The Chronicle

Insurance & Finance.

R. WILSON-SMITH, Proprietor

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The Chronicle. With this present issue THE CHRONICLE completes its twenty-sixth volume and the twenty-sixth year of its existence and we take the occasion to wish all its friends a HAPPY AND PROSPEROUS NEW YEAR.

The Harbour Commission. With the retirement of the old Harbour Commissioners on Monday next, the old Harbour Board which administered the affairs of the Port of Montreal, as a Trust, representing the Government, the City of Montreal, the shipping interests, the Montreal Board of Trade, La Chambre de Commerce and the Corn Exchange, practically goes out of existence. The three new commissioners will represent the Dominion Government alone, and the change marks the transition of the Port into a Canadian National Port. For some years the state of affairs at the Harbour Commissioners' office has been somewhat anomalous. The Government having assumed a large share of the financial responsibility for the cost of the harbour improvements it was natural and inevitable that it should make considerable use of its practical veto power over all the administrative acts of the Board. The result has been considerable delays, friction and bickering. By transferring the whole responsibility for the control of the harbour to a small board of Government appointees, the only solution of the difficulties growing out of an anomalous condition has been arrived at. The new commissioners have an exceptional opportunity for public usefulness. The old Commission which has been in existence since 1830, has numbered among its members many of the most honoured citizens of Montreal, men who in the capacity of Harbour Commissioners and not in that capacity alone have rendered most valuable service to Montreal and to all Canada.

Has the City of Montreal no voice in the future of its harbour. Is it at the mercy of political parties who may, because of political exigencies ruin the future of this city. Surely Montreal has some voice in the future of its harbour.

The Gas and Electric Light Question. The aldermen who are opposed to granting an exclusive contract to the Montreal Light, Heat & Power Company held a caucus on Sunday last, and marvellous are the lines upon which they propose to settle the gas question. According to a published interview with one of the leaders, there will be no need for gas, if electric light is cheap in Montreal, and they have several schemes for cheapening electricity. Plan number one is: to "develop the aqueduct system" and get from four to six thousand horse power to light the streets and squares. Plan number two is to follow the lead of Westmount—burn the garbage and get therefrom "a certain amount of electric energy." Plan number three is for the city to have a central plant and distribute power, obtained from the Beauharnois Canal, the Sault Ste. Louis Company, "and other places that nature has abundantly provided."

Is it not about time for every alderman to begin to discuss this question seriously, from a practical point of view? Men who talk about the gas and electric light question on the lines reported are simply playing with a serious subject. No man in his senses could imagine for one moment that either of the plans suggested offers the slightest possible hope of a practical solution. The only common sense proposal that has come from the council yet is embodied in Alderman Payette's motion. He has evidently bestowed a great deal of thought and work upon the preparation of a business-like proposition, and it will be quite time to discuss impracticable alternatives when the motion has been discussed seriously upon its merits. Alderman Payette's plan provides for a reduction in the prices of gas and electricity, for the city sharing in the profits of the company, and for reasonable restrictions upon the dividends. Neither of the proposed alternatives offers the slightest hope of either.

At a meeting of the Citizens Committee, held on Wednesday, the Hon. J. A. Ouimet expressed the very pertinent and correct opinion that electricity is likely to be much cheaper, during the next twenty-three years, than it is at present, and upon this he based an argument against making any contract for twenty-three years. The learned ex-judge, however, appears to have overlooked the fact that this very desirable contingency is anticipated and provided for in Alderman Payette's proposal. Under this plan the shareholders' profits can never exceed six per cent., and any surplus profits have to be divided between the city and the consumers.

Nipissing Mines. The report of the Nipissing Mines Company, just issued over the signature of the President, Mr. E. P. Earle, confirms the opinion already expressed in THE CHRONICLE that the property is a good one. Assets to the amount of $794,288 are available for distribution. The company owns 846 acres, in the heart of the Cobalt district and from an area of less than ten per cent. of this property has already produced more than $2,000,000 net. It has yet to extract the values remaining unmined in this small area, and the President recommends that exploration work on the remainder of the lands, should be undertaken promptly in the spring and continued energetically. The directors' advocate conservatism in dividends so that ample funds may be available for development work in the spring.

New York's New Governor. More interest than usual is this year being displayed with regard to New York's change of governors. By the insurance world especially the entrance of Charles E. Hughes upon his gubernatorial duties will be watched keenly. This is chiefly due to curiosity as to how the energetic investigator will "make things go" generally, rather than to anticipation of his paying further specific attention to life insurance matters. The concensus of opinion seems to be that Mr. Hughes will be a moderately conservative Governor, with a Rooseveltian penchant for defining his views and wishes upon any subject which may come before the Legislature.

Trade between Canada and South Africa. Many have been the glowing South African trade predictions that as yet remain unfulfilled so far as Canada is concerned. But prospects for commerce with that part of the Empire are now brightening steadily, according to Mr. W. T. R. Preston's first report from Cape Town to the Dominion's Department of Trade and Commerce. Mr. Preston believes that there is a strong predilection towards dealing with Great Britain and sister Colonies rather than with foreign countries. Cheese and canned fruits are in active demand, though the former commodity thus far has reached its far away destination via England, instead of direct from Canada.

FIRE INSURANCE IN CANADA, 1906.

The fire insurance business in Canada for the year 1906, just about to close, will, barring a conflagration or extra heavy losses occurring within the next two or three days, show a loss ratio for the companies, in the neighbourhood of an average, of 50 p.c. During recent years, as shown by the official statements, the business has not been in a flourishing condition, so that the above anticipated average loss ratio, this year will be a welcome relief.

LIFE INSURANCE IN CANADA, 1906.

The life assurance business transacted in Canada in 1906, has been for two or three of the companies an advance on previous years, while the large majority will report a falling off. The general result will show considerably less new business written than in 1905.

The investigation by the Royal Commission, while proving the solvency of the companies concerned, has naturally created a feeling of unrest among agents, and has also affected to some extent a number of the policy-holders and is accountable, in some measure, for the lapsing of policies, chiefly small ones.

We are optimistic enough to believe that after the unsettled state of affairs connected with the business subsides, life insurance will have clearer sailing than ever before.

DETROIT UNITED RAILWAY.

The gross earnings for the eleven months ending 30th November, were $5,281,800, an increase of $595,966 over the corresponding period for last year. The net earnings were $2,059,532, an increase of $172,589 for the same time. The surplus for the period was $1,054,936, an increase of $143,-142.

NATIONAL LIFE ASSURANCE COMPANY.

TAKES OVER CANADIAN BUSINESS OF PROVIDENT SAVINGS LIFE ASSURANCE SOCIETY.

We are officially informed that the National Life Assurance Company, Toronto, has acquired the Canadian business of the Provident Savings Life Assurance Society of New York. The latter company has at present on its books in Canada $4,800,000 net business in force. The income for 1906 will amount approximately to $175,000.

The management of the National Life state that with the combined business, the position of the company on 1st January, 1907, will be $11,-000,000 in force, premium income of over $400,000, policy reserves of over $1,000,000, and surplus to policy-holders $250,000.

ASSOCIATION OF PRESIDENTS OF LIFE INSURANCE COMPANIES.

In response to President Paul Morton's (Equitable Life), invitation to the presidents of thirty companies to attend a meeting for the purpose of discussing a plan of organization for co-operation in the interests of life assurance, twenty-four companies were represented at the Waldorf-Astoria, New York, on Friday last.

President Morton was asked to preside, and Vice-President Buckner, of the New York Life, was requested to act as secretary. The subject of organization was discussed in a general way at the morning session, and a committee was appointed to draft a constitution. The members were: Dr. John P. Munn, president of the United States Life; Haley Fiske, vice-president of the Metropolitan; L. G. Fouse, president of the Fidelity Mutual; Jos. A. De Boer, president of the National Life: Dr. Leslie D. Ward, vice-president of the Prudential; J. R. Clark, president of the Union Central, and Mr. Morton.

At the afternoon session the committee reported the proposed constitution of the Association of Life Insurance Presidents and copies of it were distributed for careful consideration. The meeting was adjourned to Friday next. The draft of the constitution stated the following purposes of the association:

To promote the welfare of policy-holders.

To advance the interests of life insurance.

To prevent extravagance and reduce expenses by an interchange of views on practice among life insurance companies in matters of general administration.

To consider carefully important measures that may be introduced from time to time in legislative bodies, with a view to ascertaining and publicly presenting the grounds which may exist for their adoption or rejection by the legislature.

Meetings are to be held quarterly. A special meeting may be called by the chairman or at the written request of five members. The initiation fee was fixed at $100 and the annual dues at $100 for each voting member. These moneys are to be used in publishing reports and payment of clerks.

In a statement prepared for publication President Morton said:

"The presidents of about thirty companies were invited to be present and twenty-four were represented. It was the general disposition to enter into an association provided one could be formed on the right lines. A committee of seven was appointed to draft a tentative plan. The committee's report was received by the meeting and ordered printed and distributed for the careful consideration of all prospective members. The plan is only tentative, but under it the welfare of the policy-holder will be the first thing considered, and next will come better and more uniform practice generally in life insurance.

"Expenses are to be reduced where possible and waste eliminated. The association will publicly present its views to lawmaking bodies and all others wishing light and information on life insurance matters, and it was the unanimous resolve of all participating in the meeting that there should be the fullest discussion of the plan at the next meeting, to be held December 28.

"To the newspaper is given the full report of the committee, and there will be nothing about the proposed organization that we care to keep from the public. It is the interest of the public that we are trying to serve."

PROTECTION AND FIRE INSURANCE RATES IN MONTREAL'S BUSINESS CENTRE.

We are glad to observe that there is a good prospect at last of a high pressure water service being installed in what is called the Congested District of Montreal, which is so necessary owing to the narrow streets and the large amount of value contained in a small area. At first the deputation of the Board of Trade to the City Council asking the latter to provide some additional protection to bring about a reduction in rates appeared to result in nothing definite, but upon the council applying to the Underwriters, the satisfactory answer was obtained, that with the high pressure system the key or basis rates would be reduced 25 cents on the buildings, and 35 cents on the contents, a very material concession, which will considerably more than compensate the property owners for the extra taxation necessary to meet the interest on the outlay. We heartily concur in the proposition that this taxation should be borne by those who derive the benefit for which it is raised, as it would be manifestly unfair to saddle those outside the Congested District into a charge which does not apply to them, and for which they obtain no "*quid pro quo*." Fire insurance is emphatically a tax and is dear or cheap according to the protection afforded and the chances of small or large salvage, and it therefore follows that a district, where owing to inferior protection and, consequently paying high rates of premium, should meet the expense by which those premiums are lowered. In other words, it should pay for the benefits it reaps, and not look to others to contribute in what they do no participate.

Of course, it cannot be expected that buildings such as those recently destroyed on Notre Dame and St. Helen streets, which were simply skeletons with veritable lumber yards within and occupied by numerous tenants, can be insured as low as the more modern or improved structures having only a single tenant. It would be simple madness for the Underwriters not to discriminate between risks, and that they do discriminate is evident from the rates charged upon those buildings lately burned. We are all more or less apt to look at matters from a personal, if not a selfish point of view, and a man paying a high rate of insurance, will complain as bitterly as he who cannot find a house at a more moderate rent, or one who cannot purchase certain goods at what he considers a fair price, overlooking the fact that, as we have before stated in these columns, there is a market value for all articles, fire insurance among the number, below which the vendor, if wise, will not sell.

Losses to the insurance companies can only be met by a corresponding income from premiums, and in order to make the latter moderate, such devastating fires, as the two above alluded to, entailing a loss of about half a million, must be of very rare occurrence. It is neither within the power of the city nor the insurance companies to make good buildings out of bad, as that depends upon the property owners, but the city can by increased protection reduce the fire waste, which is assuredly the sole method for bringing down the rates.

We shall cordially support the city's efforts to introduce the high pressure water system, which was the ultimatum of the Underwriters some years ago, after a thorough inspection made by their Mr. Howe. The Underwriters have stood to their guns and there is no fear, but that they will ratify their agreement for reducing the rates as soon as the proposition becomes an accomplished fact. Deeds not mere promises are what will work the oracle.

RAILROAD EARNINGS AND PROSPERITY.

The New York "Financial Chronicle" reports the gross earnings of the railroads, reported to date of writing, for the month of November, to be $87,110,750, as compared with $83,256,084 in November last year. The gain is smaller than the same month has shown for two years back—being 4.65 p.c as against 9.11 in 1905, and 9.88 in 1904. But, taking the eleven months of the year, 1906 shows up much better in gross earnings than other recent years. This is amply demonstrated by the table given by The Chronicle, part of which is here transcribed:

RAILROAD GROSS EARNINGS—JANUARY 1, TO NOVEMBER, 30.

	Year given.	Year preceding.	Increase.	p. c.
1906	$900,355,234	$794,728,647	$105,626,587	13.29
1905	673,611,217	626,496,472	47,114,745	7.52
1904	613,553,405	606,552,863	7,000,542	1.15
1903	639,339,998	576,573,058	62,765,940	10.88
1902	623,776,463	576,882,954	46,893,509	8.12
1901	677,212,805	609,239,714	67,973,091	11.15
1900	595,487,645	542,700,820	52,786,825	9.72

It has been well known that the offerings of freight all over the States and Canada have been so large through the year as to overtax the facilities possessed by the roads. The profits earned in the various industries and trades are said to continue good, and all the indications point to heavy movements of freight all through the winter. The great strength of the market for the various forms of iron and steel goods illustrates pretty well the activity and prosperity of industry and trade. Notwithstanding that the range of prices is high already, the demands coming upon the mills are so heavy that prices are tending strongly upwards. Railroad earnings are watched closely to see if they give indications of waning prosperity. This is particularly so in times like the present when prosperity has been with us for a number of years. Everybody wants to know when the turn has come. In judging the course of earnings during the coming winter it will be necessary to remember each month that comparisons will be made with an exceptionally favourable season. So open a winter as that of 1905-6 may not again be seen for a long time. There was a remarkable absence of big storms, and the weather was so open and mild that many important out-door works of construction were pushed more or less vigorously all winter. The gain to the railroads was two-fold. They were not impeded in handling their traffic, and an extra amount of traffic was created for them to handle. It is to be expected, then, that if we have a normal winter, with the average number of great storms, average temperature and average snowfall, the railroads will have considerable difficulty in increasing their gross earnings, even with the increased equipment and facilities they now possess. If the winter is abnormally severe gross earnings might very well fall below last year's records without causing the well-informed to fear that the phenomenon presaged the coming of bad times.

With regard to net earnings several other considerations enter the calculations. The Wall Street Journal of the 14th December, has the following interesting information as to the net figures for the month of October, and for the four months since 30th June. The exhibit is the aggregate of 88 roads.

	1906.	1905.	Increase.	p. c.
Oct. gross..	$142,226,339	$126,932,354	$15,293,985	12.04
Expenses..	90,181,633	80,026,452	10,155,181	12.56
Oct. net..	$ 52,044,706	$ 46,905,902	$ 5,138,804	10.95
4 mos. gross	531,095,935	474,887,912	56,208,023	11.83
Expenses..	342,924,235	305,938,720	36,985,515	12.08
4 mos. net..	$188,171,700	$167,949,192	$19,222,508	11.45

The following table of percentage increases is also given:

	1906-7. p. c.	1905-6. p. c.	1904-5. p. c.
July net	17.33	9.46	*8.04
August net	14.49	6.19	5.15
September net	5.41	6.28	10.68
October net	10.95	5.67	10.79
November net		11.88	16.17
December net		19.54	12.34
January net		44.08	10.35
February net		67.91	*14.06
March net		12.93	16.51
April net		5.97	6.73
May net		12.85	10.94
June net		22.75	6.00

* Decrease.

The influence of the mild winter in 1905-6 is plainly seen in the net increases of 19.54, 44.08 and 67.91 p.c. respectively in December, January and February. In the same months of 1906-7 operating expenses are likely to be relatively higher and there is an even greater likelihood that net earnings will show decreases than that gross earnings will, from this cause of weather conditions. Then, the cost of railroad supplies has increased. The roads are affected, more almost than any other purchasers, by increases in iron and steel prices. The process never fails to leave its mark on railroad operating expenses. And wages have gone up within the last three months, the increase being not far from 10 p.c. Something similar happened in the matter of wages in 1902-3. Then the conditions were tranquil enough, apparently, with not much sign of trouble from the unions. However, one day the Pennsylvania Railroad startled the other roads by announcing a general wage increase of 10 p.c. Though an immense addition to operating expenses was thereby created, the others had no option, but to follow the Pennsylvania's example. This they did more or less grudgingly. But the increase in expenses did not by any means eat up the gains in gross. For the railroad history shows that net earnings steadily expanded. This year again the Pennsylvania has rather forced the policy of the others. A few weeks ago another wage increase of 10 p.c. was announced by it—the increased cost of living being the ostensible reason. Now, as before, some of the other roads are complaining that the Pennsylvania took the action without consulting them. There is some grumbling, but a number of increases have already been made and others will doubtless follow. It remains to be seen how all these factors will affect railroad net earnings in the spring of next year. It is said that the increase in the Pennsylvania pay-sheets alone will mean an extra $12,000,000 a year.

ROYAL COMMISSION ON LIFE INSURANCE.

PROPOSED VALUATION SYSTEM.
SOME COMMENTS BY DAVID PARKS FACKLER, CONSULTING ACTUARY.

We have pleasure in publishing the following letter from the pen of Mr. David Parks Fackler, the distinguished consulting actuary.

New York, Dec. 22, 1906.

Editor, THE CHRONICLE,
Montreal.

Sir:—As the Canadian Government has thought best to seek its advice from persons on this side of the boundary line, it may not be improper for me to make some comments upon the valuation system, which I understand the Royal Commission is likely to propose. My advice is, of course, unasked by the Commission, and as I labour under the disqualification of having had considerable practical experience, suggestions from such a quarter may not be thought worth considering, for "reformers" apparently value advice just about in proportion to the lack of experience upon which it is based.

One of the few really good points in the present reform movements, is the fact that they generally tend to favour pure life insurance as against investment forms, but the Canadian proposition favors pure life insurance only when it has a net premium equal to that for an ordinary life policy, and excludes from benefit those desirable forms, now coming into use, which have a lower premium. The ordinary life policy which continues the payment of premiums and the full amount of insurance to advanced ages, when men are neither able to pay the premiums, nor properly insurable for the full original amounts, is a survival of the dark ages of life insurance, and in many cases very improper, as Elizur Wright repeatedly declared many years ago. Four of the six policies I have carried myself have been free from these objections in great part, but policies involving such modern ideas, would not be favoured under the proposed legislation. Whatever objections may be made to the Armstrong mode of valuation, it is certainly more reasonable in that it affects all kinds of policies and will particularly favour policies with premiums lower than those on the ordinary life plan.

The proposed reductions in Canadian reserves are obtained with an exactness of calculation, which is quite unnecessary when it is considered that no equities, or money payments, would be directly affected by arriving at practically the same results without any such trouble. The published tables show the series of proposed reductions from the regular reserve for the first four years for all ages of issue. In the first year at the age of 40 these reductions are $15.03, the next year $11.52, the third year $7.85 and the fourth year $4.01. Now it would have answered for every practical purpose if the first year's reductions were reduced by one-fourth for the second year, making that for the second year $11.27, for the third $7.51, and for the fourth year $3.76.

This simple method of readjusting the reserves could be applied to all kinds of policies having premiums less than for ordinary life. The rule in such cases would be, find the excess of the mid-year reserve for the particular policy above that for a one year term policy, allow that reduction in reserve the first year and diminish the reduction for the next three years successively by one-quarter of that amount.

As Abraham Lincoln used to say, "nothing is ..."

settled until it is settled right," so if Canada adopts a new valuation system which practically excludes from favour any present or newly devised form of policy with a rate less than on the ordinary life plan the matter may have to be re-opened at some future day.

Yours very truly,

DAVID PARKS FACKLER.

BANK STATEMENT FOR NOVEMBER, 1906.

The principal changes recorded in the Government bank statement for November, were in the circulation, loans and deposits. The former has declined by $3,216.273. This is the natural reflex from the usual expansion of the note issues for crop moving purposes. When the demand relaxes, there follows a decline in circulation and as will be noticed in the two previous statements this decrease is equally balanced by the increases in September and October.

Perhaps the most marked and noticeable change is in the deposits, the increase in Canada for the month being $11,380,654 and including those elsewhere there is a gain of $18,959,317. These increases are phenomenal in view of the fact that only a few years ago the addition of ten millions

STATISTICAL ABSTRACT FOR MONTH ENDING NOVEMBER 30TH, 1906, OF THE CHARTERED BANKS OF CANADA

Comparison of Principal items, showing increase or decrease for the month and for the year.

Assets.	Nov. 30, 1906.	October 31, 1906.	Nov. 30, 1905.	Increase or Decrease for month.		Increase or Decrease for year.	
Specie and Dominion Notes	$70,801,047	$ 68,641,896	$ 60,413,503	Inc.	$ 2,159,151	Inc.	$10,387,544
Notes of and Cheques on other Banks	31,972,968	32,036,799	26,325,795	Dec.	63,831	Inc.	6,647,173
Deposit to Secure Note Issues	4,746,247	4,746,247	3,875,499	.....	.....	Inc.	870,748
Loans to other Banks in Canada secured	6,860,899	9,950,735	573,784	Dec.	3,089,836	Inc.	6,287,115
Deposits with and due from other Bks. in Canada	9,956,110	8,718,667	7,977,408	Inc.	1,238,503	Inc.	1,978,702
Due from Banks, etc., in United Kingdom	8,313,137	9,217,859	11,421,005	Dec.	904,722	Dec.	3,107,868
Due from Banks, etc., elsewhere	17,559,315	18,129,580	15,886,242	Dec.	570,265	Inc.	1,673,073
Government Securities	10,075,764	9,253,891	8,957,075	Inc.	821,873	Inc.	1,118,689
Canadian Municipal and other Securities	21,289,893	20,728,006	19,949,634	Inc.	561,887	Inc.	1,340,259
Railway Bonds and Stocks	40,861,806	41,148,540	39,576,294	Dec.	286,734	Inc.	1,285,512
Total Securities held	72,227,463	71,130,437	68,483,003	Inc.	1,097,026	Inc.	3,744,460
Call Loans in Canada	56,440,834	56,878,521	48,792,009	Dec.	437,687	Inc.	7,648,825
Call Loans outside Canada	66,919,335	60,536,937	58,508,234	Inc.	6,382,398	Inc.	8,411,101
Total Call and Short Loans	123,360,169	117,415,458	107,300,243	Inc.	5,944,711	Inc.	16,059,926
Loans and Discounts in Canada	538,695,115	531,019,419	457,008,145	Inc.	7,675,696	Inc.	81,686,970
Loans and Discounts outside Canada	35,088,827	35,725,257	32,080,027	Dec.	636,430	Inc.	3,008,800
Total Current Loans and Discounts	573,783,942	566,744,676	489,088,172	Inc.	6,039,266	Inc.	84,695,770
Aggregate of Loans to Public	697,144,111	684,160,134	596,388,315	Dec.	12,983,977	Inc.	100,755,796
Loans to Provincial Governments	978,982	809,091	1,858,859	Inc.	169,891	Dec.	879,877
Overdue Debts	2,880,124	2,352,095	1,696,723	Inc.	528,029	Inc.	1,183,401
Bank Premises	14,149,343	13,760,966	11,220,379	Inc.	388,377	Inc.	2,928,964
Other Real Estate and Mortgages	1,240,233	1,169,877	1,191,861	Inc.	80,356	Inc.	48,372
Other Assets	10,181,051	10,488,906	9,836,267	Dec.	307,855	Inc.	344,784
Total Assets	949,013,077	935,313,464	817,149,132	Inc.	13,699,613	Inc.	131,863,945
Liabilities.							
Notes in Circulation	80,502,357	83,718,630	72,592,543	Dec.	3,216,273	Inc.	7,909,814
Due to Dominion Government	5,494,445	3,910,851	3,672,460	Inc.	1,583,594	Inc.	1,821,985
Due to Provincial Governments	8,978,559	8,712,998	6,602,086	Inc.	265,561	Inc.	2,376,473
Deposits in Canada payable on demand	183,391,213	181,408,733	157,548,539	Inc.	1,982,480	Inc.	25,842,674
Deposits in Canada payable after notice	400,307,693	390,909,519	354,393,953	Inc.	9,398,114	Inc.	45,913,740
Total Deposits of the Public in Canada	583,698,906	572,318,252	511,942,292	Inc.	11,380,654	Inc.	71,756,614
Deposits elsewhere than in Canada	62,815,090	55,236,427	43,987,686	Inc.	7,578,563	Inc.	18,827,404
Total Deposits	646,513,996	627,554,679	555,930,178	Inc.	18,959,317	Inc.	90,583,818
Loans from other Banks in Canada	6,860,331	9,950,620	577,865	Dec.	3,090,289	Inc.	5,282,466
Deposits by other Banks in Canada	7,336,848	7,075,480	6,413,169	Inc.	261,368	Inc.	922,679
Due to Banks and Agencies in United Kingdom	7,204,976	7,350,003	5,280,560	Dec.	146,027	Inc.	1,924,416
Due to Banks and Agencies elsewhere	2,217,838	2,160,743	2,159,488	Inc.	57,095	Inc.	58,350
Other Liabilities	13,608,569	14,221,588	11,099,904	Dec.	612,919	Inc.	2,508,665
Total Liabilities	778,717,996	764,655,672	664,328,327	Inc.	14,062,324	Inc.	114,389,669
Capital, etc.							
Capital paid up	94,665,447	94,313,742	84,542,598	Inc.	321,705	Inc.	10,122,849
Rebserve Fund	67,689,549	66,543,794	58,529,624	Inc.	1,145,755	Inc.	9,159,925
Liabilities of Directors and their firms	9,656,370	9,495,918	8,594,105	Inc.	160,452	Inc.	1,002,265
Greatest circulation during the month	86,011,712	86,304,765	79,226,877	Dec.	293,053	Dec.	6,784,835

a year was the average. The following is a comparison of the increases for the month of November, and those yearly for the last five years.

	For the month.	For the year.
1902	$ 716,519	$31,562,864
1903	4,619,736	36,123,284
1904	4,760,073	52,423,636
1905	11,251,517	60,889,424
1906	11,380,654	71,756,614

These increases are regarded as a convincing proof of progress. Call loans in Canada have decreased by $437,687 since October, but those outside Canada have increased by $6,382,398. The fancy rates for call money in New York, no doubt, have some influence on this. Current loans in Canada are greater by $7,675,696 than at the same period last month, and by $81,686,070 for the year. This is suggestive of business expansion throughout the country—more particularly in the West where the demand for money is very heavy.

Over $1,100,000 has been added to Reserve Fund the principal additions being made by the following banks:

Bank of Commerce	$500,000
Eastern Townships	260,000
Bank of Hochelaga	150,000
Bank of Toronto	115,000

BANKING CHANGES.

That the Dominion's bankers should just now be concerning themselves somewhat specifically with the influencing of public opinion is a natural—and not undesirable—consequence of the Ontario Bank's troubles. General confidence in the country's banking methods is without doubt an incalculable asset, and if radical changes are really necessary for its conservation, such should speedily be brought about. But the mere suggestion, by a banker or any one else, of some striking modification of present regulations is no real argument as to its desirability or efficacy. That the country's existing banking methods do not absolutely preclude the possibility of fraud has unfortunately been proved. But for what system the wide world over can anything like absolute perfection in actual working be claimed, or entirely prevent personal wrongdoing by those in authority?

Changes have already been initiated by two banks—changes, however, which are by no means unanimously approved by Canadian bankers in general. In the one instance a new position has been created, to be filled by an officer responsible directly to the board—as a matter of fact one of his titles is "assistant to the president." The expressed objects of the changes are, of course, to provide a check on the general manager and to protect directors and stockholders from wrongdoing. Notwithstanding that it may be that in almost every other case the delegation of authority to general managers of banks has been beneficial and fully warranted, the disposition now will naturally be for directors to look more closely to Head Office affairs. But it is open to question whether the method just now mentioned will not entail new difficulties and possibilities of friction which will more than offset any benefits to be derived from it.

The other change already adopted provided that "pending a suitable amendment to the Bank Act, or the adoption by the associated banks of an effective system of inspection, the Bank of Nova Scotia will follow the method of the banks in Scotland, under which each bank employs a chartered accountant trained to bank inspection to verify its statement." The bank has since engaged two chartered accountants in Edinburgh to undertake the work preparatory to issuing the seventy-fifth annual statement to its shareholders. It will be remembered that Mr. McLeod, the general manager, caused some stir among his brother bankers by coming out flat-footedly, at the time of the Ontario Bank collapse, in favour of Government inspection.

Mr. Fyshe, in his forcible letter to the Montreal "Witness," took a position directly opposite to Mr. McLeod, in maintaining Government inspection to be unnecessary and undesirable. Mr. Fyshe's opinion in that respect is held by the bankers generally.

There are two circumstances that combine to make for sound and proper conditions in the larger banks. One is that the general manager is usually a strong man—a man likely to stand out, even against dominant directors should they propose transactions disadvatageous or dangerous to the bank; and the other is that through the multiplication of branches and the growth of business it has become necessary of late years to divide the work formerly done by the general manager and which is still done by him alone in small institutions. In nearly all the important banks the general manager now has a co-adjutor second to him in authority, but of consequence enough to interpose an effectual check if he shows a disposition to use dishonest methods. A defense thus exists—it may not be impregnable, but it is undoubtedly strong—against self-seeking directors or speculating general managers.

The Government could not supply a force of inspectors as capable as the banks themselves now have. United States experience bears this out. The Bankers' Association might do so. But objection against the giving to the Association any powers of inspection would doubtless come from the smaller banks. Now, though it cannot be said that any one or two institutions dominate the Association, naturally the dictum of a very large bank would have a great deal more weight than the say of a small one with only three or four millions of assets. The smaller banks rightly or wrongly might fear that any inspectors appointed by the Association would be more or less susceptible to the influence of the large banks.

Mr. McLeod frankly announces that his bank's examination by Scotch accountants is but a temporary arrangement pending action by the Government or the Association. It seems scarcely necessary, therefore, to discuss the merits or demerits of this particular plan.

Whatever modifications or changes are ultimately to be made in existing conditions one principle must be clear. No external regulation or restraint can replace the necessity of directors directing, and an undue multiplication of such externalities would doubtless obscure this basic business truth. Let banks convince the public that their directorates are not only solid, but keenly alert, and there will be small need for external props, and if a directorate does become weak and inert, outside supports will be of no more avail than the flimsy scaffolding of a defective building. Systems may be never so perfect when their inter-related details are academically planned, but in their working out the personal equation is always present. An incapable Government inspector,—even a venal auditor—is not beyond the bonds of possibility during all time to come.

Far be it from THE CHRONICLE to disparage careful reconsideration of the provisions of the Bank Act. But there is apt at times like this to be at least a sub-conscious feeling that changes are almost necessarily improvements. Let every suggested modification be considered in all its bearings, lest we flee the ills we have for worse evils of which now we wot not.

METROPOLITAN LIFE INSURANCE COMPANY.

One of the most prominent institutions to which society and the State owe so much is the Metropolitan Life Insurance Company.

Industrial insurance is of invaluable service in promoting self-respect as it eliminates to a marked extent the gypsy-like conditions of a wage earner's life. A life policy anchors a man to society, it restrains recklessness in conduct and in spending, it assures him and his family from the taint of pauperism, it helps to consolidate the State and protect it against such disturbing influences as are engendered by discontent and by uncertainty of employment.

An impressive idea is given of the magnitude of the Metropolitan by considering that it has issued one-third of the total of the legal reserve policies in force in the United States, and that last year the new insurance written averaged $1,502,484 per day. The president of this Colossus of industrial life insurance companies, Mr. John R. Hegeman, controls larger interests than those of many States. Mr. Haley Fiske, vice-president, and other executive officers have shown marked capacity for the duties of their responsible positions.

What is in many respects the most informing and significant paper issued by any life insurance company during the present year has just appeared over the signature of John R. Hegeman, president of the Metropolitan Life. While the communication is addressed to the company's agents, and is in the nature of a review and announcement covering matters chiefly interesting to field force, it deserves attentive reading by every one who holds or intends to secure a life insurance policy.

Concerning the policies to be issued in 1907, this information is given:

"Our new policies will be found most attractive in form and even more attractive in substance. They contain all of the advantages and concessions which we can afford to give and which the public have the right to expect. The surrender values will be found to be generous and take the optional forms of extended insurance, paid-up insurance and cash. They are the standard forms of the New York Department, the work of experts which has legislative approval. They are as plain to the understanding as they can be made. We have discontinued many plans as unnecessary. We shall issue Ordinary Life, Limited Payment, Endowment and Term plans, and we have applied for permission and hope to issue in addition three plans which the public have stamped with their approval—namely, the Optional Life or Endowment, under a new name, the Modified Endowment, with Life Option; the Guaranteed Dividend, also a new and more descriptive name, the Guaranteed Increased Endowment; and the Reduced Premium Life under its new name, Life with Reduced Premium after 20 Years."

One noteworthy passage relates to the company's liberal policy of distributing dividends and benefits not contemplated in its contracts with policy-holders. President Hegeman asks his agents to note that "This year the company has been disbursing the enormous sum of about two millions of dollars in voluntary dividends upon non-participating Industrial policies, bringing the total amount of unpromised dividends in twelve years to about ten millions of dollars to Industrial policy-holders in the form of dividends on premiums, dividends on death claims and increases of benefits upon existing policies." He adds: "We have been enabled to accomplish this work all these years by steady improvements in business methods, by steady extensions of business territory, by steady additions to insurance in force, by watchfulness in writing and taking care of business, resulting in a decreasing death rate, decreasing lapse rate and decreasing expense rate. These improvements we have announced to you from year to year, but perhaps from this very fact—their gradual, steady progressiveness—you have failed to grasp their full significance. Yet year by year we have told you our aim—to reduce expenses, to improve the death rate, to better the policies, to distribute the surplus, so that each year a larger proportionate amount could be returned to policy-holders and a smaller proportionate amount used in expenses."

He goes on to say that although the year is not ended, the records show from July 1, to date (December 1), that the company's increase of Industrial business exceeded the increase of any previous year with the exception of two, that in the Ordinary Life Department the business of September equalled that of September, 1905, while October and November showed a large increase, and December "promises to be a record-breaker." Further he says:

"Taking the last six months for comparison—June to November, inclusive—you wrote more Ordinary than ever was written by the company in the corresponding months, and exceeded 1905 by over six millions and a half, and this it must be remembered by more than 3,000 less men."

SAN FRANCISCO LOSSES.

REPORT OF THE SAN FRANCISCO CHAMBER OF COMMERCE ON THE SETTLEMENT OF LOSSES.

The report of the San Francisco Chamber of Commerce on the settlement of losses by the fire insurance companies has been made public. After giving the statistics of the conflagration the report says:

"An immense sum of insurance money has been paid into this city, a far larger sum than companies have ever been called upon to pay at one time before. In spite of the earthquake, in spite of the nearness in time of the Baltimore and Toronto conflagrations, the companies will finally have paid undoubtedly in the neighborhood of 80 p.c. of the amount of insurance involved. At Chicago there was 50 p.c. paid, in Baltimore 90 p.c.

"The total area burned was about 3,000 acres, or about 4.7 square miles, containing 520 blocks and about 25,000 buildings; one-half of these were residences. The amount of insurance covering property in the burned district was approximately $235,000,000 (estimated). All of this had been written by companies authorized to do business in the state, except about $6,000,000, which had been placed outside of the state in some one hundred companies The value of buildings and contents destroyed in the fire must have been $350,000,000, being an estimate upon the insurance liability.

"Payments at first in general were on far less favourable terms than later. This was not altogether unreasonable, since it was impossible to give the early claims as careful consideration as the later ones. The reason, however, is unfortunately more easily explained by the fact that the first payments were largely to poor people who were in no position to insist upon anything better, while the same companies later, particularly on committee losses, found themselves unable to refuse more liberal payments. The remarkable difference between the showing made by the companies at San Francisco and at Chicago, where there were forty-six that failed, shows the great progress that has been made in thirty-five years in legitimate underwriting. And yet the San Francisco experience clearly points the way to needed improvements.

"The people of San Francisco owe a particular debt of gratitude to the companies which made the fight for the old methods, for adjustment of claims on their merits and for payment of just claims in full. It must be evident that a report as this is entirely inadequate to express the situation in any vivid way. It has been a trying time that most people will be glad to forget. So much money in controversy has caused an overstrain on human nature on both sides. Unfortunately, also most of the figures as to loss and liability are only estimates."

PROMINENT TOPICS.

THE WEALTH OF THE UNITED KINGDOM is now estimated at $45,940,000,000 or $1,035 per capita, and is increasing at the rate of $360,000,000 a year.

* * * *

THE WEALTH OF NEW YORK STATE according to the census, amounts to $14,769,042,207, or about one-seventh of the wealth of the United States, $107,000,000,000. The New York wealth, amounts to about $2,000 per capita compared with the national American average of $1,320. The wealth of the State is about equal to that of Spain, Portugal, Switzerland and the Netherlands combined and it is increasing at the rate of $500,000,000 a year.

* * * *

AN EARTHQUAKE YEAR.—This year will be remarkable in history for the great number of shocks the earth has received and for the great damage done by some of them. It is keeping up its record to the end. Yesterday came the news of a destructive earthquake in Chili, and reports come from the Laibach Observatory in Austria of a great earthquake which occurred on Wednesday morning at an estimated distance of 3,375 miles to the west or southwest of that place.

THE DIRECTORS OF THE MUTUAL RESERVE LIFE INSURANCE COMPANY of New York, have re-elected Mr. Frederick A. Burnham, and Mr. George D. Eldridge, vice-president.

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AUTOMOBILES ARE NOT POPULAR in Belgium, to judge by a petition to the Parliament of that country, which asks that all automobiles may be burned in one great bonfire before 1908, and that the resultant scrap metal be sold for the benefit of those who have been maimed by "the accursed automobiles." These Belgians have some horse sense.

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GOVERNMENT HOUSE, DAWSON, Yukon Territory, the official residence of Lieutenant-Governor McInnes was destroyed by fire on Christmas Day, the damage amounting to $100,000.

FIRE INSURANCE PROFITS.

Fire insurance companies, like other companies, are formed for profit. The people who provide the capital stock do it with the expectation that the yearly receipts, from premiums, interest on investments, etc., will be sufficient to pay all losses, and working expenses, and to leave a respectable balance for profits. Every insurance man knows that the results of any one year cannot be taken as a criterion of what is to be expected for future years. To have value, for purposes of forecasting the future, and for purposes of fixing fire rates, past experience has to be spread over a number of years. In Canada, last year, the following table shows the business done by the companies:

	Gross Amount of Risks taken.	Net premiums less reinsce. charged.
Canadian Companies..	$301,816,272	$ 3,026,326
British Companies..	649,566,539	8,583,203
American Companies..	188,712,561	2,689,111
	$1,140,095,372	$14,298,640

Probably the experience of the British companies furnishes the best illustration as to whether rates in Canada have been excessive or not. The report of the Superintendent of Insurance mentions, in respect to the business of the Canadian companies, "that their whole fire insurance business, in Canada and elsewhere, must be taken into account, inasmuch as a separation of expenses between these branches has not been made."

The insurance companies have always claimed that fire rates should be on a level to ensure the collection of sufficient in premiums to allow of a fair surplus remaining in the companies' hands after the payment of losses and of general expenses during a number of years. A reserve is also required to meet losses on unexpired business. The insurance report gives the results of operations of the British companies in Canada from 1875 to date. They are contained in the following table:

	Balance.	Year.		Balance.
1875........	+$ 51,765	1875 to	....	
1876........	+ 89,015	"	1876........	+$ 140,780
1877........	— 4,210,951	"	1877	— 4,070,171
1878	+ 676,458	"	1878........	— 3,393,713
1879........	+ 210,430	"	1879........	— 3 183,283
1880........	+ 727,389	"	1880........	— 2,455,894
1881........	+ 161,162	"	1881........	— 2,294,732
1882........	+ 481,511	"	1882........	— 1,813,221
1883........	+ 439,797	"	1883........	— 1,373,424
1884........	+ 443,919	"	1884.	— 929,505
1885........	+ 674,984	"	1885	— 254,521
1886........	+ 237,216	"	1886........	— 17,305
1887........	+ 359,243	"	1887........	+ 341,938
1888........	+ 752,956	"	1888........	+ 1,094,894
1889........	+ 918,128	"	1889........	+ 2,013,022
1890........	+ 712,981	"	1890	+ 2,726,003
1891........	+ 470,014	"	1891........	+ 3,196,017
1892........	+ 452,941	"	1892........	+ 3,648,958
1893........	— 205,430	"	1893........	+ 3,443,528
1894........	+ 172,105	"	1894........	+ 3,615,633
1895	+ 39,223	"	1895........	+ 3,654,856
1896........	+ 709,118	"	1896........	+ 4 363,974
1897........	+ 356,290	"	1897........	+ 4,720,264
1898	+ 140,610	"	1898	+ 4,860,874
1899........	+ 169,106	"	1899........	+ 5,029,980
1900........	— 1,365,476	"	1900........	+ 3,664,504
1901........	— 151,868	"	1901........	+ 3,512,636
1902	+ 2,247,890	"	1902........	+ 5,760,526
1903........	+ 1,362,518	"	1903	+ 7,123,044
1904	— 3,153,572	"	1904........	+ 3,969,472
1905........	+ 2,546,435	"	1905........	+ 6,515,907

The first column of balances represents the results for the particular years; the second column represents the accumulated results up to the years given in the margin. Naturally a surplus is shown in every year except those in which conflagrations occurred. For instance, in the St. John fire, in 1877, the British companies lost nearly $5,000,000; in 1900, at Ottawa and Hull they lost over $2,500,000; again in 1904, at Toronto they lost very heavily. All these special years are marked in the table by heavy deficits. Taking the last column, of accumulated results; it is noticeable that after the St. John fire there was a deficit until 1887, ten years afterwards. In other words it took the British companies ten years to get even after the disastrous losses of that year. Since 1887, a net profit or surplus has been maintained to the present time, though the surplus has been heavily cut into on two separate occasions. The net result for the 30 years, 1875 to 1905, is a surplus of $6,515,907, or an average profit of $217,196 per year, an amount which even a hostile critic should admit is moderate indeed especially as no home office expenses appertaining to Canadian business enter into the calculation. The question as to how the extra heavy losses should be dealt with is the difficulty underwriters have to cope with. From the one point of view it seems quite reasonable, if they find the accumulations of years swept away in a single disaster, for them to raise the price of insurance. If they decide on this course they are met again by another question. Over what district shall the increased rates be applied and on what classes of risks. No matter how it may be applied an increased rate always stirs up resentment and opposition among those called upon to pay it. Usually, too, it calls new companies into the field as competitors for business. The officers of these new companies, not being under the same necessity of making good exceptionally large losses by an increase in rates, naturally make the most of that fact in their struggle to get business ignoring that what has happened may happen again. In New York two very strong new fire companies were formed as soon as it became known that rates would be advanced as a result of the calamitous San Francisco losses; and in Canada we have seen the vigorous efforts of the Manufacturers' Association to institute a fire insurance organization within their body.

This is the question we repeat which underwriters have to grapple with and one that their opponents can only learn by experience, sometimes slow and sometimes quick, but always sure.

A noticeable feature about the above table is the greater frequency, in later years, of the large conflagrations. From 1875 to 1892, eighteen years, there was only one year, that of the St. John fire, in which the losses exceeded the receipts. From 1892 to 1905, thirteen years, there were two large deficits and two small ones.

So long as conflagrations continue causing the immense fire waste to the country so long will rates rule higher than in those places where such conflagrations are extremely rare, and we have only to point out that whereas the annual loss per head of the population in Europe including Russia is 65 cents and without Russia 35 cents, in Canada it is about $2 per head to prove that the higher rates charged here are justified.

OTTAWA CLEARING HOUSE.—Total for week ending 20th December, 1906, $3,374,829.75; corresponding week last year, $2,809,661.75.

STOCK EXCHANGE NOTES.

Wednesday, P. M., Dec. 26, 1906.

The holiday Stock Market annually experienced at this season, was this year more apparent than usual, and the volume of trading throughout the entire list was insignificant. In several stocks there were no transactions, and the only securities in which the week's sales involved more than a thousand shares were Detroit Railway, Dominion Iron Common and Nova Scotia Steel Common. While there was no pressure of liquidation, prices gradually weakened, and the quotations at the close to-night show declines from the figures prevailing a week ago. The heaviness prevailing in the New York market and the liquidation brought about in that centre by unsettled money conditions, reacted on our local market, and is reflected in the lower quotations brought about by the limited selling which took place. In view of the decline in prices, the moderate liquidation is encouraging, and seems to indicate that our local securities are strongly held. While the present is not an opportune moment to talk of a bull movement or to attempt to advance prices, still it seems a favorable opportunity to purchase the standard dividend paying stocks at figures which show such satisfactory returns on the investment. A turn upward is bound to come, and while prices in the meantime may possibly decline somewhat further, there is no question as to the present cheapness of the good securities. In the present unsettled money market, however, we would advise conservatism in commitments for those not buying outright. In otner words, strong margins will be safest.

C. P. R. again shows a decrease in earnings, those for the third week of December being $25,000 less than the corresponding week a year ago. The decrease is a trifle when it is considered that the earnings this year for the third week of December were practically $1,250,000. The sales this week brought out 825 shares, and the stock closed with 190 bid, a decline of 2½ points from the figures prevailing a week ago.

The traction stocks, apart from Detroit Railway, show a very limited volume of business. Detroit Railway, however, was the most active security in this week's dull market, and 1,594 shares changed hands. The stock sold down to 79½, and closed with 79 bid, a decline of 1 5-8 points for the week. Montreal Street Railway had a further sharp decline, and sold down to 212 1-2, closing with 214 3-4 bid, a net decline of 3 1-4 points for the week on sales involving 872 shares. The Rights are now selling at 11. Toronto Railway closed with 111 1-2 bid, a further decline of 1-2 point on quotation for the week, and 181 shares changed hands. Twin City sold down to 104 1-2 and closed offered at 103 with 100 bid. The total transactions of the week, however, only involved 60 shares. There were no transactions in Halifax Tram nor in Northern Ohio Traction. The sales in Toledo brought out 199 shares, and the stock closed offered at 30 with 27 1-2 bid. Illinois Traction Preferred was dealt in to the extent of 60 shares, and closed with 89 bid, a decline of 1 point from the quotation prevailing a week ago. There were no transactions in Havana Preferred, but 40 shares of the Common changed hands at 42 1-2, and the stock closed with 42 bid, while the closing bid for the Preferred was 81.

R. & O. only figured in the week's business to the extent of 75 shares, and the closing bid was 82 1-2, a decline of 1 point for the week. Mackay Common closed with 70 bid, an advance of 1 point for the week on sales of 340 shares. The Preferred declined further and after selling at 68, closed with 67 3-4 bid, a decline of 1 3-4 points from last weeks figures on sales of 99 shares.

Montreal Power in sympathy with the rest of the market was heavy, and on a moderate volume of business totalling 618 shares for the week, declined to 90, and closed with 90 bid, a net loss of 3 7-8 points for the week. Dominion Iron Common was the second stock in point of activity in this week's market, and 1,298 shares changed hands. The closing bid of 22 1-2 shows a fractional decline for the week of 1-8 point. The Preferred stock was only dealt in in broken lots for a total of 29 shares, and the closing quotation was 65 asked and 63 1-4 bid, a decline on the bid price of a point from last week's figures. The sales in the Bonds only totalled $3,000, and the closing bid was 1-4 lower at 81. Dominion Coal Common continues weak and shows a further loss of 1 point for the week, closing with 62 bid, and 335 shares were dealt in. There were no transactions in the Preferred stock nor in the Bonds. Nova Scotia Steel Common was the strong spot in this week's uninteresting market, and on sales of 1,070 shares advanced to 72, closing with 71 3-4 bid, a net gain of 2 1-4 points for the week. There were no sales in the Preferred stock nor in the Bonds. Lake of the Woods Common was not dealt in, and in the Preferred stock only 25 shares changed hands, this sale taking place at 108 1-2. There were no transactions in the Bonds.

The transactions in Dominion Textile Preferred brought out 50 shares, and the stock closed with 99 bid, a decline of 1 point on quotation for the week. The closing quotations for the Bonds was 99 bid for all four series. Canadian Coloured Cotton closed with 56 asked 53 1-2 bid, and the quotation for Montreal Cotton was 132 asked 125 bid.

Call money in Montreal continues unchanged, the bank rate remaining at 6 per cent. The ruling rate in New York to-day was 8 per cent. The London market was closed both yesterday and to-day, but the quotation for call money on Monday was 5 per cent.

	Per Cent.
Call money in Montreal..	6
Call money in New York..	8
Call money in London..	5
Bank of England rate..	6
Consols..	85 15-16
Demand Sterling..	8 5-8
60 day's Sight Sterling..	7 1-2

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

	Market.	Bank.
Paris	3	3
Berlin..	5 7-8	7
Amsterdam..	4 7-8	5
Vienna..	4 1-2	4 1-2
Brussels..	3 7-8	4 1-2

* * * *

Thursday, P. M., December 27, 1906.

To-day's market showed signs of improvement and the closing was at a somewhat higher level, Montreal Street closing offered at 221 with 218 bid. Pacific sold up to 194 1-8, closing with 194 1-4 bid. Twin City sold at 102 3-4, and closed with 103 bid. Montreal Power sold at 91, Dominion Coal Common at 64 and Toronto Railway at 112 1-4. Detroit Railway opened at 79 1-2 and sold up to 80, closing with 79 7-8 bid.

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The gross traffic earnings of the Grand Trunk Canadian Pacific, Canadian Northern, Duluth South Shore & Atlantic railways, and the Montreal, Toronto, Halifax, Twin City, Detroit, United and Havana street railways, up to the most recent date obtainable, compared with the corresponding period for 1904 and 1905, were as follows:

GRAND TRUNK RAILWAY.

Year to date,	1904.	1905.	1906.	Increase.
Nov. 30....	$31,379,834	$33,168,501	$37,688,141	$4,519,640
Week ending.	1904.	1905.	1906.	Increase.
Dec. 7......	722,130	729,053	778,412	49,359
14......	672,356	746,718	802,829	56,11
21......	688,161	752,623		

CANADIAN PACIFIC RAILWAY.

Year to date.	1904.	1905.	1906.	Increase.
Nov. 30	$43,638,000	$48,562,000	$61,211,000	$12,649,000

GROSS TRAFFIC EARNINGS.

Week ending.	1904.	1905.	1906.	Increase.
Dec. 7......	979,000	1,260,000	1,409,000	149,000
14......	1,024,000	1,261 000	1,206,000	Dec. 55,000
21......	1,001,000	1,273,000	1,248,000	" 25,000

CANADIAN NORTHERN RAILWAY.

GROSS TRAFFIC EARNINGS.

Year to date.	1905.	1906.	Increase.
June 30.......	$3,871,800	$5,563,100.	$1,691,300

Week ending.	1904.	1905.	1906.	Increase.
Dec. 7......	85,900	97,700	125,500	27,800
14......	89,700	106,200	121,400	15,200
21...	93,800	103,100	117,600	14,500

DULUTH, SOUTH SHORE & ATLANTIC.

Week ending.	1904.	1905.	1906.	Increase.
Dec. 7........	45,703	52,205	50,401	Dec. 1,804
14........	46,566	49,175	51,259	2,084

MONTREAL STREET RAILWAY.

Year to date.	1904.	1905.	1906.	Increase
Nov. 30.........	$2,251,885	$2,501,351	$2,843,288	$341,937
Week ending.	1904.	1905.	1906.	Increase.
Dec. 7........	46,753	52,060	57,996	5,936
14........	45,566	51,809	57,301	5,492
21........	47,102	53,269	60,933	7,664

TORONTO STREET RAILWAY.

Year to date.	1904.	1905.	1906.	Increase
Nov. 30........	$2,198,088	$2,471,558	$2,686,936	$215,378
Week ending.	1904.	1905.	1906.	Increase
Dec. 7.......	44,606	52,604	59,039	6,435
14.......	45,961	53,146	59,794	6,648
21.......	48,916	56,336	62,992	6,656

TWIN CITY RAPID TRANSIT COMPANY.

Year to date.	1904.	1905.	1906.	Increase.
Nov. 30.... ...	$3,894,600	$4,297,919	$5,107,788	$809,869
Week ending.	1904.	1905.	1906.	Increase.
Dec. 7........	81,943	95,925	105,364	9,439
14........	81,909	95,010	105,448	10,438

HALIFAX ELECTRIC TRAMWAY CO., LTD.

Railway Receipts.

Week ending.	1904.	1905.	1906.	Increase
Dec. 7.......	2,522	2,569	2,769	200
14.......	2,553	2,647	2,850	203
21.......	2,683	3,006	3,157	151

DETROIT UNITED RAILWAY.

Week ending.	1904.	1905.	1906.	Increase
Dec. 7..	80,010	90,334	99,812	9,478
14........		90,374	101,063	10,689

HAVANA ELECTRIC RAILWAY CO.

Week ending.	1905.	1906.	Increase.
Dec. 2........	26,436	30,780	4,344
9	25,952	32,815	6.863
16........	29,060	31,571	2,511

STOCK LIST

Reported for THE CHRONICLE by R. Wilson-Smith & Co., 160 St. James Street, Montreal.
Corrected to December 26th, 1906, P.M.

BANKS.	Closing prices or Last sale. Asked.	Bid.	Par value of one share. $	Revenue per cent. on investment at present prices. Per Cent	Capital subscribed ≠ $	Capital paid up. ≠ $	Reserve Fund ≠ $	Per centage of Rest to paid up Capital. $	Dividend last half year Per Cent	When Dividend payable.
British North America	150	145	243	4 13	4,866,666	4,866,666	2,141,333	44.00	3	April November
Canadian Bank of Commerce	177	174	50	4 49	10,000,000	10,000,000	5,000,000	50.00	3½	June December
Crown Bank of Canada	....	..	100	....	946,900	888,613		....	2	....
Dominion XD	....	...	50	....	3,000,000	3,000,000	3,500,000	116.66	3*	Jan. April July October
Eastern Townships XD	....	161½	100	4 96	2,940,900	2,933,100	1,600,000	54.45	2*	January, April, July, Oct.
Hamilton	...	...	100	....	2,473,700	2,470,090	2,470,000	100.00	2½*	March June, Sept., Dec.
Hochelaga	160	159	100	4 37	2,000,000	2,000,000	1,450,000	72.50	3½	June December
Home Bank of Canada	..		100	...	880,000	806,790	175,000	22.31	3	June December
Imperial	....	....	100	....	4,687,300	4,457,689	4,457,689	100.00	2½*	March, June, Sept., Dec.
La Banque Nationale	130	128	30	5 38	1,500,000	1,500,000	600,000	40.00	3½	May November
Merchants Bank of Canada	170	168	100	....	6,000,000	6,000,000	3,600,000	60.00	4	June December
Metropolitan Bank	...	...	100	....	1,000,000	1,000,000	1,000,000	100.00	2*	Jan., April, July, October
Molsons XD XR	210	205	100		3,000,000	3,000,000	3,000,000	100.00	2½*	Jan., April, July, October
Montreal	...	256	100	3 90	14,400,000	14,400,000	11,000,000	76.40	2½*	March, June, Sept., Dec.
New Brunswick	275	260	100	4 36	707,600	705,489	1,164,161	165.00	3	Jan., April, July, October
Northern Bank	....	....	100	....	1,250,000	1,062,783	....	....	..	....
Nova Scotia XD	295	290	100	3 33	3,000,000	3,000,000	5,040,000	168.00	3*	Jan., April, July, October
Ottawa	...	...	100	....	3,000,000	2,995,370	2,995,370	100.00	5	June December
* Ontario	...	...	....	....	1,500,000	1,500,000	700,000	....	....	....
People's Bank of N. B.		....	150	..	180,000	180,000	180,000	100.00	4	January July
Provincial Bank of Canada		....	100		829,287	[illegible]	100,000	12.09	1½	June December
Quebec	140	....	100	4 92	2,500,000	2,500,000	1,150,000	46.00	3¼	Jan., April, July, Oct.
Royal	210½	238	100	4 08	3,874,500	3,797,490	4,277,239	113.33	2½*	Feb., May, August, Nov.
Sovereign Bank	135	....	100	4 34	4,000,000	3,942,710	1,255,230	34.58	1¼*	Mar June Sept., Dec.
Standard	...	....	150	....	1,488,100	1,433,400	1,5[illegible]3,400	110.00	3*	April October
St. Stephens	...	....	100	....	200,000	200,000	47,500	23.25	2½	February August
St. Hyacinthe	...	....	100	...	504,600	329,515	75,000	22.00	3	....
St. Johns	....	....	100	....	500,200	302,971	10,000	3.33	3	....
Sterling Bank	....	...	100		794,600	619,261	....	....	....	June December
Toronto	225	220	100	4 42	3,944,700	3,927,940	4,327,940	111.48	5	June December
Traders	....	..	100	....	4,366,600	4,268,639	1,250,000	31.23	3½	Feb., May, August, Nov.
Union Bank of Halifax	....	...	50	....	1,500,000	1,500,000	1,143,752	76.25	2*	February August
Union Bank of Canada	154	...	100	4 48	3,000,000	3,000,000	1,500,000	50.00	3½	....
United Empire Bank	....	....	100	....	554,900	368,980	....	....	....	April October
Western	....	....	100	....	555,000	555,000	300,000	54.54	3½	
MISCELLANEOUS STOCKS.										
Bell Telephone	....	...	100	5 33	10,000,000	9,000,000	3,132,876	....	2*	Jan. April July Oct
B. C. Packers Assn "A"	....	...	100	....	....	....	....	....	..	....
do "B"	..	....	100	....	1,270,000	1,270,000	....	....	..	....
do Com	....	...	100	....	1,511,400	1,511,400	....	....	..	....
Can. Colored Cotton Mills Co.	56	53½	100	6 15	2,700,000	2,700,000	....	....	2	....
Canada General Electric	....		100	....	1,475,000	1,475,000	265,000	....	5	January July.
Canadian Pacific	191½	190	100	3 19	121,680,000	101,400,000	....	....	3	April October
Canadian Converters	....	..	100	....	1,733,500	1,733,500	....	....	1*	March, June, Sept, Dec.
Detroit Electric St	80½	79	100	6 02	12,500,000	12,500,000	1,431,155	....	1½	Feby. May Aug. Nov
Dominion Coal Preferred	....	...	100	....	3,000,000	3,000,000	....	....	3½	January, July
do Common	63½	62	100	....	15,000,000	15,000,000	....	....	..	....
Dominion Textile Co. Com.	....	...	100	....	7,500,000	5,000,000	....	....	1½*	Jan. April July October
do Pfd.	102	99	100	6 79	2,500,000	1,940,000	....	....	..	....
Dom. Iron & Steel Com.	23	22	100	....	20,000,000	20,000,000	....	....	...	....
do Pfd.	66	63½	100	....	5,000,000	5,000,000	....	....	..	....
Duluth S. S. & Atlantic	....	....	100	....	12,000,000	12,000,000	....	....	..	....
do Pfd.	....	....	100	....	10,000,000	10,000,000	....	....	..	....
Halifax Tramway Co. XD	....	100	100	5 71	1,350,000	1,350,000	....	....	1½*	Jan. April July October
Havana Electric Ry Com	....	42	100	....	7,500,000	7,500,000	....	....	..	....
do Preferred		81	100	....	5,000,000	5,000,000	....	....	..	....
Illinois Trac. Pfd. XD	92	89	100	6 45	3,214,300	3,214,300	....	....	1½	Jan. April July October
Laurentide Paper Com	...	...	100	....	1,600,000	1,600,000	....	....	3	February August
Laurentide Paper, Pfd. XD	....	104	100	6 25	1,200,000	1,200,000	....	....	3½*	January July
Lake of the Woods Mill Co. Com	95	90	100	....	2,500,000	2,000,000	....	....	3	April October
do. do. Pfd		107	100	6 48	1,500,000	1,500,000	....	....	1¾*	March, June, Sept. Dec.
Mackay Companies Com XD	70½	70	100	5 40	50,000,000	43,437,200	....	....	1*	Jan. April July October
do Pfd XD	68½	67½	100	5 55	50,000,000	41,197,200	....	....	1*	Jan. April July October
Mexican Light & Power Co	55	54	100	...	13,500,000	13,500,000	....	....	..	....
Minn. St. Paul & S.S.M.	...	144	100	....	14,000,000	14,000,000	....	...	2	January July
do Pfd		....	100	....	7,000,000	7,000,000	....	....	3½	....
Montreal Cotton Co.	132	125	100	5 22	3,000,000	3,000,000	....	....	1½	March June Sept. Dec
Montreal Light, Ht. & Pwr. Co.	90¾	90	100	5 31	17,000,000	17,000,000	....	....	1½	Feb. May August Nov
Montreal Steel Work, Com.	102½	....	100	6 66	700,000	400,000	....	....	1½*	....
do do Pfd.	108		100	....	800,000	800,000	....	....	1½	March June Sept. Dec.
Montreal Street Railway XR	218	214½	100	4 06	7,000,000	7,000,000	907,623	13.31	2½*	Feb. May August Nov.
Montreal Telegraph	....	162½	40	....	2,000,000	2,000,000	....	....	2*	Jan. April July October
Nipissing Mining Co			5.00	6 89	6,000,000	6,000,000	....	....	..	3 o/o July 20, '06 5 o/o Sep.
Northern Ohio Trac Co	30	26	100	....	6,900,000	6,900,000	....	....	¾*	Mar Jun Sep, Dec. [20,'06
North-West Land, Com	....	...	25	....	1,467,681	1,467,681	....	....		....
do Pfd			100	....	3,090,625	3,090,625	...	....	6§	March.
N. Scotia Steel & Coal Co. Com	72	71½	100	....	4,120,000	5,000,000	750,000	15.00		....
do Pfd	....	...	100	....	1,030,000	1,030,000	....	....	2*	Jan. April June October
Ogilvie Flour Mills Com.		...	100	....	1,250,000	1,250,000	....	....	7§	....
do Pfd.	125	...	100	5 60	2,000,000	2,000,000	....	....	1½*	Jan. April July October
Richelieu & Ont. Nav. Co	83	82½	100	6 02	3,132,000	3,132,000	....		1½*	Payable Dec. 1st
Rio de Janerio	46	45½	100	....	21,993,000	21,993,000		...	....	....
Sao Paulo XD	....	..	100	5 79	7,500,000	7,500,000	1,482,250		2½	Jan. April July October
St. John Street Railway XD	....	..	100		800,000	800,000	....		3	June, December........
Toledo Ry & Light Co.	30	27½	100	6 55	12,000,000	12,000,000		....	1	May. November.
Toronto Street Railway	114	111½	100	5 21	7,000,000	7,000,000	1,918,322	22.50	1½	Jan. April July October
Trinidad Electric Ry	....	....	4.80	....	1,200,000	1,032,000	....	..	1½*	Jan. April July October
Tri. City Ry. Co. Com. XD	94	89	100	....	9,000,000	9,000,000	....	....	....	....
do Pfd	....	....	100	....	3,000,000	2,600,000	....	....	1½*	Jan. April, July, Oct.
Twin City Rapid Transit Co	101	100	100	4 46	20,000,000	18,000,000	1,010,205	4.58	1½*	Feb. May August Nov
do Preferred	...	...	100	..	3,000,000	3,000,000			1¾*	Dec. March June Sept.
West India Elec.	...	...	100	....	8,000,000	8,000,000	....	....	....	....
Windsor Hotel	...	...	100	....	600,000	500,000		....	3½	May, November
Winnipeg Electric Railway Co. XD	....	....	100	....	4,500,000	4,000,000	686,934	....	1½*	Jan. April, July October

*Quarterly. † Annual. ≠ These figures are corrected from last Govt. Bank Statement.
* The assets and liabilities of this Bank have been taken over by the Bank of Montreal.
† Bonus 1 p.c.

THE BANK OF TORONTO has opened Branches at Bradford and Hastings, in the Province of Ontario.

Estimated fire losses in Chicago for the month of No- month so far this year, but December is starting in with some big losses. The total losses for eleven months are $4,426,188, as against $3,876,714 last year.

STOCK LIST Continued.

BONDS.	Latest Quotations.	Rate of Interest per annum.	Amount outstanding.	When Interest due.	Where Interest payable	Date of Maturity.	REMARKS.
Bell Telephone Co.......	105	5 %	$2,000,000	1st Oct. 1st Apl.	Bk. of Montreal, Mtl..	April 1st, 1925	
Can. Colored Cotton Co...	98	6 %	2,000,000	2nd Apl. 2nd Oct.	" "	April 2nd, 1912	
Dominion Coal Co.......	..	5 %	5,000,000	1st May 1st Nov.	" "	April 1st, 1940	Redeemable at 105 and Int. after May 1st, 1910
Dominion Cotton Co.....	96½	6 %	1,354,000	1st Jan. 1st July.	....	Jany. 1st, 1916	
Dominion Iron Steel Co..	81¼	5 %	7,876,000	.st Jan. 1st July.	Bk. of Montreal, Mtl..	July 1st, 1929	
Havana Electric Railway.	89	5 %	8,061,046	1st Feb. 1st Aug	52 Broadway, N. Y..	Feby. 1st, 1952	
Lake of the Woods Mill Co.	108	6 %	1,000,000	1st June 1st Dec,	Merchants Bank of Canada, Montreal..	June 1st, 1953	
Laurentide Paper Co.	107	6 %	1,200,000	2 Jan. 2 July.	Bk. of Montreal, Mtl..	Jany. 2nd, 1920	
Mexican Electric Light Co.	79	5 %	6,000,000	1 Jan. 1 July.	" "	July 1st, 1935	
Mexican Light & Power Co.	81½	5 %	12,000,000	1 Feb. 1 Aug.	" "	Feby. 1st, 1933	
Montreal L. & Power Co..	..	4½%	7,500,000	1 Jan. 1 July	" "	Jany. 1st, 1932	Redeemable at 105 and Int. after 1912.
Montreal Street Ry. Co...	103	4½%	1,500,000	1 May 1 Nov.	" "	May 1st, 1922	
N. S. Steel & Coal Co....	109	6 %	2,500,000	1 Jan. 1 July.	Bk. of N. Scotia, Mtl or Toronto........	July 1st, 1931	
Ogilvie Milling Co.......	..	6 %	1,000,000	1 June 1 Dec.	Bk. of Montreal, Mtl..	July 1st, 1932	Redeemable 115 and Int. after 1912.
Price Bros..............	..	6 %	1,000,000	1 June 1 Dec.	....	June 1st, 1925	Redeemable at 105 and Interest.
Sao Paulo..............	92¾	5 %	6,000,000	1 June 1 Dec.	C. B. of C., London Nat. Trust Co., Tor	June 1st, 1929	
Textile Series "A"......	93	6 %	758,500	1 March 1 Sept.	Royal Trust Co., Mtl	March 1st, 1925	Redeemable at 110 and Interest.
" "B"......	93	6 %	1,162,000	"	" "	"	Redeemable at par after 5 years.
" "C"......	93	6 %	1,000,000	"	" "	"	Redeemable at 105 and Interest.
" "D"......	93	6 %	450,000	"	" "	"	" "
Winnipeg Electric.......	—	5 %	3,500,000	1 Jan. 1 July.	Bk. of Montreal, Mtl..	Jany. 1st, 1935	

Review of 1906 and A[...]

Bulletin No. 475.—New Y[...]

To the Field Force:

GENTLEMEN:

It is our custom to address you each year at the time of our annual Superintendents' Convention. Usually this is held about the middle of January and the topic of the **Bulletin** is naturally the Annual Statement of the Company. This year the Superintendents meet in convention the middle of December, and obviously the record of the year is not made up, and it would be premature to set forth the progress of the Company in its business and finances. We shall have something very pleasant to say to you before we close about what you have accomplished; but our immediate object is to tell you about our plans for next year.

INDUSTRIAL DEPARTMENT.

You have known from numerous addresses, both oral and written, what our ambition has been for years in the Industrial part of our business. You will bear us witness that our treatment of the policy-holders has been one of progressive liberality ever since the present administration of the Company began. The very first year of its incumbency Paid-up policies—theretofore unknown to Industrial Insurance in this country—were announced; and every year since then something has been done for industrial policy-holders beyond any promise made in the policies. Bulletin No. 195 set forth these concessions and bounties up to its date and since then the successive years have been marked by progressive gifts and benefits offered to policy-holders; and this year the Company has been disbursing the enormous sum of **about two millions of dollars** in voluntary dividends upon non-participating Industrial policies; bringing the total amount of **unpromised dividends** in twelve years to **about ten millions of dollars** to Industrial policy-holders in the form of dividends on premiums, dividends on death claims and increases of benefits upon existing policies.

We have been enabled to accomplish this work all these years by steady improvements in business methods, by steady extensions of business territory, by steady additions to insurance in force, by watchfulness in writing and taking care of business, resulting in a decreasing death rate, decreasing lapse rate and decreasing expense rate. These improvements we have announced to you from year to year; but perhaps from this very fact—their gradual, steady progressiveness—you have failed to grasp their full significance. Yet year by year we have told you our aim—to reduce expenses, to improve the death rate, to better the policies, to distribute the surplus, so that each year a larger proportionate amount could be returned to policy-holders and a smaller proportionate amount used in expenses.

Within the last few years our disbursements for death claims have been so continuously and markedly less in proportion to income and our improvements in ratio of expenses shown so steady an improvement, that we thought the time had come to make a scientific resurvey, so to speak, of the technical features of the business. We have made investigations into our mortality and drawn off into various periods our experience of mortality. The mortality tables upon which our present tables are founded were taken from the experience of 1890-1894. A comparison of this with tables taken from the experience of other periods has shown a steady improvement in mortality. In the case of children the result is really startling. Take for instance, age two next birthday. Our present table shows 49.3 deaths per thousand; a table 1896-1905 shows but 36.9; age three the figures are respectively 32 and 24.3; age five 16 and 9.8; age ten 5.5 and 3.8, and this improvement runs through the Infantile table. As to adults there is also a marked improvement.

These facts convince us that the time has come to construct new tables of benefits founded upon our experience of 1896-1905; and we are confirmed in our conviction by the fact that a table drawn from the years 1901-1905 shows a better experience than that of the full decade. And it seems to us just to base these tables upon the experience of white lives; and to give benefits based upon the improvement which we feel certain is permanent. How great this improvement is we illustrate by a few figures comparing the table upon which our present benefits are based with a table of white lives for the past ten years. Deaths per thousand: age two next birthday 49.3 reduced to 34.7; age three 32 to 22.5; age four 21.5 to 13.2; age five 16 to 9.5; age ten 5.5 to 3.4; age twenty 10.5 to 7.1; age thirty 15.7 to 11.1; age forty 19.3 to 14.3. The other element besides mortality involved in a table of benefits is of course the expense. As you know, our ratio of expense to premium income has been falling for some years; this year the reduction has been phenomenal and will reach, we think, by the end of the year, **three per cent.!** This alone means a saving of nearly one and a half millions of dollars! We shall show a lower ratio of expense for 1906 than has been experienced by any Industrial company in the world.

One other element goes into the construction of tables of benefits; and that is the maturity of the policies. When we made up our present table we were convinced that the public was enamoured of endowments. Our Industrial business has been issued for ten years, as you know, mainly upon endowment tables—Increasing Life and Endowment policies and Twenty-year Endowments forming a very large proportion, in some years over 90 per cent., of our total business. One disadvantage of this table has been that it largely increased the reserve. Our children's Increasing Life and Endowment policies have been endowments payable after periods of 47 years and upwards according to age at issue. Compared with the Whole Life tables issued by other companies these have made necessary the accumulation of an increase of many millions of dollars in reserve. Unthinking persons come to the conclusion that this piles up the **wealth** of the Company, forgetting that along with the increase of assets runs the increase of liabilities, and that the **wealth** of a company consists in its surplus; and completely overlooking the remarkable fact that we have deliberately kept down our a business in every respect beyond reproach."

e Insurance Co.

EW YORK, STOCK COMPANY)

the People, FOR the People."

nnouncement for 1907

December 8th, 1906

rplus to about ten per cent. of our assets by annual distributions of the excess of surplus earned to the policyholders who contributed to it. Public opinion has changed and now cares more for death benefits than endowments. We are in business to please the public. We have a good deal of evidence that Ordinary Life and Limited Payment Life contracts are thought preferable to Endowments. We have resolved therefore to discontinue our Increasing Life and Endowment policies, which were designed to meet the public demand formerly existing, and which were, we believe, the first tables ever really scientifically constructed for Industrial policies. Our new Industrial policies will therefore be Whole Life contracts. But we think that as to these there are signs of a belief on the part of the public that payment of premiums ought to cease with old age. It is hard for people to see what to any mathematician is self-evident, that in life insurance the companies are enabled to pay the policies in full on lives of those who die soon after insurance only by the receipt of premiums from those who live out and beyond their expectations; and that the apparent hardship upon those who live long is only the contribution to the unfortunate which is the essential basis of life insurance. However, it is possible of course to make tables for limited payments, and the problem is therefore to fix an age that shall not be so young as to raise the premiums or (what is the same in Industrial insurance where the unit is the premium and not the amount of insurance) to reduce the benefits unduly; and on the other hand to fix the age not so old that the benefits of the limits of payment of premium shall be lost. We have fixed age 75 as the limit of payment of premiums because at that age we are enabled to only slightly reduce the benefits during life and because we have not received many complaints of the necessity of paying premiums up to that age. And to the occasional complaint that "people never live to such old age," we may answer that in 1906 we shall have voluntarily, as matter of grace, paid about 2,700 claims as **Endowments** on policies issued as **Whole Life** on persons reaching age 80 after paying premiums for 15 years or over.

Constructing a table of benefits upon these four principles—Whole Life instead of Endowments; our recent mortality experience instead of our old; a loading proportioned to our reduced expenses; and the payment of premiums ceasing after age 75—we shall put forth for 1907 new tables in the Industrial department which are better than any company has heretofore issued and better than we have ever before this felt it safe to issue.

The most striking change is in the Infantile table, because there we substitute Life tables with payment of premiums limited to age 75 for our comparatively short Increasing Endowment tables now in use; and are therefore enabled to pay in benefits what we have been compelled to hold as reserve liability upon the endowment features.

Our new Infantile tables will pay nearly as much death benefits for a weekly premium of five cents as we have heretofore paid for a weekly premium of ten cents. It is of course understood that the law fixes a maximum of benefits payable upon children and this we cannot exceed. We have therefore increased the benefits at the later ages for persistence. Thus at age two at entry the benefit in case of death at age nine is $173, while the benefit at age three at entry dying at age nine is $169, and the benefit at age four at entry dying at age nine is $165, and so on. This is a recognition of the additional years for which premiums have been paid by those entering at earlier ages when death occurs at the same age. It follows from this large increase of benefits for five cents that hereafter no policy will be issued under the Infantile tables for a total premium of more than five cents. And to meet a desire for less insurance, especially in large families, we have a table with proportionate benefits for a weekly premium of three cents.

Our Adult tables show an increase of benefits for the same premium based strictly upon our tables of mortality. At age ten the increase is 12½ per cent. over our present Life tables and nearly 18 per cent. over our Increasing Life and Endowment table. At age 20 the increase is over nine per cent. and over 23 per cent. respectively; at age 30 the increase is nearly six per cent., and nearly 20 per cent. respectively; at age 40 the increase is two per cent. and over 13 per cent. respectively; and so on. And in comparing these tables with our present Whole Life tables (and with those of most of the other Industrial companies) it must not be forgotten that these old tables provide for payment of premium during the whole of life, while under our new tables payment of premiums ceases at age 75.

We have increased the immediate benefits under all of these policies in accordance with the rule we made retroactive this year, to half-benefits during the first six months and full benefits thereafter.

We have introduced into all of these policies new features in the way of surrender values. Paid-up policies will be granted after three years instead of five; extended insurance will be granted after three years at the option of the holder; and cash surrenders will be paid after ten years. The policies will be in new and attractive forms, with three pages instead of two, in order to set forth all of the concessions, making the rights of the policy-holders so plain that any one will be able to tell what he is entitled to. And the whole contract will be expressed in the policy, doing away entirely with the necessity of a copy of the application, using the form in this respect for all policies which we adopted many years ago for policies under $300.

ORDINARY DEPARTMENT.

One of the most striking results of the Armstrong Investigation was the adoption of a provision restricting expenses for the first year of the life of the policy. And what is most interesting as well as complimentary to the **Metropolitan** is the fact, which appeared in the newspaper dis-

(Continued on next page.)

METROPOLITAN LIFE INSURANCE CO.—Continued.

cussion at the time of the adoption of the report and bills, that this restriction by law was justified by the experience of this company in the matter of expense as shown by an analysis of its annual reports. It is true that this Company kept its expenses almost within the limit prescribed by the new statute. But the statute is a penal one and we cannot run any risk of over-running the limit of expense. This necessitates a reduction of commissions, but the reduction will be very much less than that made necessary by the companies issuing participating policies. **This Company will not issue after this year any other than non-participating policies.** In fact, in the true sense of the term we have not issued any other for nearly fifteen years; for, as we have often explained, the Intermediate and Special Class policies were based upon stock or a non-participating loading and the dividends promised, if earned, were expected to be derived from the mortality. These policies were entirely novel and we had little experience to guide us. The Intermediate policies were based upon our Industrial table of mortality and were designed for Industrial risks who could afford to pay annual instead of weekly permiums; and the mortality of such a class could not be foretold. The Special Class policies were for sub-standard risks as to which the mortality could not be accurately predicted. What we undertook to do was to pay back to the policy-holders the gain from such improvement in mortality over the expected as should be actually experienced. As participating policies are based upon a higher or so-called mutual loading out of which dividends are expected to be earned, we claim that our Intermediate and Special Class policies based upon a stock loading were in principle non-participating. All of our other policies in the Ordinary department were by their terms non-participating. The law has justified us in the principles we adopted fifteen years ago, and to-day the Armstrong laws and the similar ones prepared for other States are a vindication of the **Metropolitan** principles in which you have been trained. We have now an experience of Intermediate and Special Class risks, which enable us to prepare non-participating tables. The tables of premiums as to these policies have heretofore been completely readjusted. We think you will find them most attractive.

We realize that we shall henceforth have more competition in non-participating policies. Other companies have announced their purpose to restrict their issue to this form. We have therefore thought it in your interest as well as our own and in the interest of the public, which is superior to both, to use a part of the reduction of commission to effect some reduction of premium. New tables have been prepared which we think will be attractive to our customers and which therefore will be profitable to you. In adjusting these commissions we have thought it only just to restore to the Superintendents an interest in them which we were compelled to withdraw a few years ago and which you remember the Vice-President promised at the time to restore when we should be able to arrange it. And we have also recognized the good work of Assistant Superintendents by giving them an interest in the work of their agents. We realize that the duties of Superintendents and Assistants include the instruction and training of Industrial agents in the work of the Ordinary Department. We want all of our agents to be all-around insurance men. Our Superintendents and Assistants have imposed upon them as a duty the supervision, the constant help and encouragement and the education of their agents. We have made it an interest as well as a duty.

Our new policies will be found most attractive in form and even more attractive in substance. They contain all of the advantages and concessions which we can afford to give and which the public have a right to expect. The surrender values will be found to be generous and take the optional forms of extended insurance, paid-up insurance and cash. They are the standard forms of the New York Department, the work of experts which has legislative approval. They are as plain to the understanding as they can be made. We have discontinued many plans as unnecessary. We shall issue Ordinary Life, Limited Payment, Endowment and Term plans; and we have applied for permission and hope to issue in addition three plans which the public have stamped with their approval—namely, the Optional Life or Endowment, under a new name, the Modified Endowment with Life Option; the Guaranteed Dividend, also under a new and more descriptive name, the Guaranteed Increased Endowment; and the Reduced Premium Life under its new name, Life with Reduced Premium after 20 Years.

Gentlemen, we are entitled to say that the Armstrong Investigation was a vindication of the methods and practices of the **Metropolitan Life**. The Armstrong laws are in many respects a distinct recognition of the work we have done together these many years. See that you appreciate this fact to the utmost. Show that you do by making the year 1907 an unexampled year for the issue of more policies, for larger insurance, for greater gain, for less lapses, and notakens at a less expense, at a greater return to policy-holders than you have ever done. Live up to your blessings! Show that you appreciate the reward which the Legislature has conferred upon your good work of the past! Make 1907 the greatest because the best year in the Company's history!

THIS YEAR, 1906.

You have started well. Last year, the year of the investigation, you did the largest business we had ever done. The first part of this year the paralysis which seemed, unreasonably and unnecessarity, to have fallen upon the business in general, appeared to have affected even you—even more unreasonably and unnecessarily. Finding this to be the fact, the Vice-President appealed to you in personal conferences with the Superintendents in little groups all over the country; pointed out to you the facts and conclusions of the Armstrong inquiry and the results as embodied in legislation, showed you the essential approval we had received in our work in both departments, and asked you to respond to all this for the remainder of the year by making the best record you had ever made. This was in May and June. It would be most ungrateful not to make this public and general acknowledgement of your response to the appeal, and on behalf of the Vice-President I give to you his personal thanks and add our official acknowledgments. The year is not yet ended and we cannot therefore tell the whole story. But for the months July to November, inclusive, compared with the same months of previous years:

You made the largest amount of Industrial increase which the Company ever made, except in 1894 and 1903.

The agents wrote the largest amount of Industrial business, average per man, of any of the last ten years.

The average increase per man was larger than for any of the past ten years.

The ratio of lapses was the third lowest for ten years past.

The number of transferred accounts was the lowest for eight years, notwithstanding the larger force of men with which we started and the larger reduction in the force we have made this year.

The collections were the best in **the history of the Company!**

The death claims reached the lowest ratio for the last 25 years—notwithstanding the increased average age of the policy-holders.

The special salary to agents **averaged** the largest amount in the last ten years; and yet we saved $100,000 in the total compared with last year.

The saving in total cost in these items alone, medical fees (because of a reduction in number of applications), Assistants' salaries and special salary, was at the rate of a million dollars a year.

We may add that the Pacific Coast kept up with the procession by the remarkable feat of covering for the year the enormous lapse caused by the earthquake and is certain to close the year with a handsome increase.

In the Ordinary Department September about equalled September of last year, while October and November largely exceeded the corresponding months of last year, and December promises to be a record breaker!

And taking the last six months for comparison—June to November, inclusive—you wrote more Ordinary than ever written by the Company in the corresponding months and exceeded 1905 by over six millions and a half; and this it must be remembered by more than 3,000 less men!

We are proud of this record and we are grateful to you for your generous response. We cannot say more than to wish for you and yours the happiest and most prosperous year of your lives in 1907!

Very sincerely yours,

JOHN R. HEGEMAN, President.

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