

# The Chronicle



Banking, Insurance and Finance

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## 1920-1921

The turn into another New Year finds a new and definite stage reached in the process of after the war developments—the stage of deflation. The process of deflation, evident first in the great financial crisis which developed on the Japanese and far Eastern markets in the early summer, and spreading thence to the United States, is now well under way in Great Britain and other countries as well as in Canada. This new development of the year 1920, is due, not to any excess of production, it is to be remembered, but solely to the fact that the bases of credit throughout the whole world have been insufficient to support longer a scale of advancing prices in commodities without precedent. What the world has seen in 1920 is not a recovery from the famine of war but the breaking down of credit under the post war strain. To Canadians, particularly, that fact is both a warning and a hopeful sign. It is a warning against over optimism in regard to speculative ventures; it is also a sign that the future may be regarded with confidence, as ensuing a brisk demand for those foodstuffs and raw materials in which Canada is rich, when the present wreckage has been cleared away and the world's business got down to a new basis. In Canada as elsewhere, the effects of necessarily restricted credit will not be painless, as a good many business men are already aware, but it is not too much to expect that any period of business depression will be a comparatively short one.

The year, now closing has been marked by one development of great importance, which is to some extent outside the economic scope of this review, but cannot be overlooked in view of its effect upon the Dominion's future. In one way and another during 1920, Canada has continued notably the development of the idea of nationhood, with the privileges and responsibilities incident to the development of that idea. The progress which has been made in this connection during the last twelve months is second only to that made during the war years, and it may be measured by the not unimportant part played by Canadian Ministers in the recent Assembly of League of Nations at Geneva. Without any manifestation of undue na-

tional egotism (to which, perhaps, we are occasionally prone), Canadians can in this connection, we think, be proud of the part which they have taken as a nation among nations, in shaping the development of what, be its shortcomings what they may, is the most sincere and hopeful attempt which has been made in history to further the cause of true conciliation by international action.

If economically and financially conditions in Canada are considerably less rosy now than they were a year ago, on the whole they are probably more healthy. In the early months of 1920, business generally went booming away gaily somewhat inclined to ignore the warnings of bankers and others as to the capacity of the credit resources of the country to support further advances in prices. The bankers took early steps against the coming storm, the approach of which was first apparent in the failure of bank deposits of a more or less permanent character to keep pace with loans. Reaction in certain lines of business began as early as May, and developments since that time are familiar enough:—A large favourable foreign trade balance reversed; a constant pressure on New York funds—accentuated notably in the closing weeks of the year by the necessity of providing for very large interest and dividend payments in New York at the 1st January, large accumulations of stocks of commodities at top prices, the development, comparatively late in the year, of a "consumers' strike," and consequent upon both these developments, a certain amount of price cutting and very large inventory losses, bountiful crops, sold mostly thus far in the United States at a figure well below that obtained for last years crops, the tightening of credit, a summer boom in the Stock Exchanges in the pulp and paper stocks, followed by a severe slump in all issues, and finally, though not of the least moment to the ordinary citizen, a slight, though relatively not very important check to the high cost of living.

Summarized in this way, the developments of the year do not make very cheerful reading, and there is much in the immediate future which does not suggest optimism. The early months of 1921 are likely, we believe, to be an exceedingly trying period for business generally, with a considerable

# BANK OF MONTREAL

Established Over 100 Years

CAPITAL PAID UP, \$22,000,000

REST, \$22,000,000

UNDIVIDED PROFITS, \$1,251,810

TOTAL ASSETS

\$560,150,812

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This Bank, with its Branches at every important point in Canada, offers exceptional facilities for the transaction of a general banking business.

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We can offer you, therefore excellent service in collecting your Canadian and foreign accounts.

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Capital Paid Up - - \$15,000,000.

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# The Chronicle

## Banking, Insurance and Finance

Established 1881. Published Every Friday

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MONTREAL, FRIDAY, DECEMBER 31st, 1920

(Continued from front Page)

multiplication of failures through inventory losses in inability to turn stocks into cash except at a ruinous sacrifice.

Large and well established concerns can afford to take losses of this kind and survive, in fact, in a great number of cases, the losses have probably been already provided for, but with the smaller fry of business, the story is a different one in many instances. The problem of labour is likely also to present many difficulties. Unemployment is increasing considerably, and numerous official bodies are considering palliative measures. Announcements of wage cuts have grown in number during recent weeks, and in some cases they have been accepted without dispute. Elsewhere, and particularly in the Province of Ontario there is an ugly disposition to insist upon the payment of the highest scale of war wages, this disposition being shown even by those at present unemployed. It is possible enough that the early months of the New Year may bring grave trouble in this connection. Securities are possibly at about their lowest, and the New Year may see a perceptible improvement in the present standing of standard bonds and stocks, although the fact must be borne in mind that the arrangement for prohibiting import of securities from abroad is still in force, and it remains to be seen what effect the removal of that arrangement sooner or later will have. With regard to the marketing of the crops, the matter of a further demand from Great Britain and other European countries remains obscure. It is certain that those customers of ours are likely to maintain their present attitude of buying only as necessity dictates, and in the cheapest market. On the other hand, there is the obvious fact that stocks accumulated during the war in Great Britain cannot last for ever, and that sooner or later, the mother country will again be a buyer of Canadian wheat. In the United States there is a threat of legislation, which if carried into effect, may have serious consequences upon some classes of our producers. The short sightedness of our neighbours in fiscal matters is well known, and if they choose

to treat their second best customer in the summary fashion proposed, they can hardly be surprised if that customer makes arrangements for dealing elsewhere as much as possible.

One very satisfactory development, which augurs well for the future, is the fact which is apparent from the November bank statement, that the peak of the strain upon the banks has been passed. Current loans in Canada declined by over \$45,000,000 during the month and call loans in Canada by \$4,664,000, while concurrently, notice deposits in Canada increased by well over \$20,000,000. The excess of current loans over notice deposits, which form their backbone, has thus been considerably reduced. The main factor in this connection is no doubt the sale of our wheat in the United States, and it would be premature to expect a correspondingly rapid movement of the same kind in following months. As things are, however, the sign is an exceedingly hopeful one. It was said at the beginning of this article that the present world-wide situation is due not to over production, but to a break down in credit. While the credit strain in Canada has been exceedingly severe, but for the prescience of our bankers in contracting credits when most business men were unaware of the necessity for such action, the present condition of affairs might be much worse than it is. The bankers are not likely to allow any speculative movements for a long time ahead, but so far as the actual machinery of credit is concerned, it is evident that we have already made a start upon the right road, and that given a solution of the problems of labour and marketing referred to above, and a steadying of prices, following the completion of liquidation, the basis will exist for a new period of prosperity in Canada, less spectacular than the war years, possibly, but more stable and permanent.

Whether before the end of 1921, we shall see the foundations of that new period of prosperity freely laid obviously depends upon events. To some extent it depends upon factors outside our own control, the willingness on the part of workers to do a fair days work for a fair days pay, the willingness to save instead of squandering, in other words, the practise of the old-fashioned virtues of work and thrift.

Whatever the difficulties of the immediate future, no one can be a "bear" on Canada in the longer future. We have that greatest of all assets, a healthy, vigorous and ambitious people, set in surroundings needing only energy and brains plus capital to develop wealth and prosperity far beyond our present accomplishments. And so, realising the difficulties of the present situation and seeing those ahead of us, we still wish our readers in all sincerity "a happy and prosperous New Year."



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## THE ROYAL BANK OF CANADA

In the annual statement of the Royal Bank for the year ended 30th November last, total assets are reported as \$594,670,015 as compared with \$533,647,085 in the preceding year. The statement not only discloses a position of remarkable liquid strength and resources unprecedented in its history, but reveals in a striking manner the substantial part the bank is taking in developing and assisting Canadian commercial trade and enterprise.

With the expansion of the Royal's business and the employment of additional capital subscribed for by the shareholders during the twelve months ended November 30, last, profits also showed material gain over the total reported in the preceding statement, the 1920 aggregate establishing a new high-water mark in the history of this aggressive institution.

What is possibly the most significant feature of the 1920 showing, however, is the excellent position occupied by the bank with respect to cash holdings and easily realizable assets. The latter at upwards of 279 millions are higher by over 5 millions than those at the conclusion of the previous year and represent 50.5 per cent. of the institution's total liabilities to the public. Actual cash assets exceeding 171 millions are shown in the statement, the total bearing the ratio of almost 31 per cent. to public liabilities.

These excellent positions were attained despite an increase of nearly 62 millions in total deposits and one of over 40 millions in current loans in Canada, both items reaching levels of a record breaking nature.

The increased volume of business handled by the bank and capital additions are reflected in the profits accruing during the period, these being shown in the statement at \$4,253,649, compared with \$3,423,264 in 1919 and \$2,809,846 in the preceding year. After deductions for disbursements among shareholders and allowances for pension fund, bank premises writing-off, and circulation tax, in addition to transferring \$1,567,005 to reserve, there remained a balance to carry forward into the current year's profit and loss account of \$546,928.

The profit and loss figures of the three years are given in the following comparative table:

	1920	1919	1918
Profits . . . . .	\$4,253,649	\$3,423,264	\$2,809,846
Prev. bal. . . . .	1,096,418	535,757	564,264
Total . . . . .	\$5,350,067	\$3,959,021	\$3,374,110
Less:			
Dividends . . . . .	\$2,153,159	\$1,866,196	\$1,614,702
Bonus . . . . .	402,680	340,000	.....
Pension Fund . . . . .	100,000	100,000	100,000
Off. premises . . . . .	400,000	400,000	400,000
War Tax . . . . .	180,295	156,406	133,651
Patriotic Fund . . . . .	.....	.....	40,000
Halifax Fund . . . . .	.....	.....	50,000
To reserve . . . . .	1,567,005	.....	500,000
Total ded. . . . .	\$4,803,139	\$2,862,603	\$2,838,353
Balance . . . . .	\$546,928	\$1,096,418	\$535,757

Total deposits, as already stated, showed a gain of nearly 62 millions, the increase being entirely due to the exceptionally heavy growth in those of the notice or savings class, which grew by more than 72 millions to \$331,688,078 in the period. Demand deposits, reflecting the changed conditions prevailing in the commercial and industrial fields of activity, were lower by some 10 millions at \$123,329,308.

These changed conditions referred to are also directly indicated in the increase in current loans in Canada, which at \$183,747,409 were upwards of 40 millions in excess of the 1919 total. Current loans outside grew by approximately 12 millions, standing in the 1920 statement at \$102,674,210, the total, it is stated, being well below deposits elsewhere than in Canada.

Call loans in the Dominion were reduced by over  $3\frac{1}{2}$  millions to \$12,899,573, while those outside Canada increased over 11 millions to \$44,962,994.

Both the bank's capital and its reserve now stand at \$20,134,010, as compared to \$17,000,000 in each case last year, the premium on the new capital stock issue of \$1,567,005 being augmented by a sum like proportions taken from profit and loss account to bring the reserve up to the first mentioned account.

Coming at a time like the present, when all the reasonable confidence of the public is essential to see the community over the final stage of the re-adjustment period, the splendid showing made by the Royal Bank of Canada for its last fiscal year cannot but be regarded in the light of the highly satisfactory.

This progress is in part due to the enterprise which has distinguished the Royal Bank for some years past in the development of connections abroad, directed with the business shrewdness which has marked the bank's course for many years.

## Prudential Trust Company

LIMITED

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

## The Standard Life Assurance Co.

Established 1825     Incorporated 1910

Accumulated Funds - - \$68,000,000

Over \$10,000 paid daily in claims.

## 1870 - Our Golden Jubilee - 1920

INSURING THE MOTIVE POWER

The object of business insurance is to insure the "brains" of an organization. Knowledge, combined with administrative ability, is invaluable. Every business, large or small, depends primarily upon one or more experienced leaders. The death of any one of them would result in a heavy financial loss. There would be heavy going until the deceased official was replaced by someone of equal ability. The possession of a policy of insurance payable to the firm in the event of the death of such a leader is essential. Joint policies payable on the death of the first partner, or (preferably) separate policies on the lives of the individual partners in favor of the survivors are issued by **The Mutual Life of Canada**. It will be the object of the Company to adapt each business policy to the particular requirements of the insuring firm. Consult our representative. He will be glad to advise you regarding business insurance.

### THE MUTUAL LIFE ASSURANCE CO. OF CANADA

WATERLOO, - - - ONTARIO

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Company of Canada

**HEAD OFFICE: MONTREAL**

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

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

## Phoenix Assurance Co. Limited

OF LONDON, ENGLAND (Founded 1782)

**FIRE     LIFE     MARINE**

**TOTAL RESOURCES, over . . . . . \$96,000,000.00**  
**CLAIMS PAID EXCEED . . . . . \$60,000,000.00**  
**DEPOSITS with Federal Government and Investments in Canada, for security of Canadian policyholders only, exceed . . . . . \$,000,000.00**

AGENTS WANTED IN BOTH BRANCHES. Apply to

R. MacD. PATERSON } Joint Managers  
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## Assurance Company

Incorporated in 1851

HEAD OFFICE, - TORONTO, Ont.

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

ASSETS - over - \$8,000,000.00

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

DIRECTORS:

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# Union Insurance Society of Canton, Limited

ESTABLISHED 1833

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

A combination of AGE, MAGNITUDE and EXPERIENCE

### FIRE, MARINE AND AUTOMOBILE

Head Office for Canada, 36 Toronto Street, TORONTO

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

**Stabilization Need of the Hour**

In view of our fundamental sound credit position, it would seem that what we need above all else now is a stabilization of prices at new levels that will bring consumers back into the market. And not until the readjustment has been carried through the list, and prices of basic commodities, recede and general retail prices fall to lower levels, can we find a new starting point. We need, then, to do everything in our power to get commodity markets stabilized as soon as possible and avoid the dangers of a prolonged economic depression.

But stabilization of commodity prices can be accomplished only by greater production at lower costs, in order that goods may be offered to the public at prices which will revive buying. There is still a vast unsatisfied demand for all kinds of products in this country, as well as throughout the world, but prices must become commensurate with purchasing power before business can hope to reach a stable basis. And the withholding of goods from the market, as well as every unnecessary delay in marketing them, lessens the available supply of credit by "freezing" the credit required to carry the goods until they are sold. So, also, do unwarranted strikes congeal credit, as well as interfere with productivity.

We cannot achieve the urgently needed stabilization of business conditions until those retail merchants who are considering only present profits and forgetting that temporary gains may mean permanent losses later on adjust themselves to the trend of the day, and cease endeavoring to suspend the operation of economic laws. They must scale down their margins of profit to conform with present day costs. They must bear in mind that as the peak of commodity prices has been passed so also has the peak of profits.

Likewise, we cannot expect fully to rectify the credit situation until business is relieved of a material part of the heavy tax burden under which it is now struggling. The economically unsound excess profits tax is seriously draining the surplus resources of business and must be repealed

**The Woolen Textile Industry, 1919**

The Dominion Bureau of statistics has completed a preliminary report on the Woolen Textile Industry for the calendar year 1919. The report covers the operations of 76 mills, of which number 55 were located in the Province of Ontario, 12 in Quebec, and 9 in the Maritime Provinces.

*Capital Investment.*

The amount of capital invested in the industry is given by items for each of the provinces and the Dominion subjoined table:—

Items of Capital	Maritime			
	Ontario	Quebec	Prov	Canada
	\$	\$	\$	\$
Land, buildings and fixtures . . . . .	2,979,959	643,052	139,077	3,762,068
Machinery and tools . . . . .	3,401,752	589,229	298,543	4,199,594
Materials on hand, stocks in process, etc. . . . .	5,151,472	950,745	379,482	6,481,699
Cash operating accts., etc. . . . .	5,340,205	940,125	585,002	6,865,332
Totals . . . . .	16,873,388	3,123,141	1,312,104	21,311,633

**McDougall vs. Dominion Fire Insurance Co.**

Policy covered \$700. on a dwelling, situated at a lonely spot on the outskirts of Moncton, N.B. The Adjuster was not satisfied with any aspect of the case and the Company decided to repudiate liability on the ground of lack of value and questionable title. Assured entered suit and the case was tried, during the week of December 13th, before a Jury of twelve intelligent men, who brought in a verdict to the effect, that the risk was misrepresented in the application for the insurance, was of a value less than the insurance, and was not the property of the Assured, and the action was dismissed with costs.

It is quite noteworthy and encouraging that a Jury should decide in favor of an Insurance Company on questions of fact, with conflicting testimony on both sides. In this case, witnesses testified to values ranging from \$35. to \$1,500.—H. W. Frink, Adjuster. Mr. M. G. Teed, K.C., was counsel for the insurance company.

**AUSTRALIA AND NEW ZEALAND  
BANK OF NEW SOUTH WALES**

ESTABLISHED 1817

Paid-up Capital . . . . .  
Reserve Fund . . . . .  
Reserve Liability of Proprietors . . . . .

\$23,828,500  
16,375,000  
23,828,500  
\$64,032,000  
\$377,721,211



Aggregate Assets 31st March, 1920

**SIR JOHN RUSSELL FRENCH, K.B.E., General Manager**

351 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua (New Guinea), and London  
The Bank transacts every description of Australian Banking Business. Wool and other Produce Credits arranged.

Head Office :  
**GEORGE STREET, SYDNEY**

Agencies: Bank of Montreal  
Royal Bank of Canada

London Office :  
**29, THREADNEEDLE STREET, E.C. 2**

# The Royal Bank of Canada

## GENERAL STATEMENT 30th November, 1920

### TO THE PUBLIC:

Deposits not bearing interest . . . . .	\$123,329,308.42	
Deposits bearing interest, including interest accrued to date of statement . . . . .	331,688,078.60	
Notes of the Bank in Circulation . . . . .		\$455,017,387.02
Balance due to Dominion Government . . . . .		41,672,973.74
Balance due to other Banks in Canada . . . . .		19,972,801.38
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries . . . . .	\$ 6,807.41	
	14,959,003.06	
Bills Payable . . . . .		14,965,810.47
Acceptances under Letters of Credit . . . . .		3,997,678.28
		17,228,647.23

### TO THE SHAREHOLDERS:

Capital Stock Paid up . . . . .		\$552,855,298.18
Reserve Fund . . . . .		20,134,010.00
Balance of Profits carried forward . . . . .	\$ 20,134,010.00	
	546,928.20	
Dividends Unclaimed . . . . .		20,680,938.20
Dividend No. 133 (at 12 per cent. per annum), payable December 1st, 1920 . . . . .	11,107.37	
Bonus of 2%, payable December 15th, 1920 . . . . .	535,979.48	
	402,690.20	
		999,767.05

### ASSETS

**\$591,670,013.43**

Current Coin . . . . .	\$ 17,910,122.50	
Dominion Notes . . . . .	28,727,403.00	
United States Currency . . . . .	27,181,668.00	
Other Foreign Money . . . . .	6,723,995.37	
	\$ 80,543,188.87	
Deposit in the Central Gold Reserves . . . . .	23,520,000.00	
Notes of other Banks . . . . .	3,431,183.21	
Cheques on other Banks . . . . .	26,490,705.01	
Balances due by other Banks in Canada . . . . .	291.51	
Balances due by Banks and Banking Correspondents elsewhere than in Canada . . . . .	37,044,019.59	
Dominion and Provincial Government Securities, not exceeding market value . . . . .	12,808,172.50	
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value . . . . .	21,400,126.90	
Railway and other Bonds, Debentures and Stocks, not exceeding market value . . . . .	16,117,459.49	
Call Loans in Canada, on Bonds, Debentures and Stocks . . . . .	12,899,573.85	
Call and Short (not exceeding thirty days) Loans elsewhere than in Canada . . . . .	44,952,991.23	
	\$279,197,713.46	
Other Current Loans and Discounts in Canada (less rebate of interest) . . . . .	\$183,717,409.41	
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest) . . . . .	102,674,210.39	
Overdue Debts (estimated loss provided for) . . . . .	420,381.04	
	\$286,842,003.84	
Real Estate other than Bank Premises . . . . .	\$65,343.43	
Bank Premises, at not more than cost, less amounts written off . . . . .	9,498,425.46	
Liabilities of Customers under Letters of Credit, as per contra . . . . .	17,228,647.29	
Deposit with the Minister for the purposes of the Circulation Fund . . . . .	\$60,000.00	
Other Assets not included in the foregoing . . . . .	76,876.95	

### AUDITORS' CERTIFICATE

**\$591,670,013.43**

We Report to the Shareholders of the Royal Bank of Canada:

That in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

That we have checked the cash and verified the securities of the Bank at the Chief Office at 30th November, 1920 as well as at another time, as required by Section 56 of the Bank Act and that we found they agreed with the entries in the books in regard thereto. We also during the year checked the cash and verified the securities at the principal branches.

That the above Balance Sheet has been compared by us with the books at the Chief Office and with the certified returns from the Branches, and in our opinion is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the books of the Bank.

That we have obtained all the information and explanations required by us.

JAMES MARWICK, C.A.,

S. ROGER MITCHELL, C.A.

of Marwick, Mitchell and Co.

JAMES G. ROSS, C.A., of P. S. Ross & Sons.

} Auditors.

Montreal, Canada, 18th December, 1920

**PROFIT AND LOSS ACCOUNT**

Balance of Profit and Loss Account, 29th November, 1919.....	\$ 1,096,416.74
Profits for the year, after deducting charges of management and all other expenses, accrued interest on deposits, full provision for all bad and doubtful debts and rebate of interest on unmatured bills .....	4,253,649.24
	<u>\$ 5,350,067.98</u>

**APPROPRIATED AS FOLLOWS:**

Dividends Nos. 130, 131, 132 c.d 133 at 12 per cent. per annum.....	\$ 2,152,159.11
Bonus of 2 per cent. to Shareholders .....	402,680.20
Transferred to Officers' Pension Fund .....	100,000.00
Written off Bank Premises Account .....	400,000.00
War Tax on Bank Note Circulation .....	180,295.47
Transferred to Reserve Fund.....	1,567,005.00
Balance of Profit and Loss carried forward .....	546,928.20
	<u>\$ 5,350,067.98</u>

**RESERVE FUND**

Balance at Credit, 29th November, 1919 .....	\$ 17,000,000.00
Premium on New Capital Stock .....	1,567,005.00
Transferred from Profit and Loss Account .....	1,567,005.00
	<u>\$ 20,134,010.00</u>

H. S. HOLT,  
President  
Montreal, 18th December, 1920

EDSON L. PEASE,  
Managing Director

C. E. NEMUL,  
General Manager

**Weakness of Reciprocal Insurance**

The collapse of the National Merchants & Manufacturers Exchange of Chicago again shows the inefficiency of a system which authorizes an attorney-in-fact to involve property owners in heavy obligations, and should be a warning to those who are thinking of buying the so called "protection" offered by all manner of reciprocal insurers who are coming into Canada under time to time.

The Gilkeson-Davis Underwriting Co. was attorney-in-fact for the N. M. & M., which is now in the hands of George J. Kuebler, insurance attorney, who has been appointed receiver. The concern has unpaid losses of nearly \$50,000, together with numerous expense claims. It had been in trouble for some time, and in August, 1919, levied an assessment of 100% on all its policyholders to meet unpaid losses. The situation became worse when a large number did not pay the assessment. The amount received was not sufficient to pay the accrued losses, and meanwhile numerous other losses were coming in.

Suits were begun against the non-payers, when it was discovered that many of them had not been required to sign a written power-of-attorney, and held that they were therefore not liable under the inter-insurance system; moreover others had been given a guarantee by the attorney-in-fact that they would not be held liable for assessment.

The most important point is the absence of a written power-of-attorney, which is the sole basis for exchange of indemnity between members of a reciprocal. The receiver holds that if these members are not liable for assessments the reciprocal is not liable for any losses they have sustained. He insists, however, that they are liable

under the policy contract regardless of the absence of a power-of-attorney and are obliged to pay their pro rata share of all obligations incurred by the reciprocal. In short either way you regard it some of policyholders are bound to lose a great deal of money.

The failure has caused quite a panic in the reciprocal field because of the numerous contingent liabilities that were shown to exist after the concern was placed in the hands of the receiver.

One of the most telling arguments brought out against incorporated insurance institutions of this kind is the contingent liability of subscribers and the dangers lurking in their relationship to an exchange of which they know nothing.

**TRAFFIC RETURNS**

**Canadian Pacific Railway**

Year to date	1918	1919	1920	Increase
Nov. 30 .....	\$138,420,000	\$156,400,000	\$192,334,000	\$35,934,000
Week ending	1918	1919	1920	Increase
Dec. 7 .....	\$3,480,000	\$3,797,000	\$5,215,000	\$1,418,000
Dec. 14 .....	3,935,000	5,179,000	1,244,000	
Dec. 21 .....	3,715,000	4,484,000	769,000	

**Grand Trunk Railway**

Year to date	1918	1919	1920	Increase
Nov. 30 .....	\$68,128,850	\$80,683,227	\$12,754,377	
Week ending	1918	1919	1920	Increase
Dec. 7 .....	1,832,822	2,441,218	608,436	

**Canadian National Railways**

Year to date	1918	1919	1920	Increase
Nov. 30 .....	\$72,809,715	\$85,134,539	\$98,985,159	\$13,850,620
Week ending	1918	1919	1920	Increase
Dec. 7 .....	\$1,714,173	\$2,050,194	\$2,678,306	\$628,172
Dec. 14 .....	1,896,694	2,550,249	651,555	
Dec. 21 .....	1,982,080	2,600,174	618,094	

# Commercial Union Assurance Company Limited

of London, England

as at 31st Dec., 1919.

Capital Fully Subscribed. . . . .	\$14,750,000	Total Annual Income exceeds. . . . .	\$75,000,000
Capital Paid Up. . . . .	7,375,000	Life Fund, Etc. . . . .	99,147,565
Deposit with Dominion Gov't. . . . .	1,416,333	Total Funds exceed. . . . .	209,000,000

# Palatine Insurance Company Limited

of London, England

as at 31st Dec., 1919.

Capital Fully Paid . . . . .	\$1,000,000	Total Income . . . . .	\$4,145,585
Fire Premiums 1919. . . . .	3,957,650	Funds. . . . .	6,826,795
Interest Net . . . . .	187,935	Deposit with Dominion Gov't. . . . .	365,567

N.E.--In addition to the above there is the further guarantee of the Commercial Union Assurance Company Limited, whose Funds exceed \$209 000,000.

**Applications for Agencies Solicited in Unrepresented Districts**

Head Office: CANADIAN BRANCH

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

H. J. KERR, Assistant Manager.

W. S. JOPLING, Manager.

# THE CANADA

ACCIDENT & FIRE ASSURANCE COMPANY

Head Office, - - MONTREAL

T. H. HUDSON, Manager, Fire Department.  
Policies Guaranteed by  
Commercial Union Assurance  
Company Limited

H. F. RODEN, Manager, Casualty Department  
Local General Agents, (Fire)  
G. U. PRICE & CO., LIMITED  
Bank of Toronto Bldg., Montreal

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

SECURITY OVER  
\$93,000,000

FIRE  
AUTOMOBILE

THE

# BRITISH CROWN



ASSURANCE CORPORATION LIMITED

J. H. RIDDEL,  
Manager

OF GLASGOW, SCOTLAND

E. C. G. JOHNSON,  
Asst. Manager

HEAD OFFICE FOR CANADA - - TORONTO

JOSEPH ROWAT - GENERAL AGENT - MONTREAL

# THE FIRE INSURANCE COMPANY OF CANADA

MONTREAL

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

GENERAL FIRE INSURANCE BUSINESS TRANSACTED

President: Hon. R. DANDURAND

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

**Hamilton Clings to Small Town Methods**

The necessity of having an alarm transmitted promptly to the Fire Department by the person discovering the fire would seem to be self evident, yet Hamilton still depends on the telephone as the primary means of calling the department. The telephone is not reliable in as much as the successful operation of the system is largely dependent on the human element, and it is liable to serious interruptions during an electrical storm. Every telephone directory gives this warning—"Do not use the telephone during a Thunder storm."

There are many Streets and Avenues in Hamilton with names similar in sound, especially when transmitted over the telephone by an excited person whose home or business is on fire. Mistakes have occurred from this cause time and time again, and some day this will lead to serious results. Records show that at least 75% of the fire alarms are 'still' or telephone calls. The city officials argue, that seeing the citizens make such use of the telephone, why should good money be spent on installing a modern alarm system. It is a wonder that 100% of the alarms are not by telephone as the fire alarm boxes are so few and far between that people do not know that such a system exists in the city. That is a small town argument and Hamilton has passed from the small town stage as to population if not in other ways. The citizens should demand adequate fire protection. A good fire department and an ample water supply are in themselves useless unless co-ordinated by a modern fire alarm telegraph system.

**Globe Indemnity Company of Canada**

President J. Gardner Thompson, announces that Mr. John Emo, the veteran Casualty Underwriter will resign his position of General Manager of the Globe Indemnity Company as from the 31st March next.

Mr. Emo organized the Canadian Railway Accident Insurance Company in 1894, which Company

passed to the control of the Liverpool & London & Globe Insurance Company Ltd. in 1910. Subsequently the name was changed to the Globe Indemnity Company of Canada. Mr. Emo has therefore been General Manager for 25 years. For some little time past he has not been in the best of health and has come to the conclusion that it will be better from him to engage in agency business which will enable him to enjoy more outdoor life. Consequently he will, on retirement, enter the Agency field as a representative of his old Company. Needless to say the Directors have recognized Mr. Emo's long service by making him a suitable retiring allowance.

To fill the position the Directors have appointed Mr. Robt. E. Patterson, at present Assistant Manager of the Employers Liability Corporation at Toronto. Mr. Patterson is 38 years old and has spent 20 years with the Employers Liability where he has gained valuable experience in all branches of Casualty Insurance. This is considered an excellent appointment and is a matter for congratulation all round.

The Fire business of the Company will of course remain under the charge of Mrr. J. Gardner Thompson.

**FIDELITY-PHENIX MONTREAL AGENCY**

As we go to press we learn that the General Agency of this Company for Montreal, now held by Mr. George W. Pacaud, will be terminated on December 31st, 1920. After that date the Montreal business will be conducted at the Head Office, 17 St. John Street.

This change will enable the friends of the Fidelity-Phenix to receive the large measure of service for which it is so well known.

Further particulars will be given out at a later date.

**THE TOKIO**  
 Marine and Fire Insurance Co. Limited  
 Items from Head Office Statement December 31st, 1919  
 CAPITAL (Paid-up) . . . . . \$ 3,750,000.00  
 TOTAL ASSETS . . . . . 49,623,262.72  
 LIABILITIES (except capital) . . . . . 6,775,691.87  
 NET SURPLUS . . . . . 39,097,570.85

**GEO. W. PACAUD**  
 Chief Agent in Canada  
 80 ST. FRANCOIS XAVIER STREET,  
 MONTREAL.

An Agent's and Broker's Company, writing all Lines of Casualty Insurance and Guarantee

**ROYAL INDEMNITY COMPANY**

**CHARLES H. HOLLAND, President**

CANADIAN OFFICES:  
 MONTREAL                      TORONTO  
 Royal Insurance Bldg.      Royal Insurance Bldg.  
 RICHARD J. BOND,      JULIAN H. FERGUSON  
 Supt. for Canada              Supt. for Ontario



**FIRE CASUALTY**  
**The Northern Assurance Co. Limited**  
 of England

**ASSETS - - - \$79,801,255.00**

Including Paid up Capital of \$4,015,100.00

Head Office for Canada: Lewis Building, 17 St. John Street, Montreal

ALEX. HURRY, Manager Casualty Department

G. E. MOBERLY, Manager

**FIRE**

**THE**

**FIRE**



**Royal Scottish**

**INSURANCE COMPANY LIMITED**  
 of Glasgow, Scotland

HEAD OFFICE FOR CANADA  
 17 ST. JOHN STREET  
 MONTREAL

G. E. MOBERLY,  
MANAGER

This Company's contracts are guaranteed by  
 The Northern Assurance Company Limited, of England

**THE ST. PAUL FIRE AND MARINE INSURANCE COMPANY**

INCORPORATED 1865

ASSETS OVER \$16,000,000

REPRESENTED IN TORONTO BY

**McADAM, SHERRITT & COMPANY**

General Agents

EXCELSIOR LIFE BUILDING

36 TORONTO STREET

**BRITISH TRADERS' INSURANCE COMPANY, LIMITED**

ESTABLISHED 1865

HEAD OFFICE: HONG KONG

HEAD OFFICE FOR CANADA: TORONTO

**FIRE & MARINE INSURANCE**

LOSSES PAID SINCE ORGANIZATION OVER \$50,000,000

JOHNSON-JENNINGS, Inc., General Agents,  
 MONTREAL.

Manager for Canada, C. R. DRAYTON

**THE STRATHCONA**  
**FIRE INSURANCE COMPANY**

HEAD OFFICE: MONTREAL,  
 90 ST. JAMES ST.

"For ten years the STRATH-  
 CONA has pursued a safe and  
 steady course and is now begin-  
 ning to gather the fruits of its  
 wise and sound policy."

## Fire Underwriting Conditions in the Maritime Provinces

A leading fire Underwriter informs us that the three outstanding features in connection with the unsatisfactory fire insurance conditions existing in the Maritime Provinces are:—1st The inadequacy of protection; 2nd Inefficiency of rates and 3rd Poor loss adjusting. Companies for some years past have had a very bad experience in the Maritime Provinces and as long as present conditions exist, there is little chance of their getting out with a profit.

The Journal of Commerce, New York in its issue of the 23rd instant referring to the Underwriting conditions in the Maritime Provinces says:

An underwriter now in this city who was a recent visitor to Halifax tells an interesting story of the deplorable conditions that for years have existed in respect of rating matters in the maritime provinces of Canada. It will be recalled that both New Brunswick and Nova Scotia maintain boards having jurisdiction over their respective Provinces and while the membership of each consists nominally of companies the activities are conducted by so called "general agents" with the usual "sparring for positions" and "trading" for special individual advantage.

Many of these so-called "general agents" transact a volume of business comparable with what would be an average business for a moderate sized city in the United States. A very illuminating instance came to light recently in connection with the insurance for the apple growers of the Annapolis Valley, in Nova Scotia. Just as an instance of the "jockeying" in rates it is pointed out that this rate was fixed successively at 2 per cent. 1 per cent. and 2.20 per cent., an average of 1.65 per cent., and now at an average of 90 cents, with 15 per cent. commission or rebate to the assured! Coupled with this is the spectacle of a general agent framing a letter for the owners to the Nova Scotia board threatening to "form a mutual" if rates were not fixed to suit them.

How long the companies will stand for this in a territory producing something like 100 per cent. loss ratio for the past three years is a question. The situation is awakening some managers to a realization that drastic action is essential.

## FIRE INSURANCE IN CANADA, 1920

From reports received from various Companies transacting fire insurance in Canada, the year just closing will show satisfactory results for the general run of Companies. Notwithstanding the increased competition from new companies entering the field, there is strong evidence that many of the older companies in the field will show fairly substantial increases in premium income, partly due to expansion of business in some centres, and high values. Providing that a conflagration does not intervene before the 1st January, 1921, the average loss ratio for all companies operating in Canada for 1920 might be estimated to be in the neighbourhood of from 45 to 48 per cent. It might be pointed out, however, that the loss ratio of many individual companies is likely to be very much higher, some it is stated will exceed 60 per cent. To those conversant with the business of fire insurance, it will be readily seen that, what at a first glance appears to have been a good year, is in reality a period during which some of the companies have been fortunate enough to have earned a fair margin of profit on the investment of their large capital. In addition to providing adequate reserves for unearned premiums, increased taxation, and the high cost of operation, consequent on the high cost of living, must inevitably produce a high expense ratio. In connection with the fire insurance business, a serious factor to be reckoned with, is the conflagration hazard and the contemplation of the latter in any large commercial centre where inadequate protection prevails is apt to cause consternation.

### Ocean Accident & Guarantee Corporation, Limited

Mr. Ernest Wood who for years has been the Superintendent of Agencies for The Ocean Accident and Guarantee Corporation, Limited, his field being the Province of Ontario, is leaving for California shortly, for three or four months, to engage in a similar capacity in behalf of The Columbia Casualty Company of New York which is a subsidiary Company of "The Ocean."

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

# British Northwestern Fire Insurance Company

HON. EDWARD BROWN  
President.

J. H. RIDDEL  
Managing Director.

E. C. G. JOHNSON  
Assistant Manager.

LEWIS, APEDAILE & HANSON, INC., Lewis Building, MONTREAL  
GENERAL AGENTS. PROVINCE OF QUEBEC.

## CANADIAN FIRE RECORD

(Specially Compiled by The Chronicle)

*Fire at Berthierville, P.Q.*—By the fire which occurred on the 24th instant on the premises of the Dominion Blank Book Company, the following companies are interested:—American Central, \$3,500; British Colonial, \$2,500; British Empire, \$4,500; British Crown, \$4,043; British Dominions, \$8,500; British Traders, \$5,000; Caledonian, \$2,500; Canada Accident, \$5,000; Commercial Union, \$5,000; Canadian Fire, \$3,500; Century, \$10,000; Essex & Suffolk, \$3,000; Fidelity Phenix, \$12,500; Fire Insurance Co. of Canada, \$2,500; Fidelity T.M.L., \$10,000; Firemens Fund, \$2,500; Girard, \$6,500; General of Perth, \$4,500; Glens Falls, \$3,500; Globe & Rutgers, \$4,793; Guardian of Canada, \$5,000; Guardian Assurance, \$10,000; Hartford, \$7,500; Home, \$4,793; Imperial Und., \$2,396; North America, \$4,793; London Assurance, \$5,000; London Guarantee & Accident, \$4,793; National of Hartford, \$12,100; National of Paris, \$6,000; National Union, \$3,500; New York Und., \$2,876; Niagara, \$2,396; North Brit. & Mer., \$10,000; North Empire, \$3,000; Northern, \$9,586; North West, \$5,000; New Jersey, \$4,000; Nova Scotia Und., \$2,500; Occidental, \$2,500; Provident, \$5,000; Phoenix of London, \$8,627; Prov. Wash., \$2,396; Queensland, \$5,000; Royal Exchange, \$5,000; Rochester Und., \$3,500; Springfield, \$2,396; St. Paul, \$5,000; State of Penn., \$5,000; St. Lawrence Und., \$3,012; Sun, \$4,000; Union of London, \$5,000; Union of Canton, \$3,500; United States, \$5,000; Vulcan, \$5,000; Western, \$2,500; Tokio, \$8,500; Total \$290,000. Loss total.

*Fire at Montreal.*—By the fire which occurred on the 14th instant on the premises of the Lewis S. Jaslow Co., 338 St. Catherine St. West, the following companies are interested:—*On Stock*: Royal, \$9,000; Guardian, \$5,000; Sun, \$5,500; British Empire, \$1,500; General of Perth, \$1,500; Union, \$8,000; *On Furniture and Fixtures*: Commercial Union, \$1,000; Royal, \$1,000; British Empire, \$1,000; Union, \$2,500; Sun, \$1,000; General of Perth, \$1,000; Sun, \$500. Total \$39,500. Loss 33 1-3 per cent.

*Fire at Edmonton, Alta.*—On the 25th instant a fire destroyed the confectionery store of Hepburn Ltd., and the Regal Fruit and Meat Market on Jasper St. Loss about \$17,500.

*Fire at St. Anne de la Pocatière, P.Q.*—*Amended and corrected list.*—In recording the list of companies interested in the fire which occurred on the 15th instant in the College of St. Anne de la Pocatière, the list as it referred to both the Palatine

and Commercial was incorrect. The list itself was only partial and through the courtesy of the Commercial Union, we are enabled to publish the following complete and corrected list of companies interested:—*On old College*: North America \$25,000; Empolyers, \$20,000; Prov. Wash. \$10,000; Mount Royal, \$15,000; Palatine, \$8,000; Canada Accident, \$5,000; Western, \$10,000; Springfield, \$5,000; Northern, \$10,000; Queen, \$20,000; Commercial Union, \$85,000; Fabrique, \$20,000. Total \$233,000. Loss about total. *On new College*: Caledonian, \$10,000; Equitable, \$10,000; Union of Paris, \$10,000; Springfield, \$10,000; Norwich Union, \$10,000; Mount Royal, \$10,000; Employers, \$30,000; St. Paul, \$10,000; Quebec, \$25,000; North America, \$25,000; Globe & Rutgers, \$10,000; Phenix of Hartford, \$10,000; Commercial Union, \$30,000; Queen, \$40,000; Strathcona, \$15,000; British General, \$15,000. Total \$270,000. Loss about 10 per cent.

*Fire near Quebec.*—On the 18th instant the Mill and Shop owned by Louis Michaud at St. Alexandre de Kamouraska were destroyed by fire. Loss about \$17,500.

*Fire at Ottawa.*—On the 25th instant a fire broke out in the club house of the Great War Veterans Association. Loss about \$7,500.

*Fire at Moncton, N.B.*—On the 25th instant a fire broke out in the Meat and Grocery Store of Rosse & Attis. Loss about \$1,500.

*Fire at Amherstburgh, Ont.*—On the 25th inst. a fire broke out in a building owned by W. T. Wilkinson on Main St. occupied by the Imperial Bank. Loss about \$7,500.

*Fire at Union Cove, Sillery, Que.*—On the 26th instant a fire destroyed four houses. Loss about \$7,500.

*Fire at Bracebridge, Ont.*—On the 18th instant a fire destroyed the business premises of J. H. Burton (dry goods). Loss about \$5,000.

*Fire at Dundas, Ont.*—On the 10th instant a fire damaged the premises of Nelson Bros. & Harry Gray on King St. Loss about \$7,500.

*Fire at Oxford, N.S.*—On the 22nd instant Scotia Woodwork Ltd. a woodworking factory owned by Davis & Parker of Halifax, was destroyed by fire. Loss about \$65,000 partly covered.

*Fire at Halifax, N.S.*—On the 24th instant a disastrous fire broke out in the Woods Bros. establishment, 111 Granville Street, communicating to adjoining property. As we go to press we

learn that the Woods Bros. will suffer total loss; the Bank of Nova Scotia building, 190 Hollis St. is badly damaged; Russell & MacAuley, 196-204 Hollis St. heavy damage; Coleman & Co., 115 Granville St. slightly damaged; Russell Wanlay, heavy damage. The total loss will probably be in the neighbourhood of \$250,000 to \$300,000.

**Fire at Sudbury, Ont.**—On the 21st inst. a fire broke out in the Laberge Building, a large apartment house. Loss about \$35,000.

**Fire at St. Anne de la Pocatière, P.Q.**—On the 18th instant a fire destroyed the large barns together with eight cows, two horses and the seasons crops of Omer Dufour. Loss about \$6,000.

**Fire at Montreal.**—On the 22nd instant a fire broke out on the premises of Capuano & Pasqual Ltd., 425 St. James St. West. Insurance as follows:—Northern, \$5,000; Guardian of Canada, \$5,000; Strathcona, \$2,500; Union of Canton \$2,500; British Crown, \$2,500; Employers, \$2,500; Equitable, \$1,500; General of Paris, \$2,500; Fidelity Phenix, \$1,500; Nova Scotia, \$2,500; Sun, \$3,000; Law Union & Rock, \$3,000; Occidental, \$2,500. Total \$36,500. Loss about \$12,500.

**Fire at St. John's Nfld.**—On the 16th instant a large bakery concern in the suburb of the city was destroyed entailing a loss of about \$60,000.

**Fire at St. John's Nfld.**—On the 19th instant a fire destroyed the Government Infectious Diseases Hospital. Loss about \$25,000.

**Fire at St. John's Nfld.**—On the 23rd instant a fire destroyed the Star Theatre, a wall collapsed killing two firemen. Loss about \$40,000.

**Fire at Toronto.**—On the 24th instant a fire destroyed the six-storey brick building of the E. B. Shuttleworth Chemical Co., Ltd., Corner of Victoria and Dundas Streets. The building was occupied by the Shuttleworth Co.; the Musson Book Co.; Hodder & Stoughton publishers, and the church Bible and Prayer Book Society. The loss will be in the neighbourhood of \$200,000.

**Fire at Montreal.**—On the 27th instant a fire broke out in the building owned by Laporte Martin Lt., wholesale grocers, 25 and 31 William St. Insurance as follows:—On Building 25 and 31 William St.: General of Paris, \$7,500; Imperial Ind., \$5,000; Nova Scotia, \$5,000; British Crown, \$5,000; Union of Canton, \$5,000; Great American, \$5,000. Total \$32,500. Loss approximately \$21,000. On stock of Laporte Martin, 584 St. Paul.

Insured for \$400,000 in various companies. Loss \$6,000. On stock 29 William Street: Royal \$5,000; National of Paris, \$10,000; Firemens of Newark, \$10,000. Total \$25,000. Loss about total. On stock 25 William Street: Provincial, \$10,000; London Mutual, \$10,000; American Equitable, \$7,500; National of Paris, \$20,000; Canada, \$15,000; Traders & General, \$7,500; Lloyds, \$55,000; Firemens of Newark, \$10,000; Union of Paris, \$10,000; Newark, \$5,000; Hudson Bay, \$7,500; Queen, \$10,000. Total \$167,500. Loss about 50 per cent. On stock of Whyte Packing Co., 29 William St.: London Mutual, \$2,000. Loss total. Total insurance involved in fire \$138,000.

**Fire at St. Therèse, P.Q.**—On the 26th instant a fire destroyed the Valade Printing Co. plant. Insurance as follows: Guardian, \$3,500; London & Lancashire, \$4,000; Mount Royal, \$2,500; Provident, \$2,500; Monarch, \$2,500; Canada, \$2,500; National of Paris, \$2,500. Total \$20,000. Loss total.

### Farewell Banquet to Alex. Stewart, Toronto

Mr. Alex. Stewart, the very popular Local Manager of The Globe Indemnity Company of Canada, was this week treated to a very pleasant surprise, when the Agents and male members of Staff tendered him a farewell luncheon at the Hotel Mossop, Toronto.

The Dining Room was suitably decorated for the occasion, and the lunch was all that could be desired. Mr. E. P. Romeril occupied the chair, and he kept the guests in a very humorous mood with his witty remarks. Suitable speeches were also made by Major J. Davison, Major Windeyer and G. Herrington, representing the Agents, and W. H. Sherman, representing the Staff. Mr. Stewart in his reply outlined the success of the Branch from its inception in 1914 to the present date, giving full credit to the Agents and Staff for their co-operation.

Mr. Stewart is leaving for Montreal shortly after the first of the year to assume his new duties at the Head Office.

## National Liberty Insurance Co. of America

Incorporated in New York in 1850

Total Assets . . . . .	\$10,208,031 69
Net Surplus . . . . .	2,569,433.30
Surplus to Policyholders . . . . .	3,569,433.30

Canadian Department—

130 SPARKS STREET, OTTAWA

E. H. HORNPOSTEL, Manager



**Security - - \$46,500,000**  
**ONTARIO AND NORTH WEST BRANCH**  
 14 Richmond Street, East, TORONTO  
**PROVINCE OF QUEBEC BRANCH**  
 146 Notre Dame Street West, MONTREAL



**PERSONAL ACCIDENT**      **PLATE GLASS**  
**SICKNESS**                      **AUTOMOBILE**  
**FIDELITY GUARANTEE**      **GENERAL LIABILITY**

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

# Mount Royal Assurance Company

**SURPLUS and RESERVES, \$1,416,740.57      TOTAL FUNDS, \$1,708,120.67**  
**TOTAL LOSSES PAID, \$3,180,308.63**

Application for Agencies Invited

Head Office - - - **MONTREAL**

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 (Fire Insurance since A.D. 1714)

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 T. L. MORRISSEY, Resident Manager.  
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Assets Exceed - - - **\$50,000,000.00**

Over \$10,000,000 invested in Canada  
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Agents wanted in unrepresented towns in Canada.

W. D. AIKEN, Superintendent,  
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We have desirable positions for insurance salesmen of good record and proven ability. Every assistance given to enable hard workers to make good. Correspondence confidential. If you want a good position as Agent or District Manager in Quebec province with a progressive Company, apply stating experience and references, to **W. R. BROWNLEE, Provincial Manager, 180 St. James St., MONTREAL, P.Q.**

## THE CONTINENTAL LIFE INSURANCE CO.

**GEORGE B. WOODS, President**

**TORONTO, Ont.**

**CHAS. H. FULLER, Secretary**

**Eagle Star & British Dominions Insurance Company, Pluvius Department**

Mr. Robert Gambles, manager of the Pluvius Department of the Eagle Star & British Dominions Insurance Company, who is at present on this side of the water was a caller at The Chronicle office a few days ago. He states that the object of his visit to this country is for the purpose of introducing this new form of insurance. Rain insurance has been underwritten in London, England for the past ten years, but in a haphazard kind of way, and it is only during the last two years that his company has taken it up on a scientific basis.

The Eagle Star and British Dominions are sponsoring the scheme, and have spent a great deal of time and money in examining Rain Fall Statistics in many countries in order to fix adequate rates of premium, which vary considerably according to district and season.

One of the interesting and essential differences between Rain and Fire insurance is the fact that wide areas are frequently affected by similar Rain fall and consequently a very large district must be considered one Risk. The Company therefore, did not commence operations until they had an organization ready to start simultaneously in many countries. They have in London a special Statistical staff, trained in examining Weather Records, and preparing schedules of rates based on such examination.

The Company has established a special Pluvius Department in New York, to handle American Rain business, and during the last six months, the Eagle Star & British Dominions has acquired a premium income exceeding \$120,000. The policies issued, include State County fairs, covering loss of expenses, or in some cases depreciation of income causes by Rain fall. The loss sustained by Base Ball clubs on account of issuing rain cheques which entitle the spectator to witness another game free of charge. Loss of trade in Department Stores on special sale days, open air Moving Picture shows, Public Tennis Courts Amusement concession on Coney Island, etc., etc.

The Company are at present examining the Rain fall records for Canada, during the last ten years, and in the course of a few months, will be prepared to offer such insurance through the Company's head office for Canada under the management of Mr. J. H. Riddel.

**Additional Salary Compensation for Continental and Fidelity-Phenix Employees**

The employees of the Continental Insurance Company of New York, and the Fidelity-Phenix Fire Insurance Company of New York, whose joint Canadian Head Office is operated at 17 St. John Street, Montreal, under the management of Mr. W. E. Baldwin, received on December 24th, an amount equal to 10% of the salary paid them during the year 1920.

The Directorate of these two well known companies believe it best serves their interests to have their employees well paid, happy and contented, and their policy in this direction has always been a liberal one.

**Motor Union Insurance Co. Limited**

It is rumoured that the Motor Union Insurance Company has joined the Canadian Automobile Underwriters Association. While no official announcement has been made to us, we believe the rumour is well founded and both are to be congratulated The Motor Union is a powerful institution and with its world-wide experience in the Automobile business it will no doubt be an acquisition to the Association.

**Ontario Fire Marshal's Report for November, 1920**

	1920	1919
No. of fires . . . . .	662	691
Aggregate Loss: . . . . .	\$884,839	\$742,961
Insurance Companies' Loss . . . . .	674,994	595,092
Uninsured Loss . . . . .	209,845	147,869

For the months of January to November (inclusive).

	1920	1919
No. of fires . . . . .	8,474	8,514
Aggregate Loss . . . . .	\$10,153,885	\$9,520,691
Insurance Companies' Loss . . . . .	7,322,013	6,363,799
Uninsured Loss . . . . .	2,831,872	3,156,892

The chief fires of the month were as follows:—

- Brant County Hydro Sub-station, \$57,000.
- Muskoka Sanitarium, \$140,000.
- Hamilton Cone Factory, \$60,000.
- York County Lumber Mill, \$32,012.

The chief cause of fire during November was,—Electricity, \$238,713, and Defective stoves and furnaces, &c., \$78,395.

Manufacturing risks were responsible for 37 fires with an aggregate loss of \$163,536.

**WANTED**

Agency for Alberta and Saskatchewan of an Insurance Company (Tariff), writing Fire or other lines of insurance, by an old established General Agency who can get results. Address

General Agents,  
Care The Chronicle, Montreal.

**WANTED**

By a General Agency in Calgary, a Company to write Hail Insurance throughout Alberta; well established; guaranteed income. Address

Hail Agents,  
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**WANTED**

EXPERIENCED FIRE MAN. The Motor Union Insurance Company Limited, which is about to transact fire insurance business throughout Canada, invites applications for an important position at Canadian Chief Office. Fire underwriting, field and office experience essential. Apply by letter, marked confidential, stating experience and salary, to

WM. MACINNES,  
Asst. Manager for Canada,  
59 Yonge St., Toronto.

**WANTED**

A fast growing General Agency, with excellent organization, requires additional Representation in their Office for the Provinces of Alberta and Saskatchewan. Experienced Underwriters of proven ability. We have three Inspectors in the field. An excellent opportunity for the Company just entering this territory. Address

Representation,  
Care The Chronicle, Montreal.

**WANTED**

A man with many years experience in Insurance business (Casualty), and having best relations with Agents in Montreal and the Province of Quebec, desires position as Organizer. Can make a big business. Both languages. Best of references. Address

Organizer,  
Care The Chronicle, Montreal.

**A Commendable Example**

The State of Texas makes allowance on Key rate of all cities and towns where fire prevention is taught in the public schools.

The State of Texas affords an isolated instance of possessing a government commission for making fire insurance rates. In this respect it stands alone, but the plan is not generally regarded with favor.

The State Commission, however, has recently adopted a ruling which cannot fail to have an important bearing upon the attitude of the public in future years. It has been decided to allow a reduction of from one to three cents on the Key rate of cities and towns where fire prevention is taught in the public schools according to the instructions and plan of the State Fire Marshal.

This is not only an advanced but very practical manner of inculcating fire prevention in the minds of the children under instruction and naturally leads to the question,—Is the example not worth following in our Canadian Provinces?

Will the Canadian Fire Marshals please take notice.

**Canadian Banking Practice  
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**Insure in one of Canada's Oldest and Strongest Fire Insurance Companies  
Organized in 1862**

**The Acadia Fire Insurance Company**

OF HALIFAX

LIABILITY UNDER ALL ACADIA POLICIES GUARANTEED BY  
**PHOENIX ASSURANCE COMPANY, LIMITED**  
OF LONDON

**WHOSE ASSETS EXCEED \$98,000,000**

**MONTREAL AGENCIES, LIMITED  
GENERAL AGENTS**

**MONTREAL TRUST BUILDING, MONTREAL**

JAS. D. CHERRY, Manager

## POLICY CLAIMS—A MORAL TEST OF LIFE INSURANCE

BY HON. W. J. TULLY

The subject which I have been invited to discuss at this meeting, namely, "Policy Claims—a Moral Test of Life Insurance," has at least one merit. So far as I have been able to ascertain from an examination of the programs of the annual conventions of this Association, the American Life Convention and the Association of Life Insurance Counsel, it would appear that papers have been presented dealing with the business of life insurance as viewed from almost every possible angle except the treatment of life insurance contracts when they become death claims. I can well understand that this subject may not possess a very considerable degree of interest to life insurance executives in such a meeting as this, but I can think of no other phase of the business which can be of greater interest to, or more readily understood by the millions of policyholders and perhaps by those who have yet to take out their first life insurance policy. On more than one occasion, in discussing with an outsider the magnitude of the business of the company with which I have the honor to be associated, and after reciting the very large number of death claims presented, I have been met with the statement, "That is very interesting, but what do you do with those claims? How many of them do you pay, and how long does it take you to do it?" It seems to me that such a question is a perfectly natural one. In the technical side of life insurance the public has comparatively little interest; but the percentage of those paid, and the time within which death claims are disposed of must hold a great interest for the public at large.

At the outset it is obvious that the handling of death claims is very different now than ~~what~~ it was in the early development of the business in this country. The change in the method of organization, if nothing else, would have its influence. A half century ago large numbers of companies were organized on the stock basis and for the perfectly honest purpose of making money. It naturally followed that death claims were closely scrutinized, largely to ascertain if there was any ground upon which they could be rejected. Warranties to be strictly construed were as common then as they are unknown today. Many years ago I was told by a very well-known and highly respected life insurance official, since deceased, how in the early days of his company, after the receipt of a few death claims he would put the papers in his bag, board a railroad train and personally interview the claimants in order to effect as favorable a com-

promise of the claims as possible. Then the test oftentimes applied was, "How many claims can we afford to reject?", where now only question is, "How promptly can we pay?" Not so long ago a man applied to me for a position in the Claim Division of our Company. He told me of his long experience with a company now out of existence. Turning to me with real enthusiasm he said, "I can find more reasons for refusing to pay a death claim than any other man in the business." He was profoundly shocked when I assured him that the only thing that interested us was how many claims we could be justified in paying immediately on their presentation. It is not only in the treatment of death claims that the attitude of the company towards the policyholder or his representative has been greatly liberalized. Formerly the policy contract was closely drawn and strictly construed and in favor of the company. The concessions and alternatives conceded to the policyholder were few and unimportant. He could take his contract or leave it, as he chose. A paid-up policy was more or less of a rarity and a policy loan something grudgingly made if at all. A surrender value was paid only in rare instances. What a contrast is offered by every company in contracts to-day! Policies become automatically paid up or extended, surrender values are paid after the second or third year; the amount of a loan depends only on the value of the policy; companies are as eager to revive lapsed policies and to prevent premium paying policies from lapsing as they are to write new ones; alternative modes of settlement are prescribed in such broad and unrestricted terms as recently to cause the Association of Life Insurance Counsel to adopt rules of construction which every company represented in the Association is asked to follow; premiums are waived and monthly annuity payments made where total and permanent disability occurs prior to age 60; a double indemnity is paid if the insured meets with accidental death; free periodical medical examinations are urged and all restrictions as to occupation, except in connection with the sale or manufacture of alcoholic liquors, have been removed. Policies are incontestable except for fraud after either one or two years. These and many other liberalizing provisions have so changed the life insurance policy of to-day that were it possible for one of the experts of half a century ago to come back to earth he would fail utterly to recognize his "infant pride" and I have no doubt would disown it most vehemently. The business of life insurance to-day in its relation to the policyholder is a purely co-operative one. While there are many companies organized on the stock basis, it is fair to say that approximately



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Total Assets - - - \$2,468,523.08

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Subscribed Capital. . . . . \$2,000,000

Total Funds. . . . . 7,491,890

Net Surplus. . . . . 1,857,160

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J. A. Stedman, Asst. Manager

L. G. Velle, Inspector

85% of the American and Canadian business is transacted by mutual companies and stock companies doing business on the participating plan. The relation, therefore, between the insurer and the insured is vastly different from what it was in the early days of the business. Life insurance is to-day regarded as the great if not the greatest public business. The public is as deeply interested if not more so than in any utility organized and operated for their benefit. No business is more closely supervised by government, and the fine thing about it all is that a word of protest against this supervision is seldom made by any company. So far as policy claims are concerned this supervision is thoroughly desirable. It will happen that no matter how anxious a company may be to do exact justice, the policyholder or his representative will sometimes be distrustful and dissatisfied.

The handling of the average death claim after it reaches the home office is a very simple matter. In the great majority of cases the cause of death is clear and not at all suspicious. In these cases the only question remaining is, to whom the proceeds of the policy should be paid. There either is or is not a designated beneficiary. If there is a designated beneficiary we need to satisfy ourselves only that the beneficiary survives the insured and that there has been no change or assignment. If there is no designated beneficiary, then we have to deal with the duly authorized executor or administrator or other representative of the insured or estate. The development of these facts is not at all difficult or involved. Under existing statutes the public record of vital statistics is quite uniform and complete. Even more so are the records of probate courts. If facts develop that call for investigation, this, too, is made easy by the trained staff of home office inspectors maintained by the larger companies, or by the bureaus established for such purposes in the principal cities of the country. These investigations could be made much more quickly and effectively were it not for the refusal of officials of hospitals and public institutions here and there to supply the history and records of patients, supposedly on the mistaken theory that the investigating company is endeavoring to find grounds upon which to avoid the payment of a policy.

The tendency toward uniform insurance laws throughout the several States and the Provinces of Canada, particularly since the New York State investigation of 1905, has very largely simplified the mechanical process of handling death claims. It has likewise brought about radical changes in the contract provisions of companies.

## THE BUSINESS SITUATION

The controlling and outstanding factor today is the relatively small movement of raw materials and manufactured goods even at reduced prices. This is because stocks of goods in the hands of retailers are sufficient to meet the needs of a somewhat lessened demand of the consuming public. Consumers are restricting their buying in part because of some curtailment of their purchasing power, but even more because of a willingness to wait until retail prices reflect the lower levels of primary prices.

The National Bank of Commerce in its comments on the situation says:—

Improvement of business activity awaits adjustment of retail prices to a level satisfactory to the public. It is clear that farmers, for example, who constitute the largest single class of consumers and have already experienced a substantial reduction in the prices of their products, will not renew their buying on anything other than a hand-to-mouth scale until the price of what they buy bears a closer relation to the price of what they have to sell. This necessary readjustment of prices to consumers is now under way and will be expected to make more rapid progress in the future. Its progress will be hastened by the coming into the market of goods which are already being produced on lower cost levels for labor and material.

The fundamental relationship of banking and business now becomes clearly apparent. Both are concerned in the present situation; and the interests of both demand that the readjustment be gone through with in orderly fashion, so that business activity may be resumed on a sound basis.

What is now required is courage and respect for fundamental economic principles. Artificial palliatives which are being urged with a view to obviating the difficulties of the adjustment—particularly proposals involving further inflation and cheapening of credit—must be avoided. Such measures, if adopted, could only result in the impairment of the strength of the credit structure and in prolonging and increasing the difficulties of an adjustment which world-wide conditions have made inevitable.

The peak of commercial borrowing may be said definitely to have passed, and from now on there should be a gradual and moderate reduction in the volume of bank loans. The pressure for funds is already less general. The relaxation is, however, spotty in character, varying with the kind of business, and with the requirements in various sections of the country.

The gradual reduction of credit requirements justifies an expectation of moderate easing of rates. Cross currents in the present complex business situation, however, make it impossible to forecast when this may be realized.



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A Comprehensive Policy covering ACCIDENT, PROPERTY DAMAGE, COLLISION  
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