

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

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MONTREAL, DECEMBER 12, 1919

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THE GENERAL FINANCIAL SITUATION.

If the early part of this week, Canadian Exchange on New York went to over $6\frac{1}{2}$ per cent. for the first time in history. Concurrently sterling exchange on New York fell to 3.84. Francs to a discount of 50 per cent. from parity, while the German mark has almost disappeared, and, in the opinion of conservative financiers the end of the decline has not yet been reached.

So far as Canadian Exchange is concerned, there is no doubt that the declining movement has been to some extent accelerated by the demoralization which has set in with the European exchanges. Any recovery in these exchanges on the initiation of any substantial measures designed to promote such recovery would be followed by a sympathetic improvement in Canadian exchange on New York, due not necessarily to a change in conditions as between Canada and New York, but to a better feeling. But while the European exchanges continue demoralised it is hopeless to expect any substantial improvement in Canadian Exchange.

Like other ill winds, adverse exchange has its good points for some folks. The Canadian paper companies selling the great bulk of their products in the United States, and paid therefor in New York funds, are a case in point. It is currently reported that the gain in exchange made by one company on its sales in the States when New York funds are at a premium of 4 per cent. is equal to 6 per cent. on the common stock. This is no doubt an exceptional case, but serves to indicate the extraordinary substantial character of the gain in this connection which are being made by the paper companies and their shareholders. Canadian insurance companies and other financial institutions doing business in the States and remitting to their home offices, secure a similar advantage.

But while certain classes may be thus benefitted as a result of present circumstances, there is not the slightest doubt that to the great majority of people, an adverse exchange comes as a hardship. In the first place it increases materially the cost to the consumer of every article imported from the United States. It is customary in this connection to lay stress upon the importation of articles which come within the definition of luxuries.

Certainly no sympathy need be wasted upon those

who pay an enlarged price for luxuries, as a result of the depreciation in exchange, but in fact the main bulk of our imports from the States consists of goods which are either staple necessities, or are in such common use, that only by a very severe test could they be deemed to be luxuries.

Coal, for instance, is scarcely a luxury, although, judging from present indications, it soon will be, and while it is easy to talk at large about the vast possibilities of Canadian coal deposits, no practical scheme is yet in sight, which will relieve Canadians within any reasonable time of their dependence upon American coal.

Restriction of existing imports, which can be dispensed with, would as a matter of fact, be the merest palliative, and it is, we believe, impossible in practice, except through a tariff that would be absolutely prohibitive, or by making such imports illegal. And neither of these drastic measures are within the bounds of possibility. While the principal effect of an adverse exchange on New York, is to increase the cost of all imported commodities, including many necessities of life, to the consumer, the result of the demoralization in the European exchanges, is to increase considerably the field of possible hardship, so as to include Canadian industry and commerce. The cables have stated lately that the effect of this demoralization is to hinder gravely Canadian trade with Great Britain, and the other European countries, and a careful study of the whole situation suggests that the newspapers (for once in a way) do not exaggerate the situation in this respect.

At present Great Britain, purely as a result of the depreciation in exchange is paying for such vital necessities as wheat and cotton over 20 per cent. in excess of what she would have to pay, were sterling exchange at a parity. Obviously under such circumstances, Great Britain would buy less, not less wheat and cotton, because those she must have, but less of other articles.

A year or two ago there were great hopes of an immense export trade in manufactured goods, which would develop in the United States and Canada, for the re-construction of a poverty stricken Europe.

The present condition of exchange forms, however, an almost impassable barrier to the development of

(Continued on page 1281)

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The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY
F. WILSON-SMITH *Proprietor and Managing Editor.*

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MONTREAL, FRIDAY, DECEMBER 12th, 1919

THE GENERAL FINANCIAL SITUATION

(Continued from Front page) *

trade of that kind. This circumstance is of more serious import, probably, to the United States than to Canada, since in the Dominion, speaking generally, manufacturers have all they can do, to meet the home demand.

But in the United States, industrial plants have been developed to such an extent, as to make a large export trade an absolute necessity, if those plants are to be run at capacity. Otherwise it seems likely enough that there will develop in the States a period of relative industrial depression.

It is this possibility which has caused New York bankers to bewail the Senate's foolishness, and the consequent hanging up of possible arrangements for credits, which would tend to relieve the situation. So far as Canada is concerned, the extension of further Government credits for the purchase by the British Government in Canada, of wheat and other raw materials, would no doubt tend to ease matters, but even in this connection, the situation is extremely complicated, and is doubtless necessitating much anxious thought at Ottawa.

As to the future, it is useless to expect any rapid improvement—through the wave of a magicians wand as it were—in a situation which is so utterly abnormal. For several years now we have been buying for cash, and selling on credit; in addition, we are a debtor country, having to meet very large payments abroad to those who have lent us funds for development.

At present we cannot pay in gold, for the excess of our imports over our exports for cash. Were Great Britain and the Allies to repay us the \$420,000,000 they owe us, the premium on New York funds, would very quickly disappear. We shall be paid in due time, but not yet, and in the meantime, we have to get along with the palliatives suggested above. How far they will be effective depends entirely upon ourselves, upon skill in making financial arrangements industry in developing trade, and willingness (though frankly, we doubt if this exists in any substantial measure) to do without imported luxuries.

It is to be hoped there will be no haste to proceed with the ambitious international scheme, for the

opening up of a thirty-foot ship channel to the head of the lakes, and the concurrent power development of three million horse power. Even allowing for the lapse of time which must necessarily take place before such a scheme could be completed, it seems to us quite probable, that the time is not yet ripe for such a development. Necessarily such a scheme must receive the most careful and prolonged consideration. There are a multitude of delicate international questions to be adjusted in connection with it, the engineering problems which it presents are enormous, and there are concurrent problems which in themselves are of first rate importance. There is, for instance, the problem of use of the vast power to be developed by this scheme. It is suggested that it could not be absorbed in industry, and that railway electrification on an enormous scale would be involved. That, of itself, is a very large order. The prospect of a release from the tyranny of American bituminous coal is certainly attractive, but is the prospect practical. A round figure estimate of the cost of the scheme is \$300,000,000.

If a preliminary estimate places it at that figure, we should say it would be safe to place the eventual cost at \$600,000,000, and possibly more. After our experience with National Transcontinental, there is ordinarily a wholesome scepticism about engineers preliminary estimates of costs in this country. But assuming that the scheme is a practicable one, and of that there seems to be no doubt, although it has been said, its engineering problems are enormous, is Canada justified, financially, in launching out upon such an immense scheme at the present time, involving so vast an expenditure, although all of it would not accrue to the Dominion. There can only be one answer to this question.

At present the conditions of the Dominions' exchequer is such that schemes involving such vast expenditures should not be embarked upon. The scheme may be given every possible consideration, and no doubt a certain amount of preliminary work upon it may be done. But financial circumstances must be distinctly more favourable than at present before the commitments involved in such an enormous undertaking can be entered upon with safety.

Canadians who are disposed to grumble as they receive their income tax assessments may bless their stars that they were not born Germans. A new German income tax begins at 1,000 marks (\$250) and the assessment for the first 1000 marks above that is 10 per cent, with an increase of one per cent for every 1,000 marks up to 15,000 (\$3,750). The man who had a pre-war income of 100,000 marks is expected now to turn over half that income to the State. Imagine the howl there would be in Canada if everybody with \$25,000 a year was called on for a trifle of \$12,500. Well, we might have had to do it, and without too much grumbling too, if things had gone otherwise in France and Flanders.

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THE BANK OF MONTREAL'S STATEMENT.

To those who make a systematic, analytical study of the official returns, and annual reports of our financial institutions, the yearly statement of the Bank of Montreal affords interesting material for observation and comparison. The first point that strikes the outside observer, is the moderate rate of earnings reported by an institution whose position and prestige in the Canadian banking world is certainly unique. Upon total shareholders funds amounting in round figures to \$40,000,000, the Bank earned last year \$3,314,217, a trifle over 8 per cent. This average earning is certainly not high, and in point of fact, it is somewhat lower than that normally reported by some of the other Canadian banking institutions. At the recent annual meeting, Sir Frederick Williams-Taylor mentioned that the policy of the Bank in handling Government business had been only to charge the narrowest of commissions and minimum interest rates, while in many cases, where the services were of a war character, the Bank had acted free of charge. This policy—a very proper and patriotic one—is no doubt to some extent responsible for the moderate earnings shown by the Bank, but in part it would seem that these moderate earnings are also due to the fact that dignity has to be paid for. Possibly, were the Bank of Montreal not the quintessence of Canadian banking dignity, it could cut into considerable banking business now enjoyed by some other institutions to whom dollars are more important than dignity, and could show a larger earning power.

Another point well known in regard to the Bank of Montreal is that its commercial business is not so large proportionately as that encouraged and enjoyed by some of its competitors. Canadian current loans and discounts reported in the present statement are certainly in a much smaller proportion to total assets than those reported at the same date by the next two most important banking institutions, and they are, in fact, slightly below the average of the proportion of the whole of the banks. The last available figures show the Bank of Montreal's assets to be in a proportion of about 16% of the assets of the Canadian banks; the proportion of the Banks Canadian current loans and discounts to total Canadian current loans and discounts at the same date was about 15%. This again, is no doubt purely a matter of deliberate policy. Every individual bank, like every other business institution, secures its own particular clientele, partly by choice, and partly as a result of circumstance. Those in charge of the Bank of Montreal may fairly be presumed to know their own business best. But commercial business is remunerative and there are some critics who are disposed to think that the Bank might possibly, with some advantage to itself, as well as to the public, make a slight change in its policy in this connection. It need not necessarily lose very much dignity in the process.

It is interesting to note also that the Bank's premises, less amounts written off now appear in the balance sheet at only \$5,500,000. This, of course, is very much below their real value. But the Bank of Montreal has always been singularly free from a penchant which has sometimes afflicted Canadian bankers of paying too much attention to real estate, and loading themselves up at fairly stiff values, through subsidiary companies, with more real estate than is actually necessary for banking purposes. In point of fact the Bank of Montreal's premises account was reduced during the past year by \$500,000 through the sale of premises not actually needed for banking purposes. The conservative policy followed in this connection might possibly be imitated elsewhere to advantage.

On other pages of this issue will be found a report of the speeches delivered at the recent annual meeting. We commend them to our readers. They are, as usual, indispensable to anyone who desires to keep *au courant* with the Dominion's financial affairs. The Bank of Montreal is an institution of which all Canadians and particularly Montrealers, are really proud.

DOES NOT OBJECT TO STRIKES.

An employer of "labor" says he never objects to strikes and is always willing to concede the advance in wages after contracts are discharged. "Why," said he to me, "should I care? I charge the buyer, the contractee, the additional cost, and he charges it to the public. All wages paid are charged back to the consumer, who likewise adds the higher cost to the prices of the things he furnishes. The "victorious" striker finds that his old "enemy" is as active as ever, and wages and weekly bills barely meet as usual.

Only two things can help us all at all. They are: lower taxes and higher production.

TRAFFIC RETURNS.

Canadian Pacific Railway				
Year to date	1917	1918	1919	Increase
Oct. 31.....	\$121,068,000	\$123,652,000	\$139,289,609	\$15,637,000
Week ending	1917	1918	1919	Increase
Nov. 7....	3,204,000	3,437,000	3,821,600	384,000
" 14....	3,575,000	3,247,000	4,083,000	836,000
" 21....	3,582,000	3,582,000	4,111,000	529,000
" 30....	4,598,000	4,502,000	5,086,000	584,000

Grand Trunk Railway.				
Year to date	1917	1918	1919	Increase
Oct. 31.....	\$49,929,034	\$47,102,767	\$55,453,532	\$8,350,765
Week ending	1917	1918	1919	Increase
Nov. 7....	944,110	1,342,941	1,421,706	78,765
" 14....	959,136	1,471,654	1,488,716	17,062
" 21....	904,338	1,357,756	1,433,496	75,740
" 30....	1,223,810	1,996,921	1,748,685	248,236

Canadian National Railways.				
Year to date	1917	1918	1919	Increase
Oct. 31.....	\$63,974,321	\$73,958,932	8,985,611
Nov. 7....	1,717,270	1,948,591	231,318
" 14....	1,719,036	1,961,003	241,793
" 21....	1,884,198	2,108,164	223,956
" 30....	2,515,883	2,721,699	205,816



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COMPARATIVE ABSTRACT OF THE BANK STATEMENT

COMPILED BY THE CHRONICLE

ASSETS	October 31, 1919	September 30, 1919	Month's Movement, 1919	October 31, 1918	Month's Movement, 1918	Year's Movement
ASSETS						
Specie	\$81,053,489	\$81,500,043—	446,554	\$79,470,854+	4,786,477+	\$1,582,635
Dominion Notes	165,457,289	166,098,147 —	640,858	167,225,818—	19,854,836—	1,768,529
Deposits in Central Gold Reserve	126,100,000	115,100,000+	11,000,000	123,900,000+	23,830,000+	2,200,000
Notes of other Banks	30,098,546	32,670,566—	2,572,020	27,523,057—	1,476,000+	2,575,489
Cheques on other Banks	117,757,317	108,508,278 +	9,249,039	95,733,349+	4,062,660+	22,023,968
Deposit to secure Note issues	5,944,972	5,941,985+	2,987	5,853,438+	2,823+	91,554
Deposits with and balances due from other Banks in Canada	4,305,687	3,693,555+	612,132	6,588,830+	127,316+	91,534
Dom. and Prov. Securities	361,280,956	323,781,953	37,499,003	277,053,142+	53,739,533	84,227,814
Due from Banks, etc., in U.K.	12,452,503	11,588,642+	863,861	9,541,665+	1,216,105+	2,910,838
Due from Banks, etc., elsewhere	46,420,058	48,056,076—	1,636,018	44,380,481+	616,570+	2,039,577
Can. Mun. Brit., For. & Col. Pub. Securities	255,684,576	255,098,813+	585,763	250,254,056—	444,199+	5,430,520
Rlwy. and other Bonds & Stocks	54,442,926	53,658,486+	784,440	54,047,042—	1,856,492+	395,884
Total Securities held	671,408,458	632,539,252+	38,869,206	581,354,240+	51,438,842+	395,884
Call Loans in Canada	100,549,390	96,912,709+	3,636,681	173,685,136—	452,724+	26,864,254
Call Loans outside Canada	158,194,085	169,532,489+	11,338,404	157,044,858+	2,639,952+	1,153,227
Total Call and Short Loans	258,743,475	266,445,198—	7,701,723	230,725,994—	3,092,676+	28,017,481
Current Loans and Discounts in Canada	1,104,940,160	1,058,572,202+	46,367,958	1,003,593,603+	60,791,585+	101,346,557
Current Loans and Discounts outside	160,713,386	151,814,511+	8,898,875	112,869,390+	3,019,229+	47,843,996
Total Current Loans and Discounts	1,265,653,546	1,210,386,713+	55,266,833	1,116,462,993+	63,810,814+	149,190,553
Loans to Dominion Government	11,226,420	6,667,116+	4,559,304	45,278,593+	2,179,281+	5,947,827
Loans to Provincial Governments	56,116,897	57,033,309—	916,412	46,275,106—	1,702,366+	9,841,791
Loans to Cities, Towns, etc.	55,602,824	55,464,363+	138,461	53,009,741—	258,727+	2,593,083
Bank Premises	2,967,598,848	2,851,917,680+	115,681,168	2,638,839,732+	131,124,751+	328,759,116
Total Assets						
LIABILITIES						
Notes in Circulation	236,477,479	225,907,997+	10,569,482	227,597,808+	15,973,952+	8,879,671
Due to Dominion Government	121,028,537	110,217,948+	11,710,589	116,362,321+	19,034,244+	4,666,216
Due to Provincial Governments	20,699,308	24,094,698+	3,395,390	23,761,147+	3,544,673—	3,061,839
Deposits in Canada, payable on demand	705,280,241	650,743,015+	54,537,226	644,220,998+	55,280,879+	61,059,243
Deposits in Canada, payable after notice	1,262,746,984	1,227,437,715+	35,309,269	1,076,514,627+	39,016,607+	186,232,357
Total Deposits of Public in Canada	1,968,727,225	1,878,180,730+	89,846,495	1,720,735,625+	94,297,486+	247,291,600
Deposits elsewhere than in Canada	253,965,203	255,274,256—	1,309,053	224,201,096+	6,714,528+	29,764,107
Total Deposits other than Govt.	2,221,992,428	2,133,454,986+	88,537,442	1,944,936,721+	101,012,014+	277,055,707
Deposits and Balance, other Can. Bks.	8,516,415	6,638,270—	121,855	12,093,170+	2,021,037—	3,576,755
Due to Banks and Corres. in U.K.	4,732,347	6,482,034—	1,749,683	5,639,668—	482,903—	907,324
Due to Bks. and Corres. elsewhere	32,284,134	30,951,715+	1,332,419	27,122,886+	448,529+	5,161,241
Total Liabilities	2,697,447,772	2,582,558,149+	114,889,623	2,393,119,598+	144,154,255+	304,328,178
CAPITAL, ETC.						
Capital paid up	117,675,302	117,050,239+	625,063	106,587,095—	4,866,382+	11,088,207
Rest	123,477,561	123,041,750 +	435,811	111,125,000—	3,017,333 +	12,352,561
Loans to Directors and their Firms	8,837,140	9,135,518—	298,378	7,329,893+	102,549+	1,507,247
Greatest Circulation in Month	242,509,573	229,532,356+	12,977,217	232,438,622+	19,371,713+	10,070,951

WHEN INSURANCE ATTACHES.

Answering a query from a local agent as to whether a policy, ordered during the morning hours, and which the agent intends to or does issue, without specific instructions on the point, to date from noon that day covers the property if it burns before noon that day. Insurance should be issued to cover from the moment the agent accepts the risk. When the agent accepts he has bound it, unless it is particularly specified that the insurance is to attach at a certain hour or date ahead. In the event that no specified time is mentioned and the agent binds his company during the hours before noon he should consider the order and

issue the policy as dating from the previous day at noon. It costs the policyholder nearly a day's premium—in most cases negligible—but it gives him protection during the open hours of the day of the order.

If the property was burning when the order was given and accepted the transaction is open to review for fraud if any be suspected. If it had burned before the order was given and accepted in good faith, the transaction would be void because the property to be covered was not in existence to insure. On such points as this the agent cannot be too particular to have absolute agreement with his customer.

—Insurance Field.

Commercial Union Assurance Company Limited

of London, England

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

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

Palatine Insurance Company Limited

of London, England

as at 31st Dec., 1918.

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

N.B.—In addition to the above there is the further guarantee of the Commercial Union Assurance Company Limited, whose Funds exceed \$174,000,000.

Applications for Agencies Solicited in Unrepresented Districts

Head Office: CANADIAN BRANCH

COMMERCIAL UNION BUILDING, 232-236 ST. JAMES STREET, MONTREAL

W. S. JOPLING, Manager

THE CANADA

ACCIDENT & FIRE ASSURANCE COMPANY

Head Office, - - - MONTREAL

T. H. HUDSON, Manager, Fire Department.

H. F. RODEN, Manager, Casualty Department.

Policies Guaranteed by
Commercial Union Assurance
Company Limited

Local General Agents, (Fire)

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

Head Office
for Canada:
TORONTO



Assets
Exceed
\$50,000,000

Eagle Star

British Dominions
Insurance Company Limited

Of London, England

J. H. RIDDEL, Manager E. C. G. JOHNSON, Asst. Manager

DALE & COMPANY, LIMITED
GENERAL AGENTS
MONTREAL AND TORONTO

Head Office
for Canada
TORONTO



Security
over
\$20,000,000

The BRITISH CROWN

ASSURANCE CORPORATION LIMITED
Of Glasgow, Scotland

Guaranteed by Eagle, Star and British Dominions
Insurance Company, Limited, of London, England

J. H. RIDDEL, Manager E. C. G. JOHNSON, Asst. Manager

JOSEPH ROWAT, General Agent
LEWIS BUILDING - - - - - MONTREAL

THE FIRE INSURANCE COMPANY OF CANADA

MONTREAL

Authorized Capital, \$1,000,000

Subscribed Capital, \$250,000

Paid Up Capital, \$100,000

GENERAL FIRE INSURANCE BUSINESS TRANSACTED

President: Hon. R. DANDURAND

Vice-President and Managing Director: J. E. CLEMENT

Canada Has Many Problems to Face During Coming Year.

BANK OF MONTREAL ANNUAL MEETING

SIR VINCENT MEREDITH, the President, Favored System of Taxation That Would Affect All Classes of Community Who Have Ability to Pay—Sir Frederick Williams-Taylor, General Manager, points out That There Had Been No Profiteering by Banks During War Period, As Loanable Funds Had Remained Unchanged—Bank Had Never Been in a Healthier State.

At the annual meeting of the Bank of Montreal, at the head office of the Bank, Sir Vincent Meredith, the President, in his annual address, took occasion to refer particularly to the many problems with which Canada was at present confronted and to the best manner in which these could be solved. It is generally recognized that these problems at the moment are of almost an unprecedented character and, therefore, they are of the greatest importance to the mercantile interests of the country.

Sir Vincent attributed the high cost of living very largely to the pressing demands of European countries for commodities of every nature. He considered that in Canada it might be possible to look forward confidently to a reduction in all commodities, both at home and abroad, after another harvest.

He dealt particularly with the change in opinion that had developed as regards the relation of gold reserve to note circulation. He expressed the view that it might be a part of wisdom to depart from the old notions of the rigidity of the gold reserve and recognize that we are justified in enlarging our note issuing powers to respond to all legitimate business demands in periods of great trade activity or emergency, provided such expansion is based on self-liquidating securities.

The President also pointed out that it was vitally important that the unoccupied areas of Canada should be settled and made productive with as much rapidity as possible, the future prosperity of the country and ability to meet out debts being largely dependent on increased production.

The question of taxation in Canada also received particular attention and Sir Vincent expressed the view that trade was being hampered by a somewhat penalizing excess business profit tax. Furthermore, enterprise and expansion are stifled and foreign establishments deterred from entering the Canadian industrial field. He expressed the view that Canada should do away with many exemptions and impose taxation on all classes of the community who have the ability to pay and at the same time place a higher tariff upon imported luxuries, which would cause

little hardship and at the same time considerably ease a strained financial situation.

DIFFICULTIES TO BE OVERCOME

Sir Frederick Williams-Taylor, the General Manager dealt more particularly with the record of the Bank during the past year, but also touched on many of the developments outside of the country which had a bearing on the situation. Sir Frederick stated that it was no reassuring reflection that the United States has already reduced her war debt by some \$800,000,000, while Canada was confronted with an increase of \$600,000,000 for the current year.

Sir Frederick took occasion to point out that it was a matter of sufficient importance to bear repeating that there had been no profiteering whatever by the banks of Canada, for the price of money had not been raised. Alone of all commodities, the cost to the borrower of loanable funds of the banking institutions of the country had remained unchanged. Not only was this the case, but speaking for the Bank itself, it was only proper that the shareholders should know that in handling business entrusted by the several Governments during the war and since, the policy had been to charge only the narrowest of commissions and minimum interest rates. In many instances, where the services were of a war character, the Bank had acted free of charge.

Sir Frederick also dealt particularly with the position of exchange as between Canada and the United States. He pointed out that the repayment to Canada of the monies aggregating \$420,000,000, owed us by Great Britain and the Allies, would quickly cause the premium in question to disappear. Referring to the financing which the Dominion Government had carried out in New York, when it secured \$75,000,000 for refunding purposes, Sir Frederick stated that the terms paid by the Government were onerous but unavoidable. Evidence that the price of issue was in keeping with the American conditions is furnished by the fact that there has since been no rise in the quoted price. Incidentally it could be mentioned that Canada secured as good terms as in the case of the recent British loan of \$250,000,000 in the same market.

A satisfactory sign of the times in Canada was the increase in buying power for first-class securities. This is a healthy and desirable condition, induced by Government war loans and war savings certificates. It is vital that Canadians should recognize the virtue of saving, as between production and thrift, though they go hand in hand, the latter is fundamental and leads naturally to the former.



**LONDON & LANCASHIRE
FIRE
INSURANCE COMPANY
LIMITED**

Security - - \$42,000,000

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

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



**LONDON & LANCASHIRE
ACCIDENT**

**PERSONAL ACCIDENT
SICKNESS
FIDELITY GUARANTEE**

**PLATE GLASS
AUTOMOBILE
GENERAL LIABILITY**

Head Office, TORONTO
Montreal, 164 St. James Street. Quebec, 61 St. Peter Street.

Mount Royal Assurance Company

SURPLUS AND RESERVES, \$1,214,457 TOTAL FUNDS, \$1,436,842

TOTAL LOSSES PAID, \$2,692,201

Applications for Agencies Invited

HEAD OFFICE - - - - - MONTREAL

P. J. PERRIN and J. R. MACDONALD, - - - Joint Managers

Established in Canada in 1821

1819 AETNA (FIRE) 1919

HARTFORD, CONN., U. S. A.

Losses Paid over \$175,000,000

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

Union Assurance Society, Ltd.

OF LONDON, ENGLAND
(Fire Insurance since A. D. 1714)

CANADA BRANCH, MONTREAL. T. L. MORRISSEY, Resident Manager
NORTH WEST BRANCH, WINNIPEG. THOS. BRUCE, Branch Manager

Agencies throughout the Dominion

EXCELSIOR

INSURANCE LIFE COMPANY

A Strong Canadian Company

J. J. Robichaud, Provincial Inspector.
MONTREAL TRUST BUILDING, 11 Place d'Armes, MONTREAL.

The Law Union & Rock

INSURANCE CO. LIMITED, LONDON. Founded in 1800

Assets Exceed - - \$50,000,000.00

Over \$10,000,000 invested in Canada

FIRE and ACCIDENT RISKS accepted.
Canadian Head Office 27 Beaver Hall Hill, MONTREAL.

Agents wanted in unrepresented towns in Canada.
W. D. AIKEN, Superintendent. J. E. E. DICKSON, Canadian Manager.
Accident Dept.

GOOD SALESMAN WANTED IN MONTREAL

If you are a good salesman, a hard worker and ambitious, we will help you to make good, whether experienced in Life Insurance or not. Attractive openings for men of fair education and good records. Apply stating experience and references, to

M. D. McPHERSON, Provincial Manager, 180 St. John Street, MONTREAL, P.Q.

THE CONTINENTAL LIFE INSURANCE CO.

GEORGE B. WOODS, President TORONTO, Ont. CHAS. H. FULLER, Secretary

GENERAL TRADE ACTIVITY

Sir Vincent Meredith, in his address to shareholders, said, in part:

"General trade in practically all branches had been active and profitable during the war and the Bank has participated in the general prosperity. The balance sheet shows profits in moderate proportion to the resources employed, and yet, I trust, not unsatisfactory to the shareholders. That reaction from the feverish activities and high prices produced by the vast conflict, which so many apprehended, has not occurred, nor can it be said to be impending. The feeling as to the future is less optimistic than it has been, but the great pressure on our agricultural and manufactured resources, caused by home and foreign demand, shows no signs of abatement.

THREE INDISPENSABLE FACTORS

"There are three indispensable factors to the upbuilding of Canada—immigration, production and exports. Immigration during the last five years has been negligible, owing to the war. In the first seven months of the current fiscal year, new arrivals numbered 82,593, of whom 42,377 came from Great Britain and 35,949 from the United States. While these figures do not represent a large movement as compared with several pre-war periods, they show a gain of 51,734 immigrants, or about 166 per cent., over the corresponding months last year. After-the-war emigration of foreign-born has taken place in fairly large volume, the exact figures of which are not obtainable.

"With regard to the subject of foreign trade, it is only a matter of time before increased production will overtake domestic demands, and unless preparations are made in advance for finding markets overseas for our exportable surplus of raw materials and manufactured goods, our uninterrupted prosperity may be checked. The needs of foreign countries are great and pressing, and profitable business awaits the Canadian exporter, but it cannot be acquired unless long term credits are provided.

"Our Government has been far-seeing in giving assistance in this direction, and, no doubt, is prepared to extend further aid, provided exporters, who reap the benefit, will assume a proportion of the risk.

"Self-interest alone would seem to dictate that credit facilities be extended to those countries who can demonstrate their ability to pay if given reasonable time, and we would thus avoid the possibility of abrupt changes in industrial conditions and bring about a gradual return of international trade equilibrium.

"I cannot close without voicing what, I am sure, is the feeling of every Canadian—that the recent visit to Canada of His Royal Highness, the Prince of Wales not only gave abiding pleasure to every class of our population, but rendered a great and memorable service to the Empire in strengthening

the Throne in the affection and confidence of the people, and by drawing still closer the ties which bind the commonwealth of nations over which he is destined to reign."

MANY PROBLEMS TO BE SOLVED

In presenting his report to the shareholders of the Bank, Sir Frederick Williams-Taylor, the General Manager, said:—

"The economic and financial difficulties that confronted the country during the war have changed in nature, but have not disappeared by any means. There is an aftermath of problems which Canada must face and in which bankers are vitally concerned. At present there is great trade activity; yet our national debt grows apace, with attendant ills. Therefore, even with a full measure of faith in our country, I find the near future difficult to visualize. We derive a measure of consolation in comparing our lot with that of countries worse off than our own, but contiguity and ambition direct our eyes towards that country to the South which has benefited so vastly by the war.

EXCHANGE SITUATION

"The premium on New York funds, the increase in our national debt and in our Canadian currency circulation, are matters of deep interest and should be studied by all.

"The purchasing power of the Canadian dollar in the United States has decreased, as reflected in the premium on New York funds. A year ago it cost two dollars to send one hundred dollars to the United States of America; today the cost is four dollars.

"It will interest you to know that on my recent trip to the Pacific Coast, when I travelled nine thousand miles in visiting various branches of the Bank, I met some 110 of our Managers, and returned more than ever satisfied with the personnel, the intelligent loyalty and devotion of our ever-increasing staff of officers.

"Such meetings are advantageous to the Bank and an inducement also to close relations between the Bank and its friends at distant points.

"It is impressive and satisfying to view the Dominion's greatest quick asset, the rich wheat areas of our three Western Provinces, at harvest time. While this year the yield was not up to the mark, the Western farmers had much to be thankful for.

"In British Columbia, one is struck by the confidence of the people in the future of their rich and beautiful Province, with its wonderful climate. It is a healthy sign that the men of affairs in the West hold such sane views concerning the outlook locally and for the Dominion at large.

"I hope that time may presently permit me to visit other divisions as I did British Columbia and North-West.

"In concluding, I have no hesitation in expressing the belief that the affairs of the Bank have never

THE BRITISH AMERICA ASSURANCE COMPANY

Incorporated 1883

Fire, Marine, Hail and Automobile

HEAD OFFICE: TORONTO

Old Reliable Progressive
 Assets over - - - \$4,000,000.00
 Losses paid since organization over - - - \$45,000,000.00

DIRECTORS:

W. B. MEIKLE, President

SIR JOHN AIRD
 ROBT. BICKERDIKE, Montreal
 LT.-COL. HENRY BROCK
 ALFRED COOPER, London, Eng.
 H. C. COE
 JOHN H. FULTON, New York
 JOHN HOSKIN, K.C., LL.D.

D. B. HANNA
 Z. A. LAMB, K.C., LL.D.
 GEO. A. MORROW, O.B.E.
 LT.-COL. THE HON. FREDERIC NICHOLLS
 BRIG.-GEN. SIR HENRY PELLATT, C.V.O.
 E. R. WOOD

W. B. MEIKLE JOHN SIMS E. F. GARROW
 Pres. and Gen. Man. Asst. Gen. Man. Secretary

THOMAS F. DOBBIN, Resident Manager
 MONTREAL

NORWICH UNION FIRE INSURANCE SOCIETY, Limited

INSURANCE AGAINST

Fire, Accident and Sickness
 Employers' Liability
 Automobile, Plate Glass

AGENTS WANTED FOR THE ACCIDENT BRANCH.

Head Office for Canada, - - - TORONTO
 Head Office for Province of Quebec, MONTREAL

P. A. TANKER, Branch Manager.

SCOTTISH UNION AND NATIONAL

INSURANCE COMPANY, OF EDINBURGH, SCOTLAND

ESTABLISHED 1824

Capital, - - - - - \$30,000,000
 Total Assets, - - - - - 79,686,734
 Deposited with Dominion Gov't, - - - 391,883
 Invested Assets in Canada, - - - 7,695,336
 NORTH AMERICAN DEPT., HART ORD, ONN. U.S.A.

JAMES H. BREWSTER, Manager
 ESKINART & EVANS, Resident Agents, Montreal
 MIDLAND & SON, Toronto
 ALLAN, KILLAN & MCKAY, LTD., Winnipeg

The Travellers Life Assurance Company

of Canada

HEAD OFFICE: MONTREAL

Exec. CHAS. P. GRAHAM, President

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

THE LONDON MUTUAL FIRE

INSURANCE COMPANY
 ESTABLISHED 1669

Assets - - - - - \$639,691.53
 Surplus to Policyholders - - - - - 164,317.87



DIRECTORS:

A. H. C. CARSON, Toronto - - - - - President
 F. D. WILLIAMS - - - - - Vice-President
 A. C. McMASTER, K.C. W. T. KERRAHAN
 S. G. McNEBITT H. N. COWAN
 W. H. HUNTER

HEAD OFFICE - 33 SCOTT ST., TORONTO

QUEBEC BRANCH OFFICE

W. J. CLEARY,
 BRANCH MANAGER.

17 St. John Street, - MONTREAL

ESTABLISHED 1904.

New York Underwriters Agency

A. & J. H. STODDART
 REGISTERED

100 William Street - New York

Provincial Agents

MURPHY, LOWE, HAMILTON & BARCOCK, Toronto, Ont.
 O'LEARY, HAMILTON & NANTON, Winnipeg, Man.
 ALFRED J. BELL & Co. Halifax, N.S.

JOHN Wm. McLEOD & ROBERT Y. BOWEN, Montreal, Que.
 WHITE & GIBSON, St. John, N.B.
 AYER & SCOTT, Ltd. St. John, Nfld.

T. D. RICHARDSON, Supt. for Canada
 TORONTO

Founded A. D. 1710

SUN INSURANCE OFFICE

Head Office: Threadneedle St., London, Eng.

THE OLDEST INSURANCE OFFICE IN THE WORLD

Canadian Branch:
 15 Wellington St. East
 TORONTO, Ont.

LESLIE BOYD
 Manager

been in a healthier state. Our domestic business is expanding satisfactorily, our foreign branches and connections have been adequately extended to meet the development of the country's trade, we are well equipped in point of staff. Altogether, I feel that we are well prepared to meet any conditions and contingencies that may arise.

OVERSEAS RECORD

"The record of the staff of the Bank overseas showed that 1,405 members of the staff had served with the colors. Of this number 1,182 had survived, of whom 663 have already been reinstated. Of the total who joined the colors it was Sir Frederick's sad duty to record the fact that 223, or 16% gave their lives for their country. In paying tribute to them, Sir Frederick said:—

"No words of tongue or pen can fully express our pride in, or our admiration for, these gallant young crusaders. It must suffice to say that their names are not merely written in the records of this Bank and in the history of the Empire they served so well, but 'live on far away, woven into the fabric of other men's lives. Such dead are honored with unchallenged admiration.'"

SUN INSURANCE OFFICE APPOINTMENT.

Mr. Lyman Root, Canadian Manager of the Sun Insurance Office, announces the opening of a branch office at Montreal, and the appointment of Mr. Andrew Hamilton as its manager for the Province of Quebec. We understand the Imperial Underwriters will also be under Mr. Hamilton's jurisdiction. While the establishment by the Sun of a branch office in the Metropolitan City is a new innovation, there are few companies better or longer known to the insuring public in Montreal than the Sun, which is known as the oldest insurance office in the world. It has been prominently represented in Montreal for many years through a leading agency. The new departure will, no doubt, keep the Sun in closer touch with its business in the Province of Quebec, which will receive the prompt and personal attention of Mr. Hamilton, who is recognized as a most capable insurance man, in addition to enjoying considerable popularity.

Mr. Hamilton entered the service of the Union Assurance Society at its head office for Canada in Montreal as junior clerk, in 1900. He has served the company continuously since that date in various departments, and held the important position of chief clerk at the date of his new appointment. Mr. Hamilton has had the advantage of receiving his insurance training under Mr. T. L. Morrissey, who, as manager of the Union, is recognized as a leader in fire insurance.

Mr. Hamilton leaves the service of the Union with the best wishes of the management and staff, from whom he has been the recipient of an address and presentation. No doubt the old historic "Sun" will speedily

attain a position in this province commensurate with its high standing under the new arrangement.

INSURANCE PROMOTIONS.

Our esteemed contemporary *The Insurance News*, of Manchester, England, in a recent issue, referring to new fire insurance promotions, is inclined to be decidedly pessimistic as to the ultimate outcome of the numerous promotions which have been recorded during the present year. It must be pointed out, however, that even with the elimination of the German reinsurance companies from the field, there are still some 30 foreign insurance offices seeking a share of the reinsurance business of British insurance companies, and it is therefore obvious that there is a very large field available for cultivation by British companies. The *Insurance News* says:—

"To assume that the present state of affairs will continue indefinitely, or even for any length of time, is sheer infatuation. The only vital change which has been brought about by the war is the elimination of German competition for re-insurance business, and because of this fact the establishment of one or more offices to fill up the gap caused by the expulsion of these unscrupulous rivals is quite a legitimate proceeding. But unless all history and experience go for nothing, the new and powerful competition now being brought into action will soon reduce incomes and profits to a very unpleasant extent. The only consolation is that this process will be a very gradual one, for so long as labour and commodities remain at their present level, insurable values will necessarily be much in advance of the pre-war era, and premium incomes will be proportionately higher.

But who will get the benefit? Not the multitude of new general offices who have so lightly entered the insurance field, and who have so successfully befooled the public with the "premium" craze. Not they; but the existing offices who now hold the field. It is distinctly a case of "to him that hath shall be given." There is no more heart-breaking business than to set up a new insurance company, and after having exhausted its own immediate connections—a broken reed at the best—to go forth into the outer world, with the expectation that a large and profitable business can be got together at will.

One thing we must never forget, viz: that nearly all the big companies are now paying their dividends out of interest earnings. It has taken them fifty years to arrive at this position, dating from the epoch-making calamity of Chicago. In the prospectuses of all the new offices there has been an implication that highly lucrative returns on the shareholders' money might be confidently expected. It is mere delusion and mockery; a mirage which dissolves and fades away when approached. So far as insurance is concerned we have indeed entered into a new world, but our firm conviction is that for the new shareholders it will be a world of woe.



BRITISH COLONIAL FIRE INSURANCE COMPANY MONTREAL

Authorized Capital, \$2,000,000.00 Subscribed Capital, \$1,000,000.00
Paid-up Capital, \$247,015.79

General Fire Insurance Business Transacted

THEODORE MEUNIER
Manager

THE YORKSHIRE INSURANCE COMPANY, LIMITED

ESTAB. 1834

YORK, ENGLAND ASSETS EXCEED \$30,000,000

FIRE..... Every description of property insured. Large Limits.

LIVE STOCK... The Yorkshire is the **FIRST COMPANY**, licensed by the **FEDERAL GOVERNMENT**, to transact Live Stock Insurance in Canada.

ACCIDENT.... Personal Accident, Employers', Automobile, Tams, General Liability, and Plate Glass

CANADIAN DIRECTORS {	Hon. C. J. Doherty, M. P.	Alex. L. MacLaurin, Esq.	Canadian Manager,
	G. M. Bosworth, Esq.	Pamphile R. DuTremblay, M. P.	P. M. WICKHAM, Montreal

APPLICATIONS FOR AGENCIES are invited from responsible persons.

DALE & COMPANY, Limited

Marine and Fire Underwriters
CORISTINE BUILDING, - MONTREAL

All classes of Insurance underwritten or placed in reliable companies.

Branch Offices at TORONTO, HALIFAX and VANCOUVER
LLOYD'S AGENTS MONTREAL

A TOWER OF STRENGTH

Back of every Policy Contract assuring each National Life Policyholder the largest possible measure of Service, Safety and Saving, towers the strength and security of the Company, as attested by more than two decades of conspicuous success.

*For information regarding Insurance
or territory, address Head Office:—*

THE NATIONAL LIFE Assurance Company of Canada

National Life Chambers

TORONTO

BRITISH GENERAL INSURANCE CO., OF LONDON.

Messrs. Fox & Morris, Board of Trade Building, have been appointed chief agents for Montreal, of the British General of London, now about entering Canada, under the management of Mr. T. F. Dobbin. The firm of Fox, Morris is well-known, and renders most satisfactory service to the Companies represented by them, in addition to conserving the interests of their clients.

NATIONAL LIFE ASSURANCE COMPANY.

The National Life is closing the most satisfactory year in its history, is the report given the *Chronicle* by Mr. A. J. Ralston, Managing Director of the company. He informed our representative that after making provision for a substantial amount for profits to policyholders, writing off \$10,000 Treasury Vault and Equipment, writing off balance of office furniture, etc., etc., the company expect to show a gain in net surplus of over \$100,000. Its total assets of approximately \$5,000,000 are composed almost entirely of gilt edge interest bearing securities well distributed. The National Life, during the present year has pursued a conservative policy in the matter of writing new business, at the same time reducing its lapse ratio. The total amount of business in force at end of present year is estimated at \$28,000,000, showing a gain in this item of approximately 65 per cent.

BRITISH REINSURANCE COMPANIES.

The elimination of German competition for reinsurance business as a result of the war is to some extent responsible for the present activity in connection with the promotion of many new Reinsurance Companies in England. The *Post Magazine* says:—

Great, however, as has been the need for increased facilities for placing British re-insurance with British offices, the restrictions imposed by the Treasury during the war rendered it impossible to form any further companies for this purpose. It has not been until the present year, therefore, that any new British reinsurance companies have come into being, and the following is a fairly comprehensive list of public companies which have been formed since May, 1919, either to undertake reinsurance only or having reinsurance as one of their principal objects:—

	Capital Paid up.
General Reinsurance.....	£125,000
Tariff Reinsurances.....	£125,000
Reinsurance Corporation.....	£150,000
World Auxiliary.....	£300,000
First National.....	£ 62,500
Victory.....	£250,000
Total Paid up Capital.....	£1,012,500

It will be seen that even with the addition of these new companies the amount of British capital invested at the present day in reinsurance companies is still considerably short of the amount of German capital so invested six years ago."

According to *La Reassurance* 37 German Reinsurance Cos. were operating in 1913 with a paidup capital of £1,770,711 and a nett premium income for that year of £15,222,962. The total reserves of these companies amounted to £22,548,962.

Bearing in mind the fact that London is recognized as the Fire Insurance clearing house of the world, and that, thanks to the valour of our Navy and Army, this country was never more in the ascendant than at the present time, it would seem that there is a real necessity and ample scope for many more Reinsurance Companies in this country in order to make Great Britain the reinsurance market of the world.

One point which promoters of these Companies appear to have overlooked hitherto is that, in order to command the confidence of the large **Tariff offices** to whom the new reinsurance companies have to look for their business, it is necessary to have a large subscribed capital, so that in their earlier years, before funds can have accumulated, the ceding office may be assured that the Reinsurance company has sufficient resources to enable it to meet its liabilities. Other things being equal, British Insurance Managers will only be too pleased to give practical assistance in supporting British reinsurance companies, but the latter must be large and capable of carrying a good line.

The chief factor in the success of any new reinsurance company is unquestionably its management. All depends upon the ability of its underwriters to select risks wisely and their willingness to refuse undesirable business. Quality should never be sacrificed to premium income. It is also, of course, important for a new company to have some personal link with the **Tariff Offices** if possible, for in reinsurance, as in every other kind of business, the personal touch goes a long way. Any new company, therefore, which has on its Board of Directors gentlemen who are connected in any way with the managers of the **Tariff Offices**—who themselves are personally responsible for the ceding of reinsurances to other companies—starts its career with an extremely valuable asset.

Values of commodities are now so much enhanced, and the prestige of Great Britain in the world is so high, that a much larger British reinsurance market is needed now than before the War, and any sufficiently large and properly managed companies which may now come into existence can be assured of success from the outset.

RECENT FIRE AT MONTREAL UNIVERSITY

In connection with the recent disastrous fire in the Laval University, St. Denis St., Montreal, involving a loss of about \$350,000. An investigation of the fire took place before Commissioner Ritchie this week. Chief Chevalier is reported as testifying that two of the three fire engines which responded at the outset of the fire were in poor condition, one of them being 40 years old, while another leaks from its tubes while working at a fire. As a result of these deficiencies he estimated a loss of from ten to fifteen per cent of the effectiveness of the first alarm apparatus. In reply to a question he also stated that the engine of No. 25 Station, which is one of the most powerful, was out of commission at the time of the fire. Whatever the result of the investigation may be, the fact remains that damage caused by the fire was enormous and while the rank and file of the Montreal Fire Brigade may be considered individually to be among the most capable in Canada, but to perform good work they must be supplied with adequate appliances. On previous occasions it has been pointed out that Montreal is prominent among North American cities, having a most serious conflagration hazard. Underwriters for many years have feared that a disastrous fire would visit the city, as all the elements which cause such fires are present. In the inner congested value district among the most serious features are the narrow streets and close grouping of highly combustible materials in buildings of ordinary construction.

In the past this danger has been avoided by an excellent fire department. If now the department is to be handicapped both as to man force and equipment, the city will be inviting a disaster such as has destroyed other communities within the last fifteen years.

CANADIAN FIRE UNDERWRITERS ASSOCIATION SEMI-ANNUAL MEETING.

The Semi-Annual meeting of the C.F.U.A. was held at the Chateau Laurier, Ottawa, on the 9th and 10th instants. Mr. J. B. Laidlaw (president) occupied the chair. There was a large attendance of members, both from Montreal and Toronto and also representatives from the United States. The agenda, which was lengthy, brought about much interesting discussion and occupied the greater part of two days.

The resignation of the Eastern Vice-president, Mr. J. E. E. Dickson, Manager Law Union & Rock, who is retiring from the insurance field, was received with much regret. Mr. John Jenkins (Employers) was elected to fill the office, and the vacancy occurring on the Executive Committee was filled by Mr. Maurice Ferrand (Union of Paris). It is hardly necessary to state that both these elections were most popular.

On the evening of the first day of the session, a

pleasant and informal dinner was held. The president, Mr. J. B. Laidlaw, was in the chair, and the guest of honour was Mr. G. D. Finlayson, Dominion Supt. of Insurance.

PARTICIPATING VERSUS NON-PARTICIPATING POLICIES.

Our contemporary, the *Pacific Coast* publishes the following correspondence, which may no doubt be of sufficient interest to our readers to induce further correspondence on the subject. The majority of life companies are this year writing new business more freely than ever before, in the history of life insurance, and whether participating or non-participating policies are issued, it is of vital importance that the Companies should bear in mind that an adequate reserve must be maintained. This problem is likely to be all the more difficult for such companies that are unduly aggressive in their desire for large figures for advertising purposes. In this connection the cost of writing business must not be overlooked.—Editor.

"Some fine recent arguments for non-participating contracts have interested me, for there is much to be said on both sides of this unending controversy. But just now, as it seems to me, the participating people have the better of the argument.

I hold that the participating policy company is in a better position to meet the actual and the possible excess losses of any epidemic like influenza, which may wipe out surplus, including capital.

The participating policy company has but to discontinue temporarily the payment of dividends to policyholders in order to pay excess death claims and maintain or restore its surplus.

The non-participating policy company, on the other hand, has no such resource. Its lower table rates afford no resource with which to pay epidemic losses or restore a depleted policyholders' surplus. It cannot advance the rates. The stockholders must be assessed. But what if, after large epidemic losses, the stockholders refuse to pay such assessments? Their liability is limited and they cannot be compelled to pay.

The higher rates of the participating companies were devised to meet extraordinary mortality rates, which are normally as well as abnormally possible. Suspension or reduction of dividends to policyholders, a part of the mutual plan, at once increases the income and enables the company to meet all very extraordinary death claims.

I hold that the emergency rate plan of the participating policy has been fully justified by the recent (and present) influenza experience in America and Europe."

IMPARTIAL.

INSURANCE COMMISSIONER DEALS WITH STATE INSURANCE.

HON. JOSEPH G. BROWN, Insurance Commissioner for Vermont, in an interesting address on "Department Attitude Towards Readjustment Problems," delivered at the Annual Convention of the Association of Life Insurance Presidents, New York, a few days ago, confined his remarks very largely to the subject of State Insurance. He said in part:—

In considering the topic given me it is my purpose to review briefly the question of insurance in all its branches,—not confining myself to life insurance alone, as I believe that that which affects one line of insurance, directly or indirectly, affects all. It is frequently apparent that the attack of the radicals seems to follow "the line of least resistance"; so, too, an attack upon insurance may be upon the branch of insurance most easily affected. This may come as a result of knowledge of this particular line by the aggressors or because of the fact that those whom they are endeavoring to influence, or whose downfall they are plotting, are more vitally interested in that branch whether life insurance, accident insurance or workmen's compensation.

During the past few years there has been a growing tendency toward Governmental or State-owned and State-managed business and from the result we are more than ever convinced of the fallacy of this principle. Prussia played the game of government with monopolies—and lost. One of her cards was State insurance for her working people. She held it up for the world to admire and for a time it looked effective. It became a part and parcel of German propaganda in America. Von Bernstorff preached the doctrine in this country and read his sermons on the subject from carefully prepared manuscript. Therefore, unfortunately before the mask of "efficiency" was torn from the face of the German Military State, the idea of a State monopoly as the most effective medium in the matter of insuring the employer's liability under the new workmen's compensation laws was being cultivated in America. The thing was entirely foreign to American ideals, but in our characteristically unsuspecting American way, we gave it birth, watched its growth, and finally admitted it to citizenship. Despite a constant agitation in its favor, however, it has not thrived. Inefficient, extravagant and absolutely unsatisfactory in every particular have been the attempts along this line and there is no prospect of better results in the future. Such business can only be conducted under an autocracy, where every interest and every man can be arbitrarily directed and where freedom is sacrificed to the dictates of the autocratic power. This system, which has been constantly paraded by the socialists as their idea of perfect social conditions, is really a part of the vast Prussian system of domination of the interest of the individual and the complete obliteration of any semblance of freedom. The American people will not pay this price for State-owned and State-managed business.

Government and State insurance have been conducted in an extravagant, arbitrary manner, at heavy cost to the public for the benefit of a few, contrary to the ideals of a free people, and have furnished inferior service as compared with that rendered through individual effort.

Investigation conducted into the management of the New York Industrial Commission has developed numerous cases of graft in connection with the State Fund, and while the extent of the graft has not yet been determined, enough has been brought to light to indicate the possibilities. The result of this investigation may have a decided influence on the failure of State fund schemes, agitation for State compulsory health insurance and various other wild nationalization projects.

In Pennsylvania, where there is a State Fund doing business on a competitive basis, the Insurance Commissioner has taken a decided stand in requiring the removal of the differential rate that existed in favor of the State Fund, where it appears that companies competing with the State Fund have been required to charge an additional rate over that charged by the State Fund.

I quote from a statement by Hon. Arthur I. Vorys, former Insurance Commissioner of Ohio, in answer to Mr. Duffy, of the Ohio monopolistic State Fund, as follows:

"Jealousy, envy and spite against profitable enterprises, so easily aroused in human nature, I am sorry to say, are largely involved in such propaganda as State insurance. When Mr. Duffy says 'It is to prevent individuals or corporations from making profits out of the misfortunes of the laboring people' when he advises New York employers that if they have 'five or ten million dollars to spare, let them put it into the pay envelopes of their employees instead of into the coffers of the insurance companies,' there is when he invokes the spirit that puts State insurance across. Suppose some one, professing to represent the 'plain people,' assembled the figures showing what a sewing machine costs for labor and material, and then the figures showing what the purchaser pays for the machine. If the campaign were well organized, and aimed only against sewing machines, and the figures well advertised, you know it would be easy to get the State to engage in the business of making sewing machines. It would not be well for any one engaged in such propaganda to start against more than one enterprise.

"Such things succeed because none of us take any particular interest in legislation not aimed at our own affairs. The sewing machine manufacturers and their agents would find little sympathy and no help from other people, they would be denounced by the propagandists just as the liability companies and their agents were denounced. All other people, taking but a passing interest in the matter and finding no campaign against themselves, would only learn to repeat

(Continued on Page 1300)

EVERY AGENT WANTS



to represent a Company whose name is his introduction. One whose policies are unexcelled. Liberal dividends. Strength and security unsurpassed.

The figures for 1918 emphasize these points in the North American Life.

Business in Force	Over..	\$70,000,000
Assets	"	18,100,000
Net Surplus	"	2,750,000
Payments to Policyholders	"	1,700,000

These are reasons why the Company is known as "Sold as the Continent."

Correspond with E. J. Harvey, Supervisor of Agencies.

NORTH AMERICAN LIFE ASSURANCE COMPANY
 HEAD OFFICE - - TORONTO, CAN.

SIZE, STRENGTH, LIBERALITY

The Sun Life Assurance Company of Canada, with over \$340,000,000 of business in force, has all the advantages that size can bring to a life company.

With assets of over \$97,000,000 and surplus of over \$8,000,000 it has decided strength and safety.

Its policy conditions and dividend record have earned for it an enviable reputation for liberality, while its record for fair dealing is unexcelled.

For information as to contracts, communicate with the nearest Division Office, or with the Company's Head Office in Montreal.

SUN LIFE ASSURANCE COMPANY OF CANADA
 Head Office: Montreal. T. B. Macaulay, President.

COMMENCED BUSINESS 1861
 RECEIVED DOMINION CHARTER 17th JUNE 1905
 Capital Stock Authorized and Subscribed \$500,000.00
 Capital Stock Paid up \$174,762.70

The OCCIDENTAL FIRE
 INSURANCE COMPANY
 Under the control of the North British & Mercantile Insurance Company

RANDALL DAVIDSON, President
 C. A. RICHARDSON, Vice-President and Secretary.

DIRECTORS
 S. E. RICHARDS W. A. T. SWATMAN S. G. DOBSON

Head Office - - WINNIPEG, MAN.
 AGENTS REQUIRED AT UNREPRESENTED POINTS

ESTABLISHED 1809

Total Funds Exceed	Canadian Investments Over
\$109,798,258.00	\$9,000,000.00

Capital Authorized \$79,700,009.00
 Amount Subscribed for 21,900,000.00
 Amount Paid-Up in Cash 11,567,500.00

FIRE AND LIFE
NORTH BRITISH AND MERCANTILE
 INSURANCE COMPANY

DIRECTORS
 WM. McMASTER, Esq. G. N. MONCEL, Esq. E. L. FRANK, Esq.
 Head Office for the Dominion:
 80 St. Francois Xavier Street - MONTREAL

Agents in all the principal Towns in Canada.
 RANDALL DAVIDSON, Manager.
 HENRY N. BOYD, Manager, Life Dept.

The Imperial Guarantee
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 Head Office, 46 King St. W., TORONTO, Ont.

A Strong Canadian Company

Accident and Sickness Insurance
 Guarantee Bonds
 Plate Glass & Automobile Insurance

S. WILLIAMS, General Manager FRANK W. COX, Secretary

METROPOLITAN LIFE
 INSURANCE COMPANY OF NEW YORK

PAID FOR NEW BUSINESS IN CANADA DURING YEAR 1918	{ Ordinary Industrial	654,919.861
		35,505,793
Largest amount ever issued in Canada by any Company.		Total \$66,785,597
Amount of Insurance in force in Canada December 31, 1918.		697,300,000
Largest amount in force in Canada in any company.		
Number of METROPOLITAN policies held by Canadians December 31, 1918.		1,258,534
Largest number in force in any company in Canada		
Investments in Canada exceed		\$50,000,000
Subscriptions to Victory Loans		\$19,134,100
The Company had nearly 1,500 employees in Canada at the end of 1918.		

Home Office, 1 Madison Ave., New York City

THE LIFE AGENTS' MANUAL
 THE CHRONICLE - - MONTREAL

CANADIAN FIRE RECORD.

Fire at Montreal.—On the 4th instant a fire partly destroyed the dwellings in a block of three upper and lower flats at Verdun. Loss about \$7,500.

Fire near Quebec.—On the 4th instant a fire destroyed a large grain elevator, the property of the Dorchester Company, at St. Malachie Insurance as follows: Phoenix of-London, \$11,521; Home, \$5,000; Liverpool Manitoba, \$5,000; Mount Royal, \$7,500; Globe & Rutgers, \$5,000; Connecticut \$5,000; Sun, \$5,500; Yorkshire, \$5,000; British Empire, \$2,500; Canada, \$5,000; Nat. of Paris, \$5,000; Strathcona, \$2,500; Royal, \$5,000; total \$69,521. Loss total.

Fire at Woodstock, Ont.—On the 9th instant a fire destroyed the Ontario Garage. Loss about \$15,000.

Fire near Regina, Sask.—On the 6th instant a fire broke out in the theatre at Pontix following a dance, destroying eleven places. The principal losses were as follows: Pontix Theatre, \$3,500; law office of Mr. Marcotte; Pelletier Bakery, \$4,000; Gauthier's Store, \$20,000; Freedimans Store, \$10,000; Lupier's Drug Store, \$12,500.

Fire at Toronto.—On the 3rd inst., a fire broke out at 42 Melinda St. The following firms in buildings suffered loss: Century Press, \$2,500; Henderson Bros., bookbinders, \$4,000; R. A Dewdney, jeweller \$1,000; damage o budng about \$4000

Fire at New Glasgow, N.S.—On the 2nd instant, a fire occurred in the Norfolk Hotel. Loss about \$15,000. Insured for \$40,000, building and contents.

Fire at Toronto.—On the 4th inst. a fire broke out on the premises of A. Wilson Company, Cigar Manufacturer, 10 Front St. Damage to building slight. Cigars and tobacco suffered some damage from water.

Fire at Trois Pistoles, P.Q.—Fire already reported in Nov. 28th issue, which occurred in lumber mills of the Brown Corporation of Berlin, N.H., on Nov. 20th. The following is a complete list of companies interested:

Specific:—			
Alliance, Phil...	\$10,000	Home	\$5,000
Brit. Empire	5,000	Nat'l, Hartfd ..	10,000
F'man's Fund....	5,000	Prov.-Wash....	5,000
General Fire....	10,000		
Total			\$50,000
Floater—			
Mfg. Lum. Un...	\$20,000	Ohio Mill. Mu..	20,000
Total			\$40,000
Excess—			
Mfg. Lum. Un...	\$25,000	Recip. Ins. Mu..	3,000
Cent. Mrg. Mu..	5,000	Mill, Own. Mu..	5,000
Millers Mutual..	2,500	N'western Mu..	3,000
Lum. Mu. Fire..	5,000	Grain D. Mu...	5,500
.a. Lum. Mu...	5,000	Penn. Millers ..	2,000
Lum. Mu.	5,000	Penn. Millers ..	2,000
Ind. Lum. Mu...	5,000	Ohio Mutual ...	2,500
Lum'men's Mu..	5,000	Mfg. Wood W...	22,000
Minn. Im'ment..	2,500	Lloyds.....	60,000
Total			\$160,000

Common Sense

THE FIDELITY-PHENIX bases the workings of its whole organisation on the fundamental principle of common sense. It places at the disposal of its Agents the far-reaching service of its departments of business getting and business development, with the knowledge that bread cast upon the waters eventually returns. It extends service in the same ratio to its policyholders, and settles promptly with all honest loss claimants.

Common Sense has placed the Fidelity-Phenix among the leaders of Fire Insurance

FIDELITY-PHENIX FIRE INSURANCE CO. OF NEW YORK

HENRY EVANS, - PRESIDENT
 Canadian Head Office - - 17 St. John Street, Montreal
 W. E. BALDWIN, - MANAGER

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from one to the other that the conduct of sewing machine manufacturers and agents has been infamous. It would be supported by statistics showing the outrageous profit-takings of the middlemen, and all the things could be said about it that have been said about liability insurance companies and their agents.

A State Fund is solely for the benefit of those who become members of it and those who join such an association do so for the express purpose of receiving benefit therefrom in exactly the same manner as do the stockholders of a stock insurance company or the policy holders of a mutual company. The argument that the profits to stockholders are an economic waste is purely socialistic. If the argument is applicable to insurance it is applicable to every line of private business. If the public can purchase any article of merchandise without having to pay a price which will afford a return by way of dividends to stockholders, the public could surely purchase such articles more cheaply.

The adoption of the monopolistic State Fund in connection with insurance is a distinct departure from our form of government. This republic contemplates for itself purely governmental function only. Most of the arguments used for the advancement of the monopolistic State Fund are not arguments for the State Fund at all but are attempted arguments against private insurance. Therefore an argument against private insurance is not an argument for State insurance for it does not follow that the State Fund will cure or avoid evils of private insurance. There is nothing more erroneous than the argument that private insurance should not be allowed to make money out of injuries to workmen. The profit, if any, by companies is not made at the expense of the injured workmen. Such profit arises out of a transaction between the employer and the insurer by which the insurer undertakes a service to the employee at no expense to him whatever. This profit, if any, is a profit for service rendered to the injured party on behalf of the employer.

Government monopoly of insurance now stands out as an advance guard of extreme radicalism. Business has come to realize that the present condition throughout the country is but a development of the earlier scheme of monopolistic state insurance. Men in all walks of life are now convinced that any proposal to destroy personal initiative and confiscate the private dollar is a thrust at the vitals of our American form of government. To head off the calamity of State insurance demands much from insurance itself. It will not suffice that the business be carried on with indifference to the public demands, and unless changes are made and the wisdom and foresight of the leaders meet the needs of the public in a reasonable way, then extreme conditions through drastic legislation may be expected. Insurance is an industry which is dedicated completely to the service of the public and is in little

danger of receiving unfair treatment if it is properly understood by the public and the work of systematic education along proper lines should be carried on by all insurance organizations.

Mr. Henry Evans, On the Proposal for Less Stringent Unearned Premium Fund Requirements for New Companies in the United States.

The proposal for less stringent unearned premium fund requirements for new companies has caused much discussion in the insurance circles lately. Foremost among the opponents of the suggestion is President Henry Evans of the Continental, American Eagle and Fidelity-Phenix, who has written some three or four times to insurance commissioners explaining his views on the matter. President Evans holds that:

The present law is a proper law, because the premium reserve requirement is intended to, and should, cover the liability of the company to pay back a ratable proportion of the premium deposited by the policyholder in case it is desired to cancel the contract. That is all there is to it. You might just as well argue that a savings bank should not be required to carry as a liability 100 per cent of the amount deposited, because every savings bank makes some gains through the fact that depositors drift away and bank books are lost. In like manner the Continental, which used to do a participating business, issuing script, has on hand some \$32,000 or \$33,000 belonging to script holders that we can not get rid of because the participating certificates have been lost or destroyed and while it would be perfectly safe for us to write this liability off, still it is a liability and the law will not let us do so.

In England, the reserve requirements are intended only to cover the probable losses because there is no cancellation clause in an English policy—once a policy is issued, it has to run to expiration so far as the assured is concerned. In other words, the assured does not have the right to cancel and get back a ratable proportion of the premium. If the same conditions existed in this country, the unearned requirement could be safely cut down but under present conditions it can not be. You know, as well as I do, that new companies need very much closer watching than old companies, because very few of the new companies ever have success.

"Any letting down of the bars in the way of reducing the unearned requirements for the first five years, would be greatly detrimental to the interests of the insuring public. If a company is started, the stockholders should be made to understand that no profit is possible until the business is thoroughly established and that getting the plant costs money, which should be provided by paying in not only a surplus but a fund for the building up of the unearned premium reserve. The suggestion made by the gentleman you quote is in the interests of promoters but against the best interests of the insuring public."