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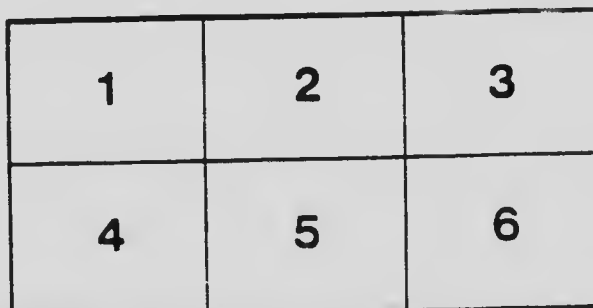
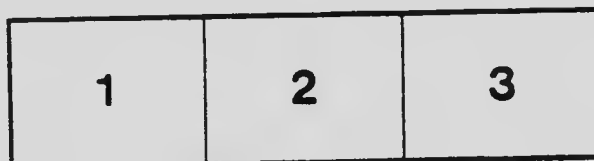
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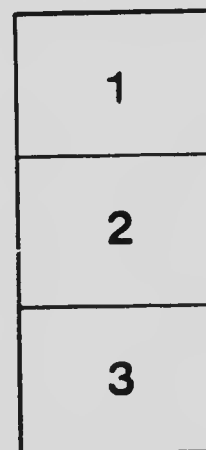
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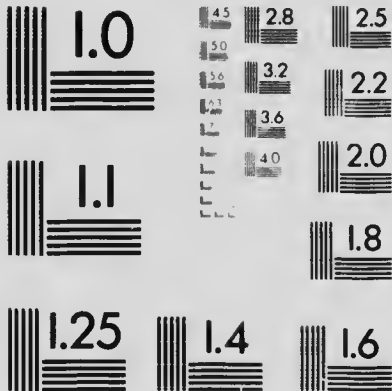
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A Serial Paper in three
parts. read before the
Insurance Institute of
Montreal, October 7.
1901.

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CANADA

A SERIAL PAPER IN THREE PARTS

*Read before the Insurance Institute of Montreal,
October 7, 1901.*

PART I.—Canada : Its Forms of Government.

By MR. R. PREFONTAINE, K.C., M.P.,
Mayor of Montreal.

PART II.—Canada : Its Commerce.

By MR. E. B. GREENSHIELDS, B.A.,

PART III.—Canada : Its Insurance Interests.

By MR. E. P. HEATON,
Manager Guardian Fire and Life Ass'ce Co. (Ltd.)

**PUBLISHED BY
THE INSURANCE AND FINANCE CHRONICLE
MONTREAL**

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PREFACE.

We have received many requests to publish, in pamphlet form, the account of the Special Meeting of The Insurance Institute of Montreal, held on October 7, 1901, with the Papers read on that occasion, all of which appears in our issue of October 11.

In complying with the requests thus received, we have to express the hope that the publication may serve to stimulate loyalty to "Our Dominion" and be of benefit to the Montreal Insurance Institute.

THE CHRONICLE.

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PART I.

CANADA—THE FORM OF ITS GOVERNMENT.

BY MR. RAYMOND PREFONTAINE, K.C., M.P.,
MAYOR OF MONTREAL.

When I was first approached on the subject of delivering a short address before this Institute, although I felt very proud of the invitation to come before such an important body, I was very much disposed to ask to be excused. I really did not feel that any subject I could address you upon with advantage would be of any special value to gentlemen in your business, and I hesitated to inflict upon you an address which might not be acceptable. Consequently, I hesitated, for if there is anything I pride myself upon, it is that I always try to be thoroughly practical. I should hate to consider myself a bore. I was reflecting with the most sincere regret upon the prospect of having to decline your very kind invitation, when your Honorary Secretary Mr. B. Hal Brown, saved the situation by suggesting that an address on the Constitution of Canada by me would be acceptable and interesting. I at once gladly took Mr. Brown's word for it, and since accepting his proposition, I have realized that probably you, gentlemen of the insurance business, will find something to interest you, and perhaps something really useful in a short memorandum on the more salient points of the Canadian Constitution, and some facts about what we may call the governing machinery of this Canada of ours, particularly with relation to insurance legislation and business taxation. Naturally, time forbids anything like a complete exposition of this very comprehensive subject, and it is my intention to be very brief.

The simplest form of government, originally instituted in the world by the Almighty Himself, as mankind increased into families and tribes, was Patriarchal. There succeeded

among the people of history, at least, the Theocratic form of government, and it was followed by the Monarchical form. Two other forms of government have since existed in this world, viz., the Patrician and the Republican. Of all these forms of government, only two exist in the world at present—the monarchical or regal, and the republican or democratic. The form of government under which we live in Canada has been variously described as a crowned republic, a republican monarchy, and so on. I should describe it as the most popular, the most free and best form of constitutional monarchical government.

Our Constitution is primarily founded upon that of England. In it are incorporated the Common Law of England, and those great national compacts which have been entered into from time to time, modified as they have been by Acts of the Imperial and Canadian Parliaments. The English Constitution, after which ours is modelled, "comprehends," says Lord Somers, "the whole body of laws by which the people are governed, and to which, through their representatives in Parliament, every individual is presumptively held to have assented."

This colossal assemblage of laws is distinguishing from the term "government," according to the great Lord Bolingbroke, as follows: "The Constitution is the rule by which the sovereign ought to govern at all times, and the government is that machinery by which he does govern at any particular time."

The Common Law of England, I might remark here, which is incorporated in the Constitution, is an ancient collection of unwritten maxims and customs (*leges non scriptae*) of British, Saxon and Danish origin, which have prevailed in England from time immemorial. I should perhaps add a few remarks as to the great historical and fundamental compacts which are consolidated into the Constitution of England, and have had a very important part in forming the Constitution of Canada.

The Magna Charta, chiefly derived from the old Saxon Charters wrung by the English nobility from weak kings, signed by John at Runnymede, in 1215, and finally confirmed

by Henry III. in 1224, secures to us personal freedom, a constitutional form of government, trial by jury, free egress to and from the kingdom, and equitable and speedy justice.

The Charter of the Forests, granted by Henry III., in 1217, restricted the royal privileges and prevented kingly trespass upon private property. It was a consecration of the principle of private ownership.

The confirmation of the Great Charter, during the reign of the first Edward, in 1297, forbade the levying of taxes without the consent of Parliament. The Petition of Right, a parliamentary declaration against the execution of forced loans to the King, was assented to by Charles I. in 1627.

The *Habeas Corpus* Act, founded on the old Common Law of England, was passed in the reign of Charles II. in 1679. It compels persons in charge of a prisoner to bring his body and warrant of commitment before a judge within a specified time, so as to enquire into the legality of his arrest. The judge's writ of *Habeas Corpus* may be demanded as a right, and cannot be refused under penalty of a fine.

The Declaration and Bill of Rights was based upon the Petition of Rights, and was passed in the first year of William and Mary, 1689, and, among other things, further declared the rights and liberties of the subject.

Besides these compacts, various important Imperial Acts are embraced in the Canadian Constitution, among them, Acts relating to religious toleration, to the limitation of the royal prerogative, to the independence of the judges and Parliament, to the freedom of the press, to the abolition of slavery, to Catholic emancipation, etc.

I have gone into the question of the original basis of our Constitution for the purpose of drawing attention to a fact too often forgotten in Canada, namely, that our Constitution is not an institution of mushroom growth, or even a development of a century of colonial political agitation, but is a system of laws, based upon centuries of earnest, courageous, persistent struggles for just and equitable government in that pre-eminently law-abiding and liberty-loving little Island in the North Sea, which is at once the heart and the mailed fist of this great Empire of ours.

Now, let us turn for a moment to the study of what I might call the Canadian development of our Constitution. The present system has been a slow and painful growth. It is pleasant to be able to say that even the scars and fierce constitutional struggles have disappeared. It is, while almost entirely a product of the British regime, not completely so. Political development under the French rule was hardly to be expected. It was the rule of an autocratic monarchy, controlled by the commercial greed of individuals and of great corporations, but glorified by the achievements of sundry great men and daring heroes. There were occasional protests and a certain amount of factional fighting in the Colony; but no well defined political parties or **even party** platforms were evolved. For the last 100 years preceding 1760, the Governor had an appointive consultative Council, which, with the Governor and the Intendant, exercised at once executive, legislative and judicial functions.

Under British administration, the improvement was at first very checkered. The Treaty of Paris, in 1763, ceded Canada to the Crown of England, securing to the people of Lower Canada the free exercise of their religion, laws and institutions. In 1763 the English criminal laws were introduced into Canada by royal proclamation; but by the Quebec Act of 1774 this proclamation was annulled, and the ancient "Coutume de Paris" restored in civil matters. This Act also perpetuated the English criminal laws, placated the French Catholic population and incensed the English Protestant one. As a result of this race feeling, the Constitutional Act of 1791 divided the colony into Upper and Lower Canada, and at same time introduced the representative system of government. Then followed the rebellion, succeeded by the Union Act of 1840, which united Upper and Lower Canada into one Province, under one government. Confederation of Canada, under the British North America Act, 1867, was the key-stone of the Canadian Constitution. The country had passed through almost every variety of constitutional experience and appeared to know just what was wanted. An unwritten chapter of Canadian History is the record of kindly help and invaluable assistance rendered

by the mother-country, and especially the Home Parliament at this time.

It is not necessary to go very fully into the provisions of the British North America Act; suffice it here to draw attention to the fact that under the terms of the Act, the Dominion Parliament was to have control of the general affairs of the Dominion, "including matters not specifically delegated to the Provincial authorities." The first subject enumerated as within the special authority of the Dominion Parliament, was "the regulation of trade and commerce; the fifth, navigation, shipping, quarantine and the coast and inland fisheries; the seventh, banks, weights and measures, bills and notes, bankruptcy and insolvency.

The specified subjects directly affecting the financial interests of the country, which were placed under the control of the Provincial Legislatures, were as follows: direct taxation within the province; the borrowing of money on the credit of the province; questions affecting property and civil rights; licenses to auctioneers, saloons, taverns and shops; municipal institutions.

It will be observed that there was no special reference in the Act to the regulation of insurance interests, though the necessity for government regulation of such must, I am sure, be recognized by all. Of course, it must be remembered, as all here will, that the insurance business, in 1867, was far from being as important as it is to-day.

It was 1869 before the first official fire insurance list was compiled, and it showed fire policies aggregating, \$171,540-475; premiums received, \$1,785,539; losses paid, \$1,027,720,—as a result of the year's business. Twenty years after Confederation, viz., 1897, the fire insurance of Canada, for that year, was represented by the following figures: amount of policies taken, \$657,098,308; premiums received, \$7,214,614; losses paid, \$4,670,549. This does not include the business of companies operating under provincial licenses. The aggregate figures would show that since 1869 the amount of fire insurance, annually effected in Canada, has multiplied nearly four fold.

The first official statement of life insurance available is

that of 1875, which showed the total amount of life insurance effected during that year of \$15,074,250, as against \$44,341,198, shown to have been effected by the statement of 20 years later, during 1895. I might perhaps remark here, by way of explanation, though it is perhaps unnecessary before my present audience, that fire insurance in Canada dates from the beginning of the century, life insurance from the late forties.

I have accomplished two things by quoting the few figures mentioned in the preceding. I have given an idea of the comparative insignificance of the insurance business at the time of, or in the years following Confederation, and I have briefly indicated its rapid growth and present vast importance. Such a far-reaching business certainly deserves recognition in the Constitution of the country, and the earnest attention of the Government. Judge Gwynne, of the Supreme Court of Canada, in rendering judgment in an historical insurance case some years ago, well expressed the importance of fire insurance to the country. He remarked: "When we consider that, but for the business of fire insurance, the trade and commerce of the world could never have attained the magnitude and success, and the exalted position which they have attained, we may well say, in my judgment, that the trade of the fire insurance is, *par excellence*, the trade of trades, without which all other trades would have dwindled and decayed." And equally strong words might assuredly be used in speaking of the wide reaching importance of life insurance,—the investment and protection of the private citizens, his creditors, his wife and his children.

Had the Act of Confederation been passed a few years later than it was, the regulation of the insurance business would doubtless have been specifically detailed as pertaining exclusively either to the Dominion or Provincial Governments, probably to the former. That such distinct specification was omitted from the Act has been the cause of much trouble, some litigation and, I fear, more or less injustice. You all remember the law suits between the Dominion Insurance companies and the Ontario Government over the question of the right of the Provincial Government to tax and regulate the business of insurance companies, even those

holding Dominion licenses, doing business in the Province of Ontario. The companies took the ground that having paid the Dominion license fees and complied with the Dominion regulations, it was unjust to expect them to pay for a provincial license, and to conform to a new set of government (provincial) regulations. The main constitutional contention of the companies in these suits was that the insurance business came under the term "Regulation of Trade and Commerce," in the British North America Act, and was consequently a Dominion matter. The constitutional contention of the province was that insurance contracts came under the clause "Property and Civil Rights in the Province." The case went to the Privy Council and was decided against the companies, the judgment setting forth that "Their Lordships abstain, on the present occasion, from any attempt to define the limits of the authority of the Dominion Parliament in this direction. It is enough for the decision of the present case to say that, in their view, its authority to legislate for the regulation of Trade and Commerce does not comprehend the power to regulate, by legislation, the contracts of a particular business and trade, such as the business of fire insurance in a single province, and, therefore, that its legislative authority does not, in the present case, conflict or compete with the power over property and civil rights, assigned to the Legislature of Ontario."

The great constitutional point at issue was left undecided, and is still so, but the conflict of authority has been got around I can hardly say, "been got over," by a compromise, under which the Dominion does not interfere with Provincial Companies, while confining their business within the limits of their own province, and the provinces do not interfere, beyond the imposition of Provincial license fees, with companies licensed by the Dominion. So, we have the insurance business, and even individual insurance companies, paying taxes to both the Dominion and the Provincial Governments, and we have the Provincial Governments delegating to municipalities the right to tax the companies still further.

I do not propose to discuss the question as to whether

your business is over-governed and over-taxed, for you know from experience far more about that than I do. You are all men of sufficient experience, judgment, public spirit and true patriotism to realize the justice of equitable taxation. You, who are masters in the art of insurance appreciate the importance of such institutions as the militia, quarantine, inspections of various kinds, light-house and buoy services, police forces and fire brigades, etc., etc. Such institutions constitute what may be fitly described as the country's system of national and municipal insurance, and are of direct value and importance to the insurance companies. And such institutions cannot be maintained without money. Even, the Insurance Department at Ottawa, is not altogether a money-making device of the Government, maintained for the purpose of squeezing all the money possible out of the money bags of the Insurance Companies. The system of inspection, the exaction of deposits, the license fees, all serve as a protection to the public and to the companies themselves, and help to make assurance doubly sure.

If, as is often elaimed, the exactions of the Dominion, Provincial and Municipal Governments bear too heavily upon your business, the history of the development of our Constitution,—in fact the Constitution itself,—hold out to you the hope that you will obtain the remedy in time.

You will have observed that the development of our Constitution, during many centuries, has progressed along clearly defined lines—the liberty of the subject, the protection of vested interests, the public good, the equal share of every citizen in the government of the country.

If insurance men, or business men generally, desire improvements in the system of government, or changes in the administration, it is their own fault if they do not secure them. The Constitution is framed so as to give us exactly what we desire, and determine to have in the way of legislation and administration so long as it is just. If, by this address, I have brought this fact to your attention, even for a few minutes, I consider that I have not occupied your time in vain.

I have no patience with those who flatter themselves upon

being practical business men, who are content to grumble at the iniquities of the laws governing them and to censure the men who represent them in public positions, and who, nevertheless, at election day, are too indifferent to go to the polls to cast their ballots. A country's Constitution may be a very model of statesmanship and political wisdom, as I believe ours is, but it must count for nothing without the men of light and leading in the country take a direct and lively interest in its application. The holding aloof of a very large proportion of the most influential business men of Canada from politics is not a hopeful sign. I wish business men would follow the example of Europeans rather than Americans, in this respect, and can assure them that the better class of Canadian politicians, especially the parliamentarians of experience, wish sincerely they would, for the keener the interest taken by the most active minds of commercial life in political affairs, the better for politics and for those politicians who really are in public life in the hope of being useful to their country and to their fellow-countrymen.

PART II.

CANADA—ITS COMMERCE.

BY MR. E. B. GREENSHIELDS, B A., MONTREAL.

It is with diffidence that I make a short address this evening on the Commerce of Canada, a subject all important to Canadians. I feel very much honoured by being asked to speak, but I think I am a member of this honourable association, under a sort of false pretence, as I am not an insurance man. Had I the tact, agreeable manner and easy flow of language we find in the gentlemen connected with Life Assurance who pay us such pleasant visits, I might hope to treat this subject in a proper way. As it is, I must ask you to be lenient with me.

I understand the term "Commerce" not in its restricted sense, as referring only to the exchange of commodities, but rather as meaning all the products and business of the country, that is everything connected with, and that affects, its earning power.

The commerce of a country may be compared to the heart in the human system. It finds the health giving fluid in the fields, the mines, the factories, and by its mighty pulsations drives this stream of energizing power through every artery in the land, a circulation which nourishes and enriches wherever it goes. Those who are engaged in the affairs of the country represent the head and the brain. As long as the head sees that proper economic laws are followed so long does the giant heart of Commerce keep the whole system in perfect health. But if these laws be broken then follow ill-health and disease, and, if proper remedies be not applied, disaster. It is, therefore, of the utmost importance to every citizen, that Commerce be governed by legislation suitable to its needs and wants so that the wealth-giving products may be used to the fullest and wisest purpose.

It may not be considered an Irishism, if I begin by stating what was expected of this country before it had any commerce at all. You are all aware of the historic visit paid by Jacques Cartier to the top of Mount Royal. He hoped and believed that he saw before him in the West the direct road to China and all its treasures. This proved a truly prophetic anticipation. The dream has been realized, and now from the shining rails of the Canadian Pacific Railway is reflected the highway from the Atlantic to the Pacific; and over that road is carried not only the products of the East and of Europe, but also vast harvests of grain from Manitoba, minerals from the Kootenay, and gold from the Yukon; wealth unimagined even in the dreams of the early discoverers of the country.

I do not intend to give you a lot of dry figures about the business, the products and the manufactures of Canada, as they appear at present. The Cynic said that of all lies the worst were Statistics. But the few figures that follow do not come into this category, as they represent solid facts. The last returns at my disposal are those of the fiscal year ending 30th June, 1900.

The Revenue of Canada was	\$51,029,904
The Expenditure	42,975,280
The Tonnage of the shipping coming to Canada	7,262,721
The Imports into Canada	189,622,513
The Exports from Canada	191,894,723
Of which the produce of Canada itself was	168,972,306
The Railway mileage was	17,657
With gross earnings of	70,740,270
Of which there was used for operating expenses	47,699,798
The Chartered Banks had a paid-up capital of	64,735,145
And Assets of	440,348,102
And the Post Office Savings Bank had on deposit	37,507,456

To show the growth of the country since 1868 the first year of Confederation, I may mention in round figures that The Revenue was then 13 millions against 51 millions in 1900, The Shipping was 2 million tons against 7 millions in 1900, The Imports were 73 millions against 189 millions in 1900, The Exports were 57 millions against 191 millions in 1900.

The Railway mileage was 2 thousand against 17 thousand in 1900.

The Chartered Banks' capital was 30 millions against 64 millions in 1900.

And their Assets 77 millions against 440 millions in 1900.

To tell how much the exports of Canada may be increased, you have only to read the year book published by the Department of Agriculture, and see the percentage of exports from all countries to Great Britain. To mention only a few items, in wheat we exported in 1900, eight million dollars out of a total value of 108 millions; in flour five and a half millions out of 52 million dollars; in butter five millions out of 84 millions. The trade in butter has been increasing in the past few years, owing to more correct principles being applied, but the above is our small proportion, while Denmark sent to England **forty-four per cent.** of all the **butter she** imported. Let us hope that our exports of this will increase, until something like the proportion is reached that we find in Cheese, where over nineteen millions dollars in value was sent to England from Canada out of a total of thirty-three million imported. This is a fine example of the way a product can be increased in value and amount by the application of proper economic laws.

The figures I have given show to what a size the Commerce of Canada has grown, and this is only a beginning, a promise of what is to come. We have all the necessities of a self-supporting and exporting nation, a fertile soil, lumber, coal and minerals in quantity, factories of all kinds, flour mills, furnaces for producing iron and steel. We only wait for a larger population to insure a vast increase in the Commerce of the country.

There are some misconceptions about Canada still heard of, even with the knowledge that is abroad at the present day. The climate has been very much misrepresented. Some visitors happen to meet with a few days of intense cold, others come in Summer in one of our not very numerous weeks of great heat, and the report goes out on the one hand that the country is too cold to live in, and on the other too hot for existence. The fact is that we have a very healthy and pleas-

ant climate, and it is well-known that the finest quality of grain grows in just such countries where the temperature is decidedly cold in winter, and warm in summer. There is also ignorance often shown about the Geography of Canada, and about our customs. I heard of a lady in England saying to one who came from the city of Quebec, "I suppose you frequently see the Falls of Niagara." "Oh, yes," was the reply, "I often take a morning walk there before breakfast," adding "it is only about five hundred miles." And at the time of the Queen's Jubilee in London, a lady of rank sent an invitation for a garden party to some Canadians. It was a very pleasant letter and very kindly expressed, and she ended by saying, "Please come in your native dress!" But this state of affairs is nearly passed away, and our country is getting well known to be the goodly and pleasant land it really is. In this connection I wish to mention the great debt Canada owes to our illustrious and beloved honorary President, Lord Strathcona, for the dignity with which he represents this country as High Commissioner in London, for his energetic and persistent spreading abroad of correct information about us, for his generous benevolent and educational contributions and for his recent princely gift to the British nation.

All honour to our great First Citizen!

There are many questions that naturally come up for consideration in connection with the Commerce of Canada, such as the necessity of sufficient protection for the manufactures of a young nation, or the advantages to the Empire at large of closer federation, and the obtaining of Great Britain's food supplies from her own colonies, but the time allowed to me does not permit any reference to these, and other matters.

I would like, however, to say a few words on one subject that has an important bearing on Commerce and the National Life-Imperialism, or expansion. I do not object to the former term, provided the right kind of Imperialism is meant, that is, one accompanied with perfect freedom. The opponents of Imperialism point to History to show its evils, and say it was this that ruined the great nations of Greece, Macedonia and Rome. But I think that the loss of power by these nations is otherwise accounted for.

The Greeks were never able to unite their own great cities into one nation. Not able to govern their own country, how could they be expected to rule their colonies, and the people they conquered?

The vast Macedonian Empire was the work of one great conquering king, and when his mighty arm fell powerless at the summons of the conqueror of all, his empire crumbled away.

Rome was the grandest colonizing power of the ancient world, and ruled its vast possessions with vigour. It lost its power only when it succumbed to the enervating influence of the East, and allowed itself to be ruled, and its emperors elected by a band of soldiers who dominated the capital. It was a false Imperialism that destroyed the sturdy spirit of the early Romans, and made them slaves. It was this that ruined Rome, and made it the "Lone Mother of dead Empires."

"This is the moral of all human tales,
'Tis but the same rehearsal of the past,
First Freedom, and then Glory; when that fails
Wealth, Vice, Corruption."

Yes! that is true of Imperialism joined to slavery, but the world has not known until modern times an Imperialism joined to Freedom. Such is the Imperialism of Great Britain. Whatever may be said of its conquests of territory, there can be but one opinion that the happiness of its subjects is its aim. Take the recent case of Egypt. When Great Britain entered the land, it was impoverished, its government in debt, the fellaheen oppressed and in slavery. Look at what a few years have done. The life-giving Nile has taken again its ancient power, nay! that power has been vastly increased by immense new reservoirs, and irrigating canals, built with all the skill of modern engineering, the debt of the land has been reorganized, the fellaheen who have been abject slaves since the time of the Pharaohs, with no protecting law to appeal to, miserable because absolutely hopeless, are now free and contented, guarded and governed by the same laws that apply to all others. An Imperialism like this, carrying with it in its expansion of the Empire, such benefits,

and such freedom for all its subjects cannot but be a great power for good.

The different nations of the world have strong characteristics that distinguish them from each other. The French excel in wit, imagination and artistic feeling, the Germans in thoroughness, and so on. The striking feature of the Anglo-Saxons is their capacity for government, a faculty of strong common sense applied to affairs, a rare gift. Though revolution and war play havoc in the land, history shows that the people do not lose their heads, but though for a time apparently unsuccessful, they always emerge in the long run, with more freedom than before. And the liberties they have won for themselves they give with a free hand to their colonies and subjects. Many and serious mistakes they have made in the past, but in some way or other, their innate political capacity enables them to find a way out of all difficulties. This has been the history of the British people, and very like it is that of the other great English-speaking people of the United States. They are one with us in origin, in language, and in laws, and they have inherited the Anglo-Saxon faculty of always finding some satisfactory way of solving their political problems. I think everything points to the time being near at hand, when the people of the United States, for whom we have so great a respect and regard, will be united in heart and thought with Great Britain. Who can predict the good that will follow from such a cordial union of the two nations, marching forward, together, under the banner of "Liberty now and forever?"

Great as are the resources and Commerce of Canada, we must remember that commercial success will avail little unless we ever keep before us a lofty ideal of what our nation should be. Let us ever remember the Lion from whose loins we sprung, and let our proud boast be that we are citizens of the glorious British empire, whose possessions encircle the globe, whose laws are liberty, whose subjects are free. Would that we all could say

"I do love

My country's good, with a respect more tender,
More holy and profound, than mine own life."

Canada has always been loyal to the mother-land, and she has shown her loyalty recently by sending her sons to join the forces of Great Britain, in the War of South Africa. Close as has been the connection between us in the past, it has now been riveted into a chain which time itself cannot break by our struggles on the field of battle, in common, by our victories: in common, by our sorrows: in common, for all the brave soldiers who have given their lives for **their** country.

" By Fairy hands their knell is rung,
By forms unseen their dirge is sung:
There Honour comes, a pilgrim gray,
To bless the turf that wraps their clay,
And Freedom shall a while repair,
To dwell, a weeping hermit there."

PART III.

CANADA—ITS INSURANCE INTERESTS.

By MR. E. P. HEATON, MANAGER OF THE GUARDIAN
ASSURANCE COMPANY.

The task assigned to me is to clothe in presentable garments an array of figures touching the insurance interests of our Dominion that we may appreciate how great is the business in which we are engaged. It is eminently fitting that the serial paper on Canada should close with special reference to our business interests, and no excuse need be offered to the members of the Insurance Institute for granting a place on the programme to this topic.

Consider for a moment, if you please, in the abstract, the question of the relation insurance in all its branches bears to the growth and development of a country's prosperity, and, whilst all I may have to say on this point is applicable to all countries, it is emphatically and pre-eminently true of a nation emerging from infancy and youth to the years of maturity and full-grown manhood.

In a new and progressive country two important conditions are found to exist; both are inseparably associated, and, in turn, both derive benefit from, if they do not altogether depend upon the support and protection afforded by the insurance companies in the various branches of their business. The two conditions I refer to are: first, the lack of individual capital to meet the necessities of legitimate commerce; the second, is the lack of accumulation of personal independent means to support one's dependents without the withdrawal of such means from the channels of trade and commerce, and the consequent distress and disabilities such withdrawal would probably entail.

In the first condition the country primarily relies upon its banking facilities, and in this respect no country on the face

of the earth is as well served as the Dominion of Canada, and in Canada no bank stands for greater stability and strength, and no bank reflects the prosperity of the country greater than does the Bank of Montreal, of which for so many years past the noble and distinguished Chairman of this evening has been the presiding genius. I offer no apology for this digression. But to return, whilst the banks of the country find the money to supply the deficiency in capital every mercantile loan made by them is under a guarantee against pecuniary loss arising from such contingencies as fire, or by shipwreck or disaster at sea. In the harvesting, storing and shipment of the products of our Great Northwest every bushel of wheat stands protected on land by the fire insurance policy and on the inland waters or the ocean by the marine insurance policy; so, amongst many other things, with our allied industries of lumber, butter and cheese. Without this protection the banks make no advances; their money chests are barred, bolted and locked, not a copper is forthcoming. Is it, therefore, unfair for me to say that the lack of capital is supplied only under the protection of "insurance," and that without it the wheels of commerce would stand still, the nation's growth be stunted and dwarfed, and blank, dismal ruin stare us in the face? I deal only, in this way, with the products of the country, for they are the country's natural wealth, and I do so because it enables me to give due and proper appreciation to the protection of the marine policy; but, what shall we say on this point as concerning that part of the country's wealth which is found in its factories and warehouses, its stores and residences, its churches, schools and colleges, its hospitals, asylums and charitable institutions, and the remainder which one cannot name or number. Withdraw your fire insurance protection, and the loan and mortgage companies retire their loans, and, like the banks, hold what they have got and seal their vaults against possible despoilers. Withdraw your fire insurance protection and towns devastated by conflagration remain but a forest of chimneys, even although a sympathetic world rushes in with offerings of magnificent and unparalleled liberality; withdraw your fire insurance protection and the workman, whose home is destroyed, perhaps containing his all, loses his years of

self-sacrificing labour and the dollars so hardly earned, yet more hardly saved ; the trader is reduced to indigence ; the prosperous merchant to poverty ; the factor to the ranks of the operative, and from every side there comes the despairing notes of those who for lack of your protection are forced back into the struggle and bitterness of life's great trials.

Surely I cannot emphasize the importance of our business interests, in relation to our fire business only, by any stronger illustration than that the people of *this country* last year paid for and received the protection of fire insurance policies to a value exceeding \$800,000,000 (\$803,428,654.)

The second condition met with in all new countries is the lack of accumulation of personal independent means to support one's dependents without the withdrawal of such means from the channels of trade and commerce. I would not have you understand this to be a full or comprehensive statement of the case, its limitations are evident, and in its relation to the importance of other branches of the insurance business we must give it its full and wider scope. You will readily perceive that the primary reference here is to life insurance, and yet before the importance of that particular branch is touched upon it will surely not be out of place to refer, though but in a more casual way than the subject deserves, to the protection afforded by the Accident Insurance to the wage-earners, to the employers of labour and to the large number of those who by disablement or by accidental death participate in its advantages and benefits. In this particular branch more than \$100,000,000 (exact amount \$102,340,333) was last year under guarantee by the Accident Companies, whilst half a million dollars was distributed amongst claimants, not by any means a result that should be lightly passed over; yet I fear I must be satisfied with this brief reference to this branch, for whilst perhaps it has less bearing upon the prosperity and development of a country than either the Fire or Life branches it must not be overlooked.

What pictures might we not draw of the manifold advantages of the Life business, its munificent provision for the widow and orphans, to say nothing of the untold and incalculable benefits to those who, in old age, without other resources,

are maintained in comfort by the returns received from their judicious savings of early years in the way of premiums under life or endowment policies. It would not be difficult to bring home to you by homely illustration the incalculable value of the system of life insurance, and, if I do not take up your time in pursuing this line of thought and illustration, it is only because I am firmly convinced there is not the slightest necessity therefor. We know the value, we believe in the system, it is an acknowledged universal want adequately met, and it is not, therefore, to be wondered at that in Canada alone at the close of last year the enormous sum of \$543,808,346 was actually in force with the various Life Companies, every dollar of which was under absolute protection and ready to be paid when the time of the maturity of the claims shall come.

Oliver Wendell Holmes, in his early days, ere he had obtained his Medical Degree and ere his reputation as a prose writer had been established, was given to writing pastoral poetry, much of which has been forgotten and much of which deserves to be buried in the dim and distant past. In one of these pastoral pieces whilst addressing a festival in the Berkshire Hills says :

"Take a whiff from our fields and your excellent wives,
"Will declare its all nonsense insuring your lives."

With fields as goodly as any the Divine Creator ever planted in the loveliest and most fertile of countries, Canada's answer to the poet's scornful utterance is life insurance in force to the extent of over five hundred million dollars, and I mistake the temper of the Canadian women if they would voluntarily surrender a dollar of their heritage.

I would not have you think that in the two abstract questions I have propounded I have exhausted the proof of the greatness of our business interests. I have but touched upon its greatness in the light of the protection afforded, and yet ere I pass from this phase of the question pause a moment and take in the enormity of the interests thus dealt with :—

The total amount of insurance in force in Canada at December 31st, 1900, as returned to the Dominion Government is as follows :—

Fire Insurance.....	\$992,332,360
Life do	543,808,346
Accident do	102,340,333
Guarantee Ins.....	22,059,969
	<hr/>
	\$,660,541,008

To this might be added at least a further sum of \$261,000,000, representing the business of provincial companies not now taken into consideration.

Is it possible to offer more convincing proof of the vastness of the insurance interests of the Dominion, or to more clearly justify the existence of such institutes as ours.

But let me follow up the subject by showing you the importance of the business interests we represent by reason of our financial responsibilities. Remember for every dollar that comes to the company a corresponding liability is established. Wealth is not what one is possessed of, but what one possesses when his liabilities and debts are discharged. Every dollar paid to an insurance company is paid to the company to hold and account for; the companies are, therefore, but stewards and trustees and it is theirs to hold and invest judiciously that, like the faithful servant, the one talent may multiply into ten. Do not be carried away with the popular and erroneous notion that what a company holds is theirs, not so, it is the people's to be administered with care. Thus, it is this very administration of trust funds which constitutes the responsibilities in the financial world. Let me give you the amounts thus held by the various insurance companies in Canada, on December 31st, last : -

Assessment Life Companies.....	\$ 5,293,227
Old Line do	59,504,066
* Fire do	24,111,571
Accident and Guarantee Com.....	1,676,086
	<hr/>
	\$90,584,950

Of this amount there is deposited with the Government of Canada, for the protection of the Canadian people, the sum of 29,535,739, there is held by trustees for the same people the sum of \$12,939,750, and there remains in the hands of the companies as trustees, the balance amounting to \$48,109,861.

That you may the more readily appreciate the position in the financial world occupied by the insurance companies, a comparison with what is generally acknowledged to be the two leading classes of financial interests in the country, may not be out of place.

I have already referred to the mutual dependence, or the allied interest of banks and insurance companies, and keeping before you the figures I have just given, relative to the assets of the insurance companies, we find that on December 31st, 1900, the banks of the country from the Atlantic to the Pacific stood thus :—

Capital paid up.....	\$65,154,594
Reserve Funds.....	34,501,349
	<hr/>
	\$99,655,943

In other words the insurance companies, rank with assets 10 per cent. less than the combined capital and reserve funds of the entire banking system of the Dominion.

Again, let me make a comparison with the influence in the financial world of the loan, mortgage and building societies, and at December 31st, 1899 (the latest returns I have been able to secure), they stand thus :—

Capital paid up.....	\$47,337,544
Reserve Fund.....	9,923,728
	<hr/>
	\$57,261,272

In other words the combined loan, mortgage and building societies throughout the Dominion possess, in capital and reserve funds, but a little over 60 per cent. of the assets of the combined insurance companies.

I may, however, be charged with an unfair comparison, in that I have not taken into consideration the "assets" of the banks and loan companies, whereas I have made the comparison with the assets of the insurance companies on the one hand, and the capital and reserve funds of the other institutions on the other hand. I do not think the course adopted at all unfair or the assets of banks and loan companies, apart from capital and reserve funds, are merely monies borrowed from depositors or bondholders, and invested for the common good. Moreover

it is to be observed that in the statement of assets of the insurance companies I have not included the capital or reserve funds of British and American companies, for the obvious reason that such are not assets in this country ; all that has been included is such part of the capital and reserve funds as are directly held in Canada for the benefit of the Canadian people. To add thereto the capital and reserve funds of the British and American offices, would unduly and irrationally inflate the importance of the insurance companies. Bear in mind, if you please that my only object in making the comparison is to demonstrate the high position held by the insurance companies in the world of finance, and which, taken in conjunction with the importance of the protection offered, leads to no other conclusion than that we may proudly hold up our heads and claim for our allied business interests a position ranking side by side with the others I have specially referred to.

A few words will not be out of place on the *growth* of the insurance interests of the Dominion, following which I shall only briefly allude to some phases of insurance legislation, and then allow your imagination to picture the thousand and one things one might, could or should have said on the whole subject. Our experiences, it must be borne in mind, date from 1869, between the act of Confederation, the commencement of the Dominion, and this year we have little or no data to go upon, but since 1869—our starting point—we have the records of the insurance department at Ottawa, which for our purposes may be regarded as a correct and complete return of the Companies reporting to them under the Dominion Insurance Act.

For the purpose of convenience of arrangement let me deal first with the *fire business*. In 1869 the fire business of Canada was transacted by twenty companies, of which five were Canadian, twelve British and three American, between them they had a premium income of \$1,785,539, with an amount of insurance in force at the close of the year of \$188,359,809. In 1900 the business was transacted by thirty-eight companies, of which nine were Canadian, twenty-one were British and eight were American, they had a premium income of \$8,331,948, with an amount of insurance in force at the close of the year of \$992,332,360. In 1875 the companies of Canadian origin

reached eleven in number, but at the close of last year only three of these were in existence, and if rumor speaks correctly this number has within the past few days been further reduced to two. I am afraid to give you the record of the companies of Canadian origin which since 1875 have been born amidst scenes of rejoicing, but which have perished by the roadside after fighting to the last ditch. Of the British companies which were doing business in 1875 four have ceased to be, whilst one has taken out naturalization papers across the line, although still bearing the honored name of "Queen." The three American companies doing business in that year are still with us, profiting where we profit, but alas much more frequently sharing our misfortunes.

The following interesting table will present the growth of the fire business :—

Year.	Premiums received.	Amount of risks in force.
1869.....	\$1,785,539	\$188,359,809
1875.....	3,594,765	364,421,029
1880.....	3,479,577	411,563,271
1890.....	5,836,071	720,679,621
1900.....	8,331,948	992,332,360

It will thus be seen that the growth in this Branch has been steady, continuous and consistent, showing clearly that with the growing wealth of the country the demand for the protection of the fire companies is as great if not greater than ever.

Coming now to the life business (and I only propose to refer in anything like detail to these two branches), we find a singular transformation in the situation of 1900 as compared with 1869 in the chief domicile of the companies operating in Canada. In 1869 the life business of the Dominion was transacted by twenty-four companies, of which fourteen were British, nine American and one Canadian, these companies between them transacted a business of \$1,238,359 in premiums, with an amount of insurance in force at the close of the year of \$35,680,082. In 1875 there were thirty-six companies transacting business, of which sixteen were British, thirteen were American and seven were Canadian. In 1900 there was one less company doing business, but the relative positions

had materially changed, for in this year the British companies had been reduced from sixteen in 1875 to eight; the American companies from thirteen to nine, whilst the Canadian offices had grown in number from seven in 1875 to eighteen, the income this year, *i.e.* 1900, was \$15,006,941 in premiums, with an amount in force at the close of the year of \$543,808,346. You will thus see that whilst Canadian fire offices have been growing fewer the Canadian life offices have been developing at a rapid rate until they now number more than the British and American offices combined. It is not at all difficult to find the reason for this condition of things. Our Dominion is happily possessed of a class of people at once healthy, temperate and rational, where longevity is not an unknown quality, and where, consequently, the life insurance companies can more readily count upon a fair margin of profit for the risks they undertake; success breeds success, and the record of the life business is such as to encourage the control within our own borders of the companies transacting such business. On the other hand our country has been given wood in abundance, not only to mill and ship, but also to use, its use has caused the erection of wooden towns, some of which have in turn been swept from the face of the earth by conflagration; the fire business has been a record of disaster, loss, failure, not in an isolated case nor in any one year, but general and continuous. As success breeds success, so a burned child dreads the fire, and whilst success has given us more native life companies, failure has sadly reduced our old fire companies until, as I have shown you, "there are only a few of us left."

The growth of the life insurance business is well shown in the following table:—

Year.	Premiums.	Amount of risks in force.
1869.	\$1,238,359	\$35,680,082
1875.	3,882,387	85,009,264
1880.	2,721,128	91,272,126
1890.	8,004,151	248,424,567
1900.	15,006,941	543,808,346

The period between 1875 and 1880 was in both the fire and life business one of distress and stagnation from causes which everyone will readily appreciate and understand.

Let me say a word or two to you in closing touching legislation and affecting the enormous interests I have spoken of. The figures I have presented to you are not complete, they represent the business of such companies as have been licensed by the Dominion Government and who make reports to them concerning their business and standing. One hundred and three companies last year doing all kinds of insurance business came under the purview of the insurance superintendent. But the Provincial companies, *i.e.*, companies obtaining only a Charter for Provincial purposes do not so report, and whilst I could have obtained all the necessary figures concerning Ontario and Quebec, I could not have done so from the other Provinces, and therefore concluded it better to give you only the results from the Dominion Blue Books. You must, however, bear in mind the unknown quantity thus referred to, and after standing aghast at the magnitude of the insurance operations remember that on top of all there is to be piled the added weight of a large though untabulated local business.

The following table shows the growths of the Banks, Loan & Mortgage Companies in comparison with insurance companies :—

**STATEMENT SHOWING COMPARISON OF THE GROWTH OF (1) BANKS,
(2) LOAN AND MORTGAGE COMPANIES, (3) INSURANCE COMPANIES,
FOR THE PERIOD 1869 TO 1900.**

YEAR.	BANKS.		LOAN AND MORTGAGE COMPANIES.		FIRE COMPANIES.		LIFE COMPANIES.	
	TOTAL ASSETS.		TOTAL ASSETS.		PREMIUMS.		AMOUNT OF RISKS IN FORCE.	
1869	\$ 86,283,693			\$ 1,785,539	\$ 188,359,809	\$ 1,238,559	\$35,680,082
1875	186,255,330		\$ 20,051,280		3,594,765	364,421,029	2,882,387	85,009,264
1890	184,276,190		69,988,635		3,479,577	411,563,271	2,721,128	91,272,126
1890	254,546,329		120,486,516		6,836,071	720,679,621	8,004,151	248,424,567
1900	459,715,065		(99) 148,664,120		8,331,948	992,332,360	15,006,941	543,808,34

But this statement reveals to us the somewhat curious coincidence that insurance may be and indeed is the subject of both Dominion and Provincial jurisdiction and legislation. For example the Dominion Government tells us, in substance, you cannot do business in Canada unless you deposit a certain amount of money with us for the protection of the people, show us you are in good standing and receive your license. Ontario, Manitoba, Nova Scotia and British Columbia say to us, you may have gone through the Dominion Mill, but you are not ground fine enough, if you want to do business with our people you must get a license from us, use the conditions of policies we impose, do as we say *and* pay your money like little men; and in those Provinces where the restrictions are less onerous the taxes are correspondingly heavier, and we have to pay ! pay !! pay !!! We are not alone in this privilege, although we stand alone as being at the tender mercy of both Federal and Local Politicians.

Ordinarily one would think that insurance was trade and commerce, and that under the special provision of the British North America Act in that regard the regulation of insurance matters would naturally devolve upon the Parliament of Canada. The highest court in the land has decided that we are not trade, we are not commerce, nor are we referred to in the twenty-seven other classes assigned specially by that Act to the exclusive legislative authority of the Parliament of Canada; we have been told what we are not but not what we are, and so we remain the fair subject for the provincial politician's mark.

My pen must be laid down for my time and your patience are both exhausted, yet as a last word may I be permitted to express the earnest hope that the drawing together of the representatives of all kinds of "insurance" may lead to feelings of mutual confidence and esteem, to the maintenance of the right and the suppression of the wrong in our business, to the greater development of the principles of truth, righteousness and justice which our fathers handed down to us a sacred trust, and which are the birthright and heritage of our Anglo-Saxon race.

