The Chronicle

Banking, Insurance & Finance.

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BORROWINGS, PAST AND FUTURE.

The record of Canada's borrowings abroad during 1913 makes a very striking exhibit. Canadian public emissions in the London market totalled some $310,000,000 or about one-fifth of the total public issues made in that centre, but repayment of prior borrowings and the liquidation of short-term financing make the net total of our fresh borrowings through this channel, $280,000,000. This compares with a total of $231,000,000 in 1912 and is, of course, the highest figure of the kind which has ever been recorded. The increase in the amount borrowed over 1912 is mainly due to the increased activity in this connection of governments, municipalities and railways; public utility and industrial ventures have shown a very marked falling-off. An estimate by the Toronto *Globe* places the various classes of borrowings in the following amounts:—Government, $53,500,000 against $35,639,700; municipal, $105,800,000 against $48,414,962; railway, $73,550,000 against $69,972,320; public utility, $7,650,660 against $21,565,000; industrial and land corporations, $40,411,600 against $55,191,000. The figures for municipal borrowings are for eleven months only, and apparently include the $20,000,000 or $25,000,000 bonds which were taken in the United States.

This enormous amount of new capital has only been secured at a rate of interest much higher than borrowers had been previously accustomed to pay. However, practically all this borrowing represented absolutely necessary new financing and not any new ventures into untried fields or unnecessary luxuries. Critics abroad who argue about our borrowings on any other basis than that the borrowings which have been made during the last twelve months have been absolutely necessary are merely wasting their energy in setting up an Aunt Sally to knock down again. In the fact of our legitimate necessities is to be found the reason for our borrowings.

In regard to the outlook for borrowing during the coming year, all indications point to the fact that at least during the opening months of the year there will be considerable keenness of competition in London on the part of borrowers, and that rates will show a tendency to increase. Several of our Government and other borrowers have generous amounts of short dated loans out in London, which will have in the immediate future to be either renewed or refunded. So that a further considerable shower of new Canadian issues on the London market at an early date is assured; it has in fact already begun. Probably it will be well to proceed on the assumption that we shall not be able to obtain in London this year so large an amount of funds as last year, owing to the competition of other borrowers for what is after all a limited supply of capital and the tendency thus engendered to send rates up to levels which would be prohibitive, except to borrowers whose requirements were absolutely imperative. Taking a long view, however, it is seen that there are certain economic and commercial circumstances now coming into operation which may possibly have an important and favorable effect upon our borrowing operations. It is generally expected that during the next few months there will be a somewhat general depression in trade in the leading industrial countries which will have the effect of releasing much capital employed and accumulated in trade during recent years and making it available for high-grade investments. Apart altogether from this source of replenishment of the floating supply of capital, it would seem that the scarcity of available funds which was so marked a feature of the foreign financial markets a few months ago has been to some extent overcome. Mr. F. W. Hirst, the editor of the London *Economist*, thinks that there is more money ready for investment in Great Britain than usual but that having regard to the state of things in Paris and elsewhere, investors are in no hurry, for they think that by waiting a little longer they will obtain still more attractive bargains.

Probably during the coming year borrowers will keep their requirements to a minimum in their own interests. At the same time it is certain that we can rely upon securing a goodly portion of new funds in London during the coming year, though not, perhaps, so large an amount as in 1913. Probably we shall be well advised to take there nothing but high-class issues. Municipal and other high-grade bonds are at present at very attractive levels, and there is good reason to think that issues of this kind offered abroad will continue to be readily taken by the investing public, whether in the first instance underwriters are left with a large proportion of their underwriting or not. At all events, it will be sound policy to keep the speculative industrial ventures, the land purchase schemes and the like under lock and key for a time. London has no use for them at present. Neither for that matter has Canada.

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Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

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BORROWING PROBLEMS.

Promptly, in the first week of the New Year, Canada appears in the London market as applicant for fresh loans. According to an Associated Press despatch received in Montreal at the beginning of the week, arrangements are being made for an issue of $5,000,000 five-year convertible debentures of the Province of Saskatchewan. The issue price is to be 96½ and the debentures bear interest at 4½ p.c.—so the net cost to the province will be about 5½. Proceeds of the loan are to be applied to retire about $4,500,000 of treasury bills now in circulation at London. The operation is therefore a refunding transaction.

South Vancouver is getting a loan of $1,000,000 through the issue of 5 p.c. debentures at 91. This is a pretty stiff price for annual interest on municipal debentures; and it is safe enough to say that our municipalities will be very careful in their expenditures while the money markets are so unfavorable.

HOME ISSUES.

Our borrowers are testing the home market as well as the British market. This week appeared the announcement of an issue of $600,000 first mortgage 6 per cent. gold bonds by the Ogilvie Flour Mills Company at 100 and interest. This issue thus nets the investor 6 per cent., and it will be interesting to note the measure of success attending the flotation. The Ogilvie Company enjoys high credit; and if it can float bonds in Canada on the 6 per cent. basis while municipal debentures are going at from 5 to 6½ p.c., other Canadian industrials will be encouraged to try their luck in the home market. The purpose of the Ogilvie loan is to pay for the Medicine Hat mill which was completed last July. At present the expenditures for this addition to plant are probably represented by bank loans. The success of the flotation will thus mean the clearing away of special bank loans. Through issuing bonds at home and abroad our industrials are likely to fund a considerable amount of floating debt and as the work proceeds the position of the banks should be sensibly improved. However, the maximum of relief will be experienced by our money markets when the flotation occurs in London or New York. In case of issues at home there is always a certain amount of absorption of savings bank balances. That is to say the banks to some extent effect liquidation of the special loans through cancellation of savings deposits.

The money market position in Montreal and Toronto is not greatly changed. Call loans are quoted 6 to 6½ p.c.; and commercial credits command from 6 to 7 p.c. as in the recent past.

EUROPEAN POSITION.

Bank rate in London was reduced yesterday to 4½ per cent., though some observers thought that in view of the large amount of refunding and other loans hanging over the British market the court of directors of the Bank of England might consider it good policy to maintain the official discount rate at a relatively high figure so as to induce the intending borrowers to put their requirements at minimum figures. Call money in the London market is 2¼ to 3 p.c.; short bills are 3¾ to 3⅞; and three months' bills, 3⅞. At Paris bank rate is 4 as against 3¼ quoted in the private market; and at Berlin the Reichsbank quotes 5, as against 3⅝ quoted privately. It will be seen that the Berlin situation, as reflected by the private rate of discount, is now more comfortable.

REDUCTION OF ARMAMENTS WASTE.

All the European financial markets have taken considerable interest in the agitation for reduction of expenditure on armaments. The London *Economist* has taken a leading part in this agitation, and it is to be hoped that it will have a considerable measure of success. Probably there has been no other single factor so influential in causing financial depression as the waste of money in wars and preparations for war.

NEW YORK SITUATION.

The New York money market has been working slightly easier since the end of the year financing was completed. Call money ranges from 2½ to 3 p.c.—most of the business being at the lower level. Sixty day loans are 4 to 4¼; ninety days, 4¼ per cent.; and six months, 4¼ to 4½. The metropolitan clearing house institutions reported in their Saturday statement a small gain in reserve strength. Taking all members the loans expanded $16,427,000 and cash holdings increased $11,788,000—the result being a gain of $2,816,000 in surplus, bringing the item up to $12,189,550. And in case of the banks alone the loan expansion was $14,727,000, the cash gain, $8,819,000, and the increase of surplus $1,284,000.

A QUESTION OF PRECEDENCE.

New York has been much interested this week by the hearings and conferences held there by the Secretary of the Treasury and the Secretary of Agriculture for the purpose of getting light on the question of the new federal reserve banks. The New York bankers urged on the members of the Cabinet the desirability of giving the Federal Reserve Bank of New York a large territory and a large capitalization, so that it would not be dwarfed or thrown in the shade by the large New York banks privately owned. This can only be done by making the remaining reserve banks, with the possible exception of Chicago, rather puny affairs. As yet it is not clear what policy will be followed by the Government in this respect. An influential section of the Cabinet apparently desires to cut down the New York federal reserve bank to small proportions so that the rest of the country will not be jealous of the metropolis. If they succeed in carrying their point it is altogether likely that none of the new reserve banks will cut much of a figure in international finance. The big national banks at New York, Chicago, and Boston will perhaps be bigger than the reserve institutions and in the public estimation they may be quite as strong or stronger.

LORD STRATHCONA'S WARNING.

Canadians should be more careful than ever of the position of the Dominion in the financial markets. Greater regard must be paid to the investor than is always shown to him. The investor who is satisfied with an investment, receives his interest regularly, and does not make capital losses if he wants to realize, remains a friend and interested in the development of the country. On the other hand, if anyone has placed money in securities which do not turn out well, that investor does not go out of his way to say nice things about Canada and the opportunity it affords for the investment of capital. Let Canadians, therefore, guard very jealously the reputation they have built up and the confidence they have inspired in matters of finance, and endeavor to keep their borrowings within reasonable limits for a little while to come. We want investors to feel that in putting their money into the Dominion they can do so with perfect safety and with every assurance that both principal and interest will be promptly paid; and, above all, to understand that the money is being used for legitimate purposes—for the building up of a country which is already recognized as one of the important parts of the Empire.—*Lord Strathcona.*

LOAN COMPANIES TAKE EXCEPTION TO PRIOR CHARGES.

The prior charges to mortgages which a grandmotherly government in Saskatchewan has loaded the land with were recently the subject of serious complaint by the loan companies, whose representatives met the Saskatchewan legislative committee of agriculture. The loan companies' representatives apparently accepted the existence of the prior charges without demur, but objected to abuses which have grown up in practice. Through Mr. J. Campbell, of the Trust & Loan Company of Canada, who acted as their spokesman, the loan companies' representatives made out a strong case. Mr. Campbell reviewed the situation and in regard to seed grain advances suggested that the loan companies should be allowed to make these and make the collections. The Noxious Weeds Act, Mr. Campbell described as intolerable, causing needless expense and putting the owner or his agent to much trouble. Gopher destruction was another theme of complaint, as leading to abuses. Hospital expenses for the sick and the Mechanics' Lien Act were both condemned, it being mentioned in regard to the latter matter that cases had been known where liens had been filed for coal or provisions and other things entirely apart from permanent improvements to the land. All things considered, Mr. Campbell expressed the belief that there are sufficient grounds to cause the distant investor to think two or three times before investing his money in Saskatchewan farm mortgages and that there was a growing tendency to curtail investments in the province and to direct funds to fields where conditions were more favorable to the mortgage holder.

The provincial ministers to whom these complaints were addressed in reply indicated their willingness to make various amendments in the law, including the legislation regarding mechanics' liens and seed grain advances, while they expressed agreement regarding the contentions in regard to hospital charges but professed their inability to do anything in regard to that matter at present. Thus the remonstrance by the loans companies' representatives was not entirely unproductive, though it could have been desired that the Government representatives had shown themselves more sympathetic to the serious complaints which they were able to put forward. However, the Saskatchewan government seems to be bent upon taking up a position of antagonism to financial institutions. The attitude will find favor only with the unthinking, and as Mr. Campbell indicated, if it is carried too far, the result will be that capital will avoid the province and go elsewhere. Possibly the Government being head over heels in love with its new proposals for co-operative borrowing thinks that it can well afford to despise the loan companies. However, the co-operative borrowing scheme is not yet a reality, and it seems a poor policy to try to dispense with one support in anticipation of having another which may not materialize. In any case, lenders are not likely to be impressed with the value of Saskatchewan mortgages which have numerous vexing prior charges placed by the authority of the government before the mortgage, and they will be inclined to go elsewhere.

PERMANENT PROTECTION AT MINIMUM COST.

With the rise in recent years of endowment insurance and the multiplication of insurance plans, plain old-fashioned whole-life without profit policies have been relegated to something like a back seat. It will be a pity if they tend to fall into obscurity, since they have a peculiar field of their own, and fill certain needs in a much more effective way than can any other policy. Where permanent protection at the minimum of cost is the essential; where it is necessary that the largest amount possible payable at death should be obtained for a given annual premium, there is no policy that so admirably fills the need as that under the whole-life without profit plan.

It appears that in England, there has been a pronounced revival in this form of contract during recent years, partly as a result of the large assurances which have had to be made in order to meet the claims for death duties, etc. The increased demand has led to increased competition among the life offices for this class of business. Rates have been reduced, and various schemes for special non-profit policies have been devised, involving guaranteed surrender values and fixed options, to meet the requirements of those members of the public who prefer to pay a low premium for a settled contract rather than take the chance of a better result under a with-profit policy.

A paper read by Mr. F. J. Cameron at a recent meeting of the Institute of Actuaries on this subject discussed interestingly some of the technical aspects of these policies. He pointed out that the assumption which might easily be made that calculation of premiums for non-participating whole-life policies would offer less difficulty than in the case of with profit policies was erroneous. Whereas, in the latter class any wrong assumptions can be rectified at periodical divisions of profit, in the case of non-profit policies there is little scope for re-adjustment, and Mr. Cameron remarked "it, therefore, behoves us to be particularly careful in making our estimates in the case of premiums for non-participating assurances." In the past, it appears to be admitted that owing to lack of competition, the rates for these policies have been kept at a rather high average figure. But recent Finance Acts with their enlarged taxation and consequent opening of the field to provide by insurance against the incidence of that taxation, have considerably altered matters, and competition is now a factor of as much importance in non-profit business as in any other class of assurance, as is seen by the divergence in the rates of premium quoted. The idea that there should be an agreement between the offices upon a uniform scale of premiums for whole-life non-profit assurance does not, however, find favor. It is regarded as at the present time impracticable. Competition will continue to ensure to holders of these policies full value for their money.

WANTED, A REAL INVESTIGATION.

There are not wanting signs that an attempt will be made to pass over the demand for a real investigation into the whole question of Montreal's water supply and its management in favor of a white-washing enquiry which will have no effect in particular, except to quiet down the citizens until the next occasion that there is an "accident" to the water supply. It was to be expected that such an attempt would be made. The only way to meet it is for the leading citizens, business and professional men who have large interests at stake, to bring all the influence they have to bear in favor of an investigation which will be a real investigation. The proposal put forward by the representatives of a number of the leading organisations in the city that an investigation should be held by a judge of the Superior Court, and two independent engineers who should be empowered to enquire into the whole question of the city's water supply, past, present and future appears to meet requirements and it is to be hoped these proposals will be pushed with such vigor as to compel the city authorities to accept them.

GOVERNMENT DEPARTMENT AS BOND DEALER.

With a view to facilitating the sale of school debenture of the province of Alberta, the department of education is perfecting plans whereby it will act as a clearing-house for these issues of debentures and supervise them. Until the present time, it is explained by the minister of education, many of the smaller school districts have been a prey for none too scrupulous financial men, who have succeeded in tying up the school authority to a bargain by no means equitable.

The board of education, in order to remedy this condition of affairs will become a sort of clearing house for the sale of debentures. The board will carry on their negotiations for sale direct with the purchaser, and in this way it is hoped to effect sales on behalf of the school districts at reasonable prices and reasonable rates of interest. A banker has been appointed to take charge of this work, and he will actively supervise both the extent of the borrowings of the school municipalities and their conduct in paying coupons promptly. In order to facilitate the prompt payment of coupons, the school districts will be advised to issue their debentures with the debentures payable December 1, no matter what time of year they may be issued. By this arrangement the coupons will fall due at a time when the taxes will be available and the district will be able to meet its indebtedness promptly.

The Minister states that a number of people, who have been in the habit of purchasing these school bonds are willing to continue to purchase them through the department. Presumably these prospective purchasers include some of the insurance companies, several of whom are at present very large holders of Alberta school bonds.

ACTUARY'S REPORT ON HOME LIFE DEAL.

An agreement having been contingently entered into between the Sun Life Assurance Company of Canada and the Home Life Association with the object of re-assuring the policy obligations of the latter corporation by the former, and in view of the fact that before such agreement can be ratified by the government the report of an independent actuary is by the terms of the Insurance Act required, Mr. Frank Sanderson was requested to make such report, and among other subjects to deal with the valuation of the policy liabilities of the Home Life as at November 15th, 1913.

His report gives this brief summary of the agreement:

(a) As to Policyholders.—The agreement provided that the Sun Life Company shall assume full responsibility and liability for all the policy obligations of the Home Life as from November 15th, 1913, while the Home Company shall transfer to the Sun Company the whole of its property and net assets (except any claims against the National Agency Company, Limited, and except the unpaid and uncalled capital of the Home Company).

(*b*) As to Stockholders.—The Sun Company agrees to pay to the Home Company the sum of $133,000 for the benefit of the latter's shareholders, it being understood that the present holders of 5,110 shares formerly owned by the National Agency Company now holds same in trust for the Home Company for a merely nominal sum. The amount of money available for distribution among ordinary shareholders of the Home Company will, it is believed, enable a repayment thereto of most if not all the moneys paid by these shareholders to the latter company.

(*c*) Separate Accounts.—A separate account is to be kept by the Sun Company of the assets transferred to it and of the income and outgo in connection with the operation of the transferred contracts and obligations of the Home Company, until such time as the amount at the credit of the account shall exceed the reserve value of the policy liabilities, after which time the separate account shall be merged with the regular accounts of the Sun Company and thereafter the participating policies of the transferred business of the Home Company shall be treated as to profits on the same basis as corresponding Sun Company policies, paying the same rate of premium. Prior to the closing of the separate account any profits paid on Home Company policies shall depend on the profits earned by said policies as shown by the operations of the separate account. The expense of conducting the transferred business under the separate account is definitely limited by the agreement to a moderate charge.

(*d*) Miscellaneous Contracts.—The agreement provides for the assumption by the re-assuring company of the binding contracts with certain of the Home Company's officers and agents, the chief of which is the contract with the manager, who will enter the service of the Sun Company.

Further details are set forth in the agreement.

INSURANCE DEPARTMENT'S VALUATION AVAILABLE.

The balance sheet as at November 15th has been prepared by the officers of the Home Company and Sun Company. A special report from the auditors, Messrs. Charles E. Arnoldi and F. Roper, is attached. The investments were taken upon the basis of a re-valuation made by the officers of the Sun Company. The liabilities on outstanding policies were determined upon the government standard for valuation of policies. For this purpose a recent official valuation of the insurance department was available for comparison. After allowing for cancellations, the investigation showed outstanding policy liabilities of $1,349,500. The net amount of insurance in force at November 15th was $5,023,810. Among these contracts was a small group of policies issued upon the assessment system, providing for an increase of premium. It has been assumed in the valuation that the present premiums on this group of policies may be increased by approximately 50 per cent.

The assumption of a 3½ per cent. interest basis for valuing policies issued since 1899 will allow for a substantial profit to accrue in the future from savings in the interest actually earned over the conservative rate assumed, while the savings in the operating expenses of the business secured by the favorable terms of the agreement will work for the benefit of policyholders holding participating policies of the Home Company.

ASSETS AND LIABILITIES.

Among the assets to be transferred is the head office building, situated opposite the site for the large new general Post Office for Toronto. This building will provide a very desirable location and suitable accommodation for the Sun Company's business centred at Toronto. The following is a brief summary of the balance sheet:—

ASSETS.	
Ledger assets	$1,530,018.38
Other assets (including appreciation in head office building)	256,002.27
	$1,786,020.65
Deduction for bad or doubtful assets	291,573.32
Total assets	$1,484,447.33
LIABILITIES.	
Net re-assurance reserve	$1,349,500.00
Special bank deposit	41,982.45
Call loan	15,610.24
Other liabilities	16,132.23
Surplus of assets over liabilities (excluding capital stock)	71,222.41
	$1,494,447.33

The sum of $133,000 will be paid to stockholders of the Home Company with the result as previously stated.

POLICYHOLDERS AND STOCKHOLDERS PROTECTED.

Having regard to the volume of business transferred, the resulting deficiency (guaranteed by the Sun Company in the separate account as already explained) is not relatively large.

The chief circumstances that have made possible the proposed re-assurance on such favorable terms are (*a*) the recognition of the value of the head office property of the Home Company over the value previously placed upon it, (*b*) the practical elimination as a liability of a large block of stock previously held by the National Agency Company, (*c*) the fact that some of the investments are actually turning out better than was anticipated some months ago, and (*d*) the fact that large economies can be effected by carrying on the existing business of the Home Company at a minimum of expense, through the well-equipped organization of the Sun Company.

FAVORABLE TERMS.

It will be seen that the policyholders of the Home Company are securely protected by the guarantee of one of the largest and strongest of Canadian life companies. Moreover the prospects for future profits of participating policies will, doubtless, be substantially improved under the terms of reassurance. It seems fortunate also that the present management of the Home Company have been able to secure such favorable terms for the stockholders of that company in view of circumstances now generally known to the public. Thus the policyholders and stockholders of the Home Company seem amply protected and fairly dealt with under the re-assurance agreement.

As to the policyholders of the Sun Company, they are protected by the requirement that the transferred business must stand on its own footing as to profits until any deficiency is wiped out. The temporary guarantee furnished by the capital stock and funds of the Sun Company until the present deficiency is eliminated is not relatively a serious undertaking and will, no doubt, be compensated for in years to come by the business and connections now secured.

From the knowledge as to the future prospects of the Home Company as a going concern, Mr. Sanderson states he is of the opinion that the proposed reassurance is in the best interests of the business of life assurance in Canada, and recommends the approval of the re-assurance agreement by those concerned.

INTERESTING LIFE EXTENSION ENTERPRISE.

An organization has been launched in New York called the Life Extension Institute, which has as one of its objects the bringing together of the public and their medical advisers, so that disease may be detected in its incipient stages and proper preventive measures applied. In this part of its work it will endeavor to enlist the co-operation of life, accident and health insurance companies, so that their policyholders may have the advantages of frequent medical examinations. The Institute does not intend to give treatment to those it examines, but where any impairment is discovered the person examined will be advised to consult his own physician and undergo the necessary course of treatment. Another phase of the Institute's work is that of disseminating knowledge regarding the preservation of health and the prolongation of life by means of articles in the press and pamphlets for general distribution. A number of well-known students of hygiene have offered their services in this connection and will constitute a hygiene reference board, which will also determine the truth on hygienic questions referred to it. A few life insurance companies have worked individually along the lines now proposed by this body, and with remarkable success, but the advantages of a national organization must inevitably appeal to all companies interested in prolonging the lives of their policyholders. A department of conservation is only possible with a large life insurance company on account of the expense, but this Institute can perform the work for all companies at a comparatively trifling cost. E. E. Rittenhouse, who has been elected president of the new organization, has had much experience along the line of conservation in recent years, and will doubtless be able to enlist a large majority of the companies at once.

WHY DO MEN INSURE?

If each morning before an agent takes up the day's canvass he were to ask himself the question, Why do men insure? it would give him a better viewpoint. Since his business is to insure them, certainly no one is so interested as he in learning why they insure.

There is a world of practical wisdom in the following, which is quoted from the booklet "The Monthly Income Policy:"

"One very large personal writer, when asked to explain the secret of his success, replied: 'I try to keep before my prospect this simple declaration: If you die, Mary will get the money; if you live, you will get it.' While this may seem painfully brief, all will admit that it embodies the only elements in life insurance."

Some claim that life insurance is purely a business proposition, therefore, is without sentiment. This is not the case, and the agent who so concludes is misled. Life insurance in most instances is all sentiment. It is suggested and prompted by sentiment. Men insure for "Mary," in whom all their sentiment centers. She may be wife, mother, daughter or sister.

Everything, however, must have its business or commercial side in order that it may be practical. Love, marriage, home, all of which is the embodiment of sentiment, must nevertheless be commercialized to the extent that the material things also will be provided. Charity which is prompted by sentiment will not maintain itself; it must be organized and put on a business basis. While there may be no sentiment in business, there must, nevertheless, be very much of a business side to sentiment. In life insurance, sentiment is first and last, the business phase being only a necessary adjunct or incidental. If there were no dependent women and children, it is safe to say there would be little, if any, life insurance. It would not be in demand as an investment only, since there are many other safe and profitable investments. But no other plan has ever been devised by which we can protect Mary. We may talk surrender and loan values, reserves and dividends, but when we get the application and premium it is due to Mary. No man is ever going to take a policy because he can later on mortgage or sell it for less than be has paid. This would be foolish. Remember that men still take life insurance primarily for Mary, just as they did before cash and other surrender values were known. Modern policies, with all their improvements, only serve to make life insurance more popular, of greater value to the insured, and easier for the agent to sell, since they serve the double purpose of protecting Mary and also the insured himself. Draw a picture of Mary, tactfully hold it up before a prospect's eyes, and keep it there. Talk more about Mary and less about dividends or other incidentals. She is the picture; they constitute only the frame. Keep a prospect's thoughts on the picture itself. Every man knows that life insurance is a good thing; that he ought to have it, and that it is a mistake to put it off; but all the investment features and policy privileges in Christendom will not alone induce him to take it to-day. Investments can be had at any time, but this is not true of life insurance. It is only the fear that Mary may be left unprovided for that will induce a prospect to insure now. Mary is the "lock, stock and barrel" in life insurance.

Guardian Assurance Company

Limited, of London, England

Subscribed Capital, $10,000,000 **Paid-up Capital, $5,000,000**

Total Assets, over $33,000,000

Deposited with Dominion Government, over $600,000

Canadian Branch : Head Office, Guardian Building, MONTREAL.

CANADIAN TRUSTEES
J. O. GRAVEL,
K. W. BLACKWELL,
TANCREDE BIENVENU.

H. M. LAMBERT, *Manager.*
BERTRAM E. HARDS,
Assistant Manager.

ESTD 1836

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY LIMITED

CANADA BRANCH HEAD OFFICE, MONTREAL.

DIRECTORS:

Sir Alexandre Lacoste, M. Chevalier, Esq. William Molson Macpherson, Esq.
T. J. Drummond, Esq.,

J. Gardner Thompson, *Manager.* J. W. Binnie, *Deputy Manager.*

The Liverpool-Manitoba ASSURANCE COMPANY

Head Office : 112 St. James Street, Montreal

DIRECTORS:

J. Gardner Thompson, *President and Managing Director.*
J. W. Binnie, *Vice-President and Secretary.*
Sir Alexandre Lacoste M. Chevalier, Esq., Wm. Molson Macpherson, Esq.
T. J. Drummond, Esq., A. G. Dent, Esq. J. C. Rimmer, Esq., John Emo, Esq.

NORTHERN ASSURANCE COMPANY OF LONDON ESTABLISHED 1836

The Northern Assurance Co. Limited

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Accumulated Funds, $38,800,000

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"THE OLDEST SCOTTISH FIRE OFFICE"

THE CALEDONIAN

INSURANCE CO. OF EDINBURGH.

Founded 1805.

Head Office for Canada,

DOMINION EXPRESS BUILDING

Montreal

JOHN G. BORTHWICK
Canadian Manager

. . THE . .

London Assurance

CORPORATION OF ENGLAND.

INCORPORATED BY ROYAL CHARTER A.D. 1720

CAPITAL PAID UP	$2,241,375
TOTAL CASH ASSETS	22,457,415

Head Office for Canada, • MONTREAL

W. KENNEDY, W. B. COLLEY, Joint Managers.

YEAR REMARKABLE FOR AGITATION.

BUT NO PROMINENT FIRE UNDERWRITING FEATURES—RESULTS PROBABLY LESS FAVORABLE.

The year 1913 passes into history as remarkable at its inception for an outburst of newspaper and magazine agitation against the business of fire insurance and subsequently during the course of the year for unusual attention to the business from State and legislative authorities, writes Mr. Frank Lock, the well known United States manager of the Atlas of London. The course of its underwriting history has been even, there being no prominently abnormal features in any section of the country nor in any month. In general, the last half of the year has been less profitable than the first, which is not the usual experience, and it is in striking contrast to the year 1912, which opened with two of the worst months companies have ever experienced but ran out the balance of the year well.

PREMIUM INCOME AND RATES.

There is nothing to indicate that the premium income for the year 1913 will differ materially in volume from the year 1912. The average rates of premium for each of the six years from 1907 to 1912, inclusive, indicate a persistent decline, not pronounced in any one year, but now reaching the lowest point which has been paid by the public since the year 1901.

LOSSES.

The underlying causes which produce the national loss continue steadfast each year, apart from sweeping conflagrations. What has so far been achieved by the campaign of education upon fire prevention indicates some little ground gained, as the aggregate amount of loss remains about even, while the volume of destructible values may be assumed to increase each year. It is not much more than a holding of the situation in hand; there has yet to be evidenced any material work of conquest in reducing fire waste, and to this extent the situation is not encouraging.

It is likely that the ratio of loss to the premium for the year 1913 will prove for the companies as a whole about 54 per cent. enough to leave a small margin of profit. The commencement of the year was so favorable that there is a considerable measure of disappointment that the last seven months have proved in the aggregate so much higher than for the corresponding seven months of the previous year, showing a property loss in the aggregate of $115,000,000, as against $89,000,000 for the corresponding months of 1912.

EXPENSES.

The expense ratio still creeps up year by year, as shown by the following ratios for each of the four years 1909 to 1912, inclusive, namely, 37.83, 38.39, 38.99, 39.14, being an increase of 1.31 in the four years. There is nothing to indicate that the high-water mark has yet been reached, as the demands for increase in brokerages, commissions, taxes and extra expenditures to comply with State requirements promise but little relief on the expense side of the business.

UNDERWRITING RESULTS.

There is no reason to think that 1913 will differ materially from the two previous years, although the probability is that the results will be less favorable. If the companies in the aggregate save a margin of 6 per cent. of the premiums, they will be fortunate; this, of course, means that while a few numerically of the best managed companies will do better than this figure, more will do about the average, while the largest number of companies must be content with less, with many absolute losers. At the same time, all companies have to face a heavy shrinkage in security values, which will bear heavily on the question of surplus.

MONTREAL'S WATER SUPPLY.

Searching Investigation Formally Proposed—But Nothing Yet Done.

At a meeting of representatives of the following public bodies of Montreal held on Wednesday, the Board of Trade, Chambre de Commerce, Trades and Labor Council, Canadian Manufacturers' Association, Builders' Exchange and others, the following resolution to be submitted to the Board of Control was passed:—

"Resolved, that the Board of Control be asked that a commission of inquiry should be appointed, composed of a judge of the Superior Court and two engineers who are absolutely independent and have had no connection with the city authorities, the duties of this commission to be the determination of an alternative water supply for the city, to investigate the cause of the break in the conduit and to apportion the blame, to investigate the entire management of the Water Department, and to investigate the whole scheme of water supply whether completed or uncompleted."

CITY HALL UNCOMMUNICATIVE.

At the City Hall very little information is available in regard to this question. On Wednesday the Board of Control met Mr. Lesage and other engineers who have been employed by the city before and after the break in the conduit and heard what they had to say. Mayor Lavallee is credited with taking the attitude that the engineers employed by the city alone would decide what was to be done in future in regard to the water supply. However, Mr. John R. Freeman, the consulting engineer to the New York Board of Water Supply, who has been brought to Montreal through the interest of a committee of prominent citizens is to be given all assistance possible.

Superintendent Lesage, of the water department, believes that the cause of the break was that the big drag-line excavator came too near the conduit and took the support away from the sides. This opinion will probably be embodied in the report of the engineers, which is now being prepared for the Board of Control.

Work has been begun on the strengthening of the aqueduct bank which supports the concrete conduit. At present the chief factor in holding the pipe in position is the frost in the ground, and when this disappears there will be immediate danger of more sagging of the pipe and consequent serious leakage.

Yesterday the Bank of England reduced its official rate of discount from 5 per cent. to 4½ per cent owing to the strengthening of its reserve and the improvement in continental finance.

PREVENTION OF SMOKE AND WATER DAMAGE.

(*F. E. Roberts, of the Norwich Union Fire, before the Insurance Institute of Toronto.*)

SMOKE AND WATER DAMAGE.

This damage to buildings and machinery is not touched upon, only that to stocks in mercantile buildings and factories. The fact that while a loss on a building may be moderate, the loss on stock is liable to be heavy, leads to this proposition—"Given even an ordinary brick or concrete building, with good fire protection, a moderate loss on building may be expected, and a relatively large loss on stock. This discrepancy is due in most cases, not so much to the actual fire damage to stock, as to the effect of smoke and the water used to extinguish the blaze."

A sure way to prevent this damage is to extinguish the fire when it is of small proportions, which means a small amount of water used, and a minimum of smoke. For this purpose an equipment of first aid fire extinguishing appliances should find a place in every mercantile and manufacturing building. Such apparatus, including casks or fire bucket tanks of water with pails, chemical extinguishers, etc., are too well known to need description. The equipment to be selected depends on the size and character of the risk and above all on how far a man can be induced to go in protecting his own property. The "first aid" from the fire department is also of great value. This consists of the same chemical fire extinguishers recommended for private use, now in the hands of firemen, supplemented by the chemical engine, which is nothing but an enlarged form of the extinguisher, capable of throwing a continuous stream of water impregnated with carbon dioxide gas, for as long a period as such small streams are likely to be of use. First aid private fire protection, and first aid from the fire department, one or both, have saved millions of dollars worth of property, and are especially effective in saving smoke and water damage. Any thing that can hasten the appearance of the brigade "chemical" at a fire should be heartily encouraged.

I come now, however, to the point which is perhaps of most interest—how to lessen the smoke and water damage in the many fires where a large amount of water has to be poured on the blaze and where smoke is abundantly in evidence.

GOOD BUILDING CONSTRUCTION.

The first requisite is to follow the rules of good building construction, and to do so more closely than is generally the case. Briefly, so far as smoke and water damage goes, this means no unprotected floor openings, in fact no floor openings whatever except for stairs and elevators, no concealed spaces on walls or ceilings, absence of easily combustible partitions and finish, in fact let the wood be confined as far as possible to floors, beams and supports for same. Protection to elevator and stairs means enclosing in walls of brick or concrete with standard fire doors at openings. Two or three inch wooden enclosures may make a substitute, but it cannot be called an equivalent one. As to trapped elevators and stairs such treatment can have no place in any scheme of preventing smoke and water damage, nor indeed can I consider the usual traps seen as anything but a very unsatisfactory way of preventing spread of fire.

The reason for advising no floor openings, except elevators and stairways, is because so often the effect of such properly protected openings is weakened by improperly protected chutes, dumb waiters, etc., and by belt holes. There is only one way of properly protecting a chute or a shaft for a dumb waiter—that is, treat it exactly as an elevator. It is practically the same thing, only smaller. It is certainly better to omit such openings altogether. Something may be accomplished in the way of protecting a belt hole, but as for making it anything but a serious defect in an otherwise whole floor, I have never seen it done—I do not believe it can be done. There is such a thing as a belt tower, with transmission of power by shaft to various floors. It is not a popular system in Canada, probably too expensive to construct, and besides, in these days of electrical power, belt holes are not necessary and should be dispensed with.

SMALL AREAS.

The division of a risk into as small areas as the needs of the business require by fire walls, with fire doors at openings, preferably each side of wall, is advised. This means something more than the confinement of a fire to the section where it originates. If a fire happens in an undivided large area, and is fortunately confined to half or less of that area, there will undoubtedly be a heavy smoke damage, probably water damage as well, to a stock on the entire floor, not damaged by fire. If a fire of equal extent happens with the area divided by a fire wall, there will probably be only a small smoke damage beyond the fire wall. Some damage may be unavoidable as fire doors will not keep out smoke entirely.

It may be thought that concealed spaces, combustible partitions, ceilings, etc., do not directly affect smoke and water damage. But a fire that gets into a concealed space on ceiling or walls is difficult to extinguish. Much ineffective water has to be used, with a corresponding unnecessary water damage to stock. Thin board partitions and like finish and fixtures especially if nicely varnished, are simply easily combustible firewood. They not only produce smoke themselves in burning, but furnish excellent kindling for stocks not so combustible, which will burn or smoulder in such circumstances and pour forth volumes of smoke.

SKYLIGHTS AND WINDOWS.

Elevator and stair shafts should have skylights at head, but not entirely of impermeable wired glass. Flat skylights should be of thin glass protected by wire netting. If of monitor type, top can be of wired glass, sides of thin glass. Smoke inevitably collects in stair and elevator shafts, fire doors or no fire doors, If fire penetrates to a shaft filled with smoke an explosion may be the result, the force of which should find an easy vent upwards, if not, the thin glass is easily broken and lets the smoke out. The sooner the smoke finds an exit the better, why try to confine it? Indeed it would be a good thing if a permanently open ventilator could be arranged, or a vent similar to the one now used over a theatre stage operated from below. One of the best safeguards in a theatre stage is a vent above, which can be opened at once by an electric device in case of fire, from either the electrician's station or from the ticket office. Such vent can be arranged instead to open by fusible link attachment as well as by hand from some convenient

point. While wired glass windows are installed almost wholly as a safeguard against exposure from some other building or section, I would point out the fact that fire very often spreads from one floor to those above, via the windows. In the well known Triangle Waist Company fire in New York, which started on the eighth floor, that is exactly the way it spread to the ninth and tenth floors above. In a recent fire here in Toronto it also followed the same course.

WATERPROOF FLOORS.

What I have said applies to smoke and water damage both, but there is a second requisite which applies especially to water damage. That is waterproof and drained floors. If a man puts up a new building with single floors, or in an old building will not make the floor double, the question might as well be dropped. Mill construction floors, or even ordinary double floors, can be so treated. Asbestos paper, weighing 14 pounds to the square or 100 superficial feet, is often laid between the 3 inch thick, or more, mill floor and wearing, hard wood, 3/4 to 7/8 floor above, or between the two 7/8 inch boards forming the ordinary double floor. Possibly the fire retardant qualities of this sheet of asbestos might do some good after eating through three inches of solid wood, but the only advantage I can see is that if the 3 inch floor was poorly seasoned timber, with resultant wide cracks, it might impede the progress of flame to some extent. Planking, where there is an exposed corner, will ignite quicker, and burn more freely, than when the fire can attack only the flat surface. I have more faith in its virtues in the case of an ordinary double floor, but it is somewhat limited. I am reminded of a closet for workmen's oily clothing I saw once. It was a fair closet for a wooden one (which are not desirable), but unfortunately it was turned wrong side out, covered with metal on outside, instead of lined inside, where fire was likely to occur. Whatever may be thought of the fire retarding qualities of this thin sheet of asbestos paper, it is not waterproof. Leave the sheet of asbestos there if need be, but do something toward providing a waterproof coating as well. With the asbestos, or without, the ordinary double floor, or even the mill floor, cannot be called waterproof. I think the man who banks on a mill floor being waterproof, because it consists of four inches or more of wood, and possibly a sheet of asbestos paper, is likely to find his confidence misplaced, when a fire occurs requiring considerable water to extinguish.

SOME RECOMMENDATIONS.

The recommendations for a waterproof coating, between the top layer of wood flooring and that underneath, are about as follows, according to views advanced by N. F. P. A. and others:

Two layers of waterproof paper (resin sized generally mentioned), joints swabbed with tar, pitch or an equivalent, over-lapped at least two inches. If paper is not waterproof, the entire surface of lower layer to be swabbed with tar, pitch or an equivalent and upper layer placed on lower while hot. Waterproofing to be flashed up three inches above floor level at walls, columns, pipes, conduits, or any other points where floor is pierced. Waterproofing to be completed after plumbers, electricians, etc., have done their work. Especial attention must be paid to waterproofing at walls, columns, etc., mentioned, which are points of weakness. No single layer of even a good waterproof paper is likely to give efficient water protection. It is recommended that floors where feasible be built with a pitch of about one inch in 20 feet, draining to scuppers in outer walls, or to stair and elevator shafts. In the former case, where the scuppers are simply laid flush with the floor, form recommended has a square opening 12 by 4 inches at floor, running in a downward direction through wall, and narrowing near the outer surface to 4 inches square. A flap cover outside the wall remains closed by gravity until rush of water opens it. A shallow metal gutter is sometimes inserted at outer walls, plain straight scuppers 3 or 4 inches square or in diameter, being used.

There is one objection to draining to outer walls, at least in Canada. In our cold winters, with penetrating winds, in spite of the flap covers more cold air finds its way in than is comfortable for workmen employed near the walls. They get cold feet, both literally and in a slang sense, a convenient rag stuffed in the orifice keeps out the draught and incidentally puts the scuppers out of business. This is taken from observed facts, not from theory. In warehouses, or in places where little or no work is done, this objection would not apply and indeed in such situations a scheme of pitching the floor seems most feasible. Where there is much machinery, pitching the floors may impose difficulties in the proper alignment of machinery. The natural outlet for the water appears to me to be the stair, and elevator shafts. When the firemen sweep the water off of a floor after a fire, there is where it goes. It may be impracticable to pitch the floor to such opening in many cases—for instance when there is but one elevator and stairway at the end of a long building. Where the elevator and stair shafts are located near the centre of a long side, or when there are more than one of each, it can be done. Drains could be installed in the centre of floors connected by piping underneath to the down pipes from the roof that often run through the building, or to elevator and stair shafts. The number of such drains needed would be small, not more than two in some cases to a floor. I have omitted to mention that in any case there should be a pit at bottom of all elevator and stair shafts, basement floor pitched to same, with drain of ample size connected to sewer.

(To be continued.)

Mr. Beaudry Leman, superintendent of branches and agencies, has been appointed general manager of La Banque d'Hochelaga, in succession to the late Mr. M. J. A. Prendergast.

* * * *

Sir George Paish, referring in the London *Statist* to his recent Canadian visit, says:—"How much capital will come into Canada in the next few years cannot be calculated. It is very desirable that an abundance of capital should now be provided for farming and mining, in order, for one thing, that the great sum of capital spent in Canada in recent years may become productive, and for another that the world's supplies of food may be largely increased and that the cost of living everywhere may be reduced. If capital were provided freely for the construction of farm buildings, for the purchase of agricultural machinery and generally for increasing quickly the productive power of the country, the transition from the constructive to the productive period would be greatly facilitated."

OGILVIE FLOUR MILLS COMPANY: IMPORTANT ISSUE OF BONDS.

An important issue of industrial bonds is announced by Messrs. Hanson Bros., of Montreal, who have purchased and now offer to investors the entire issue of $600,000 6 p.c. first mortgage, series "C," gold bonds of the Ogilvie Flour Mills Company, at par and accruel interest. These bonds are a first mortgage on the new Medicine Hat mill and elevator and on other properties of the Ogilvie Company including over thirty elevators throughout the prairie provinces. They are redeemable on June 1st, 1932, at the offices of the Royal Trust Company, Montreal, interest being payable on June 1, and December 1, at the Bank of Montreal, Montreal, while they are subject to call as a whole at 115 and accrued interest on any interest date on giving six months' notice.

The success and high position occupied by the Ogilvie Flour Mills Company are well-known. The net trading profits for the last five years after making due provision for depreciation and maintenance, but before allowing for bond interest were for 1909: —$716,054; 1910, $541,924; 1911, $481,310; 1912, $521,431, and 1913, $576,734, or an average for the five years of $567,490. The total bond interest required, including this issue, amounts to $141,000, so that bond interest requirements are covered four times. The earnings do not include the profits of the new Medicine Hat mill, which was only completed in July, 1913. The cost of this plant, together with that of a number of interior elevators is being met partly out of the proceeds of the present sale of bonds, the balance being taken from profits.

After writing down goodwill, trademarks, patent rights, etc., to the nominal amount of one dollar, the Company's total assets, as shown by the statement of August 31, 1913 amounted to $8,880,737. After deducting from this amount the entire ordinary or floating liabilities of the Company' there remained assets almost equal to three times the bonded debt of the Company including this issue ($2,350,000).

It will be seen from these figures that the present issue of bonds is substantially secured both as to principal and interest, and forms an attractive industrial investment.

SURETY BUSINESS UNDER A CLOUD

According to Mr. William B. Joyce, president of the National Surety Company, 1913 was a year of rigid accounting for the surety companies transacting business in United States. There were many abandonments of works by contractors, several banks closed their doors and fidelity defaults were especially high. It is surety history that fidelity salvage collections are materially affected by financial stringency. In good times defaulters can induce friends to endorse notes to raise the amount of shortages which banks, in good times, will discount, but not so in times of depression; likewise in good times friends of defaulters are willing to advance moneys of their own to help out defaulters, but a depression invariably affects the resources and loyalty of such friends. Hence a high fidelity bond loss ratio and the fact that 1913 goes down to history as an unsatisfactory year.

GREAT GROWTH IN ALL-CANADIAN CLEARINGS.

The complete record of bank clearings in Canada for 1913 shows a satisfactory increase over 1912, the total being $9,262,606,864 against $9,146,236,243, a gain of $116,370,621, or about 1.3 per cent.

Of the total for the year $3,279,628,632 was contributed by the West, an increase of $14,778,724 over 1912. Five years ago total clearings in Western Canada amounted to only $955,962,992. Comparisons for 1912 and 1913 are given in the following table:

	1912.	1913.
Montreal	$2,844,368,426	$2,880,029.101
Toronto	2,160,229,476	2,181,281,577
Ottawa	244,123,451	207,667,006
Quebec	158,759,585	165,654,745
Hamilton	167,712,729	186,107,853
Halifax	100,467,672	105,623,769
St. John	88,969,218	82,665,827
London	84,526,961	90,720,202
Brantford	30,749,317	32,697,443
Total, East	$5,828,865,821	$5,932,447,523
Winnipeg	$1,537,817,254	$1,634,977,237
Vancouver	644,118,877	606,899,710
Victoria	183,544,238	176,977,074
Calgary	275,492,303	247,882,848
Edmonton	220,727,617	213,053,318
Regina	115,727,647	132,087,453
Brandon	32,877,875	32,186,498
Lethbridge	115,898,467	96,034,717
Saskatoon	115,898,467	96,034,717
Moose Jaw	65,136,326	61,370,943
Fort William	40,503,087	49,265,358
Total West	$3,264,849,908	$3,279,628,632

DISTRUST OF OUR INDUSTRIALS.

With regard to Canadian industrial flotations, apart from those of the railways, they have not always been popular, notwithstanding the attractive terms offered and the general success which is known to usually attend the leading commercial undertakings in the Dominion. There is just a little distrust prevailing in this connection, especially with regard to a few of the newer enterprises—*i.e.*, enterprises that have been established within the last few years, or have been reconstituted in some way or another in that period, and in which British capital is interested. Let us hope, however, that this feeling will soon pass away, and also that the lessons such concerns have afforded will be taken to heart and tend to prevent attempts at too rapid an expansion upon too little actual capital.—*Lord Strathcona.*

WESTERN RE-INSURES BUSINESS OF NEW YORK COMPANY.

The fire, lightning and tornado business of the Vulcan Insurance Company of New York has been reinsured in the Western Assurance Company of Toronto, and the automobile and sprinkler leakage risks in the Home Insurance Company of New York.

The World Assurance Company, with headquarters at Vancouver, B.C., will apply to Parliament at the forthcoming session for an act of incorporation in order to carry on the business of fire, burglary, plate glass, casualty and guarantee bond insurance. The Empire Life Insurance Company, Toronto, will apply for an act extending the time for obtaining a license to carry on business.

THE PUBLIC AND THE CO-INSURANCE CLAUSE.

The opposition of certain classes of the community to the coinsurance clause in fire insurance policies is shown by the existence of so-called anti-coinsurance laws. Legislation of this kind indicates extraordinary ignorance of the true relation of fire insurance to the business community, and deliberately puts it in the power of large business concerns having scattered property interests to shift a considerable share of their fire tax to the small property owner. It overlooks the fact that the application of the co-insurance principle must be likened to the application of a government tax. Insurance men, in their own interest, if for no other reason, should try to make the public understand what the coinsurance clause is and how it works. The information which follows should be instilled into the mind of every business man. Fire insurance is a tax paid by all property owners in the community for the purpose of indemnifying unfortunate losers. In form it resembles a general property tax, except that it is collected and disbursed by private companies instead of by the government. As the government tax, to be equitable, is paid by property owners in proportion to the value of their property, so the fire insurance tax, to be equitable, ought to be based upon the value of the property owned, and not according to what the insured may choose to pay. As every state and municipality adopts a uniform method of assessment in levying its tax with a view to preventing discrimination, so in fire insurance the same uniformity of assessment should prevail, and the same effort should be made to prevent discrimination between the small and the large owner, or between those who insure partially and those who insure fully. Evasion in the payment of the fire tax is very similar to evasion of national or state taxes.

WHAT COINSURANCE DOES.

Fire insurance men would do well to explain to their customers that coinsurance protects property owners against the efforts of great industrial and mercantile corporations to shirk the payment of their just share of premiums. In most large mercantile and manufacturing plants the property is either situated in different localities, or the contents of a building are stored in different compartments each separated from the other by fireproof walls, or at least so protected that in the great great majority of cases the fire can be easily confined to the compartment where it originated. Under such circumstances a total loss cannot be expected, and the property owner is well aware of this. Assuming then, that a merchant is the owner of two stocks of goods situated in two localities, and worth respectively $10,000 and $5,000, it is apparent that if these two stocks are located so far from each other that from a fire insurance point of view neither is affected by the other, the owner could, if permitted, fully protect himself by talking out a blanket policy for $10,000 covering both items, as his loss could not, except in the most unusual event of a fire occurring in both properties at the same time, exceed that sum. This is another way of saying that $15,000 worth of property could be fully covered by $10,000 of insurance. Although no fire insurance company could afford to insure the property of large concerns in this manner, yet the average business man who is unconnected with fire insurance as a business continues to denounce coinsurance as unreasonable, such examples as the one referred to having never been brought to his notice. The problem of securing a uniform relation between insurance and value confronts every company in the acceptance of every risk. Rates cannot be made intelligently and fairly except on the theory that all property is insured for about the same proportion of its value. What this proportion may be is of little importance if all property is insured for the same proportion. If all property were insured for only one-fourth of its value, statistical experience would soon demonstrate the correct rate for property insured for one-fourth value. But if one man has his property insured for one-fourth of its worth, and another for three-fourths, the former may receive as much indemnity in the event of partial loss as the latter, who paid three times as much for his insurance. It is quite impossible for a fire insurance company or its agent, or even the owner, himself, to estimate closely the value of property, and even if it could be estimated values are always changing. The only way to adjust the matter so that everybody concerned will receive fair treatment must be through a mutual agreement that if the property is not insured for a stipulated proportion of its value at the time of the fire, the assured shall be a co-insurer for the deficit. There is no doubt whatever that property owners can be made to see the justice of this plan, provided insurance men will explain it to them. As matters stand, however, many business men profess to be in ignorance of what coinsurance means.

DOES IT ENCOURAGE OVER-INSURANCE?

The coinsurance plan of adjusting a difficult problem is so reasonable that the employment of the co-insurance clause is required by law in a number of European countries, including France, Belgium, and Italy, and in other parts of Europe it is invariably a part of the policy contract. Why is a clause in a policy which is in practically all European policies involving fire so unpopular on this side that the legislatures of at least ten states have made its insertion in any fire insurance contract a violation of the law? The usual reason given by those who oppose the co-insurance clause is that it encourages over-insurance. But this reason is not valid, for some of the states which have legislated against the clause have enacted a valued-policy law which is an incentive to people to over-insure their property. If small property owners realized that coinsurance is the safeguard which protects them from the desire of some great corporations to avoid paying their just share of the fire insurance tax, they would receive the clause with open arms. If fire insurance men would make it their business to instruct the public concerning coinsurance, there would soon be not only a popular demand for a repeal of all laws prohibiting the clause in question, but, in addition, a demand for the enactment of the European laws which make co-insurance obligatory. Those laws ensure a fair distribution of rates, while the laws of many of our states put it within the power of men of large means to unload part of their fire tax upon men of small means. Although there is no doubt that the evasion of fire tax is as improper as the evasion of any city or state tax, yet few property owners seem able to appreciate this truth, partially because insurance men have not discussed the facts sufficiently with them, explaining the details.

Blanket insurance with the co-insurance clause having been in use for some years among large commercial and manufacturing establishments some interested person discovered that if he could get the coinsurance clause declared illegal, he could materially reduce his insurance without impairing the protection given by his blanket policy. In many states any bill which is unfriendly to any form of insurance is at once popular, and anti-coinsurance laws are being encouraged all over the country by interested property owners, although they are well aware that the concession of blanket insurance was obtained on the condition of co-insurance. What is now demanded is the benefit of blanket insurance without coinsurance. Although a vast number of small owners of property do not know what coinsurance means, yet, in reality every small owner is interested, because the prohibition of coinsurance benefits only the great concerns whose distributed property is usually located in cities. Blanket insurance makes possible the evasion of a part of their just fire tax by these big corporations or firms at the expense of the whole community, because a corresponding increase is made in the loss ratio shown by the statistics upon which rates are established.

What is needed is publicity, and these are some of the facts which the insured, as a body, ought to know. —*Insurance Age.*

PRINCIPAL FIRES IN CANADA, INVOLVING LOSS OF $5,000 AND OVER, DECEMBER, 1913.

Dec. 1913	Place	Risk	Loss
1	Bedford, Que.	Mfg. Plant	*$73,250
4	Woodstock, Ont.	Evaporator Plant	10,000
5	Rainy River, Ont.	Residence	5,000
5	Highland, Alta.	Livery barn	6,000
6	Regina, Sask.	Farm buildings	6,000
6	Brantford, Ont.	Stables, etc.	40,000
7	Kingston, Ont.	Liquor store	10,000
7	Winnipeg.	Hotel	50,000
7	Loreburn, Sask.	Business premises	11,000
10	Carmangay, Alta.	Warehouse & store	18,000
10	Limoilou, Que.	Business block	30,000
10	Jasper, Alta.	Hotel	10,000
10	Toronto, Ont.	Business premises	25,000
11	Arcola, Sask.	Livery, etc.	11,000
11	Montreal, Que.	Store	5,000
11	Carman, Man.	Implement warehouse	12,000
12	Havelock, Que.	Store and dwelling	6,000
12	Victoriaville, Que.	Residence	5,000
12	Edmonton, Alta.	Drug store	13,000
13	Le Pas, Man.	Conflagration	75,000
14	Smithville, Ont.	Stores	50,000
14	Toronto, Ont.	Church	12,000
15	Quebec City	Shoe Factory	80,000
15	Yarmouth, N.S.	Residence	8,000
19	Winnipeg.	Wholesale stock	18,000
19	Montreal.	Apartment block	75,000
19	Sydney, N.S.	Business block	5,000
19	Beauceville, Que.	Residence	5,000
22	Berlin, Ont.	Tanning factory	75,000
22	Perth, Ont.	Cheese factory	5,000
23	Alvinston, Ont.	Warehouse	5,000
23	Dunmore, Alta.	Store	11,000
27	Montreal	Dry goods store	10,000
27	Hamiota, Man.	Residence	5,000
28	Coaticook, Que.	Factory	50,000
29	Montreal.	Garage and dwellings	160,000
30	Montreal.	Mfg. premises	50,000
31	Winnipeg.	Tanning factory	30,000

*Insurance Loss.

YEAR'S FIRE LOSS BETTER THAN PREVIOUS YEARS.

SERIOUS FIRES DURING SUMMER MONTHS—CLIMATIC CONDITIONS HAVE IMPORTANT EFFECT.

The losses by fire in the United States and Canada during the twelve months ended December 31, 1913, as compiled by the New York *Journal of Commerce,* reach an aggregate of $224,723,350. While this destruction of property is appalling to consider as a drain on resources in one year, it is somewhat better than the record of the three preceding years, when the figures were respectively $225,320,900 in 1912, $234,337,250 in 1911 and $234,470,650 in 1910. The first five months of the year 1913 gave promise of a material reduction in the fire waste, but the four summer months developed very serious losses, which more than offset the favorable conditions prevailing earlier.

FIRE PREVENTION MOVEMENT.

The causes which have been responsible for the continuation of the comparatively heavy fire waste of the country during the past three years continue to be a matter of study by fire underwriters. The popular movement along fire prevention lines received no little encouragement from legislative and municipal organizations during 1913, and in many States laws are now in force which were enacted in 1912 with a view of diminishing the number of preventable fires. Notwithstanding this fact, however, the destruction of property by fire has shown only a very moderate diminution.

The attempt to prevent a considerable portion of the fires throughout the country by means of a more rigid inspection of buildings with a view of discovering defects before they result in loss has not as yet had time to bear any real fruit, but some of the various State legislators are now more disposed to give the subject of excessive fire waste much more consideration than heretofore, and some good effects may result. The establishment of fire marshals in many States, with full power to investigate all fires of questionable origin, will undoubtedly result in checking some of the incendiaries. The continued financial and business depression was undoubtedly a contributing factor, as merchants who are having a struggle to keep the balance on the right side are not disposed to incur any expense to prevent a possible fire.

A comparative record of the fire losses by months during the past three years is given below, as affording a study of the changes which climatic conditions reflect in the average monthly losses. It will be noted that seasons of intense cold weather or protracted dry seasons invariably have a serious effect on the fire loss record. The table below gives the losses by months during 1911, 1912 and 1913:

	1911.	1912.	1913.
January	$21,922,450	$35,653,150	$20,193,250
February	16,415,000	28,601,650	22,084,600
March	31,569,800	16,650,850	17,511,000
April	17,670,550	16,349,400	16,738,250
May	21,422,000	21,013,950	17,225,850
June	20,691,950	16,103,450	24,942,700
July	25,301,150	15,219,100	20,660,900
August	12,662,650	14,158,800	21,180,700
September	11,333,250	13,779,300	17,919,300
October	13,945,000	13,651,650	14,932,750
November	18,680,600	16,172,300	15,207,600
December	22,722,850	17,967,000	16,126,450
Total for yr.	$234,337,250	$225,320,900	$224,723,350

THIRTY-SEVEN YEARS' LOSSES.

The fire losses in the United States and Canada during the past thirty-seven years reach the gigantic sum of $5,631,389,675, or an annual average of $152,199,721. The following table, giving the losses by years during the past thirty-seven years, discloses the steady general upward tendency of the fire waste. It will be noted that since 1906, the year of the San Francisco conflagration, the annual fire loss has continued well above two hundred million dollars:

1913	$224,723,350	1894	$128,246,400
1912	225,320,900	1893	156,445,875
1911	234,337,250	1892	151,516,000
1910	234,470,650	1891	143,764,000
1909	203,649,200	1890	108,993,700
1908	238,562,250	1889	123,046,800
1907	215,671,250	1888	110,885,600
1906	159,710,000	1887	120,283,000
1905	175,193,800	1886	104,924,700
1904	252,554,050	1885	102,818,700
1903	156,195,700	1884	110,008,600
1902	149,260,850	1883	110,149,000
1901	164,347,450	1882	84,505,000
1900	163,362,250	1881	81,280,000
1899	136,773,200	1880	74,643,400
1898	119,650,500	1879	77,703,700
1897	110,319,650	1878	64,315,900
1896	115,655,500	1877	68,265,800
1895	129,835,700		
Total for 37 years			$5,631,389,675

A carefully compiled record of the fires credited with causing a property loss of $10,000 or over in each instance shows that there were no less than 3,590 such fires during 1913. This compares with 3,640 fires in 1912 and 3,410 in 1911.

LONGEVITY OF ANNUITANTS.

In the course of a lengthy article on annuities, a writer in the London *Times* remarks—"Why annuitants should be an especially long-lived class cannot be precisely explained; but the fact has been clearly established. It has been shown unmistakably in the experience of the largest English office, which transacts a very considerable annuity business with the very poor classes. Freedom from worry is the common explanation. And there is good reason to believe that the tables now in use by the offices underestimate the span of life. It had long been suspected that the tables employed in the past by the Government under-rated the vitality, and the impression was confirmed last year by the issue of a report by the actuary to the National Debt Office. New tables have been prepared which show an average increase in the cost of annuities for males of 2.2 per cent., and for females of as much as 4.5 per cent., at the ages at which annuities are usually purchased—*i.e.*, from fifty to seventy-five. The British offices are still using old tables because they reason that the under-estimation of longevity may be off-set by the rise in the rate of interest. It is highly probable that when the rate falls they will resort to the new Government tables, giving less favourable terms to annuitants. Possibly the knowledge that the present tables are more favourable to purchasers than those which will be used later is not unconnected with the present demand for annuities."

From the Railway Passengers' Assurance Company, we have to acknowledge with thanks the receipt of a desk calendar.

ULTIMATE EFFECT OF RIGHT TO LIFE POLICY LOANS.

(*Arthur E. Childs, President Columbian National Life of Boston.*)

Where will the unrestricted right to borrow on policies lead us? What must we do to avoid being led into an undesirable position? The percentages which policy loans and premium notes bear to total reserves as reported by various companies in the *Insurance Year Book* for the years 1888 to 1912, inclusive, show an increase from 3.32 per cent. to 16.03 per cent. This rapid increase is the cause of the increasing apprehension shown by insurance companies during the last few years. The indications are that the figures for 1913 will approach at least 18 per cent. Apology, therefore, is hardly needed for again taking up a subject about which so much has been written. While it would be interesting to speculate just how many years it would take, under the present conditions, for the percentge of loans to reserves to reach exceedingly undue proportions, yet the present rate of increase indicates the necessity of changing these conditions at once, and to this end we should turn our attention.

DEVELOPMENT OF POLICY LOAN.

As far back as 1845 the participating companies accepted one-half the premium on their policies in cash and took the insured's note for the remainder. This note was a lien against the policy. The companies expected that the dividends declared each year upon these policies would be sufficient to take care of these notes and, therefore, did not require the insured to meet these notes at a definite time. These dividends failed to meet the entire amount of the notes, and so the balance was charged against each contract. In 1847 a system was started of consolidating the balance of these notes into one loan, which was made against the reserve on the policy.

The next development took place about 1880, when one of the leading companies notified its agents that it would make loans on such contracts as could be properly assigned to the company. Four years later this company sent out what it called its "Perfected Policy," in which guaranteed loan values were granted up to 50 per cent. of the reserve. From this time on, until the Armstrong Laws required that the loan privilege be placed in each contract, we have had a rapid development of this privilege. Companies, in their struggle for size and in their desire to issue policies that could be readily sold by the agents, became more and more liberal in their offers, and even went so far as to instruct their agents to use these liberal policy conditions as the principal talking-points in their efforts to sell insurance.

CHANGE IN PUBLIC ATTITUDE.

The attitude of the insuring public in regard to the insurance business was materially changed as a result of this method of campaigning. The institution, of life insurance had been looked upon as a sacred institution, teaching man the necessity of providing for his family and his own old age. The insurance contract had been considered as a tri-lateral contract between the insurance company, the insured, and the beneficiary named in the contract, with the rights accruing thereunder vested solely and absolutely in the beneficiary, while the reserve funds accumulated-

by the companies had been considered as an accumulation for the protection of the policyholders as a whole, and not as a collection of the individual deposits accumulated against each policy.

The granting by the companies of cash and loan values on demand, and later the requirement by law of the incorporation of this privilege in the contract, has led the insured to believe that the reserve fund is an accumulation of individual deposits and that he is entitled to his share of these deposits whenever he sees fit to ask for it. Moreover, in later years most companies, by necessity in some States, but by choice in general, have written their contracts with right of revocation of the beneficiary, thus making the contract an agreement between the company and the insured and absolutely depriving the beneficiary of his or her vested rights.

Finally, the courts have ruled, in view of the cash values granted in the contracts and in view of the insured's right of revocation, that the contract is a uni-lateral contract, thus relieving the insured of all responsibility on his part and leaving him free to do with his policy as he pleases.

From the standpoint of the insured, the contract now stands as a codicil, to be changed at will, and which he can legally surrender for his accrued deposits at any time he sees fit.

If the insurance company is to meet this situation, it must perform three independent functions:

First—It must furnish insurance to the public for only the net amount at risk in each case, *i.e.*, for the face amount of the policy less the reserve accrued thereon.

Second—It must accumulate the reserve on each policy, which is to be returned to the insured's beneficiary in event of his death, or to the insured himself in the event of the maturity of the policy, or to be used by the insurance company in keeping his policy in force.

Third—It must hold itself in readiness to return this fund upon demand to the insured as cash or in form of a loan.

This last function, especially the necessity of loaning funds to the insured upon demand, is so entirely foreign to all fundamental ideas of insurance as to make it a pertinent question as to whether or not this is a proper function to demand of an insurance company.

We can view this question from three standpoints —from the legal stand, from the moral standpoint, and from the standpoint of the best interests of the insuring public.

LEGAL STANDPOINT.

There is no question but that the law at the present time substantiates the present view of insurance. As a matter of fact, the law is the result of this view. In the words of Mr. J. B. Lunger, "The right of the insured to an equity in the reserve on his policy finds best recognition in granting loans at stated times upon reasonable conditions."

The fact that the law is the result of the present public viewpoint, however, is an encouraging feature in that if the public views on the subject be changed, then we can have hopes of a modification in the legal status of the matter.

MORAL STANDPOINT.

Although we allow that the accumulation of the reserve funds is made up from the insured's deposits, yet we do not admit his *inherent* right to borrow on this fund. This reserve is, as a matter of fact, a part of the protection which the insured is providing from his family and for the necessities of his own old age, and for which a part of his premium is annually paid.

The insurance company, then, should see to it that these funds deposited with it for the avowed purpose of protection should not be used for any other purpose. The account in a savings bank is the accumulation of a man's deposits, yet no one would think of requiring a savings bank to *loan* to each depositor the whole or any part of his deposits at a *definite* rate of interest. These funds are considered sacred, as representing the hard-earned savings of the individual. Yet are not deposits made for the protection of one's family far more sacred? Should not such funds be more zealously guarded against the dangers of withdrawal on demand than the deposits in a savings bank?

In subjecting this fund to loans, life insurance companies have left it open to any whimsical desires of the insured, and already too serious inroads have been made upon it. Too often these loans have been made without the knowledge or consent of the family interested, while the sorrow brought upon the families of those who intended to repay their loans —but did not—can best be testified to by those present who have had the care of this business in their charge. The average man hesitates before he surrenders his policy, but when he takes a loan and thus unknowingly or wilfully destroys a part of his insurance protection, thinking that he will some time or other pay it back, he does not realize that out of one hundred people who have done the same less than ten ever repay. It is against such inroads that we are morally bound to protect the business, if life insurance is to continue to hold the place in public confidence that it holds to-day.

INTEREST OF THE PUBLIC.

There are many reasons why the best interests of the public demand that the insurance companies guard with more care this reserve, upon which they are now freely granting loans.

First—The temperament of the public on this continent differs from that which one finds elsewhere. This country is a new country, where development has been very rapid, where opportunity to make money is ever presenting itself, and where the ruling ambition is to acquire wealth. In such a country temptations are constantly arising, urging men to invest all their available funds in enterprises which may or may not be profitable. In such a country this tendency naturally and easily leads men to desire to avail themselves of all ready means to procure funds to put into such inviting ventures. Therefore, it behooves the insurance companies to guard their insurance funds against the ravages of such a temperament.

I once heard a business man, who was connected with the insurance business, say that during the panic of 1907, when the prices of various stocks and bonds were so low that they offered the greatest temptation for investment and speculation, that nothing kept him from asking for a loan of $50,000 against his large insurance policies but his close connection with the business and his consequent realization of the sacred purpose for which these funds had been pledged.

Because the insuring public has not this realization of the sacred purpose for which these funds have been pledged, and because it is not closely connected

with the business, it is necessary for the insurance companies to do all in their power to prevent the hypothecation of these funds, and to see to it that, as far as possible, they be solely used for the purpose of protecting old age against poverty and dependents against want.

PUBLIC AND PRIVATE EXTRAVAGANCE.

Second—We have in this country an extravagant public, probably the most extravagant public in the most extravagant age. The very people who are living up to and even beyond their incomes, depending upon their insurance for the future protection of their families, are the very people who are mortgaging their insurance just as soon as the deposits are large enough to satisfy some of their more expensive desires. They either forget the original purpose for which they took the insurance or they allow their selfish desires for temporary enjoyment to outweigh their appreciation of the necessity for providing for the future. Under such conditions the best interests of the public demand that we make it more difficult for the insured to hypothecate these funds.

CHANGE IN SYSTEM NECESSARY FROM COMPANY STANDPOINT.

Third—Our present system, moreover, of granting loans upon demand is apparently so incompatible with the other functions of life insurance that a change in the system is necessary from the standpoint of the companies themselves.

Twenty billion dollars of insurance in force is provided by the 250 companies organized in this country, and upon the satisfactory maturity of these policies stands the success of the insurance business.

The companies have accepted these obligations, not with the expectation of being called upon to fulfill them to-day or to-morrow, but with the idea that the majority will run for many years. It is quite necessary, then, in order that the companies may be assured of their ability to fulfill these contracts when they fall due, that they be allowed to invest their funds in such securities as will give an adequate return over a long period of years and yet at the same time offer sufficient guarantee for future maturity.

Such funds are of an entirely different character from those adapted to meet sudden and uncertain maturities. The two classes of investments cannot be made commensurate. In requiring the insurance companies, then, in their investment policies to meet these two situations, we are interfering with the free employment of their reserve funds in their efforts to obtain the greatest possible financial stability.

Moreover, the ever-increasing amount of loans accumulating against insurance policies is inimical to the best interests of the business itself. No well-managed bank would make *all* of its loans to its own depositors, for the calling of a loan in a tight money market would always mean the withdrawal of the deposit to pay the loan. All sound banks make a good proportion of their loans to outsiders, which loans can be called without disturbing the deposits.

No more should an insurance company allow a large proportion of its reserve to be invested in policy loans, lest when hard times come and the insured find it impossible to pay their premiums they lapse their policies.

Most of our companies are comparatively young, but the time will come when we will be old, when the percentage of new business to old business will of necessity be comparatively small. If a company when this time comes finds itself with a large proportion of its assets invested in policy loans, and there is added to this the least suspicion against the integrity of the institution itself, it would have to face an exceedingly difficult and embarrassing situation.

(*To be continued.*)

CANADIAN FIRE RECORD

(Specially compiled by The Chronicle)

HAMIOTA, MAN.—W. McConnell's residence destroyed, December 27. Loss, $5,000. Origin, unknown.

SUDBURY, ONT.—Pool room, restaurant and stores destroyed, December 29. Loss, $15,000. Origin, overheated stove.

ST. CATHERINE'S ONT.—Double house owned by A. Cook and E. Blake destroyed, January 2. Loss, $1,000 with insurance, $450.

INKERMAN, ONT.—Barns and hog pens on Nail Bickford Farm together with stock and machinery of tenant, Mr. Bellinger, destroyed, January 2.

DUNMORE, ALTA.—J. Crane's store destroyed, December 23. Loss, on stock, $8,000; on building, $3,000. Insurance on stock $4,000 and on building, $5,000. Origin, unknown.

WINNIPEG,—Premises of Winnipeg Tanning Company, Nairn Avenue, Elmwood, damaged, December 31. Loss, $30,000.

F. W. Dudley's jewelry store, 542 Main Street, damaged, December 31. Loss, $1,500, covered by insurance.

MONTREAL,—A. Renaud's premises at 81 St. Lawrence Boulevard damaged, January 5. Loss on stock and building, $20,000.

St. Remi dry goods store, 2579 Notre Dame Street West, gutted, January 4.

Cosy Corner Restaurant, 345 Wellington Street, kept by W. Allen, damaged.

Nos. 857 and 859 Louis Veuillot Street, Longue Pointe, occupied by T. Phillips and J. Rivard, destroyed, January 1.

Building in rear of 648 Henri Julien Street, owned by A. Frank, 898 City Hall Avenue, destroyed, January 2. Loss, $1,000.

Residence of Mrs. Tait, 4346 Notre Dame Street East, let to other tenants, destroyed, December 31.

M. Philbin & Co., hardware store, 362 St. Catherine Street West, damaged January 6. Adjoining premises damaged were Montreal Light, Heat & Power, Clarke Company, P. Myers. Philbin's insurance as follows:

Ins. Co. of N. A.	**$ 3,000**	**London Mutual**	**$ 1,500**
Atlas	**7,500**		
Mount Royal	**3,000**	**Loss total**	**$15,000**

Following insurance was concerned in St. Louis Square fire, January 1:—

North British & Mercantile	**$ 9,000**	**Alliance**	**$27,500**
		Loss total	**$36,500**

Following insurance was concerned in fire at 377 and 379 Ontario Street East on December 29. On automobiles.

Ins. Co. of N. A.	**$ 800**	**St. Paul**	**$ 700**
Prov. Washington	**1,800**	**Royal**	**4,100**
Springfield	**16,000**	**L. & L. & G.**	**5,000**
U. S. Lloyds	**700**		
		Total	**$29,100**

On buildings and contents, about $50,000 in various companies.

The demands on the London market for new capital in 1913 established a new record for activity, easily distancing the heretofore high record year of 1910, which was the year of the rubber boom. The *Statist's* compilation shows a total of £245,006,000 for 1913. In 1912 the figures were £211,337,000, and for 1910, £232,143,000. The total for 1913 comprises £3,753,000 for India, £94,957,000 for the British Colonies and £97,959,000 for foreign countries. The compilation does not include conversion loans nor shares issued without payment. The totals are calculated at the prices of issue and not the par value.

* * * *

The usual monthly comparisons compiled by the London *Bankers' Magazine* of the aggregate value of 387 representative securities dealt in on the London Stock Exchange show a decrease for December of £22,962,000, or 0.7 per cent., compared with the November figures. Compared with December a year ago, a decrease is revealed in the aggregate value of 387 representative securities of £155,237,000.

* * * *

President Forrest F. Dryden, of the Prudential Insurance Company of America states that the year 1913 has been one of success, that company showing larger gains in both Industrial and Ordinary departments and greater individual results per agent than in 1912. The company also reports the lowest industrial expense rate in its history.

The percentage of lapsed policies has decreased, a feature which is specially gratifying as it is the constant effort of the Prudential to so conduct its business as to effect the greatest persistency of business.

* * * *

Mr. A. R. Howell, manager for Canada Gresham Life Assurance Society, sails to-day per SS. Empress of Ireland, for England, to visit his Head Office. The Company has experienced a very satisfactory years' business in the Dominion.

Traffic Returns.

CANADIAN PACIFIC RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
Nov. 30	$97,797,000	$119,296,000	$126,364,000	$7,068,000
Week ending	1911.	1912.	1913.	Increase
Dec. 7	$2,478,000	$2,771,000	$3,009,000	$238,000
" 14	2,522,000	2,825,000	2,681,000	Dec. 144,000
" 21	2,528,000	2,865,000	2,699,000	,, 166,000
" 31	3,040,000	3,647,000	3,306,000	,, 341,000

GRAND TRUNK RAILWAY.

Year to date.	1911.	1912.	1913	Increase
Nov. 30	$48,650,219	$47,777,438	$51,796,424	$4,018,986
Week ending	1911.	1912.	1913.	Increase
Dec. 7	$892,957	$1,005,697	$1,015,199	$10,102
" 14	929,821	1,052,340	1,029,319	Dec. 23,021
" 21	933,118	1,090,189	994,779	" 95,410
" 31	1,391,873	1,695,339	1,722,055	" 26,716

CANADIAN NORTHERN RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
Nov. 30	$15,655,900	$19,311,800	$21,848,800	$2,537,000
Week ending	1911.	1912.	1913.	Increase
Dec. 7	$461,600	$567,900	$583,500	$15,600
" 14	423,800	471,600	503,200	31,600
" 21	439,500	477,200	515,400	38,200
" 31	596,500	615,000	653,900	38,900

TWIN CITY RAPID TRANSIT COMPANY.

Year to date.	1911.	1912.	1913.	Increase
Nov. 30	....	$7,398,188	$8,009,991	$611,803
Week ending.	1911.	1912.	1913	Increase
Dec. 7.........	$147,634	$158,892	$172,616	$13,724
" 14.........	144,869	160,824	172,595	11,771
" 21.........	156,362	167,303	175,697	8,394

HAVANA ELECTRIC RAILWAY CO.

Week ending		1913.	1914.	Increase
Jan. 4	....	53,645	55,914	2,269

DULUTH SUPERIOR TRACTION CO.

	1911.	1912.	1913.	Increase
Dec. 7.........	$21,256	$21,668	$24,816	$3,148
" 14.........	20,385	21,759	24,456	2,697
" 21.........	21,530	22,481	24,983	2,502
" 31.........	30,736	32,487	37,250	4,763

DETROIT UNITED RAILWAY.

Week ending	1911.	1912.	1913.	Increase
Dec. 7.........	183,144	$209,660	$204,770	Dec $4,890
" 14.........	182,498	208,062	203,301	" 4,762

CANADIAN BANK CLEARINGS.

	Week ending Jan. 1, 1914	Week ending Jan. 1, 1913	Week ending Jan. 9, 1913	Week ending Jan. 11, 1912
Montreal	$56,512,398	....	$60,878,253	$50,489,025
Toronto	51,304,250	....	52,072,414	40,857,917
Ottawa.........	....	....	5,933,979	5,190,129

MONEY RATES.

	To-day	Last Week	A Year Ago
Call money in Montreal...	6½%	6½%	6-7 %
" " in Toronto....	6½%	6½%	6-7 %
" " in New York..	2½%	...	2¾
" " in London	2¼-3%	...	3-3½%
Bank of England rate.....	4½%	5 %	5 %

DOMINION CIRCULATION AND SPECIE.

Nov. 30, 1913 ...	$132,885,199	May 31, 1913.....	$113,746,734
Oct. 31	118,460,674	April 30.........	114,296,017
Sept. 30	115,496,540	March 31.........	112,101,886
August 31.......	113,401,170	February 28.......	110,484,879
July 31..........	....	January 31.......	113,602,030
June 30	116,363,538	December 31, 1912	115,836,488

Specie held by Receiver-General and his assistants:-

Nov. 30, 1913..	$116,493,009	May 31, 1913.....	$100,481,562
Oct. 31	101,716,293	April 30..	100,706,287
Sept. 30.........	98,986,515	March 31	98,507,113
August 31......	91,593,052	February 28.........	98,782,004
July 31.........	....	January 31.........	101,898,960
June 30	100,437,594	December 31, 1912	104,076,547

List of Leading Stocks and Bonds

CORRECTED TO THURSDAY JANUARY 8th, 1914

BANK STOCKS.	Closing prices or Last sale. Asked.	Bid.	Par value of one share $	Return per cent. on investment at present prices. Per Cent.	Rate of Annual Dividend Per cent	Capital subscribed $	Capital paid up $	Rest Fund $	Per cent'ge of Rest to paid up Capital	When Dividend payable.
British North America	....	149		....	8	4,866,667	4,866,667	2,920,000	60.0	April, October.
Canadian Bank of Commerce	200½	200½	50	5 98	10+2	15,000,000	15,000,000	13,500,000	90.0	March, June, Sept., Dec.
Dominion	....	....	100	....	12+2	6,000,000	5,764,288	6,764,288	117.3	Jan., April, July, Oct.
Hamilton	....		100	....	11	3,000,000	3,000,000	3,610,000	120.0	March, June, Sept., Dec.
Hochelaga	150	149½	100	6 00	9	4,000,000	4,000,000	3,625,000	90.6	March, June, Sept., Dec.
Home Bank of Canada	....	....	100	....	7	2,000,000	1,941,286	650,000	33.5	March, June, Sept., Dec.
Imperial	....	....	100	....	12	7,000,000	6,971,38	7,000,000	100.0	Feb., May, August, Nov.
Merchants Bank of Canada	185	184½	100	5 40	10	6,900,000	6,900,000	6,511,650	94.4	March, June, Sept., Dec.
Metropolitan Bank	....	....	100	....	10	1,000,000	1,000,000	1,250,000	125.0	Jan., April, July, Oct.
Molsons	200	195	100	5 50	11	4,000,000	4,000,000	4,800,000	120.0	Jan., April, July, Oct.
Montreal		229	100	5 24	10+2	16,000,000	16,000,000	16,000,000	100.0	March, June, Sept., Dec.
Nationale	....	132	100	5 30	7	2,000,000	2,000,000	1,550,000	77.5	Feb., May, August, Nov.
Northern Crown Bank	....	....	100	....	6	2,862,400	2,811,804	350,000	12.4	January, July.
Nova Scotia	....	257½	100	5 43	14	6,000,000	5,997,550	10,886,570	181.5	Jan., April, July, Oct.
Ottawa	203	202	100	5 91	12	4,000,000	4,000,000	4,750,000	118.7	March, June, Sept., Dec.
Provincial Bank of Canada	....	....	100	....	6	1,000,000	1,000,000	575,000	57.5	Jan., April, July, Oct.
Quebec	119	....	100	5 88	7	2,734,700	2,730,560	1,306,962	47.9	March, June, Sept., Dec.
Royal		221	100	5 43	12	11,560,000	11,560,600	12,560,000	108.6	March, June, Sept. Dec.
Standard	....	....	50	....	13	2,874,500	2,786,992	3,485,992	128.8	Feb., May, Aug. Nov.
Sterling	....	....	100	....	8	1,226,700	1,154,659	300,000	26.0	Feb., May, August, Nov.
Toronto	204	....	100	5 88	11+1	5,000,000	5,000,000	6,000,000	120.0	March, June, Sept., Dec.
Union Bank of Canada	....	....	100	....	8+1	5,000,000	5,000,000	3,400,000	68.0	March, June, Sept., Dec.
Vancouver	....	....	100	....		1,174,700	873,838	40,000	4.6	....
Weyburn Security	....	....	100	....	5	632,200	316,100	65,000	20.5	....
MISCELLANEOUS STOCKS.										
Bell Telephone XD	142	141½	100	5 63	8	15,000,000	15,000,000	....	....	Jan., April, July, Oct.
Brazilian Traction	82¼	82⅛	100	7 27	6	104,500,000	104,500,000	....	....	Feb., May, Aug., Nov.
B. C. Packers Assn, pref.	....	....	100	....	7	635,000	635,000	....	....	May, Nov.
do Com	....	....	100	....	6	1,511,400	1,511,400	....	....	May, Nov.
Canadian Pacific XR	209¼	209	100	4 78	7+3	260,000,000	198,000,000	....	....	Jan., April, July, Oct.
Canadian Car Com.	62	58	100	6 45	4	3,500,000	3,500,000	....	....	April, Nov.
do Pfd XD	105	....	100	6 66	7	6,100,000	6,100,000	....	....	Jan., April, July, Oct.
Can. Cement Com.	29	28½	....	....	....	13,500,000	13,500,000	....	....	....
Do. Pfd	91½	90¾	....	7 65	7	10,500,000	10,500,000	....	....	....
Can. Con. Rubber Com.	....	81	100	4 93	4	2,805,500	2,805,500	....	....	Jan., April, July, Oct.
do Pref	....	97	100	7 21	7	1,980,000	1,980,000	....	....	Jan., April, July, Oct.
Canadian Converters	40	39½	100	10 00	4	1,733,500	1,743,000	....	....	Feb., May, Aug., Nov.
Canadian General Electric	....	102	100	7 84	7+1	5,640,000	5,640,000	....	....	Jan., April, July, Oct.
Canadian Cottons	31	33	100	....	....	2,715,000	2,715,000	....	....	....
do do. Pfd.	75	73	100	8 00	6	3,661,500	3,661,500	....	....	Jan., April, July, Oct.
Canada Locomotive	....	....	100	....	....	2,000,000	2,000,000	....	....	....
do. do. Pfd.	....	....	100	....	7	1,500,000	1,500,000	....	....	Jan., Apl., July Oct.
Crown Reserve XD	1.70	1.65	....	....	24	1,999,957	1,999,957	....	....	Monthly.
Detroit United Ry	71	70	100	8 45	6	12,500,000	12,500,000	....	....	March, June, Sept., Dec.
Dominion Canners	55	53½	100	10 90	6	2,118,600	2,118,600	....	....	....
Dominion Coal Preferred	105	....	100	6 66	7	3,000,000	3,000,000	....	....	January, August.
Dominion Textile Co. Com	82½	81½	100	7 27	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
do Pfd XD	....	....	100	....	7	1,859,030	1,859,030	....	....	Jan., April, July, Oct.
Dom. Iron & Steel Pfd.	93½	92½	100	7 48	7	5,000,000	5,000,000	....	....	April, October
Dominion Steel Corpn.	39¾	39½	100	10 06	4	35,656,800	35,656,800	....	....	Jan., April, July, Oct.
Duluth Superior Traction	....	....	100	....	5	3,500,000	3,500,000	....	....	Jan., April, July, Oct.
Halifax Tramway Co	160	....	100	5 00	8	1,400,000	1,400,000	....	....	Jan., April, July, Oct.
Havana Electric Ry Com	....	....	100	....	6	7,463,703	7,463,703	....	....	Jan., Apl., July, Oct.
do Preferred	....	....	100	....	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
Illinois Trac. Pfd	92	90	100	6 52	6	5,304,600	5,304,600	....	....	Jan., April, July, Oct.
Kaministiquia Power	....	....	100	....	5	2,000,000	2,000,000	....	....	Feb., May, August, Nov
Laurentide Com	167	166	100	4 78	8	7,200,000	7,280,900	....	....	February, August.
Lake of the Woods Mill. Co. Com	....	127	100	6 29	8	2,100,000	2,100,000	....	....	Mar., June, Sept., Dec.
do do Pfd.	....	....	100	....	7	1,500,000	1,500,000	....	....	Jan., Apl., July, Oct.
Mackay Companies Com.	78	76	100	6 41	5	41,380,400	41,380,400	....	....	Jan., April, July, Oct.
do Pfd	67	65	100	5 97	4	50,000,000	50,000,000	....	....	Jan., April, July, Oct.
Mexican Light & Power Co	....	....	100	....	4	13,585,000	13,585,000	....	....	Jan., April, July, Oct.
do do Pfd.	....	....	100	....	7	2,400,000	9,400,000	....	....	May, November.
Minn. St. Paul & S.S.M. Com	128	126½	100	5 46	7	20,832,000	20,832,000	....	....	April, October.
do Pfd.	....	....	100	....	7	16,416,000	16,416,000	....	....	April, October.
Montreal Cottons	54	51	100	7 40	4	3,000,000	3,000,000	....	....	March, June, Sept. Dec.
Montreal Light, Ht. & Pwr. Co.	215	214½	100	4 65	10	17,000,000	17,000,000	....	....	Feb., May, August, Nov.
Montreal Telegraph XD	....	134	40	5 97	8	2,000,000	2,000,000	....	....	Jan., April, July, Oct.
Northern Ohio Traction Co.	....	....	100	....	5	9,000,000	9,000,000	....	....	March, June, Sept., Dec.
N. Scotia Steel & Coal Co. Com XD	75	73½	100	8 00	6	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.
do Pfd XD	....	....	100	....	8	1,030,000	1,030,000	....	....	Jan., April, July, Oct.
Ogilvie Flour Mills Com XD	118½	114½	100	6 75	8	2,500,000	2,500,000	....	....	Jan., Apl., July, Oct.
do Pfd.	....	....	100	....	7	2,000,000	2,000,000	....	....	March, June, Sept., Dec.
Penman's Ltd. Com	51	....	100	7 84	4	2,150,000	2,150,600	....	....	Feb. May, August, Nov
do Pref	....	....	100	....	6	1,075,000	1,075,000	....	....	Feb. May, August, Nov.
Quebec Ry. L. & P.	13	12¾		....	....	9,999,500	9,999,500	....	....	....
Richelieu & Ont. Nav. Co.	111½	111	100	7 19	8	3,132,000	3,132,000	....	....	March, June, Sept., Dec.
Shawinigan Water & Power Co XD	132	130	100	4 54	6	10,000,000	10,000,000	....	....	Jan. April, July, Oct.
Toledo Rys & Light Co.	....	....	100	....	....	13,875,000	13,875,000	....	....	....
Toronto Street Railway	135¾	135½	100	5 89	8	10,968,383	10,968,383	....	....	Jan., April, July, Oct.
Tri-City Preferred.	....	....	100	....	6	2,826,200	2,826,200	....	....	Jan., April, July, Oct.
Twin City Rapid Transit Co.	106	105	100	5 66	6	20,100,000	20,100,000	....	....	Jan., Apl., July, Oct.
Twin City Rapid Transit, Pfd.	....	....	100	....	7	3,000,000	3,000,000	....	....	Jan., Apl., July, Oct.
West India Electric	94	....	100	5 31	5	800,000	800,000	....	....	Jan., April, July, Oct.
Windsor Hotel	100½	....	....	4 96	5	3,000,000	3,000,000	....	....	May, November
Winnipeg Electric Railway Co XD	195	191	....	6 15	12	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.

STOCK AND BOND LIST, Continued

BONDS	Closing Quotations Asked	Closing Quotations Bid	Rate p.c. of Interest per annum	Amount outstanding.	When Interest due.	Where Interest payable	Date of Maturity.	REMARKS
Bell Telephone Co.......	..	97	5	$3,649,000	1st Oct. 1st Apl	Bk. of Montreal, Mtl.	April 1st, 1925	
Can. Car & Fdy.........	104	103	6	3,500,000	1st June 1st Dec.	....	Dec. 1st, 1939	Red. at 110 aft. Nov.'19 or in pt. aft. Nov '11
Can. Converters.........	..	..	6	474,000	1st June 1st Dec.	....	Dec. 1st, 1926	
Can. Cement Co.........	96	95½	6½	5,000,000	1st Apl. 1st Oct.	" "	Oct. 21st, 1929	Redeemable at 110
Dominion Coal Co.......	..	98	5	6,300,000	1st May 1st Nov.	" "	April 1st, 1940	Red. at 105 and Int. after May 1st, 1910
Dom. Iron & Steel Co...	87½	87	5½	7,332,000	1st Jan. 1st July	Bk. of Montreal, Mtl	July 1st, 1929	
Dom. Tex. Sers, "A"....	99	.	6	758,500	1 March 1 Sept.	Royal Trust Co. Mtl.	March 1st, 192	5 Redeemable at 110 and Interest.
" "B"....	100	99½	6	1,000,000	"	" "	"	Redeemable at par after 5 years
" "C"....	99	..	6	1,000,000	"	" "	"	Red. at 105 and Interest
" "D"....		..	....	450,000	"	" "	"	" "
Havana Electric Railway	.	.	5	7,824,731	1st Feb. 1st Aug.	52 Broadway, N.Y. .	Feb. 1st, 1912	Redeemable at 105
Halifax Tram...........	100	..	5	600,000	1st Jan. 1st July	Bk. of Montreal, Mtl.	Jan. 1st, 1916	
Keewatin Mill Co........	..	..	6	750,000	1st March 1 Sept.	Royal Trust Co., Mtl.	Sept. 1st, 1916	Redeemable at 110
Lake of the Woods Mill Co	..	101	6	1,000,000	1st. June 1st Dec.	Merchants Bank of Canada, Montreal..	June 1st, 1932	
Laurentide Paper Co....	..	..	6	947,305	2 Jan. 2 July	Bk. of Montreal, Mtl.	Jan. 2nd, 1929	
Mexican Electric L. Co..	..	..	5	5,778,600	1st Jan. 1st July	" "	July 1st, 1935	
Mex. L't & Power Co...	..	..	5	11,72[illegible],500	1st Feb. 1st Aug.		Feb. 1st, 1933	
Montreal L. & Pow. Co..	..	98	4½	6,787,000	1st Jan. 1st. July	" "	Jan. 1st, 1932	Red. at 105 and Int. after 1912
Montreal Street Ry. Co..	..	100	4½	1,500,000	1st May 1st Nov.		May 1st, 1932	
Ogilvie Flour Mills Co...	..	..	6	1,750,000	1st June 1st Dec.	Bk. of Montreal, Mtl.	July 1st, 1932	Redeemable at 105 and Interest
Penmans	90	..	5	2,000,000	1st May 1st Nov.	Bk. of M., Mtl. & Ln.	Nov. 1st, 1926	Redeemable at 110 after Nov. 1, 1911
Price Bros	83	80	6	833,000	1st June 1st Dec,	....	June 1st, 1925	
Quebec Ry. L & P. Co...	..	50	5	4,866,666	1st June 1st Dec.	....	June 1st, 1929	
Rio Janeiro.............	..	..	5	25,000,000	1 Jan. 1 July	....	Jan. 1st, 1935	
Sao Paulo..............	..	..	5	6,000,000	1st June 1st Dec.	C. B. of C. London. Nat. Trust Co. Tor	June 1st, 1929	
Toronto & York Radial..	..	..	5	1,620,000	1 July 1st Jan	B. of M., Tor. & N.Y.	Feb. 1st, 1919	
Winnipeg Electric......	..	..	5	{ 1,000,000	1st Apl. 1st Oct	Bk. of Montreal, Mtl.	Jan. 1st. 1927	
				{ 4,000,000	2 Jan. 2nd July	" "	Jan. 1st. 1935	
West India Electric......	..	..		600,000	1st Jan. 1st July	....	1929	

The Municipality of South Vancouver has issued in London this week £200,000 5 p.c. consolidated debentures redeemable 1962 at 91. The proceeds of the loan are to redeem treasury bills and to meet expenditure on public works.

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There have been issued in London this week £1,000,000 4½ p.c. Five year convertible debentures of the province of Saskatchewan at 96½, the proceeds to be divated to repaying £900,000 in treasury bills.

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Mr. C. E. Neill, assistant general manager of the Royal Bank was at yesterday's annual meeting, elected a director, the number of directors being increased to sixteen for the purpose.

REFERENCE DIRECTORY

Legal Firms, Brokers, Agents, Etc.