. There is, however, another class of issue that should be carefully scrutinised and that is the existing company which has written up its assets on a revaluation to the present-day high basis of values, and appeals to the public for money on the new valuation. The day will almost certainly come when values will drop considerably, and then there will be the inevitable need for the reconstructor's pruning knife.

The Secretary.





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## BANK OF MONTREAL

A particularly significant exhibit at a time when the credit structure of the Dominion is under such close survey is contained in the half-yearly financial statement of the Bank of Montreal, now going forward to the shareholders of that institution. From the figures submitted may be gathered the extent of the increased demand on Canadian banks for accommodation on the part of industrial borrowers, together with the decided tendency on the part of the public to augment its balances, both notice and demand, in the chartered financial institutions of the country.

*Profits Amount to \$1,802,585.*

Profits for the half-year amounted to \$1,802,585, compared with \$1,751,237 in the corresponding period a year ago, representing an increase of \$51,348, or less than 3 per cent., although some \$515,000 more than in the 1918 semi-annual statement which, however, did not include the activities of the Bank of British North America department included in last year's display. Out of the results of the half-year were paid the usual quarterly dividends at the rate of 12 per cent., per annum, amounting to \$1,200,000, while there was written off bank premises the sum of \$225,000, or \$25,000 in excess of the amount shown in the 1919 exhibit. Other deductions included an allowance of \$100,000 for war tax on note circulation, being an increase of over \$9,000 over a year ago and \$20,000 more than that allowed for in the first half of the bank's 1918 fiscal year.

After all deductions, surplus profits, as at April 30 last, amounted to \$277,585, which added to the balance carried in to the current year's accounts left the amount of \$2,090,440 to bring into the second half of 1920. It is in the balance sheet figures, however, where the most significant changes from the position occupied by the bank a year ago are shown. Combined notice and demand deposits at upwards of \$470,000,000 stand some \$77,000,000 over those at the end of April 1919, those of the demand class contributing \$33,000,000 of the gain, with savings accounts approximately \$44,000,000 in excess of \$312,000,000.

### *Big Increase in Liquid Assets*

Liquid assets of the banks shown at \$302,821,820 are higher by almost \$97,000,000 than those on April 30, 1919, but liabilities to the public owing chiefly to the sharp increase in deposits of both classes grew from \$441,595,847 at the end of the first half of 1919 to \$518,975,429 in the statement under review lowering the ratio of assets of a quick nature to public liabilities from 66.57 per cent. a year ago to 58.35 per cent.

Call loans, the bulk of which represent advances

made in United States and Great Britain are shown in the statement at slightly in excess of \$103,000,000 or higher than a year ago by nearly \$24,500,000. Total assets of the institution at the end of the semi-annual period were \$571,000,000, a gain of \$82,000,000 in the year.

## DEATH OF MR. M. C. HINSHAW

We record with extreme regret the death of Mr. M. C. Hinshaw, Canadian manager for the past twenty-nine years of the Atlas Assurance Company, Limited. The sad event took place on the 26th inst. at the General Hospital after a few days illness. The deceased gentleman was born in Scotland 68 years ago. He was manager for the Atlas in Scotland, before coming to Montreal in July 1891 to assume the management for Canada of the Company, to whose interests he was devotedly attached up to the day of his death. Mr. Hinshaw was looked upon as one of the few remaining members of what might be called "the old school of fire underwriters," in Canada. By reason of his great experience and undoubted ability, he became a commanding figure in insurance circles. He was a man of integrity, of a retiring disposition, and great independence of character. He was strongly gifted as a speaker, when it became necessary to express his views on some business problem, he attracted much attention by a concise and direct way of dealing with his subject. Under Mr. Hinshaw's management the business of the Atlas has grown and prospered in Canada. Its net premium income has increased from \$58,000 odd in 1891 to the large amount of over \$606,000 in 1919.

## TRAFFIC RETURNS

Canadian Pacific Railway				
Year to date	1918	1919	1920	Increase
April 30..	\$45,161,000	\$48,570,000	\$57,972,000	\$9,402,000
Week ending	1918	1919	1920	Increase
May 7 ..	\$3,033,000	\$2,856,000	\$3,520,000	\$664,000
May 14 ..	3,169,000	2,939,000	3,576,000	617,000
May 21 ..	2,847,000	2,957,000	3,633,000	676,000
Grand Trunk Railway				
Year to date	1918	1919	1920	Increase
April 30..	\$19,002,937	\$19,361,387	\$20,949,326	\$1,587,939
Week ending	1918	1919	1920	Increase
May 7 ..	\$1,434,727	\$1,130,352	\$1,256,047	\$125,695
May 14 ..	1,480,903	1,614,162	1,664,627	54,465
May 21 ..	1,576,508	1,669,112	1,704,935	35,823
Canadian National Railways				
Year to date	1918	1919	1920	Increase
April 30..	\$27,159,550	\$29,492,425	\$29,492,425	\$2,332,875
Week ending	1918	1919	1920	Increase
May 7 ..	\$1,664,679	\$1,896,301	\$1,896,301	\$231,622
May 14 ..	1,848,536	2,073,563	2,073,563	225,027
May 21 ..	1,591,532	1,906,107	1,906,107	314,575

## NORTHERN ASSURANCE COMPANY LIMITED

The Northern has long been recognized as one of the most distinguished and successful representatives of British insurance enterprises. These remarks are specially applicable to the Company's operations in the fire department, in which the Northern, in its 84 years work, has earned a high reputation for skilful underwriting, as may be gathered from the fact that the average loss ratio of the experience of the Company from the beginning is only 55.6 per cent.

The accounts for the twelve months, ended 31st Dec. 1919, reveal a net premium income, from all departments, of \$30,654,485, and the outstanding features of the underwriting accounts, are an excellent profit in the fire department, which provided a premium income of \$10,200,025, an increase of \$737,960 as compared with 1918. The loss ratio was only 44.2 per cent., as compared with 43.6 per cent. in 1918, indicating magnificent results in this department for the last two years—an eloquent testimony to the skill with which the business of this great Scottish Company has been conducted throughout. While the fire loss ratio was so favourable, on the other side of the account the rate of expense, at 38.97 per cent., is more than four points higher than is recorded in the preceding year. This higher rate of expense is due to heavier taxation and to an increase in charges of every kind, including cost of administration. The fire underwriting profit of \$1,397,810 follows one of \$1,521,745 recorded for 1918, which latter was the best in the Company's history. Policyholders of the Northern enjoy unexcelled security. It may not be generally known, that the Company adopts the unusual strong reserve basis of 50 per cent. of the unearned premium for unexpired risks, which now amount to \$5,100,015. There is also an additional reserve of \$7,000,000, making the reserve fire funds of the Northern \$12,100,015, not including the balance of profit and loss account. The total assets have advanced from \$75,249,661 to \$79,801,255.

As a result of the Company's progressive policy by the absorption of sound undertakings, the Marine business of the Northern has been extremely profitable. The net premiums for 1919 totalled \$12,841,610, and the losses and expenses for same period \$2,798,340, while the losses and expenses for 1918 and previous years amounted to \$7,597,585, and after making provision for all estimated further losses, the underwriting profit was \$2,416,795, which, together with interest (less tax) of \$620,260 was transferred to profit and loss. The Marine funds of the Company at the end of the year reached the large total of \$14,934,815.

The Accident business of the Northern is be-

coming an important factor in its operations. The net premiums for the year under review were \$3,300,040, a growth of practically \$1,000,000 as compared with 1918. The Employers' Liability and Accident funds have been increased by over \$600,000 to \$2,784,170.

In concluding his review of the Company's operations for the year the Chairman, (Mr. G. A. Duff), said:—

British insurance companies transacting a general business in all departments have earned substantial profits in recent years, but it may be that the immediate future will not disclose results of an equally favourable character, a feature that would only be in accordance with our general experience in the past, an experience which teaches that cycle of good years is often followed by a series of years not so good. That there will be a growing demand for insurance protection of every kind in the years that lie before us one can scarcely doubt. There is much to be done throughout the world to replace destruction, to overtake arrears of construction, and to increase generally speaking, the productivity of the world. But the very success that has attended the operations of the old-established insurance companies in the last year or two has brought many new companies into existence, with the result that competition is very keen. Moreover the ordinary working expenses of insurance companies and the taxes imposed upon them at home and abroad, press more heavily year by year upon the existing margins of profit, and the conditions therefore, call more than ever for prudent and careful underwriting, and the maintenance of adequate rates.

### *The Northern In Canada.*

The Northern has been operating in Canada for well over half a century, and during that long period, its career has been characterized by fair and liberal dealings, with its numerous policyholders throughout the Dominion. Of recent years, the Company's Canadian business has shown marked expansion under the management of Mr. George E. Moberly. Net Cash received for fire premiums in 1919 throughout the Dominion amounted to \$1,050,101, an increase of nearly \$80,000 as compared with the preceding year. This substantial growth in fire premium income was accompanied by probably the lowest loss ratio in the Company's experience in the Canadian field. The loss ratio for the year figured at 42.13 compared with 64.88, in 1918. The liberal policy pursued by the Northern, together with extra facilities lately afforded in the way of increased lines in the fire department and the opening of Casualty and marine departments, have evidently been appreciated by the Company's Agents in this field, as indicated by the remarkable growth

of its Canadian business. Believing that the success of the Company depends in a great measure upon its agents, the management of the Northern exercises special care in the selection of its representatives, and aims to afford them the best possible service and facilities.

The Casualty department under the management of Mr. A. Hurry, an expert in that line of business, who has spent all his life in the service of the Northern, is making excellent progress in Canada.

The well known firm of Messrs. Dale & Co. are general agents for Canada of the Marine branch.

On the first of this year the Royal Scottish Insurance Co. Ltd. of Glasgow, commenced the transaction of fire insurance in Canada. This Company is owned, and its contracts are guaranteed by the Northern, its management for Canada is also in the hands of Mr. Geo. E. Moberly. We understand excellent connections have already been formed in the leading centres of the Dominion from whom most satisfactory business is being received.

#### **Farm Loans by Life Insurance Companies**

By reason of their large investment in farm mortgages, life insurance companies are no doubt giving close scrutiny to conditions in this field. The Chronicle has frequently advocated in the past the advisability of Life Insurance Companies following a conservative policy, when loaning money on farm mortgages, and we still adhere to the opinion, that those companies recording the smallest percentage of farm mortgages are adopting the wisest course. It must be borne in mind that life insurance funds should be regarded as sacred, and in their investment a high rate of interest should not be considered the first inducement. The appended abstract from an article written by Mr. Slaughter associated with a firm that has specialized in farm loans is of interest:—

##### *Inflated Land Values.*

There are many forces working contemporaneously just now to cause further inflation in land values. With the value of money about one-third of normal, farmers require more working capital. With the same security they must borrow more money and in order to do so have to stretch loan values. The same is true with respect to personal as well as real property. In the live stock regions the commission companies and bankers are confronted by the same problems, that of inflated loan values. Such loans, however, are on short term paper and can be readjusted from time to time when the period of deflation begins. But farm loans for a term of years are not so well prepared to meet material changes in value of securities.

There is just now a turn in the tide of investment capital from land securities to bonds. Governments, railroads, industrial corporations of various kinds are offering extremely high prices for money. In fact record breaking prices are being offered. A security in the form of a bond is so convenient to handle, as compared with the cumbersome farm mortgage, that other things being equal, where the rate is even approximately the same, capital will turn from the mortgage to the bond. This will increase the percentage of foreclosures on mortgages because the borrower in default will have more difficulty in finding money available to relieve himself when pressed by the lender. After the percentage of foreclosure begins to increase fear will take hold of lenders and less leniency will be shown to borrowers and there will be less chance to work out a case in default.

These conditions are well known to the wide awake mortgage men but regardless of how anxious they are to return to more conservative methods, they are on expenses and at least some business must be done to meet current expenses. The old mortgage companies are looking on rather than seeking business, knowing that a turning point must be reached sooner or later. The same is true of the substantial farmer. He believes it better to hold what he has rather than buy more land at present prices. The buyer who contracts for land on a basis of 35 cent dollars will have difficulty in paying for it later on with 100 cent dollars. The same will of course apply to the mortgage made on the present inflated loan values.

#### **DEATH OF MR. J. R. MACDONALD**

The death occurred on the 20th instant of Mr. J. R. Macdonald, for the past two years joint manager of the Mount Royal Assurance Company, Montreal. Mr. Macdonald had been connected with the Company for the past twelve years, and had a good knowledge of fire insurance, gained principally in the service of various British Companies, before his connection with the Mount Royal. Mr. Macdonald's health had been poor for some time. He was born in Glasgow, Scotland in 1859.

#### **Rigid Rules Promulgated for Fraternal**

The new Canadian fraternal insurance act provides that such concerns may be licensed only if they can show 100 per cent. of solvency as of December 31, 1918, or that new business is being written on an adequate rate basis. License issued in case all the business of a fraternal is not on a solvent basis shall not continue beyond March 1, 1925, by which time all fraternal must have set their houses in order. Because of this the Modern Woodmen has stopped writing business in Canada.



# Commercial Union Assurance Company Limited

of London, England

THE LARGEST GENERAL INSURANCE COMPANY IN THE WORLD  
as at 31st Dec., 1918.

Capital Fully Subscribed. . . . .	\$14,750,000	Total Annual Income exceeds. . . . .	\$64,000,000
Capital Paid Up. . . . .	4,425,000	Total Fire Losses Paid. . . . .	215,897,380
Life Fund, Etc. . . . .	75,578,630	Deposit with Dominion Gov't. . . . .	1,401,333
Total Funds exceed. . . . .	174,000,000		

# Palatine Insurance Company Limited

of London, England

as at 31st Dec., 1918.

Capital Fully Paid. . . . .	\$1,000,000	Total Income. . . . .	\$3,462,515
Fire Premiums 1918. . . . .	3,305,020	Funds. . . . .	6,062,500
Interest Net. . . . .	157,495	Deposit with Dominion Gov't. . . . .	358,266

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ASSURANCE COMPANY

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Policies Guaranteed by  
Commercial Union Assurance  
Company Limited

H. F. RODEN, Manager, Casualty Department  
Local General Agents, (Fire)

G. U. PRICE & CO., LIMITED  
Bank of Toronto Bldg., Montreal

GUARANTEED BY EAGLE STAR AND BRITISH DOMINIONS INSURANCE COMPANY LIMITED, OF LONDON, ENGLAND

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\$93,000,000

FIRE  
AUTOMOBILE

THE

# BRITISH CROWN



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OF GLASGOW, SCOTLAND

J. H. RIDDEL,  
Manager

HEAD OFFICE FOR CANADA - - TORONTO

E. C. G. JOHNSON,  
Asst. Manager

JOSEPH ROWAT - GENERAL AGENT - MONTREAL

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Authorized Capital, \$1,000,000    Subscribed Capital, \$500,000    Paid Up Capital, \$200,000

GENERAL FIRE INSURANCE BUSINESS TRANSACTED

President: Hon. R. DANDURAND    Vice-President and Managing Director: J. E. CLEMENT

# THE NORTHERN ASSURANCE COMPANY LIMITED

**Established 1836**

THE EIGHTY-FOURTH ANNUAL GENERAL MEETING of the Northern Assurance Company, Limited, was held in the Offices of the Company at Aberdeen on the 5th day of May, 1920, when the Directors' Report was presented.

## FIRE DEPARTMENT

THE PREMIUMS received last year amounted to \$10,200,025 showing an increase of \$637,965 in comparison with those of the previous year.

THE LOSSES amounted to \$4,509,515, or 44.2 per cent. of the premiums.

THE EXPENSES OF MANAGEMENT (including commission to agents and charges of every kind) came to \$3,973,715, or 38.97 per cent. of the premiums as against 34.8 last year.

## FIRE REVENUE ACCOUNT

<table border="0" style="width: 100%;"> <tr> <td>Amount of Fire Insurance Fund at the beginning of the year</td> <td style="text-align: right;">viz.— Reserve for unexpired Risks..... \$4,781,030</td> </tr> <tr> <td>Additional Reserve.....</td> <td style="text-align: right;">7,000,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$11,781,030</td> </tr> <tr> <td>Premiums .....</td> <td style="text-align: right;">10,200,025</td> </tr> <tr> <td>Interest, dividends and rents ..</td> <td style="text-align: right;">\$663,570</td> </tr> <tr> <td>Less Income Tax thereon.. ..</td> <td style="text-align: right;">177,685</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">485,885</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>\$22,466,940</b></td> </tr> </table>	Amount of Fire Insurance Fund at the beginning of the year	viz.— Reserve for unexpired Risks..... \$4,781,030	Additional Reserve.....	7,000,000		\$11,781,030	Premiums .....	10,200,025	Interest, dividends and rents ..	\$663,570	Less Income Tax thereon.. ..	177,685		485,885		<b>\$22,466,940</b>	<table border="0" style="width: 100%;"> <tr> <td>Claims under Policies paid and outstanding..</td> <td style="text-align: right;">\$4,509,515</td> </tr> <tr> <td>Commission.....</td> <td style="text-align: right;">1,514,460</td> </tr> <tr> <td>Expenses of Management.....</td> <td style="text-align: right;">2,097,515</td> </tr> <tr> <td>Contributions to Fire Brigades.....</td> <td style="text-align: right;">18,195</td> </tr> <tr> <td>Foreign Taxes.....</td> <td style="text-align: right;">343,540</td> </tr> <tr> <td>Transferred to Profit and Loss account—</td> <td></td> </tr> <tr> <td>  Profit for the year.....</td> <td style="text-align: right;">\$1,397,815</td> </tr> <tr> <td>  Interest.....</td> <td style="text-align: right;">485,885</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">1,883,700</td> </tr> <tr> <td>Amount of Fire Insurance Fund at the end of the year, viz.:</td> <td></td> </tr> <tr> <td>  Reserve for unexpired Risks, being 50 per cent. of Premium Income for the year.....</td> <td style="text-align: right;">\$5,100,015</td> </tr> <tr> <td>  Additional Reserve.....</td> <td style="text-align: right;">7,000,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$12,100,015</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>\$22,466,940</b></td> </tr> </table>	Claims under Policies paid and outstanding..	\$4,509,515	Commission.....	1,514,460	Expenses of Management.....	2,097,515	Contributions to Fire Brigades.....	18,195	Foreign Taxes.....	343,540	Transferred to Profit and Loss account—		Profit for the year.....	\$1,397,815	Interest.....	485,885		1,883,700	Amount of Fire Insurance Fund at the end of the year, viz.:		Reserve for unexpired Risks, being 50 per cent. of Premium Income for the year.....	\$5,100,015	Additional Reserve.....	7,000,000		\$12,100,015		<b>\$22,466,940</b>
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## Financial Position of the Company

After giving effect to the proposals dealing with the balance of Profit and Loss Account, the financial position of the Company as at 31st December last, was as follows:—

Capital (subscribed \$35,000,000 paid up.....)	\$1,500,000
6 per cent. Participating Preference Shares, fully paid.....	3,512,350
Debenture Stock .....	4,953,450
Fire Fund .....	12,100,015
Life and Annuity Funds.....	25,703,255
Endowment and Capital Redemption Fund .....	798,415
Employers' Liability and Accident Funds .....	2,784,170
Marine Fund.....	14,934,815
Staff Funds .....	1,063,760
Investment Reserve Fund .....	2,500,000
Profit and Loss Balance.....	2,570,325
	<b>\$71,420,555</b>

(\$5 taken as equivalent of £1 sterling.)

**HEAD OFFICE FOR CANADA - MONTREAL**  
**G. E. MOBERLY, Manager**

## Prudential Trust Company

LIMITED

<p>Head Office 9 St. John St., Montreal</p>	<p>Trustee for Bondholders Transfer Agent &amp; Registrar Administrator Executor Guardian Trustee Real Estate and Insurance Department Insurance of every kind placed at lowest possible rates</p>	<p>Safety Deposit Vaults Terms Ex- ceptionally moderate. Correspond- ence invited.</p>
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**B. HAL. BROWN, President and Gen. Manager**

First British Insurance Company Established in Canada  
A.D. 1804

## Phoenix Assurance Co. Limited

OF LONDON, ENGLAND (Founded 1782)

**FIRE LIFE MARINE**

TOTAL RESOURCES, over . . . . . \$97,000,000.00  
 CLAIMS PAID EXCEED. . . . . \$60,000,000.00

DEPOSITS with Federal Government and  
 Investments in Canada, for security of  
 Canadian policyholders only, exceed . \$4,000,000.00

AGENTS WANTED IN BOTH BRANCHES. Apply to

R. MacD. PATERSON } Joint Managers  
 J. B. PATERSON }

100 Francois Xavier Street - MONTREAL

## The Standard Life Assurance Co.

Established 1825 Incorporated 1910

Accumulated Funds - - \$68,000,000

Over \$10,000 paid daily in claims.

## 1870 - Our Golden Jubilee - 1920

**NEW BUSINESS RECORD OF THE MUTUAL**

The popularity of The Mutual Life of Canada with the insuring public is being demonstrated in the amazing amount of new assurances issued. The first four months of 1920 indicated an increase of no less than 46% over the amount of insurance underwritten in the corresponding period of 1919. Insurance is in greater demand to-day than it has ever been before in the history of the world. The people are impressed with the importance of securing life insurance and naturally their thoughts turn to The Mutual of Canada. The life agent is fortunate to-day owing to the increasing demand for insurance. And especially if he represents The Mutual Life of Canada which is expanding at a rate that surprises even its most optimistic friends.

## The Mutual Life Assurance Co. of Canada

WATERLOO, - - ONTARIO

Hume Cronyn, M.P., Pres. Charles Ruby, Gen.-Man.

# WESTERN

## Assurance Company

Incorporated in 1851

HEAD OFFICE, - TORONTO, Ont.

### FIRE, MARINE, AUTOMOBILE, EXPLOSION, RIOTS, CIVIL COMMOTIONS AND STRIKES

ASSETS - over - \$8,000,000.00

Losses paid since organization  
of Company . . . over \$77,000,000.00

DIRECTORS:

W. B. MEIKLE, President Sir John Aird Robt. Bickerdike, Montreal Lt.-Col. Henry Brock Alfred Cooper, London, Eng. H. C. Cox John H. Fulton, New York D. B. Hanna E. Hay	John Hoskin, K.C., LL.D. Miller Lash Geo. A. Morrow, Lt.-Col. the Hon. Frederic Nicholls Brig.-Gen. Sir Henry Pellatt, C.V.O. E. R. Wood
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W. B. MEIKLE, Pres. and Gen. Man. C. S. WAINWRIGHT, Secretary  
 A. R. PRINGLE, Canadian Fire Manager

ROBERT BICKERDIKE  
 Branch Manager for Province of Quebec  
 MONTREAL

## The Travellers Life Assurance

Company of Canada

HEAD OFFICE: MONTREAL

Hon. GEO. P. GRAMAM, President

TO AGENTS.—Write to the Home Office for particulars of direct renewal contract. Valuable territory available in Quebec and Eastern Ontario.

## A BRITISH COMPANY

# Union Insurance Society of Canton, Limited

ESTABLISHED 1835

Head Office: HONGKONG Assets over \$24,000,000

A combination of AGE, MAGNITUDE and EXPERIENCE

### FIRE, MARINE AND AUTOMOBILE

Head Office for Canada, 36 Toronto Street, TORONTO

General Agent Montreal, JOSEPH ROWAT Manager for Canada, C. R. DRAYTON



**CANADIAN FIRE RECORD**

*Fire at Harriston, Ont.*—By the fire which occurred on the 20th instant in the Harriston Furniture Manufacturing Co. The following companies are interested:—St. Paul, \$3,400; Monarch, \$1,600; British Northwestern, \$1,000; Hudson Bay, \$1,000; Guardian, \$7,000; Western, \$6,000; Hartford, \$7,500; London Mutual, \$4,000; North British & Mercantile, \$3,550; Sturyvesant, \$1,500; Total \$36,550. Loss 60 per cent.

*Fire at Milford, N.B.*—The small village of Milford was visited by a fire on the 20th instant, starting in a bakery, the fire swept the town, entailing a loss reported at \$100,000.

*Fire at Montreal.*—By the fire which occurred on the 20th instant in the Champlain School, Fullum St. The following companies are interested:—Commercial Union, \$24,250; Alliance of London, \$9,700; General of Perth, \$10,864; Nor. Union, \$11,640; Royal, \$9,700; Mount Royal, \$5,820; National of Paris, \$3,880; Royal Exchange, \$1,746. Total \$77,600 on building and contents. Loss about 70 per cent.

*Fire at Montreal.*—By the fire which occurred on the 21st instant the Car Barns of the Montreal Tramways Co. at St. Henry, the following companies are interested:—North America, \$9,750; Prov. Washington, \$3,250; Firemens Fund, \$1,625; United States, \$1,625; Phoenix of London, \$5,850; Nova Scotia, \$5,850; North Brit. & Mer., \$4,550; Springfield, \$3,250; London Guarantee, \$1,300; Niagara, \$3,900; Nat. of Hartford, \$4,550; Fidelity Phenix, \$325; Century, \$325; Union of Canton, \$650; Brit. Crown, \$650; Girard Und. \$650; Western, \$1,625; Brit. America, \$1,300; Home Und., \$1,300; Imperial Und., \$1,625; Hart-

ford, \$1,300; Liv. & Lon. & Globe, \$1,300; Ocean, \$975; Mount Royal, \$650; Aetna, \$2,600; Norwich Union, \$650; Guardian, \$975; Commercial Union, \$1,300; Continental, \$650. Total \$6,500. Loss about total.

*Fire at Hammond River, N.B.*—Taking fire from a brush blaze the Anglican Church and one residence were destroyed.

*Fire at Papineauville, P.Q.*—On the 20th inst., a fire destroyed seven houses and hotel owned by A. Fortier.

*Fire at Cowichan Bay, B.C., near Duncan.*—On the 20th inst., a fire destroyed the house and the Eureka Pure Bred Stock, farm buildings, owned by C. T. Coufield. Loss about \$70,000.

*Fire at Brighton, Ont.*—On the 22nd inst., a fire destroyed the paint shop and storage building of Butler Bros., Garage and Boat Works. Twelve automobiles were burned as well as a number of motor boats. Also Doctor Chankes residence garage and automobile, H. Spencer's implement store, Cheen & Tweedles Coal Offices, F. Jacques harness store and Booths Shoe Store were all destroyed, lost about \$50,000.

*Fire at Latchford, Ont.*—On the 23rd inst. several frame structures were destroyed by fire.

*Fire at Toronto.*—On the 24th inst. a fire damaged the property of the Lion Dress Company in the Truth Building. Loss about \$12,000.

*Fire at Toronto.*—On the 22nd inst. a fire broke out in the Marlboro Hotel. Loss about \$2,000.

*Bush Fires.*—Serious bush fires are reported during the past week from various centres in Quebec and other centres.

## PHENIX FABLES

### No. 4. THE AGENT AND THE BOOMERANG

There resided in the town of B— an insurance agent who represented the FIDELITY-PHENIX. This Company devoted much time to helping develop the agent's business. But the time was not wasted; the agent's business being greater, he repaid the Company for the work on their mutual behalf by continually increasing the premium income from his agency. He fully realized the truth of the

**MORAL; IT PAYS TO REPRESENT THE  
FIDELITY-PHENIX FIRE INSURANCE COMPANY  
OF NEW YORK.**

HENRY EVANS, President.

**FIRE - TORNADO - AUTOMOBILE - HAIL - PROFITS**  
**CANADIAN HEAD OFFICE: 17 ST. JOHN STREET, MONTREAL.**

**W. E. BALDWIN, Manager**

# G. U. PRICE & CO., Limited INSURANCE

Bank of Toronto Building, MONTREAL

## GENERAL AGENCIES

### FIRE

Canada Accident and Fire  
Insurance Co.  
Vulcan Fire Insurance Co.

### MARINE

Washington Marine Insurance  
Co.  
Continental Insurance Co.

# NIAGARA FIRE INSURANCE COMPANY

HEAD OFFICE, NEW YORK

INCORPORATED 1850

Cash Capital

**\$1,000,000.00**

Net Surplus 31st Dec., 1919

**\$3,393,907.58**

CANADIAN DEPARTMENT

22 ST. JOHN STREET, MONTREAL

W. E. FINDLAY, MANAGER

AGENTS WANTED

"THE OLDEST SCOTTISH FIRE OFFICE"

# Caledonian Insurance Company

OF EDINBURGH

FOUNDED 1805

# Caledonian-American Insurance Company

OF NEW YORK

Head Offices for Canada: - DOMINION EXPRESS BUILDING, - MONTREAL  
JOHN G. BORTHWICK, Canadian Manager

## The WATERLOO

Mutual Fire Insurance Co.

ESTABLISHED IN 1863

Head Office - - - - - Waterloo, Ont.  
TOTAL ASSETS 31st DEC., 1918, Over \$1,000,000

Policies in Force in Western Ontario Over 30,000

GEO. DIEBEL,

President

ALLAN BOWMAN,

Vice-President

L. W. SHUH,

Manager

## NOTICE

NOTICE is hereby given that The Home Insurance Co. of New York, has received a License from the Government of the Dominion of Canada, to transact the business of Burglary and Property Damage Insurance in Canada, in addition to the classes for which it is already licensed.

FRED W. EVANS,

Chief Agent for Canada.

## SCOTTISH UNION AND NATIONAL

INSURANCE COMPANY, OF EDINBURGH, SCOTLAND

ESTABLISHED 1824

Capital, . . . . .	830,000,000
Total Assets, . . . . .	79,686,734
Deposited with Dominion Gov't, - . . . .	351,683
Invested Assets in Canada, . . . . .	7,998,338
NORTH AMERICAN DEPT., HARTFORD, CONN., U.S.A.	
JAMES H. BREWSTER, Manager	

ESKIMONT & EVANS, Resident Agents, . . . . . Montreal  
MEDLAND & SON, . . . . . Toronto  
ALLAN, KILAM & McKAY, LTD., . . . . . Winnipeg

## Canadian Banking Practice

ON SALE

BY THE CHRONICLE

## CUNNINGHAM & SPARKS, OTTAWA

"The insurance branch of the business of Cunningham & Co., Ottawa, will in future be conducted under the name of Cunningham & Sparks, the firm having formed a partnership with Mr. R. Russell Sparks. Since returning from overseas service Mr. Sparks has been associated with the Cunningham firm and previous to his entering the military service was a well known insurance man of the Capital. The Companies represented by Cunningham & Sparks are the Northern, Phoenix of London, Mercantile, Canada Fire & Accident and Dominion Gresham Guarantee & Casualty Co.

"The auditing and accounting branch of the business will be conducted by Cunningham & Co. as formerly, the change applying to the insurance department only.

## ESTABLISHES AUTOMOBILE DEPARTMENT.

Supplementing the already admirable service it renders its field representatives, the New York Underwriters Agency announces the creation of an automobile department, which will issue a full coverage policy, save liability. In its new branch the agency will maintain the same "unexcelled standard of efficiency which has characterized every undertaking of the organization during its career of more than half a century." J. A. Reid, who has been connected with the agency for a number of years, will have charge of its automobile department. The New York Underwriters Agency has joined the National Automobile Underwriters Conference and will issue the latest approved forms of policy.

## FIRE LOSSES

Looking the country over as a whole we may observe a curious reaction in human nature. Those who make a profession, or the stepping stone to the profession, of "raising hell with fire insurance" invariably do it about fire insurance rates. You never hear them thunder against the vast property and life loss from fires that could be prevented. They never arraign the Government for not adopting and enforcing laws for honest building construction to reduce the susceptibility to fires. They never demand that personal responsibility for fires by carelessness and neglect be visited by personal liability for the result of it.

Not at all! But they keep up a thunderous clamor against the mere insurance rate, if from 98 cents it goes to \$1.01. The fire loss is always far greater than any insurance can possibly indemnify for by distribution and in addition the whole sum—insurance money and all—is a dead and total loss

to the community, yet the hue and cry is raised against the only thing that ameliorates the misfortune to the individual and not a whisper against the high rates of carelessness and neglect that makes the insurance rate a simple matter of mathematics.

As long as recklessness with respect to life and property is a common practice we may expect insurance rates to be high. You cannot cure a disease by treating the symptoms. The cause must be removed.

*Insurance Field.*

## HAZARDS OF ELECTRIC IRONS

One of the chief causes of the rapid increase in the number of dwelling fires, with resultant danger to women and children, is the multiplication of domestic electrical devices, and especially of electric irons. Most of these fires are due to defective installation and carelessness in operation. It is evident that the public must be educated on these hazards, especially as regards changes in the wiring and leaving the current on irons not in use, and that the authorities should improve their electrical inspection methods. A loss of \$25,000,000 a year from electrical fires, with hundreds of deaths, chiefly among women and children, is too heavy a toll to pay for the American habit of carelessness.

One of the remarkable developments of modern life has been the increase in the use of domestic electrical appliances. Housewives are looking for every possible labor-saving device, because of the difficulty in securing help, the appliance manufacturers are advertising widely, in order to sell their devices, and the electric light plants are also pushing their use as the means of increasing the sale of current. The result has been to introduce many serious electrical hazards into millions of homes, with a natural increase in the proportion of fires due to electrical causes from \$16,539,433 in 1916 to \$20,780,307 in 1918, while it is estimated that the loss in 1919 was \$25,000,000. Most of these were in homes, with serious danger to the lives of women and children.

The National Board of Fire Underwriters, which has been tabulating the causes of fires, investigated the electrical fires reported during a typical week recently and found that of 540 fires, 252 were caused by flat irons, 82 by defective cords and 206 by all other causes. The great hazard of electrical flat irons is that they are so frequently left standing with the current on, and although numerous devices have been developed to prevent this, they have not yet been made fool-proof. Misuse of properly installed electric cords by amateur electricians is also a cause of fire.



**WANTED**

Inspector wanted for a large Insurance brokerage firm. A knowledge of rating and sprinkler equipments desirable. Apply, in first instance, stating age and salary expected, to,

C. F. W.,  
Care The Chronicle, Montreal.

**WANTED**

A young lady as Stenographer and policy writer in a Fire Insurance Office. One having experience and a knowledge of both languages preferred. Address,

Stenographer,  
Care The Chronicle, Montreal.

**WANTED**

Junior accountant with experience in Fire Insurance. Apply to,

Queensland Ins. Co. Ltd.  
Montreal.

**WANTED**

By a large American Fire Insurance Company, an Inspector for the Provinces of Manitoba, Alberta and Saskatchewan. Apply to,

Inspector,  
Care The Chronicle,  
Montreal.

**WANTED**

By large Casualty Company, man to take charge of Western business in Winnipeg. Write fully, giving experience and salary expected, to,

Casualty,  
Care The Chronicle, Montreal.

**WANTED**

Young man in Marine Insurance Brokers Office, slight knowledge of business necessary. Excellent opportunity to learn business, Address,

Marine,  
Care The Chronicle, Montreal.

**WANTED**

A British Life Office invites applications for position of Inspector and Organizer in and for the City and District of Montreal. Liberal terms offered. Salary and commission. Applications, stating age, experience, with references, to be made in writing, to,

S. P.,  
P. O. Box 1390,  
Montreal.

**WANTED**

By a large American Insurance Company, a travelling Special Agent to handle Automobile business. Address,

Special Agent,  
Care The Chronicle,  
Montreal.

**WIDOW - THREE CHILDREN** - wants position as housekeeper; thoroughly domesticated, would go West; good home for children, more essential than remuneration. Box 124, Mail and Empire.

**WOMAN, GOOD COOK AND MANAGER**, desires home for self and child of 7 - small remuneration. Box 1216 Star.

**GENERAL HOUSEWORK - YOUNG MO.** - thorough, quick, capable worker will be glad to hear of a comfortable home, where she can help her baby with her. Box 194 Free Press.

**HOUSEKEEPER**, widow, desires post where both girl allowed. Box 4675 Telegram

## The Tragedy of the "Want Columns"

These advertisements from recent issues of daily newspapers tell heart-breaking stories. Called by death in the worktime of life--uninsured--the husbands of these women left widows to work or starve.

Don't let *your* wife come to this. Provide for her while you have the chance by means of an Imperial Life assurance policy.

**THE IMPERIAL LIFE**  
Assurance Company of Canada  
HEAD OFFICE - TORONTO

## NEWSPRINT PAPER CONSUMPTION FAR EXCEEDS PRODUCTION IN U. S.

Consumption of newsprint paper in the United States has increased 21 per cent. in the last five years, during which period domestic production of the commodity has shown a gain of only 5 per cent., according to a survey of the newsprint paper situation published in the May Commerce Monthly, the magazine of the National Bank of Commerce in New York. Although the present acute newspaper shortage is partly due to greatly increased use of paper in newspaper advertising, this lack of a normal increase in production is one of the principal causes of the stringency, the bank says.

In 1909, it is pointed out, the United States produced all the newsprint paper it used, but by 1919 it had become dependent on foreign sources for a third of its supply. Between 1899 and 1904 production increased 60 per cent. But between 1904 and 1919 the increase amounted only to 45 per cent.

"Canada's recent development as a newsprint producer has been much more marked than our own," the article states. "While only one plant has been constructed in the United States since 1909, Canada has increased her pulp mills 57 per cent. in that time. Her production in 1917 was 689,847 short tons, as compared with 1,359,012 tons in the United States. Canada uses between 10 and 15 per cent. of her own production and exports the rest almost entirely to the United States. Most of our foreign supply comes from Canada, but small amounts are also imported from Norway and Sweden."

Although imports of newsprint paper increased 98 per cent. in the last five years, this country's exports during the same period increased 81 per

cent. Argentina led the countries of the world in purchasing newsprint from the United States. During 1919 this country exported nearly a sixth as much newsprint as it imported.

## Fire Premium Increase in 1919 Indicates Larger Losses in the Future

Fire insurance is a business that makes the best of balance sheets a mere guess.

When this year was quite young and the enormous business in fire insurance for 1919 was being tabulated. The Insurance Field pointed out that the largely increased premium receipts would have the unfortunate effect of making it appear that the insurance companies had made enormous profits when as a matter of fact the result was wholly indeterminate. The increased values that brought forth last year's big premium increase would seem to take their place in the fortunes of new business upon which the losses require three years to become normal. The increase in liability reserve was also very great.

Now comes Commissioner Mansfield of Connecticut, a most experienced observer who comments upon the tabulated results from the same standpoint. He says:

The decrease in the percentage of losses incurred to premiums earned is the outstanding feature of the tables. This is due in large measure to the increased volume of premiums received on account of enhanced property values. It should not be taken as an indication of what may be experienced in the future as the same factor producing the premium increase naturally indicates larger losses in the future. The underwriting gain is nominal rather than real.

## BUSINESS INSURANCE

on the lives of the men who run the business is just as important as fire insurance on the property. Fire is a possibility but death is a certainty.

The ready cash from a Canada Life Business Insurance Policy at such a time will readjust matters and carry on the business as nothing else can do. Ask for particulars.

### CANADA LIFE ASSURANCE COMPANY

Home Office - TORONTO



**LONDON &  
LANCASHIRE  
FIRE**  
INSURANCE COMPANY  
LIMITED

**Security - - \$42,000,000**

**ONTARIO AND NORTH WEST BRANCH**  
14 Richmond Street, East, TORONTO

**PROVINCE OF QUEBEC BRANCH**  
164 St. James St., Cor. St. John St., MONTREAL



**LONDON &  
LANCASHIRE  
GUARANTEE &  
ACCIDENT**

<b>PERSONAL ACCIDENT</b>	<b>PLATE GLASS</b>
<b>SICKNESS</b>	<b>AUTOMOBILE</b>
<b>FIDELITY GUARANTEE</b>	<b>GENERAL LIABILITY</b>

Head Office, **TORONTO**  
Montreal, 164 St. James St.      Quebec, 81 St. Peter St.

# Mount Royal Assurance Company

**SURPLUS and RESERVES, \$1,416,740.57      TOTAL FUNDS, \$1,708,120.67**

**TOTAL LOSSES PAID, \$3,180,308.63**

Application for Agencies Invited

**Head Office - - - MONTREAL**

**P. J. PERRIN - - - - - Manager**

Established in Canada in 1821

1819 **AETNA (FIRE)** 1920

HARTFORD, CONN., U. S. A.

**Losses Paid over \$183,000,000**

J. B. HUGHES, Special Agent, WATERLOO, ONTARIO  
J. R. STEWART, Special Agent, 36 Toronto Street, TORONTO, ONTARIO  
R. LONG, Special Agent, 515 Yorkshire Building, VANCOUVER, B. C.

**Union Assurance Society, Ltd.**

OF LONDON, ENGLAND  
Fire Insurance since A.D. 1719

CANADA BRANCH, MONTREAL,  
St. L. BOURGEOIS, Resident Manager.

NORTH WEST BRANCH, WINNIPEG,  
W. H. BRUCE, Branch Manager.

**Agencies throughout the Dominion**

**EXCELSIOR**

INSURANCE      LIFE      COMPANY

**A Strong Canadian Company**

FOR PROTECTION OR INVESTMENT  
BUY EXCELSIOR POLICIES

**J. J. Robichaud, Prov. Man., Montreal**

**The Law Union & Rock**

INSURANCE CO. LIMITED, LONDON.      Founded in 1800

Assets Exceed - - - - - **\$50,000,000.00**

Over \$10,000,000 invested in Canada  
FIRE and ACCIDENT RISKS accepted.

Canadian Head Office: 277 Beaver Hall Hill.  
MONTREAL

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### INVOLVES NOTICE OF CANCELLATION *Jury Holds Company Failed to Terminate Liability*

A case of very great interest to fire insurance companies, and which, if sustained on appeal, will have the effect of causing many of the large companies to redraft their notices of cancellation which are sent out in cases where the premium is not paid by the insured, has just been decided in Trial Term, Part XIII, before Justice Cohalan and a jury, New York.

According to the evidence adduced at the trial, the North British & Mercantile Insurance Company on July 1, 1917, issued to the estate of George Patterson a policy of fire insurance in the sum of \$10,000, for which the premium was \$181.45. The policy covered the assured for one year. On September 20, 1917, the premium never having been paid, the company sent the assured the following notice, which the assured admitted having received on September 23, 1917.

"Dear Sir.—The premium remaining unpaid on Policy No. 1529913, issued to you by this company at this office, covering on stocks and machinery situate 112 Fourth avenue, this company hereby notifies you that it elects to cancel said policy in accordance with lines 51-55, inclusive, thereof.

"All liability thereunder on the part of this company will cease and determine at the expiration of five days from the receipt by you hereof, unless during such period the full premium of \$181.45 is paid." *Premium Never Paid.*

It was admitted at the trial that no part of the premium had ever been paid, and the company claimed that the notice constituted an effective cancellation of the policy, and that on January 8, 1918, at the time of the destruction of the property by fire, the company had no valid insurance thereon. It further appeared that on January 2, 1918, six days before the fire, but three months after the expiration of the notice of cancellation, the insurance company placed in the hands of a lawyer specializing in collections a claim for earned premium from July 1 until September 28, which concededly was \$42.75.

Instead of demanding this amount, however, the attorney wrote to the assured on January 2, 1918, the following letter:

"Dear Sirs.—The North British & Mercantile Insurance Company has handed me for collection your account of \$181.45 premium on its policy No. 1529913, covering property at above address, one year from July 1st, 1917; Mr. H. L. Holly, broker. It is understood that this policy has been cancelled, and that, upon the return thereof, settlement may be made on the earned premium basis of \$72.58; otherwise we will sue for the full amount thereof. Please advise me by return mail whether this item can be adjusted without suit, and oblige,

It further appeared that on January 12, 1918, four days after the fire, the attorney commenced an action in the Municipal Court to recover the sum of \$72.58 as an earned premium, at the same time stating in the complaint in that action that the policy had been previously cancelled, but did not give the date of cancellation. The action was subsequently discontinued by consent. The plaintiff claimed upon the trial that the notice of September 20, 1917, was ineffectual to cancel the policy, because said notice, instead of being an unequivocal cancellation, was a conditional cancellation, that is to say, that the policy "would be canceled unless" the premium was paid, and that such a notice, being as he claimed, a conditional and not an absolute one, did not in fact cancel the policy.

He also claimed that the letter from the attorney dated January 2, 1918, was a waiver of the cancellation, assuming that one had been effected, and even though the \$72.58 was not in fact paid, this letter revived the policy and the same was in force at the time of the fire. It was proven that the \$72.58, if it had been paid, would have carried the policy to November 1, 1917, that is, past the date of cancellation but not up to the date of the fire.

#### *Questions of Fact to Jury.*

The Court was asked to instruct the jury as a matter of law that the cancellation notice of September 20, 1917, having been received by the insured and no part of the premium having been paid, the policy came to an end five days after the receipt of the notice, to wit, September 28, 1917. This the court refused to do but left the effect of the notice to be decided by the jury as a question of fact, that is, as to whether the notice did in fact cancel the policy or did not.

The court also left to the jury the effect of the letter of January 2, 1918, that is, the jury were required to determine whether in the face of this letter the policy had in fact been cancelled or if cancelled was revived or the cancellation waived. The plaintiff offered evidence that he had suffered a loss of upward of \$19,000 and upon this issue the defendant offered no evidence in contradiction.

After deliberating for five hours the jury rendered a verdict in favor of the plaintiff for but \$3,000, although the policy called for \$10,000. It is understood that the company will take an immediate appeal to the Appellate Division, as it has been sending out this form of notice of cancellation in cases of non-payment of premium for a considerable period of time under the belief that it was effectual to cancel its liability.

Hugo Wintner represented the estate of George Patterson. William Otis Badger, Jr., and Joseph Thurlow Weed appeared for the North British & Mercantile Insurance Company.



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