

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

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THE GENERAL FINANCIAL SITUATION

The activity on the local stock exchange, some aspects of which were discussed in this column last week, continued in accentuated form towards the end of the week, and new records in the number of shares dealt in on the Exchange in one day, have been set up. This state of affairs under present circumstances is not as paradoxical as it may appear at first sight. That banking money is as scarce as it ever was for the purpose of stock exchange speculation, since January, when the bankers first began to set their faces like flints in this connection, is absolutely true. There were indeed a couple of further calls of bank money last week. To finance the recent boom on the paper stocks and one or two other speculative specialties, some money has been obtained from quarters other than the banks. But it is apparently confined to very few hands and has by no means general distribution. In fact, the present activity of business has been limited to a small number of stock exchange houses, and it appears also that the general public has not participated in the boom of last year. The extraordinary activity which has been in evidence in some few issues like Brompton and Atlantic sugar is largely a fictitious activity. In one session, shares have been turned over and over again by the insiders making the market and taking a few points out of it every day by quick trades.

Under such circumstances, the position of the high priced speculative favorites is by no means so secure as it might be were the general public heavily involved in the market with ample supplies of funds at low rates to support them. The insiders who have been responsible for running up the prices of recently spectacular stocks can just as easily bring them down by the simple process of removing their aggressive support from the market.

In that event, it might be found that prices of the high valued stocks would fade away just as quickly as they have risen. As regards the paper stocks, there is not the slightest doubt that their earning power is enormous at the present time, and that they have several years of extremely brilliant prospects before them. But there are a number of issues, outside this group which have not been "taken up" and are in consequence selling at levels far below their real intrinsic value. The position of these stocks is an index to what might happen to some of the paper group, temporarily at all events, under the aggressive support which they enjoy at present, taken away from them. So far as the banks are concerned, there is every indication that for the remainder of the year, credits will continue to be extended only with great care and that the aim will be to secure deflation of credit, while extending all necessary facilities to essential production, in order that the deflation process may be hastened through increase of that production.

In this respect the problem before the Canadian bankers is similar to that, though naturally on a smaller scale, which faces the bankers of Great Britain and United States. As regards conditions in Great Britain, it is now pointed out that as a result of the month's dearer money, it is known that the speculative position was very much larger than had been admitted in most financial quarters. During the two months there has been quite a considerable fall in some commodities, such as the leading metals, and also in cotton, wool, hides and some other articles, while on the London Stock Exchange industrial securities have fallen during the past two months by something like 25 per cent. However, despite a reduction in the speculative position, genuine demands for bank loans tend far to exceed supplies. Anxiety, however, is mainly evident in regard to the question whether deflation including the decline in commodities is to be gradual or rapid. The latter event, it is naturally felt, would inevitably spell trouble and therefore efforts are being

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There is a page in the Home Bank's Thrift Account Book for entering the date of purchase, amount, and interest dates on Government Bonds, War Stamps, and Savings Certificates. The form is very concise and will preserve all the details for ready reference. Ask for a copy of the Thrift Book. Distributed free at all Branches.

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Montreal Branch:

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INCORPORATED 1832

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CAPITAL PAID UP	- - -	47,102,720
RESERVE FUND	- - -	48,375,525
DEPOSITS, &c.	- - -	1,629,692,180
ADVANCES, &c.	- - -	678,817,955

THIS BANK HAS ABOUT 1,500 OFFICES IN ENGLAND & WALES.

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The Chronicle

Banking, Insurance and Finance

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MONTREAL, FRIDAY, JUNE 18th, 1920

(Continued from front Page)

generally made to devise the best means for making the contraction in credit and the fall in prices as gradual as possible. The matter is however, complicated by the Soviet aspect, since a too rapid deflation would mean grave financial disturbance and wholesale unemployment. On the other hand, if insufficient attention be paid to deflation there will be continued the labour agitation for more wages and less work.

This outline of the present position of the problem of deflation as it exists in England applies also to the Canadian position. That the problem of deflation has here a very important social side, which may cause serious trouble, if deflation is badly handled, is obvious to all who are very slightly acquainted with present day so-called "labour" developments and tendencies, particularly in the province of Ontario. Here in Quebec fortunately the position is not so acute, owing to the fact that extreme "labour" views have fortunately made less headway than elsewhere. But trouble of this kind in one province would certainly cause grave injury to trade and industry throughout the Dominion.

It would be well for the public to acquaint itself with various of the provisions of the Income Tax Act which is now going through Parliament. The newspapers unfortunately have paid little attention to some features of the new legislation which are of very great importance to the public at large. This is particularly the case in connection with the Income Tax returns for the year which will be required to be made next spring. Instead of, as hitherto, making their returns merely, and waiting for the bill to come in, taxpayers will be required to calculate their own Income Tax and send a cheque when filing their return. This cheque may be for the full amount or for a proportion, not less than 25 per cent. In the latter case they will be required to pay the balance of the tax within six months, together with interest at the rate of 6 per cent. per annum upon the balances unpaid. The return will of

course be subsequently checked. Error in understatement of income up to 10 per cent. will merely have the comparatively mild result of a bill for the balance of the tax unpaid, plus interest at the rate of 10 per cent. Error in mistatement of between 10 and 20 per cent. means a penalty of 50 per cent. of the deficiency in addition, an error exceeding 20 per cent. a penalty of 100 per cent. of the deficiency. So that the making of Income Tax returns next spring will not be a matter to be undertaken lightly, since the penalties provided for error are by no means light, and as some taxpayers are painfully aware Income Tax penalties are now being enforced.

The heavy fall in the price of silver, which declined almost 22 cents in London last week, is undoubtedly a result of the chaotic conditions existing in far Eastern trade as a result of the recent financial crisis and panic in Japan. Chinese export trade is reported as being at a standstill, while in Japan unemployment is rampant and the shipping position is such as to amount almost to a blockade, as a result of merchants abandoning goods, it being simpler to let go of them this way than to pay for them at the inflated prices at what they were purchased and attempt to realize on a broken market. The slump in the price of the white metal will have an important effect upon the fortunes of the Northern Ontario silver mines, and their shares have been sharply depressed in consequence of events. With regard to the gold mines, in the same locality it is to be remembered that any deflation of credit involves a proportionate rise in the value of gold. The leading mines are severely hampered by lack of labour, but in this connection it is believed that conditions have now about passed the worst point and that by the end of the year there will be a distinct improvement.

TRAFFIC RETURNS

Canadian Pacific Railway				
Year to date	1918	1919	1920	Increase
May 31	\$58,185,000	\$61,847,000	\$74,133,000	\$12,286,000
Week ending	1918	1919	1920	Increase
June 7	2,846,000	2,957,000	3,619,000	662,000

Grand Trunk Railway				
Year to date	1918	1919	1920	Increase
May 31	\$17,909,748	\$26,208,273	\$28,219,006	\$2,010,733
Week ending	1918	1919	1920	Increase
June 7

Canadian National Railways				
Year to date	1918	1919	1920	Increase
May 31	\$5,062,837	\$7,798,285	\$2,735,448
Week ending	1918	1919	1920	Increase
June 7	1,509,349	1,618,195	108,855

CANADA PERMANENT MORTGAGE CORPORATION

NOTICE is hereby given that a Dividend of TWO and ONE-HALF PER CENT., for the current quarter, being at the rate of TEN PER CENT. PER ANNUM on the paid up capital Stock of the Corporation, has been declared, and that the same will be payable on and after FRIDAY, the SECOND day of JULY next, to the Shareholders of record at the close of business on the Fifteenth day of JUNE. By order of the Board.

GEO. H. SMITH,

Assistant General Manager.

Toronto, 26th May, 1920.

The Trust and Loan Co.

OF CANADA

Capital Subscribed \$14,630,000.00
Paid-up Capital 2,000,000.00
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THROUGH good times and bad times for the past 45 years this Bank has steadily given its best efforts to the development and upbuilding of the agricultural, manufacturing and commercial business of this Country. Our efficient service is available for the benefit of all customers.

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Standard Bank

of CANADA

Montreal Branch, 136 St. James St.
E. C. GREEN, Manager

The MERCHANTS BANK OF CANADA

HEAD OFFICE - MONTREAL

Capital Paid-up - - - - - \$ 8,400,000
Reserves and Undivided Profits 8,660,774
Total Deposits (April 30, 1920) - 163,000,000
Total Assets (April 30, 1920) - 197,000,000

SIR H. MONTAGU ALLAN, C.V.O., President
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D. C. MACAROW, General Manager,
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INCOME TAX ACT

New Legislation Requires Tax Payers to Calculate Own Taxation. Incorrect Statements to be Subject to Penalty.

In our weekly article on the General Financial Situation published in this issue, the particular attention of The Chronicle readers are directed to the following very important portion of the article dealing with the Income Tax Act.

"It would be well for the public to acquaint itself with various of the provisions of the Income Tax Act which is now going through Parliament. The newspapers unfortunately, have paid little attention to some features of the new legislation which are of very great importance to the public at large. This is particularly the case in connection with the Income Tax returns for the current year which will be required to be made next spring. Instead of, as hitherto, making their returns merely, and waiting for the bill to come in, taxpayers will be required to calculate their own Income Tax and send a cheque when filing their return. This cheque may be for the full amount or for a proportion, not less than 25 per cent. In the latter case they will be required to pay the balance of the tax within six months, together with interest at the rate of six per cent. per annum upon the balance unpaid. The return will of course be subsequently checked. Error in understatement of income up to 10 per cent. will merely have the comparatively mild result of a bill for the balance of the tax unpaid, plus interest at the rate of 10 per cent. Error in mistatement of between 10 and 20 per cent. means a penalty of 50 per cent. of the deficiency; in addition an error exceeding 20 per cent., a penalty of 100 per cent. of the deficiency. So that the making of Income Tax returns next spring will not be a matter to be undertaken lightly, since the penalties provided for error are by no means light, and as some tax payers are painfully aware, Income Tax penalties are now being enforced."

The Chronicle, however, consider it very unreasonable for any Government to impose a penalty on the general public, until the tax department renders a bill showing how much is due. Failure to pay the amount as adjusted by the Government within thirty days, might reasonably subject the delinquent to a fine. The Government might reasonably ask for a minimum amount of 50 per cent, instead of 25 per cent, as proposed to accompany statement, and charge six per cent. on balance, to run from a set date, until the statement is finally adjusted by the rendering of the bill by the tax department. As stated above, the imposition of a penalty, before first rendering a bill showing a tax payer how much he owes, seems an iniquitous proposition, and one which is likely to cause a good

deal of adverse criticism, if carried out. As however, "it is an ill wind that blows nobody any good," the new provisions now being enacted in the Income Tax Act, are likely to enrich the pockets of brokers, and accountants at the expense of the general public, as the latter will find it necessary to seek the service and advice of both. It may not be too late to have the unreasonable elements eliminated, which will also cause confusion in the Tax Department if enacted.

THE OCEAN ACCIDENT & GUARANTEE CORPORATION LIMITED

The Ocean Accident & Guarantee Corporation has a world-wide reputation of the very highest amongst its policyholders, and the energy and professional skill with which its career has been directed for many years marks it as one of the most notable of British insurance institutions. The annual statement for 1919 disclose results of a most favourable character. In all important particulars, the years business shows substantial increases compared with preceding year. The net premiums for the year totalled \$21,641,440 as compared with \$18,846,305, a growth of \$2,795,135 following a growth of \$3,044,055 in 1918 over 1917. The compensation paid and provided for amounted to \$11,116,900, giving a proportion of 54.9 per cent. to premium income, slightly higher than in 1918, when the loss ratio figured at 53.88 per cent. Investments and other Assets increased from \$28,778,660 to \$33,212,080, a growth of no less than \$4,433,420. The balance from revenue account, (including \$7,518,780, proportion of premium unearned) increased from \$15,304,600 to \$17,534,465. The investment reserve and general contingency fund has been increased to \$1,454,215. The reserve against unearned premiums totals \$9,994,485, as against \$8,320,530 in 1918. An additional reserve fund of \$1,500,000 is maintained. These figures indicate the unexcelled security to policyholders of this widely known and popular institution.

The Corporation in Canada

The Ocean has a high prestige in Canada in keeping with its fine financial standing. The affairs of the Corporation are conducted with skill, and sound and honourable methods are adhered to, in its Underwriting throughout the Dominion under the direction of Mr. W. T. Perry, manager for Canada, assisted by Mr. J. Mingay.

In addition to its Casualty business in various branches, the Corporation, also conducts a fire insurance business throughout Canada under the management of Mr. W. E. Fudger. The Corporation's total income in Canada during 1919 exceeded \$1,020,000 with most satisfactory results.



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Head Office for Canada : Lewis Building, Montreal

THOMAS F. DOBBIN, Manager for Canada

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JOHNSON-JENNINGS, INC.

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 ST. PAUL FIRE & MARINE INSURANCE CO.
 BRITISH TRADERS INSURANCE CO., LIMITED

25 ST. SACRAMENT STREET
 MONTREAL, P.Q.

LONDON & LANCASHIRE FIRE INSURANCE COMPANY

The fifty-eight annual meeting of the London & Lancashire Fire Insurance Company was in many respects a memorable one for the Company. The statement for the year (1919) incorporate the working results of the subsidiaries except the Life Account of the Law Union & Rock. The premiums received for the year were, Fire \$16,351,492; Accident, \$6,434,338; Marine, \$11,009,465, making a total premium income of \$33,795,295.

The fire account was excellent, showing an increase in premium income of over \$4,000,000 with a loss ratio of 36.73 per cent. to premium income, following a loss ratio of 39.4 per cent. in 1918; 43.42 per cent. in 1917, and 48.09 per cent. for 1916, such results are a strong indication of the character of the business written by this prominent and distinguished institution, and it would therefore seem superfluous to attempt to eulogize its management. The fire funds have been increased from \$6,875,000 to \$8,542,500.

In the Accident department net premiums advanced from \$4,522,582 to \$6,434,338, and the net losses paid and outstanding to \$3,002,240.

In the Marine department, the premiums are lower at \$11,009,465 than in 1918, because of the elimination of war risks. The net losses paid and outstanding totalled \$8,084,450. After payment of expenses, etc., the surplus amounted to \$1,794,345.

The General Manager (Mr. Rutter) at the annual meeting said:—We have had many strenuous years, but none more strenuous than 1919. We had to make the most of two big purchases (The Law Union & Rock and the Marine Insurance Co.) and the removal of the chief administrative office to London.

The outstanding development of last year was the amalgamation of the Law Union & Rock which is a composite office doing all classes of business except marine.

The financial strength of the London & Lancashire Fire continues to rise to still higher ranges of eminence and success with each succeeding year. Its total funds (including life) total \$75,868,204. Its total assets have increased to the huge amount of \$111,646,899.

The Company in Canada

The London & Lancashire Fire is one of the most popular, and best known insurance companies in the Dominions, where it has a long and excellent record for promptness and liberality in dealing with its policyholders.

During 1919 the Company's Canadian net fire premiums totalled \$921,644 with a loss ratio of 42.52 per cent., following a loss ratio of 45.72 per

cent. in 1918 on a premium income of \$899,558. The Company's organization throughout the Dominion is an influential one. Its chief agent for Canada is Mr. Alfred Wright, Manager, Toronto; Mr. A. E. Blogg is Branch Secretary at Toronto; Mr. Colin E. Sword is Manager at Montreal. These gentlemen are numbered amongst the oldest underwriters in the Dominion.

Accident business since 1908 has been transacted through the London & Lancashire Guarantee & Accident Company (controlled by the London & Lancashire Fire) under the able management of Mr. A. Maclean. The Company writes a substantial volume of business in the various branches of casualty, with satisfactory results.

GRAIN INSURANCE ASSOCIATION

The Annual Meeting of the Grain Insurance Association was held on the 16th inst. in Montreal. The reports showed that the current season's operations were resulting favourably. Members feel that the Inspection service is becoming effective, and that individual losses can be held to a reasonable percentage. A reduction in rate is proposed for the 1920-1921 season. There was a large attendance of members. Mr. F. H. Harrison, manager of the Association was also present.

WESTERN CANADA FIRE UNDERWRITERS ASSOCIATION

The annual meeting of the Western Canada Fire Underwriters Association was held in Montreal on the 15th and 16th instant, under the Presidency of Mr. John Pickering, Winnipeg. In addition to Mr. Pickering the following members were present from Winnipeg: C. A. Richardson (Occidental); John Holroyde (Commercial Union); W. P. Fess (American Central); F. T. Bryers (British America); Thos. Bruce (Union of Eng.); W. Penny (General of Paris); F. W. Pace (Yorkshire); K. J. Henderson (Moose Jaw); and A. H. S. Stead (Secretary of the Association). The Western Canada agents were represented by Messrs. Hal. E. Middleton, Capt. Chas. Anderson and Mr. McIntyre. There were in addition to above many Toronto members present. A considerable amount of business of interest to the Association was transacted. The new officers elected were:—President, Mr. W. P. Fess, Vice-President, Mr. A. W. Blake.

PERSONALS

Mr. William Aenas Mackay, general manager of the London & Scottish Assurance Corporation arrived in Montreal this week. Mr. Mackay has been visiting the Agencies of his Company in the United States and Canada. He is accompanied by Mr. F. B. Cooke, Fire Manager of the Corporation.

Commercial Union Assurance Company Limited

of London, England

THE LARGEST GENERAL INSURANCE COMPANY IN THE WORLD
as at 31st Dec., 1919.

Capital Fully Subscribed.	\$14,750,000	Total Annual Income exceeds.	\$64,000,000
Capital Paid Up.	7,375,000	Total Fire Losses Paid	215,897,380
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.B.--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

W. S. JOPLING, Manager

THE CANADA

T. H. HUDSON, Manager, Fire Department.

Policies Guaranteed by
Commercial Union Assurance
Company Limited

ACCIDENT & FIRE ASSURANCE COMPANY

Head Office, - - MONTREAL

H. F. RODEN, Manager, Casualty Department

Local General Agents, (Fire)

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

FIRE - MARINE - HAIL
AUTOMOBILE



ASSETS EXCEED
\$93,000,000

EAGLE STAR AND BRITISH DOMINIONS INSURANCE COMPANY LIMITED

J. H. RIDDEL, Manager for Canada OF LONDON, ENGLAND E. C. G. JOHNSON, Assistant Manager

HEAD OFFICE FOR CANADA - TORONTO

DALE & COMPANY, LIMITED - GENERAL AGENTS - MONTREAL AND TORONTO

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

AUTOMOBILE INSURANCE

FIRE, THEFT, COLLISION
AND PROPERTY DAMAGE

THE NEW YORK UNDERWRITERS
AGENCY

Announces the establishment of an
AUTOMOBILE
DEPARTMENT

Issuing a full coverage policy, except personal liability. Service and facilities to Agents will parallel the same unexcelled standard of efficiency which has characterized every undertaking of this organization during its entire career of more than a half century.

A. and J. H. STODDART
100 WILLIAM STREET, NEW YORK

Market Movements in Price of Commodities and Moral Hazard,

As important market movements in staple commodities are of much interest to fire underwriters, as having a considerable bearing upon the question of moral hazard, it is interesting to note the views of the head of one of the largest houses dealing in a wholesale way in general merchandise. This man believes that commodity prices will not be generally lower before the spring of 1921, if as early as that time, and that not a few goods will be higher this Fall than they are now. For many months wholesalers have been contracting for Fall supplies at advanced costs, and in many cases these goods could be replaced to-day, if at all, only at still higher prices. He believes that such declines

as that in silks are not symptomatic of the market as a whole, and that the cut price sales in various parts of the country mainly represent efforts to avoid carrying goods over. This gentleman asserts that there is only one legitimate reason why any retail merchant should sharply reduce his prices, and that is the need of liquidation, even at a loss, in order to meet bank obligations. He admits that commodity prices in general are artificially high, and must come down, and that the sooner they come down the better it will be for every one. However, he holds that until the cost of production is lowered, it is vain to talk of a lower level for wholesale and retail prices. His summarization of the matter is that the general level of commodity prices will rise somewhat before it starts on the inevitable decline.



**LONDON &
LANCASHIRE
FIRE**
INSURANCE COMPANY
LIMITED

Security - - \$42,000,000

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

PROVINCE OF QUEBEC BRANCH
146 Notre Dame Street West, MONTREAL



**LONDON &
LANCASHIRE
GUARANTEE &
ACCIDENT**

**PERSONAL ACCIDENT
SICKNESS
FIDELITY GUARANTEE**

**PLATE GLASS
AUTOMOBILE
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

P. J. PERRIN - - - - - Manager

Established in Canada in 1821

1819 **ÆTNA (FIRE)** 1920

HARTFORD, CONN., U.S.A.

Losses Paid over \$183,000,000

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

Union Assurance Society, Ltd.

OF LONDON, ENGLAND
(The Insurance Act A.D. 1712)

CANADA BRANCH, MONTREAL
F. L. BROWNE, Resident Manager.

NORTH WEST BRANCH, WINNIPEG
THOS. BRUCE, Branch Manager.

Agencies throughout the Dominion

EXCELSIOR

INSURANCE LIFE COMPANY

A Strong Canadian Company

FOR PROTECTION OR INVESTMENT
BUY EXCELSIOR POLICIES

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

The Law Union & Rock

INSURANCE CO. LIMITED, LONDON. Founded in 1866

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

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

Canadian Head Office: 277 Beaver Hall Hill,
MONTREAL

Agents wanted in unrepresented towns in Canada.

W. D. AIKEN, Superintendent, COLIN E. SWORD
Accident Dept. Canadian Manager.

SUCCESS IN SELLING LIFE INSURANCE Depends chiefly upon how hard Salesmen work, and the excellence of their service to clients. The more you put into it the more you will get out of it. Let "Greater Service to Policyholders" be your motto for 1920, and if you want a good position with a progressive Company, apply stating experience and references, to

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

THE CONTINENTAL LIFE INSURANCE CO.

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

LONDON ASSURANCE CORPORATION 1720 BI-CENTENARY 1920

The London Assurance Corporation is this year celebrating its bi-centenary, having been incorporated in 1720. Out of the past has come a reputation second to none in Insurance affairs; and although old in years the corporation reveals a considerable amount of youthful vigour. Mr. Colin F. Campbell (the Governor) who presided at the annual meeting last month said:—Never had the London Assurance Corporation stood for progress and efficiency more than it did today. It had given its name and support to a re-insurance company which was successfully floated last September under the name of the London Associated Re-Insurance Corporation Limited, and held all its ordinary share capital. It had also acquired, the Vulcan Boiler and General Insurance Company, which had its head office in Manchester. Both these acquisitions, the chairman said, would prove valuable to the Corporation, and that indirectly advantages would accrue to their various departments.

The record of results for 1919, of this ancient institution are well calculated to add to its renown. For the fourth year in succession, the fire department of the Corporation shows marked expansion. The premium income of the year after deduction of re-insurances and returns amounted to \$6,821,015, indicating a growth of nearly \$700,000 as compared with preceding year. Against this impressive increase, the losses, inclusive of all claims to 31st December 1919, totalled \$2,856,415 figuring a ratio of 41.82 per cent. to premiums received. This very excellent showing was the best recorded in the Corporation's history, and follows a loss ratio of 43.1 per cent. in 1918. The fire fund was increased by \$1,000,000 to \$6,000,000, after transferring \$481,290 to Profit and Loss Account.

The total funds of the London Assurance have advanced to the large sum of \$36,823,580, while total assets stand at \$42,496,030.

The Corporation in Canada.

The high traditions of the London Assurance Corporation under the conservative management of Messrs. Kennedy & Colley, continues to be well maintained in Canada, where the Company has been operating for nearly sixty years. The very favourable loss ratio which has been recorded for a considerable number of years is an indication of sound underwriting, and the prosperity thus enjoyed, is enhanced by a substantial expansion in its Canadian business. Last year, net cash received for premiums totalled \$452,293, as against \$382,194 in 1918. The loss ratio for the year under review figuring 27.59 was the best on record, and the lowest enjoyed by any Company operating in

Canada for the same number of years. The organization of the London Assurance in Canada is being strengthened and further expansion may be expected. It may be said that the ultra-conservative policy of the Corporation is gradually disappearing.

A. McBEAN & CO.

The partnership between Arthur McBean and A. S. Hill, having been dissolved as from 1st June, it is announced that the business will be continued under the firm name of A. McBean & Co. in the same office, Lewis Building, St. John St. The new firm will continue to represent the Occidental Fire Insurance Company and the Nova Scotia Fire Insurance Co. We understand that Mr. J. A. C. Colvil will have charge of the General Agencies and Marine Department.

Canadian Fire Underwriters Association

The annual meeting of the Canadian Fire Underwriters Association will be held at St. Andrews, N.B., on the 22nd instant. Competition in a golf tournament will take place, during the session, for a trophy to be presented by the President Mr. J. B. Laidlaw. Amongst the members competing for the much coveted prize are two dark horses, supposed to be Mr. J. Gardner Thompson and Mr. H. M. Lambert, both of these gentlemen, however, will have to play some to score higher than Mr. Lyman Root, whose apparent modesty does not always indicate a lack of aggressiveness in competition. There are, however, others.

Motor Insurance Rates in Great Britain

The great increase in the cost of motor repairs, which in common with increases generally, has gone up by 100 per cent. at least has compelled managers of motor insurance departments to look carefully into the question of insurance rates. In some cases rates are being increased 30 per cent. in addition to a recent increase of 20 per cent. so that motor insurance is well on the way to be at least 55 per cent. higher than it was three or four years ago. The Northern Assurance chairman admitted at the annual meeting that business in the general accident section resulted in a loss of £55,906, which was attributable mainly to the motor car business. Similarly the Royal Exchange chairman stated that their motor business had been uniformly unsatisfactory, and no doubt this would largely account for the profit on the general accident business having gone down £39,000 as compared with the previous year. It is not surprising therefore that higher rates are considered necessary.

The Provincial Savings Bank Established by Manitoba Government

The Provincial Savings Bank established by the Manitoba Government is now in operation at the Parliament Buildings, Winnipeg. We understand branches will be established in all the principal towns, and cities of the Province. While the chief object of the Bank is stated to be the provision of money to be loaned to farmers through the Rural Credit Societies, and to encourage the habit of saving by the people of Manitoba, no doubt the large volume of deposits expected to be received will be useful to the Government in many ways, such as the financing of public enterprises, etc.

CANADIAN FIRE RECORD

Fire at Nesterville, Ont.—On the 9th instant, a fire broke out in the lumber yard of the Bishop Lumber Co., destroying about three million feet of sawed lumber. Insurance as follows:—Union of Canton, \$67,500; Liverpool & London & Globe, \$40,000; Palatine, \$25,000; Century, \$15,000; Northern, \$25,000; Hand-in Hand, \$15,000; Millers, & Manufacturing, \$15,000; Caledonian, \$7,000; North America, \$20,000; Pacific Coast, \$7,500; Pennsylvania, \$5,000; Mercantile, \$13,000; Hartford, \$10,000; Queensland, \$5,000; Vulcan, \$5,000; Guardian of Canada, \$30,000; General of Perth, \$10,000; Aetna Und., \$10,000; Globe & Rutgers, \$5,000; Britannic Und., \$10,000. Total \$340,000. Loss about \$200,000.

Fire at Ottawa.—On the 13th instant, a fire broke out in the warehouse of Moyneur Ltd., wholesale grocers. The cause is thought to be from elec-

tric wiring in the egg candling room. Insurance as follows:—On building, Sun, \$10,000; Royal Exchange, \$10,000; other insurance, \$25,000. Total \$45,000. Loss about 50 per cent. On fixtures, Sun, \$10,000. Loss Total. On stock, Prov. Washington, \$5,000; London Assurance, \$20,000; Pacific Coast, \$3,000; State of Penn., \$7,000; Northern, \$10,000; Mount Royal, \$25,000; National, \$30,000; Royal Exchange, \$14,000. Total \$114,000. Loss total. Use and occupancy, Prov. Wash., \$30,000. Loss about 30 per cent.

Fire at Millerton, N.B.—On the 15th instant, the large lumber mill owned and operated by James Robinson was destroyed by fire. Loss about \$75,000.

Explosion at Toronto.—On the 8th instant an explosion occurred in the stereotyping room of the Telegram plant, one man was killed, and two others injured. The plant was damaged considerably.

Fire at Toronto.—On the 8th instant a fire damaged a five storey brick warehouse, 176 St. John St. Loss to contents and building about \$2,000.

Fire at Erindale, Ont.—On the 12th instant a fire (caused by lightning) destroyed a house and barn owned by Price Bros., Toronto, dairymen. Loss about \$25,000. Lightning also struck the dwelling of J. L. Ross, and destroyed the barn of Wm. Cooper. Loss about \$10,000.

Fire at Montreal.—On the 14th instant a fire destroyed two large automobile trucks and several winter sleighs at 40 Poupart St.

SERVICE

We have written much on the question of FIDELITY-PHENIX SERVICE. We want Canadian insurance agents to understand the advantages of that service. We cannot send samples,—as if we were selling toothpaste,—but we can give you the opportunity to profit by this advertisement.

Don't put it off. Write us immediately for particulars.

FIDELITY-PHENIX FIRE INSURANCE COMPANY
OF NEW YORK.

HENRY EVANS, President.

FIRE

AUTOMOBILE

PROFITS

CANADIAN HEAD OFFICE: 17 ST. JOHN ST., MONTREAL.

W. E. BALDWIN, Manager

Reinsurance

Advice on reinsurance matters given in connection with Life, Fire and General Casualty business.
Reinsurances placed with British and Foreign Companies.
Excess Covers.

STERLING

OFFICES LIMITED
INCORPORATED
A. F. PEARSON & COY.
ESTABLISHED 1877

Insurance Managers and Re-Insurance Advisers

25, Birchin Lane, London, E. C. 3

Manager—R. M. MACLAREN.
Secretary—ROBERT W. REID.

Underwriter—Wm. J. FOX.
Manager, Treaty Dept.—W. R. BEAVIS.

Directors:
A. RENDTORFF. FRED. SMITH

BANKERS: OFFICES:

LONDON—London Joint City & Midland Bank. National Bank of Scotland. LONDON—Head Office, 25, Birchin Lane, E.C.3.
LIVERPOOL—London Joint City and Midland Bank. LIVERPOOL—28, Exchange Street East.
NEW YORK—National City Bank. NEW YORK—1, South William Street.

Cable Address—"OSTERLINGA, LONDON"

Toronto Office, 67, Yonge Street.

Telephone: MAIN 5037.

Telegrams: OSTERLINGA, TORONTO.

Great American Insurance Company New York

INCORPORATED - 1872

PAID FOR LOSSES

\$112,397,573.17

STATEMENT JANUARY 1, 1920

CAPITAL AUTHORIZED, SUBSCRIBED AND PAID-UP

\$5,000,000.00

RESERVE FOR ALL OTHER LIABILITIES

17,191,302.37

NET SURPLUS

11,010,376.51

ASSETS

33,201,678.88

THE SECURITIES OF THE COMPANY ARE BASED UPON ACTUAL VALUES ON DECEMBER 31st, 1919

Since January 1st the authorized, subscribed and paid-up Capital Stock of the Company has been increased to \$10,000,000.

The Company now owns \$10,000,000 U. S. Government Liberty Loan Bonds, and \$340,000 Canadian Victory Loan Bonds.

Home Office, One Liberty Street, New York City

Agencies Throughout the United States and Canada
ESINHART & EVANS, Agents MURPHY, LOVE, HAMILTON & BASCOM, Agents
39 Sacramento Street Dominion Bank Building
Montreal, Quebec Toronto, Ontario
WILLIAM ROBINS, Superintendent of Agencies
Dominion Bank Building, Toronto, Ontario

The WATERLOO Mutual Fire Insurance Co.

ESTABLISHED IN 1863

Head Office - Waterloo, Ont.
TOTAL ASSETS 31st DEC., 1918, Over \$1,000,000
Policies in Force in Western Ontario Over 30,000
GEO. DIEBEL, ALLAN BOWMAN,
President Vice-President

L. W. SHUH,
Manager

Canadian Banking Practice
On Sale
By The Chronicle

IN ALL INSURANCE BRANCHES
STRENGTH REPUTATION SERVICE

THE MONTREAL SECURITIES CORPORATION LIMITED

Dominion Express Building - MONTREAL

GENERAL AGENTS FOR

The GLOBE INDEMNITY COMPANY of Canada
The CANADIAN FIRE INSURANCE COMPANY

Applications for Agencies Solicited

MR. L. GOLDMAN OPTIMISTIC

In an interview with a contemporary in the West recently, Mr. Goldman was very optimistic and expected that for some time in the future heavy underwriting would be the rule and the experience of all life insurance companies. This condition was the result of a number of circumstances all leading to increased business. The first reason, he stated, was the high cost of living, which made it necessary for a man to increase his life insurance for the sake of his beneficiaries to approximate the depreciation in the dollar.

The banks also were encouraging their borrowers to take on insurance for the better protection of both the banks and their customers. Banks would not loan on goods except when covered by a fire insurance policy, and now they are beginning to see the wisdom of insuring continuity of their clients' businesses through life insurance policies.

When a man dies the common fact is that he is usually short of cash assets, which may involve the sacrifice of other assets for the payment of succession duties. It is becoming more and more the common practice for insurance to be taken out to cover these costs.

A great factor in the increase in insurance underwriting is the popularity of insurance through the

evidence of its benefit during the recent epidemic. The wives and children of policy holders taken away on account of the epidemic were kept from suffering pecuniary hardship by the payment of policies to them from insurance companies. All received tangible evidence of the benefit of life insurance to the community in general and to the family in particular.

Curiously enough, Mr. Goldman stated that the very extravagance of the people was a factor in life underwriting. Business men were more and more appreciating the value of insurance to their estates as they never had before and were depending more and more on this to sustain their families when death came. Mr. Goldman is President of the North American Life Toronto.

REPLACEMENT COSTS OF INSURABLE PROPERTY

Probably the premium writings and commission income of many an agent would be much argumented if they could induce their clients to calculate the present-day replacements costs of their insurable property. There are probably still some fire insurance agents who have not fully realized the astounding increases in prices of building materials, labour, furnishings, wearing apparel, etc.

**LONDON & LANCASHIRE
FIRE INSURANCE COMPANY, LTD.**

RESULTS OF 1919 BUSINESS



	Premiums	Losses and Expenses	Surplus
FIRE	\$16,351,492	\$12,026,335	\$4,325,167
ACCIDENT	6,434,338	5,578,015	856,323
MARINE	11,009,465	9,215,120	1,794,345
	<u>\$33,795,295</u>	<u>\$26,819,470</u>	<u>\$6,975,825</u>
		Interest	1,357,546
			<u>\$8,333,371</u>
Less Provision for Income & Excess Profits Tax		\$1,694,930	
Less Provision for Cost of Business Acquired		1,000,000	
			<u>2,694,930</u>
			<u><u>\$5,638,441</u></u>

FUNDS	\$32,175,058
UNCALLED CAPITAL	14,348,600
SECURITY TO POLICY HOLDERS	<u><u>\$46,523,658</u></u>

\$5.00 taken as the equivalent of £1 Sterling.

ALFRED WRIGHT, Manager and Chief Agent for Canada

A. E. BLOGG, Branch Secretary,
14 RICHMOND STREET EAST, TORONTO

MONTREAL
Colin E. Sward, Manager
146 Notre Dame St. West

VANCOUVER
William Thompson, Manager
London Building

WINNIPEG
A. W. Blake, Branch Manager
290 Garry Street



FIRE CASUALTY
The Northern Assurance Co. Limited
 Of England

ACCUMULATED FUNDS, 1918 . \$75,229,866.70
 Including Paid up Capital of \$4,010,100.00

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

ALEX. HURRY, Manager Casualty Department

G. E. MOBERLY, Manager

FIRE



HEAD OFFICE FOR CANADA
 17 ST. JOHN STREET
 MONTREAL

G. E. MOBERLY,
 MANAGER

THE FIRE
Royal Scottish
 FIRE

INSURANCE COMPANY LIMITED
 of Glasgow, Scotland

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

THE ST. PAUL FIRE AND MARINE INSURANCE COMPANY

INCORPORATED 1866

REPRESENTED IN TORONTO BY

ASSETS OVER \$22,000,000

McADAM, SHERRITT & COMPANY

Essexter Life Building

General Agents

20 Toronto Street

BRITISH TRADERS' INSURANCE COMPANY, LIMITED

Head Office: HONG KONG

ESTABLISHED 1865

Head Office for Canada: TORONTO

FIRE & MARINE INSURANCE

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

JOHNSON-JERNINGS, Inc., General Agents,
 MONTREAL

Manager for Canada, G. E. DRAYTON

THE STRATHCONA
FIRE INSURANCE COMPANY

HEAD OFFICE: MONTREAL,

80 ST. JAMES ST.

"For ten years the STRATHCONA has pursued a safe and steady course and is now beginning to gather the fruits of its wise and sound policy."

FOUNDED 1871

The Ocean Accident and Guarantee Corporation, Limited

Canadian Head Office, **TORONTO**

Manager for Canada, **W. T. PERRY**

Dr. BALANCE SHEET, 31st December, 1919 Cr.

LIABILITIES.		ASSETS.	
Shareholders' Capital:—		Mortgages and advances on property with-	
Authorized —		in the United Kingdom \$ 600,625	
200,000 Shares of \$25 each	\$0,000,000	Mortgages on property out of the United	
Subscribed —		Kingdom 87,000	
12,000 Shares of \$25 each (fully		Investments (including those deposited	
paid)	\$ 300,000	under local laws or by contract in vari-	
112,308 Shares of \$25 each (\$5		ous Colonies and Foreign Countries as	
per share paid)	2,897,791	security for holders of policies issued	
		there):—	
124,308	\$3,197,791	British Government Securities 8,079,435	
Less Uncalled Capital	2,246,160	Indian and Colonial Government Securities 1,193,670	
	861,540	Indian and Colonial Provincial Securities 147,680	
Amounts due to other Companies for Re-		Indian and Colonial Municipal Securities 369,215	
insurances	336,825	Foreign Government Securities 5,131,380	
Re-insurance and other Funds	182,905	Foreign Provincial Securities 142,580	
Amounts due to Agents and others	1,296,090	Foreign Municipal Securities 605,055	
Leasehold Redemption and Sinking Fund		Railway and other Debentures and De-	
Account	81,555	benture Bonds—Home, Indian, and	
General Insurance Fund:—		Colonial 802,245	
Provision for Claims outstanding \$9,994,485		United States Railway Bonds 5,716,890	
Investment Reserve and General		Railway and other Debentures and De-	
Contingency Fund	1,454,215	benture Stocks—Foreign 3,199,220	
Reserve Fund	1,500,000	Railway and other Preference Stocks 201,220	
Balance from Revenue Account		Railway and other Ordinary Stocks and	
including \$7,518,789 propor-		Shares 405,465	
tion of premium unearned	17,534,465	Freehold and Leasehold Premises at Home	
	30,483,165	and Abroad, partly occupied as Offices	
		of the Company, and partly producing	
		revenue 1,509,640	
		Branch, Agency and other Balances 3,373,830	
		Amounts due by other Companies for Re-	
		insurances and Losses 349,075	
		Cash: —	
		With Bankers and in hand 1,186,040	
		Investments in Trustees' Hands to meet	
		Leasehold Redemption and Sinking	
		Fund Account 81,555	
			\$33,212,060
	\$33,212,060		

(£1 assumed to equal \$5).

BUSINESS TRANSACTED

**Personal Accident
Plate Glass
Guarantee**

FIRE AUTOMOBILE

**Sickness
Liability
Burglary**

Branches: Montreal, Winnipeg, Regina, Calgary, Vancouver and St. John, N. B.



THE EMPLOYER'S

Liability Assurance Corporation, Limited
of London England

Transacts
AUTOMOBILE INSURANCE, Covering ACCIDENT, PROPERTY DAMAGE, COLLISION,
FIRE, THEFT and TRANSPORTATION
Personal Accident, Sickness, Passenger and Freight, Elevator,
Burglary, Mail, Boiler, Plate Glass, Explosion and Fire
Insurance, Fidelity Guarantee and Contract Bonds..

OFFICES:
Temple Building, Toronto. Lewis Building Montreal

Charles W. I. Woodland,
General Manager for Canada and Newfoundland

John Jenkins,
Fire Manager

Applications for Agencies Invited

Canadian
Government
Deposit
\$1,622,000.00

Stands First

in the
liberality of its
Policy contracts,
in financial strength
and in the
liberality of its loss
settlement.



TRANSACTS:

Personal Accident Automobile
Sickness Burglary
Liability (All Risks) Postal
Fidelity Guarantees. Plate Glass.

362 St. James Street, MONTREAL
ROBERT WEALE, General Manager

Applications for direct Agencies Invited.

The Ocean Accident & Guarantee Corporation Limited

AUTOMOBILE INSURANCE

A Comprehensive Policy covering ACCIDENT, PROPERTY DAMAGE, COLLISION,
FIRE, THEFT and TRANSPORTATION is what the
public demands.

The "OCEAN" can meet these requirements under one contract

Branch Office:
MERCHANTS BANK BLDG.
MONTREAL

JOHN W. WETMORE,
Superintendent.

W. T. FERRY,
Manager for Canada

Canadian Head Office: Ocean Insurance Building, TORONTO

The Dominion of Canada Guarantee & Accident Ins. Co.

**The Oldest and
Strongest Canadian
Casualty Company**

ACCIDENT
BURGLARY
GUARANTEE BONDS

TRANSACTS:

SICKNESS PLATE GLASS
AUTOMOBILE INSURANCE
FIRE INSURANCE

E. ROBERTS, Manager
101, LEWIS BUILDING, MONTREAL

G. A. WITHERS, General Manager
TORONTO

Branches: WINNIPEG CALGARY VANCOUVER

SUING SOME MEMBERS OF AUTO RECIPROCAL

Several hundred policyholders in the Illinois Automobile Insurance Exchange of Bloomington, Ill., a reciprocal specializing in the writing of automobile business, are facing court suits for damages, based on prorated shares of their policies, as a result of a judgment obtained recently in the East St. Louis, Ill., city court, by Edward C. Zulley, an attorney. Two judgments have already been returned for Zulley, and a number of others are pending.

Low Rates Tempting

Automobile reciprocal exchanges have been doing an enormous business recently. They have attracted the attention of policyholders, because of low rates. Automobile owners have been tempted to place their business in reciprocals because of the comparatively small premium charge. Buyers of reciprocal insurance have given little thought to what might happen in the event of a loss, but have contented themselves with the thought that they were "protected." In this latest case, policyholders see some of the difficulties that may confront them if a claim is disputed by the institution.

Concern Resists Payment

Mr. Zulley insured his roadster in the Illinois Automobile Insurance Exchange last year, and it was later destroyed by fire. The company declined to pay the loss, and Mr. Zulley entered suit for \$1,500 damages. Counsel for the company declared it was not a corporation, that it could not be sued as an exchange, and that judgment, therefore, could not be entered against it. The names of a number of policyholders were presented, and Mr. Zulley amended his petition to include Ike Cohen of East St. Louis, Ill., holder of a policy for \$360.

All Policyholders Liable

The court rendered judgment for \$1,370.83 for Zulley, and in the ruling it was specified that the policyholders were liable for the total amount of damages, and that the amount for each was to be prorated on the face value of his policy. This rate was established at 25 cents on each \$100 insurance carried. It could not be determined definitely just how many policyholders are effected, but computing the judgment and the prorate, it is seen that suits will have to be brought against policies aggregating \$508,000. On the basis of 25 cents for each \$100 insurance carried, the first judgment was entered against Cohen of East St. Louis for 91 cents. Following this action, Mr. Zulley entered suit against Judge E. C. Kramer of East St. Louis, holder of the policy for \$1,640, in which a judgment for \$4.10 was entered. At this rate it will take Mr. Zulley a long time to collect the face

of his policy and probably involve expense in excess of the amount insured.

Few Care to Sue

Suits of this kind are rare, for the reason that policyholders are easily discouraged at the prospect of several hundred suits and the payment of numerous attorneys' fees. When a reciprocal exchange resists payment and offers the claimant the option of suing all of the policyholders on the books, the assured is apt to give it up as a bad job. It would be cheaper to simply forget about the claim, because the amount that will finally be recovered will not compensate for the time and expense involved in filing suits.

Policyholders generally do not really understand what reciprocal insurance is. They know that it is cheap, and in most cases the concerns are managed by men fairly well known in the community and enjoying good reputations. This combination seems to satisfy most policyholders. The reciprocal insurance system is not investigated. This case might well be cited by agents who are feeling the pressure of the activities of the reciprocals writing automobile business.

Double Liability Assumed

Policyholders should know clearly what may happen to the purchaser of reciprocal insurance. Once he pays his premium, he is practically at the mercy of the attorney-in-fact. If the individual in active charge of the concern feels inclined to honor the claim, he makes payment, but if not, declines to pay the loss and offers the policyholder the alternative of suing several hundred policyholders in several hundred cities.

Most claimants will not even attempt this. On the other hand, when the automobile owners become a policyholder in a reciprocal exchange he takes on a liability never contemplated at the time the insurance was purchased. If a disgruntled policyholder sues and secures judgment, as in the case outlined, all policyholders may be called upon to pay their pro rata share of the claim. Thus the policyholder in a reciprocal exchange does not know when he may be called upon to defend a suit. When he purchases a policy, he is associating himself with hundreds of policyholders whose character, whereabouts, and number are unknown to him.—*National Underwriters.*

Another Large British Insurance Company Forming

The Associated Industries Insurance Corporation, Limited, has been registered in London with a capital of £1,000,000. It will transact every branch of the insurance business.

THE BRITISH AMERICA ASSURANCE COMPANY
 Incorporated 1833
Fire, Marine, Hail and Automobile
HEAD OFFICE - - TORONTO

Old Reliable Progressive

ASSETS over \$4,300,000.00
 Losses paid since organization over **\$17,000,000.00**

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Robt. Bickerdike, Montreal	Miller Lash
LA.-Col. Henry Brook	Geo. A. Morrow
Alfred Cooper, London, Eng.	LA.-Col. the Hon. Frederic Nicholls
H. C. Cox	Brig.-Gen. Sir Henry Pellatt, C.V.O.
John H. Fulton, New York	E. R. Wood
E. Hay	
John Hoskin, K.C., LL.D.	

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 Pres. and Gen. Man. Secretary

THOMAS F. DOBBIN, Resident Manager
MONTREAL

THE LONDON MUTUAL FIRE INSURANCE COMPANY
 ESTABLISHED 1869

Assets \$819,069.05
 Surplus to Policyholders . . . 358,322.48



DIRECTORS:
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 BRANCH MANAGER,
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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
 F. A. TASELLE, Branch Manager.

Established 1864
New York Underwriters Agency
A. & J. H. STODDART
 Registered
100 William Street - New York

PROVINCIAL AGENTS
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 Murphy, Love, Hamilton and Bascom
 R. Y. Hunter, Resident Partner, Montreal
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 White and Calkin, St. John N.B.
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TORONTO

THE NORTH EMPIRE FIRE INSURANCE COMPANY
 Policies guaranteed by the London Guarantee & Accident Co., Limited, London, Eng.
HEAD OFFICE, PARIS BLDG., WINNIPEG
TORONTO OFFICE, 218 CONFEDERATED LIFE BLDG.
 J. E. HOUNSOM, Manager
 W. MAYNE McCOMBE, General Agent,
 Canada Life Bldg., Montreal.

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. **LYMAN ROOT**
 Manager

PRICE CUTTING AND FAILURES

Some anxiety is being manifested by bankers and financial authorities lest the so-called "wave" of price cutting should bring with it some business embarrassment. There is always danger of this kind in every deflation movement because of the fact that as inflation proceeds the margin of protection to the business community against ill-advised or speculative operations is greatly narrowed. When prices are steadily advancing from month to month it is difficult indeed for a business establishment to "go wrong" if it is guided by elementary principles of sound judgment. By buying steadily and unloading promptly it gets the natural advantage which comes from rising prices even if it obtains no other earning. This is undoubtedly true of a considerable number of business houses at the present time.

Our contemporary *The Journal of Commerce* says:

It is, however, necessary to remember that when real price recessions come they will necessarily mean hardship. The most serious sufferings will be inflicted upon those who find themselves overstocked or with large commitments. Such houses necessarily have to pay the penalty of their unwisdom by seeing their capital eaten up to cover the loss on their goods. Others, however, will suffer from the fact that even with the best of judgment and the utmost of skill on their part they will find the trade overcrowded. In many lines of business the number of establishments is to-day undoubtedly larger than is warranted. As prices recede and as a higher degree of skill is called for in the attainment of business success some concerns will find themselves crowded out. Declines in prices will cancel the small margin of profit which was all that their ability or good management enabled them to gain, while other concerns which were better managed or enjoyed a larger patronage will succeed in holding their own in a much more permanent way. There is nothing new in this condition of affairs, but it is a situation which has been noted during former periods whose characteristics resemble those of the present.

There is no use in treating the obvious and visible signs of contraction as if they were indicators of disaster. Bankers and others have been insisting upon contraction in not a few lines as an absolutely necessary concomitant of returning soundness. There has been much truth in these arguments, yet they sound hollow when those who put them forward begin to object and hesitate about the practical application of the very remedies which they have advocated. There is every reason why the banker should endeavor to carry his customers, small and large, to the ultimate point of safety and

conservation, and every reason why he should endeavor to support present conditions and should regret business changes, consolidations or retirements.

HOW MUCH TO KNOW

How much must I know about life insurance before I can attempt to sell a policy?" This question was asked, says the *New York Life Bulletin*, of one of our agency directors by a young agent who, after a couple of weeks' study of his supplies, had discovered that there was a heap yet to learn. The young man had a conscientious fear lest he might give some client the wrong data. His agency director answered him as follows:

"It is necessary for you to know three things:

"First, that if your friend, William Jones, has a policy in force with the company and William Jones should die, his beneficiaries will get the money immediately.

"Second, that if William Jones has no policy in force and should die his beneficiaries would get nothing.

"Third, that while every one must die sometimes, no one knows just when that time will come—nor does any one know just when he will be unable to secure life insurance.

"Those are the fundamental things you ought to know.

"Then, you need to fill your mind so bursting full of these great truths that you won't permit your friend or acquaintance to leave his loved ones unprotected for a single day nor for a single minute, if you can help it.

"Pursue this text from day to day with earnestness. It will bring you into contact with other questions that will certainly broaden and deepen your knowledge of life insurance and what it is doing for men and women everywhere. Look out, however, for one thing. Never let your knowledge of the details or incidentals of the business become so great as to obscure your clear vision of the three fundamental truths just enumerated. The question 'Is William Jones protected by life insurance?' will always be of vastly greater importance than the question 'What form of insurance does William Jones carry?'

"Be assured too that wherever people 'live and move and have their being' the number of men and women uninsured is so near inexhaustible that you'll never have any trouble on that score. Get that fact firmly fixed in your mind."

The agent acted promptly on these suggestions and quickly became a regular producer and has never lost sight of the three things he ought to know in order to sell life insurance properly.

THE MOTOR UNION INSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND)



THE BEST IN AUTOMOBILE INSURANCE

□ □ □

BECAUSE attractive premiums are quoted for first class risks.

The protection against "Claims by the Public" is up to \$20,000.

Bonuses are allowed for no claims. Policies are simple and straight-forward.

AGENTS will like our concise "at a glance" rating system.

WRITE TO
CHIEF OFFICE FOR CANADA
59 Yonge Street - - Toronto

Assets exceed \$10,000,000
Premium income exceeds \$8,500,000

VULCAN Fire Insurance Company

of Oakland, California

ASSETS OVER \$1,500,000.00

Canadian Head Office :
VANCOUVER, B. C.

G. U. PRICE & CO., LIMITED

General Agents for Quebec

Bank of Toronto Building, **MONTREAL**

LONDON & SCOTTISH ASSURANCE CORPORATION

LIMITED, OF LONDON, ENGLAND

Formerly LONDON & LANCASHIRE LIFE & GENERAL ASSURANCE ASSOCIATION, LIMITED
ESTABLISHED IN CANADA 1863

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ALL CLASSES OF LIFE ASSURANCE TRANSACTED

SCOTTISH METROPOLITAN ASSURANCE COMPANY LIMITED

FIRE and MARINE
ACCIDENT and SICKNESS
GUARANTEE BONDS
ELEVATOR and GENERAL LIABILITY

AUTOMOBILE LIABILITY and FIRE
Individual or Combined Policies
EMPLOYERS' LIABILITY
PUBLIC and TEAMS' LIABILITY

Head Offices for Canada: LONDON & SCOTTISH BUILDING, MONTREAL

Total Funds and Assets Exceed \$25,500,000

Fire Manager, C.E. CORBOLD Casualty Manager, J. UPTON FLETCHER Secretary and Actuary, W.H.R. EMMERSON

Manager for Canada, ALEXANDER BISSETT

APPLICATIONS FOR AGENCIES INVITED

FIRE PREVENTION PROPAGANDA NOT HAVING MUCH EFFECT

The Journal of Commerce computes the fire loss in May, 1920, in the United States and Canada at \$25,440,300—an increase of more than \$3,000,000 over the April loss, and of about \$9,000,000 over the loss in May, 1919. This brings up the total for the first five months of the current year to \$138,791,000, or \$28,000,000 more than in the corresponding period of 1919, and \$19,000,000 more than in the first five months of 1918. Fire underwriters had hoped that the decline in the fire loss in 1919, from the larger sum in 1918, indicated that the propaganda for a lessening in the fire waste was having its effect; but the results thus far this year do not seem to bear out this hope.

INSURANCE FOR "FULL VALUE" OF MOTOR-CARS

In the Chancery Division, London, Eng., on April 23rd, Mr. Justice Astbury heard a special case stated on the award of an arbitration between Wilson and Scottish Insurance Corporation, Limited.

In November, 1915, the insured filled in a proposal form issued by the Scottish Insurance Corporation, for the insurance of a 20 h.p. Studebaker motor-car, which he had just bought for £250. The form contained a table of rates of premium based on the "full value of car," the rate for a 20 h.p. car, where the full value was £200, being £9 12s. 6d.; but a note to this table stated that cars not exceeding 25 h.p., the maker's catalogue price of which was not more than £250, with accessories, could be accepted at a premium of £8 15s. Under the last offer the car was insured, and, under the heading "particulars of car," the insured filled in the "price paid" as £250, and his "estimate of present value" also as £250. The policy was duly issued by the insurers in acceptance of this proposal, and (Clause 3) the insurers thereby agreed to indemnify the insured "to an amount not exceeding the full value of the car." The policy was renewed from year to year until June, 1919, when the car was destroyed by fire, the policy being still in force. The car had then appreciated in value, and was estimated as being worth £400. The question was raised whether the insured could recover only £250 (the amount of his estimate), or whether he was entitled to the "full value"—namely, £400. The matter was referred to an arbitrator in accordance with a clause in the policy, and the arbitrator, in making his award, found, subject to the opinion of the Court, that the Corporation was liable to pay only £250, but that the full value of the car at the date of its destruction was £400. At the request of the parties, he also

stated a case for the opinion of the Court, whether the "full value" within the meaning of the policy was limited to £250, and this case now came before his Lordship for decision.

Mr. Justice Astbury, in the course of his judgment, said that there was no direct decision on the point, but in his opinion, on the last renewal of the policy in November, 1918, the insured must be deemed to have renewed also his estimate of the "present value" of the car as £250. In *Pim v. Reid* (6 Man. and G., 1, at p. 25) Mr. Justice Creswell said:—

"No fresh proposal appears, therefore, to be expressly required on either side at the end of the first year; but it may be then very material for the company to know of any change in the extent of the risk to enable them to determine whether or not they will continue the insurance."

When the last renewal of the policy took place. If the car was worth more than £250 in November, 1918, then the insured could recover only £250. If, however, all the increase in value took place after that date, then the assured was entitled to recover the full value of the car when it was destroyed.

CANADIAN TRADE

Canada's exports for April were \$154,161,132, and imports \$98,290,635. There was a notable decrease in the export of farm products compared with April of last year.

According to the latest reports only 4 per cent. of the area under fall-sown wheat has been destroyed by the severity of last winter.

The Franco-Canadian Commercial Convention, providing for reciprocal tariff reductions on imports, will not be in force after June 19, 1920.

Fifty-two rural credit societies, with an authorized capital of \$1,040,000 and a membership of 4,000 farmers, are now in active operation in Manitoba.

A new railway depot is to be built at St. John, N.B., by the Canadian National Railways and the Canadian Pacific Railway. It will be used by both companies.

A steady development and expansion is taking place in the Canadian pulp and paper industry, which is now third in importance in the Dominion. It has a capital investment of over \$250,000,000. One of the new mills is a \$5,000,000 pulp and paper plant to be erected at Fredericton, N. B. The Kipawa Fibre Company plans to double the capacity output of its plant at Temiskaming, which now produces 150 tons of bleached sulphite pulp per day. The Kipawa and the Riordan companies are to be reorganized, it is stated, and both will be operated by a new company known as the Riordan Corporation, Ltd.



BRITISH COLONIAL

FIRE INSURANCE COMPANY, MONTERAL.

Canadian - Strong - Progressive

FIRE INSURANCE AT TARIFF RATES.

THE YORKSHIRE INSURANCE COMPANY, LIMITED

ESTAB. 1834

YORK, ENGLAND

ASSETS EXCEED \$39,000,000

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, Teams, General Liability, and Plate Glass.

CANADIAN { Rt. Hon. C. J. Doherty, P.C., M.P.

Alex. L. McLaurin, Esq. Lieut.-Col. Hon. W. J. SHAUGHNESSY

DIRECTORS { G. M. Bosworth, Esq.

Pamphile R. DuTremblay, M.P.

APPLICATIONS FOR AGENCIES are invited from responsible persons.

Canadian Manager. P. M. WICKHAM, Montreal

DALE & COMPANY Limited

MARINE UNDERWRITERS AND BROKERS

General Agents for the **CONTINENTAL CASUALTY CO.** of Chicago
in Quebec and Maritime Provinces

We underwrite all classes of Casualty Insurance offering liberal contracts at reasonable rates

APPLICATIONS FOR AGENCIES SOLICITED

GET A GOOD START

Men who are aggressive and business builders can avail themselves of some excellent territory in the Province of Ontario. Our big expansion program for 1920 is well under way. Get a good start with a Company whose up-to-date policy contracts and reputation for stability combine to make National life policies easy to sell. Write for full particulars to

THE NATIONAL LIFE

Assurance Company of Canada

National Life Chambers

TORONTO

The Canada National Fire Insurance Company

HEAD OFFICE: WINNIPEG, MAN.

Total Assets - - - - - \$2,468,592.08

A Canadian Company investing its Funds in Canada

APPLICATIONS FOR AGENCIES INVITED

THE NATIONAL FIRE INSURANCE COMPANY OF PARIS, FRANCE

Subscribed Capital. \$2,000,000

Total Funds. 7,491,990

Net Surplus. 1,857,160

J. E. CLEMENT, General Manager

J. A. Bloudeau, Asst. Manager

L. C. Valle, Inspector

PUBLIC UTILITY CONTRACT

In the case of the King vs the Board of Commissioners of Public Utilities, a recent decision of the Supreme Court of New Brunswick, a rather interesting point arose in connection with the operation and regulation of Public Utilities.

To this case it appeared from the evidence that a Public Utility Company entered into a contract to supply water to a Town, to extend over a period of twenty years, with a right of renewal at the expiration of that time. When the twenty years expired no new contract or renewal was entered into between the Town and the Company, but the Company continued to supply water to the Town at the old rates, and no effort was made by the Town to secure a renewal of the contract.

On an application to fix the rates, the Town contended that the action of the Company in continuing to furnish water at the old rates after the expiration of the original contract was in itself a renewal of the contract for another twenty years, but the New Brunswick Board of Public Utilities decided that at the most the supplying of water under the original conditions and at the rates provided in the original contract could not be construed as anything more than a renewal of the contract from year by year, or possibly from month by month.

On appeal this decision was upheld by the Supreme Court of New Brunswick.

"In this finding of the board I concur," said the Court. "Applying to the contract, as I think we may very properly do, the principles of the law governing leases and the renewals thereof, I find it has for years been well recognized law that if a tenant for years holds on after the expiration of his lease, or continues in possession pending a treaty for a further lease, he is strictly a tenant at the will of the landlord, and may be turned out of possession without notice to quit. But if during the continuance of such tenancy at will the tenant has offered and the landlord has accepted rent for the use of the property, the law infers that a yearly tenancy was meant to be created between them. Whether, however, the tenancy becomes from year to year or month to month is a question of fact or a matter of evidence rather than law, the payment of monthly or yearly rent being an important circumstance sometimes decisive. Usually a tenant for month or months holding over becomes a tenant from month to month. If these principles, therefore, may be applied to this contract,

can the conduct of the Company at and after the termination thereof, hereinbefore referred to, reasonably be considered such as would lead to a renewal of the contract for twenty years upon the term of the original agreement. As stated, I agree with the Board that it cannot. The very most that could be successfully claimed is that the contract, after its expiration, became one from year to year, so that at the time of the filing of the new schedule of rates referred to there was no existing contract between the said Town and the Company, whereby the jurisdiction of the Board was ousted."

CANCELLATION NOT IN FORCE

Failure to Send Written Notice Results in Judgment Against Company.

Judgment for \$5,000 was returned against the National Union in favour of S. T. Morton by the chancellor in a special term of the Chancery Court of Marshall County, Tenn., recently. The chancellor ruled that no written notice of the cancellation of a policy held by Morton had been served on the assured.

The policy was issued to cover meats in the smoke house on assured's premises and on account of his bad fire record the company ordered the policy cancelled. It is claimed that the agent called on the assured to cancel the policy but the assured persuaded him to allow the policy to stand until the meat could be moved from the smoke house. This he claimed would require only a few days. The agent granted the request and testified that it was agreed that the policy would be cancelled on a certain date in October. The policy was in custody of the agent at his office. He canceled it on his books on the date agreed without further notice to the assured and sent the canceled policy to the company and several days later fire destroyed the smoke house and contents, following which claim was made for the full value of the policy by the assured.

The company denied liability, stating that the policy had been canceled. Assured then brought suit and the case was tried before special term of Chancery Court in Lewisburg. After hearing the evidence the chancellor ruled that as no written notice of cancellation had been served on the Assured as provided by the policy contract the company was liable for the amount of \$5,000 plus interest but did not allow the penalty of 25 per cent. The case was appealed to the Supreme Court. Since the time of the fire the complainant has gone into bankruptcy.—*Insurance Field.*

