The Chronicle

Banking, Insurance & Finance.

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THE OUTLOOK.

A strange fit of excitement appears to have come upon some American observers of Canadian affairs. The why and wherefore of it is rather difficult to discover. It may be, as Sir Henry Pellatt suggested the other day, only a part of the hitherto ineffectual campaign to stop the flow of emigration from the States to Western Canada; it may be merely the natural consequences of having awakened suddenly and very tardily to the fact that conditions now in Canada are not exactly the same as they were, for instance, twelve months ago; it may be the laudable desire to keep the foreign investor away from the edge of a yawning precipice. However that may be, with the aid of our ancient friend, "the adverse balance of trade," the critics have discovered that Canada is on the road to ruin, and one gentleman is even good enough to tell us when we shall arrive at the goal.

It is necessary to say once again that "an adverse balance of trade" so-called, is not of necessity an unfavourable feature. That "adverse balance of trade" last year was about $300,000,000. But, to quote Mr. D. R. Wilkie, "it has been more than compensated for by borrowings from abroad on capital account, amounting to about $250,000,000 by Government, municipal, railway and loan companies, and by the cash value to us of an additional 400,000 people who have come to settle among us from Great Britain, the United States and elsewhere." An official estimate says that these 400,000 immigrants have brought with them at least $200,000,000 in money and goods, and that of the 141,000 immigrants included in this total who came from the United States each one brought an average of $1,000. These immigrants' effects and the large investments being made by American manufacturers in the business of the country are included in the excess of imports over exports—constitute, in fact, the so-called "adverse balance of trade." If this "adverse balance" had been built up as the result of a wild riot of expenditure in unproductive ways, there would be reason to be seriously disturbed. But, in fact, so far from this being the case, the "adverse balance" is merely a natural incident in the rapid progress of a developing country. True, we may not be as economical as we might be; there has possibly been too little attention bestowed upon the old-fashioned virtue of thrift. But the indications go to show that already the curb has been put on extravagances.

Admittedly in some respects we have gone too far. There has been too great an extension of speculation in more than one direction. Many important borrowers, as well as smaller people, had recently got themselves into an over-extended position, from which the only possible retreat lay in liquidation. But the fact which our critics do not appear to appreciate is that this liquidation need not be of a drastic character and that there is simply no sense in alarums and excursions. For this reason, that the banks, who are the guardians of the country's credit, saw the growth of this over-extended position and took measures accordingly long before the critics got busy. For at least eight months, the banks have been endeavoring to repress or restrain their borrowing customers. And there is no reason to doubt the capacity of the banks for their task. Their ratio of reserves to liabilities has been consistently increased each month since last December, and as is shown by some interesting comparisons made in the *Financial Post,* they are at the present in a considerably better position than in 1907, when conditions were somewhat similar. In April, 1907, the banks' proportion of reserves to liabilities was 18.2; of loans to deposits, 96.2; in April, 1913, the reserve was 22.5 and the loans 84.9. There is substantial reason for believing that a further considerable improvement will be seen.

It is said that Canada has been over-borrowing. A more accurate diagnosis of the case would be that a little excited by our own success and development, we have been borrowing too fast, in view of exterior circumstances—the flinging away of huge masses of capital in the unproductive expenditure of war; unparalleled activity in world-trade and development; an enormous output of new securities by hungry borrowers in all parts of the world, which phenomena are coincident with a wide-spread feeling of distrust and nervousness on the part of investors owing to the wars and rumours of wars and preparations for wars that fill all Europe. As Sir Edmund Walker said in London this week, there have been no promises made in responsible quarters regarding Canada that will not be amply fulfilled. There is no doubt of our capacity to repay our borrowings in due course. It is often forgotten that the conditions under which the Dominion is being developed are entirely dissimilar to anything which has been seen before in history. Instead of the ox-wagon there is the railroad; in the place of the lone pioneer, the gasoline tractor. Railroads cost more than ox-wagons and it is only capital which makes the gasoline tractor possible. To sum up, there is good reason for confidence that in the present period of world-wide strain Canadian interests will be safely steered by the banks, who are well-fitted for the task. Some speculative froth will be blown away, but there is no reason yet to be seriously disturbed by the nightmares of the American critics.

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

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MONTREAL, FRIDAY, JUNE 13, 1913.

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A TIME TO BUY.

The events of the past ten days in the international securities markets have demonstrated clearly enough that Canada is not the only weak spot in the financial situation as at present existing. Our friends the critics abroad were quick to hail the disconcerting downward plunge of C.P.R. as the beginning of the collapse of Canada's boom. We can imagine these parties saying privately to their associates, "Now just stand back and watch for the panic in Montreal and Toronto."

ORDERLY LIQUIDATION.

True, Montreal and Toronto have had their troubles in the two weeks just ended; but the financiers of other centres have not by any means been able to give an undivided attention to the course of events in Canada. They have found it a difficult matter to check the demoralization that threatened their own affairs. New York, London, Berlin and Paris have all been greatly disturbed—the disturbance in each case arising largely from home conditions. This necessarily puts an end to the prospect of blaming the financial upset upon Canada's borrowings or on her adverse trade balance. It is altogether probable that such correctives as are necessary in Canada's case will be applied judiciously and intelligently. If further liquidation is required, the past history of the banking system leads one to expect that it will be conducted in an orderly manner, with some regard for the stability of values.

A TIME TO BUY.

So far as investment opportunities are concerned, it may be well to bear in mind the remark recently made by one of the great London financial journals. This paper says the investor can now buy securities which have been and are considered eminently safe, at prices to yield returns beyond what this generation ever expected to see. On almost all occasions on which the returns on good stocks are abnormally large, it is safe to buy and hold. This does not necessarily mean that purchases on margin or on borrowed money will give good results. But if the stuff is bought outright and put away it should show ultimately a reasonably good profit, even though the price list subsequently undergoes further recessions.

The local money market and that in Toronto are not materially changed. The recent liquidation has naturally taken the edge off the demand for brokers' loans, but interest rates have not declined—6 to 6½ p.c. being still quoted.

EUROPEAN DEVELOPMENTS.

The new gold offered in London on Monday, amounting to $4,000,000, was taken by Germany. English bank rate stands unchanged at 4½ p.c. Discount rates in the London market advanced. Call money is quoted 3 to 3½ p.c.; short bills are 4 7-16 p.c.; and three months' bills 4⅜ to 4⅞. Bank rate at Paris is 4 p.c., and market rate, 3¾; and at Berlin bank rate is 6, and market rate 5½. The European markets have been upset by the breaking out of hostilities between Servia and Bulgaria. These have caused apprehensions of a fresh war. In London the fortnightly settlement on the Stock Exchange proved difficult for some houses—one important failure was announced. Investors and speculators in Europe were also upset by news of the defeat of the railways in the Minnesota rate case.

NEW YORK POSITION.

In New York call loans are quoted 2 to 2½ p.c.; sixty day loans are 4 to 4½; ninety days, 4¾ to 5 p.c.; and six months, 5¾ to 6. Time money was offered sparingly and rates had an upward tendency. The wholesale liquidation of margined accounts in brokers' offices, of course, tended to keep call loan rates down. The Saturday statement showed the clearing house institutions to have added to their

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Savings Bank Department.

reserve strength. In case of all members the loans decreased $10,912,000; cash increased $400,000; and surplus reserve increased $2,780,000. And in case of the banks alone the loan contraction amounted to $7,819,000, the cash gain to $570,000, and the gain in surplus to $2,377,000. Surplus reserve of banks and trust companies stands at $29,988,000, and that of the banks alone at $29,272,000. This surplus is slowly reaching respectable dimensions and when the sentiment of the Wall Street market undergoes a decided change it will provide a satisfactory basis for expansion of the loans.

MINNESOTA RATE CASE.

The Minnesota rate case was easily the central item of the week's news. In the street it had been confidently expected that the Supreme Court would decide in favor of the Hill railroads—but such was not the case. The railroads are condemned to pay $3,000,000, overcharges made since the Minnesota law was passed. The right of the State legislature to fix the maximum rates complained of is confirmed by the Court; but it is stated that Congress has power to enact legislation which will supersede or override the State legislation. On the question of the confiscatory nature of the Minnesota rates the Supreme Court held that the Hill roads had not proved that the rates were confiscatory. They have, however, the right to try again.

A STATE OF CONFUSION.

It had been hoped that the decision when given would clear up the situation and establish the power of the federal Interstate Commerce Commission as against the 48 State railroad commissions. But the whole question is thrown open and much confusion is expected to prevail until Congress passes the necessary legislation to provide for some uniformity of conditions and laws. As at present each one of the 48 State commissions can fix rates to suit itself, so long as they are not proved confiscatory, and the result promises to be chaos. Taken in conjunction with the unwholesome activity of the new attorney general in assaulting big business, the event has naturally proved very unsettling for the investment public in the United States and abroad.

FIREMAN'S FUND ENTERS CANADIAN FIELD.

The Fireman's Fund Insurance Company has entered the Canadian field. Mr. A. K. Simpson, Eastern manager of the Company, recently visited Montreal, where he appointed Messrs. Robert Hampson & Son, Limited, as agents, and Toronto, where Messrs. Geo. McMurrich & Sons received a similar appointment.

The Fireman's Fund is now celebrating its fiftieth anniversary. After going through the ordeal of the great fire in its home city, San Francisco, it now stands higher than ever. The Company's capital is $1,500,000; total assets, $9,268,924 and surplus over capital and all liabilities $3,104,731.

DOMINION NOTES AND THE CENTRAL GOLD RESERVE.

In the London *Bankers' Magazine*, Mr. H. M. P. Eckardt writes that the establishment of the central gold reserve meets with the approval of the bankers and of all conservative financiers. It should be noted, he says, that the requirement for lodging gold or Dominion notes does not open the way for any inflation of the Dominion note issues, since all issues of Dominion notes in excess of $30,000,000 must be covered by gold, dollar for dollar.

With reference to the Dominion note issues, continues Mr. Eckardt, Hon. Mr. White, the Finance Minister, made a statement, when introducing his bank bill, which has received the heartiest approval of all who wish to see the Dominion issues safeguarded against proposals to convert them into fiat money. Mr. White pointed out that of the $115,000,000 Dominion notes outstanding, between $75,000,000 and $80,000,000 were held at all times by the banks; and that the banks used them in preference to gold because they were more convenient. This banking policy—of bringing in gold from New York and exchanging it for large Dominion notes negotiable only between banks—entailed upon the Government the expense and risk of storing and guarding from $70,000,000 to $80,000,000 gold. And the Minister said that, at the proper time, the banks would be required to reimburse the public treasury for its expense in this matter.

DANGER OF FIAT MONEY.

Presumably, continues the writer, that will be brought about through amending the Dominion Note Act. The banks already pay for the plates and cost of printing of the special Dominion notes for banks only. If they are required also to pay the cost of storing and guarding the gold held as reserve against the notes, there cannot well be any question of the Dominion appropriating a part of this reserve for its own purposes, and decreeing that this portion of its issues shall be covered by only 25 per cent. in gold, instead of dollar for dollar. The Toronto *Globe*, and several other papers with influence, have been urging the Government along that dangerous road. They argue that the gold reserve is needlessly large, and that $1,000,000 or $2,000,000 a year interest could be saved by taking a part of it and spending it.

A POSSIBLE DEVELOPMENT.

Some bankers think, observes Mr. Eckardt, that when the new gold reserve is in good working order, a department may be added in which the trustees will receive deposits of gold and deliver in exchange negotiable demand receipts suitable for use in paying differences at the clearing houses and for cash reserve purposes. If that development occurs, then, of course, the banks would use these instruments instead of the Dominion notes; and the Dominion note circulation would contract to the extent of seventy or eighty millions—the trustees taking over the gold in the public treasury representing that portion of the Dominion issues.

Simply because a man has a fire insurance policy he should not relax his vigilance in the matter of fire prevention, because every step he takes to prevent a fire aids in the reduction of the cost of insurance.
—*Michigan Insurance Commissioner.*

CONGESTION IN NEW SECURITIES.

While Great Britain can Supply £220,000,000 a Year for New Securities, Five Months' Issues have Amounted to £150,000,000—Hence Underwriters will Call a Halt Till October.

That the amount of new capital which Great Britain can provide for new securities (apart from the capital needed for buildings and private enterprises) is about £220,000,000 a year is stated by the London *Statist*, which adds that as the amount of new securities placed in five months this year has been nearly £150,000,000, no surprise need be felt that underwriters have begun to call a halt.

A HALT TILL OCTOBER.

In recent years, continues the *Statist*, the amount of new capital annually subscribed in this country has somewhat exceeded £200,000,000. The subscriptions have by no means been regularly spread over the various parts of each year. Sometimes the amounts placed in the early part of the year have been large; at other times they have been small during that period. On some occasions the subscriptions are heaviest in the last quarter. Last year the total subscriptions reached £211,000,000 for the year, of which about one-half was raised in the first five months. In the period to the end of May of this year the subscriptions have been nearly £150,000,000, in comparison with £104,000,000 last year and £110,000,000 in 1911. In considering the amount of capital placed in the five months just ended we must not forget that the subscriptions in the last five months of 1913 were abnormally small, amounting to only £50,000,000, and that the instalments on loans placed last year which had to be paid in the early part of the present year were unusually light. Still, when all the circumstances are taken into account, it is obvious that the issues of new securities are heavier and faster than can be easily absorbed, and it is probable that after the end of June a halt will be called until October in order that the accumulations of securities in the hands of the underwriters may be disposed of.

DESTINATION OF CAPITAL.

In May, 1913, the new issues have reached the large total of about £38,500,000, in comparison with £29,000,000 in May last year and £24,000,000 in May, 1911. Of the £38,500,000 subscribed for this month no less than £17,000,000 has been for Government loans, consisting of £10,670,000 for Brazil and £6,675,000 for China. An exceptionally large amount of capital has been asked for by miscellaneous undertakings of various kinds and descriptions.

The destination of the capital subscribed in May and in the first five months of 1912 is shown in the following statement:

	May 1913.	May 1912.
United Kingdom	£7,281,743	£6,478,248
India and Ceylon	78,500	108,750
British Colonies	2,973,692	5,691,596
Foreign Countries	28,120,158	16,671,121
Total	£38,454,093	£28,949,715
	First Five Months 1913.	1912.
United Kingdom	£22,871,317	£25,021,776
India and Ceylon	2,902,467	3,222,818
British Colonies	58,701,120	25,582,782
Foreign Countries	62,915,546	50,390,252
Total	£147,390,450	£104,817,628

AMERICAN INDEBTEDNESS TO EUROPE.

New York Banker Estimates It as a Billion Annually—Items from which It Grows.

An interesting discussion regarding the annual foreign indebtedness of the United States is now going on in American banking circles. It arises from an address recently made by Joseph T. Talbert, vice-president of the National City Bank, N.Y., in which he estimated this indebtedness as a billion dollars annually. Varying opinions have been expressed on the subject, some holding that the trade balance in favour of the United States is sufficient to wipe out this indebtedness, while another vice-president of the National City bank, Mr. Gardin, estimates the amount at fully 50 per cent. above Mr. Talbert's figures. In his address, Mr. Talbert suggested that the chief countries of Europe are not likely to be buyers of American securities for some time, and intimated that the cutting-off of this source of supply, even though only for a year or two, would necessarily disarrange affairs, even if the effect should be no more serious than to compel all domestic financing to be done at home. In that case, every dollar of available credit would be required. But he considered that the United States would not be able to hold on to its present stock of gold which forms the basis of credit.

HOW THE DEBIT GROWS.

Whenever we consider the strategic position of the United States financially in its relations with other nations, Mr. Talbert continued, there is one inherent weakness always present and increasing which must be kept in mind. The weakness is the fact that although we normally have a credit balance in trade of over $500,000,000 annually, we have in fact other annual international debits of twice that amount; so that our trade balance not only is wiped out, but as much more in gold might be required to settle our foreign indebtedness. This debt grows out of items which are not included in the statement of trade balances. They are composed of interest and dividends on securities already owned abroad, of freight paid to foreign vessels, of the incomes derived from the estates of our expatriated men and women, the majority of whom belong to the very rich class, of the vast expenses of American travellers abroad, of premiums paid for foreign fire and marine insurance and of many similar items.

POSSIBLE DRAIN ON GOLD RESERVES.

These items, said Mr. Talbert, aggregate at least twice as much as our credit balance in trade. Consequently instead of the United States having as a result of its favorable trade balance a call on the stock of European gold of $500,000,000 annually, the truth is that the tables are entirely turned and Europe has a call upon us for that amount. Europe has not always nor frequently exercised that power. Generally, and under normal conditions it has been found more profitable for Europeans to purchase our good securities than to withdraw our gold. This explains clearly their enormous absorptive capacity of our good securities. It also shows that in order to place themselves in a position to draw gold from us it is not at all necessary that they should sell our securities. It is only necessary that they should suspend buying them. This, as already explained, has been done and buying has practically ceased. If this attitude should be persisted in for any considerable

period, it is only to be expected that we shall witness a gradually increasing drain upon our gold reserves. The movement may be checked for a time by the uses of credit; but not permanently, if the circumstances described shall continue.

BANKS' LOANS TO MUNICIPALITIES.

In a review of Canadian banking in 1912, contributed to the London *Bankers' Magazine*, it is pointed out by Mr. H. M. P. Eckardt, that in the first half of 1912 the deposits increased very rapidly indeed, largely owing to heavy issues of new securities in London. Remittance of proceeds of these new issues to Canada served to swell the deposits of the banks quite materially. Altogether the increase of deposits in the June half was $86,000,000, as against a loan expansion of $74,000,000. From June to December the increase of deposits was but $16,000,000, while the loan expansion amounted to $33,000,000. In this half the movement of Canadian corporations to float bonds and debentures in London was held up by the unsettlement consequent upon the outbreak of the Balkan war. Those municipalities which had entered upon extensive plans for improvements, etc., were obliged to request their bankers for temporary loans; and a number of industrial companies were in the same position.

EXTENT OF MUNICIPAL LOANS.

Some of the more important municipalities, continues Mr. Eckardt, have temporary loans from the banks ranging from $500,000 up to $2,500,000. In the aggregate these loans must foot up to $30,000,000 or more; and it is understood that the banking institutions have been putting pressure upon the various cities and towns to induce them to offer higher rates of interest on debentures, with the object of making them more attractive to the investment public on both sides of the Atlantic.

The difficulties which they have encountered in financing their requirements during the second half of 1912 is causing the cities and towns to be more moderate in planning improvements, etc. It appears, says Mr. Eckardt, that the real estate element is altogether too prominent in some of the Western Canadian municipal councils. These real estate agents have in many cases committed the municipality to expenditures for sewerage, waterworks, etc., which, while unnecessary, promised to enhance the value of building lots or sub-divided property in which they were interested.

LIFE BUSINESS FLOURISHING.

Information gained by *The Chronicle* this week goes to show that the present period of monetary strain is having no untoward effect upon the life companies. Their new business is reported to be continuing upon an encouraging scale. However, the fact of tight money is being brought home to the companies through the large increase in applications for policy loans. The general discovery by policyholders that borrowing upon policies is not only the easiest but also often the cheapest method of raising ready cash is comparatively modern, but there is no doubt that the borrowing privilege is now being very widely used. When the statistics are available it is likely that the loans on policies item of the life companies during the present year will show a very large increase.

MARINE INSURANCE DEVELOPMENTS.

A recent article in the London *Economist* regarding developments in marine insurance contains some interesting suggestions. It is pointed out that the recent tendency in marine insurance has been more and more for fire offices to control at least one marine company as a subsidiary affair either by direct absorption or by the acquisition of shares, and the number of absolutely independent marine companies is consequently growing smaller and smaller. "Whether the process will continue further remains to be seen," observes the *Economist*, "but the position at present is full of possibilities, and it is not outside the range of speculation to conceive the whole marine insurance market—apart from Lloyd's—controlled by companies whose main interest lies in fire insurance, and who run the marine department as a 'subsidiary shop.'"

While the big offices now recognise that there is a prospect of employing capital successfully in the marine market, and are prepared to take up the business for its own sake, probably, says the *Economist*, "the governing motive now, as formerly, is the desire for fresh 'connection,' and the hope of scooping in new general business through the door of the marine underwriting room.........For the marine insurance market the importance of this development can scarcely be exaggerated. The result of it, if carried to any great length, will be to make marine business a feeding department, managed by the directors with one eye on the fire and accident branches. If a marine account brings fresh policyholders to the fire managers it will matter comparatively little whether it is profitable or not, and the board of a big composite office would probably be content to see its marine policies simply paying their way if the secondary effect were to swell the premium income in other directions."

A SUGGESTION OF RETALIATION.

Simultaneously with this change of policy Lloyd's has begun to lose that freedom, which, says the *Economist*, is the merit of the individual system of underwriting. Under the stress of competition and the impulse of hard times Lloyd's underwriters have made understandings among themselves and become parties to tariffs and agreements.

"If," says the *Economist*, "the insurance companies think it worth their while to push for marine business as an adjunct to their other departments, the existing marine market will find competition growing steadily more severe—and if, on the other hand, the present underwriters are bound by tariffs and agreements, they will have a task of even greater difficulty in meeting this competition......Thus with a 'tied' market and competing companies, the dice are loaded in favour of the companies, and for this reason Lloyd's may in course of time have cause to realise the danger of too close an understanding among individuals. The offices have long felt the competition of Lloyd's in fire business—where the Lloyd's market is free and growing freer—and they would be fully justified in carrying the war across the border, and 'going' for Lloyd's marine clients. How far they will adopt this policy no one can say; but they have a great opportunity, and the final result may be to work a complete change in the machinery of marine insurance."

ROYAL INSURANCE COMPANY LIMITED.

Year by year the Royal Insurance Company moves majestically onward, achieving new fame, greater power, a wider circle of influence. Directed by a management that has always happily combined ability and discretion, the Royal long since attained the goal of all fire offices—a position where its great wealth and ample resources make it practically invulnerable. The record of this great Company includes successful encounters with exceptional experiences—disasters of the first magnitude—that have well proved its strength. It is only necessary again to recall the incidence of the San Francisco disaster to provide conclusive evidence of this fact. Following that disaster, the Royal paid out in losses no less a sum than $6,250,000. In the four following years, it restored the ratio of its reserve to the level at which it stood prior to that disaster while it also wiped out the draft upon floating funds which the payment of losses entailed. Since then, in 1911 and again last year, the position of the Company has been yet further strengthened. With total assets at the present time of nearly $103,000,000 and a premium income of over $31,000,000, all indications point to continued success and prosperity, a natural extension of the vast operations and a steady increase in wealth and resources year by year.

A FAVORABLE EXPERIENCE.

The following is a comparison of the Company's fire business for 1912 with that of 1911:—

	1912.	1911.
Premiums after deduction of re-insurances	$19,991,336.75	$19,240,264.20
Net Losses	10,132,172.55	10,240,225.97
Ratio of Losses to Premiums	50.7	53.2
Fire Fund at end of year	16,060,000.00	14,600,000.00

Again last year a new high record in the amount of premiums received was achieved, and that, as the Chairman pointed out at the recent annual meeting, without any forcing or strain. The advance of some $750,000 represents a purely natural development, and brings the Company to a point where its fire premium income is practically $20,000,000 a year. The loss experience of the year was favorable, the claims of $10,132,172, equal to 50.7 per cent. of the premiums being actually as well as relatively lighter than the satisfactory experience of 1911, and much below the Company's average during its entire career. It is interesting to note that since its organisation, during the 67½ years from June, 1845, to December, 1912, the Royal has paid out in fire losses an enormous sum aggregating almost $240,000,000.

IMMENSE RESOURCES.

After meeting all losses and expenses of the year, the Royal returns a fire underwriting surplus for 1912 of $2,551,070. Of this surplus, $1,460,000 is transferred to the Fire Fund, raising that fund to $16,060,000. Besides this Fire Fund, there is available to meet the obligations of the Royal's fire department, a reserve fund of $7,786,667 and a profit and loss balance of $5,132,834, making with the Fire Fund of $16,060,000, a total of $28,979,501, equal to 145 p.c. of the premiums of 1912. It is a position of very great strength.

As usual, we show in the following table the Royal's net premiums, net losses and loss ratio since the opening of the present century. It will be readily seen that since 1901 the fire premiums of the Company have increased by nearly 64 per cent., while the normal experience has been such as to allow the building up of reserves of such substantial character as to permit conflagrations to be met with equanimity.

	Net Fire Premiums.	Net Loss.	Loss Ratio.
1901	$12,213,000	$7,225,000	59
1902	13,448,000	7,038,000	52.3
1903	13,862,000	6,749,000	48.8
1904	14,578,000	8,443,000	58 *
1905	14,863,000	6,700,000	45
1906	16,699,000	13,145,000	78.8†
1907	17,860,000	8,559,000	47.9
1908	17,975,000	9,439,000	52.5
1909	18,436,000	9,026,000	48.9
1910	18,956,000	9,369,000	49.4
1911	19,240,000	10,240,000	53.2
1912	19,991,000	10,132,000	50.7

*Baltimore and Toronto conflagrations.
†San Francisco conflagration.

THE LIFE DEPARTMENT.

It is truly said of the Royal's life department, that "judged by its performance, the aim of the Royal in regard to its life department has been to maintain such an impregnable position that the assured might come to rely almost as confidently upon its bonus results as upon the due payment of the original assurance." For no less than 45 years the Company has paid the same rate of profits on its participating contracts. Last year, the Royal issued new life policies for $8,759,985. Total premiums for the year, after deducting reassurances, amounted to $3,837,357, and interest, less income tax to $1,896,527. Claims including bonus additions absorbed $3,459,523. The life fund, which at the beginning of the year stood at $48,018,015 was increased at its close to $49,514,489.

THE ROYAL IN CANADA.

The Royal entered the Canadian field so long ago as 1851 and occupies in the insurance activities of the Dominion that prominent position which is commensurate with its ample resources and great strength. Its Canadian manager, Mr. William Mackay, and assistant manager, Mr. J. H. Labelle, are well-known throughout the Dominion, and under their able direction a large and increasing fire business is transacted in all parts of the country. The Royal's life department, of which Mr. R. A. Mannings, of Montreal, is secretary, also shows steady expansion in its Canadian business. The magnificent position occupied by the Royal and the skill of the Canadian management are sound guarantees that with the expansion of the underwriting field throughout the Dominion, the Royal's Canadian interests will grow year by year, becoming an increasingly important factor in the progress of this great Company, on whose future development he would be a bold man who would set limitations.

Fire Insurance in Quebec, 1912

STATISTICAL SUMMARY OF BUSINESS TRANSACTED BY PROVINCIAL COMPANIES.

(Compiled by The Chronicle.)

	Admitted Assets	Liabilities excluding Capital Stock	Paid-up Capital Stock	Amount at risk	Premiums 1912	Total Income 1912	Net Losses paid 1912	Proportion to Premiums 1912	Expenses 1912	Proportion to Premiums 1912	Total Expenditure 1912
	$	$	$	$	$	$	$		$		$
Joint stock companies, provincial (4) . . .	260,761	205,603	233,962	25,246,771	295,130	*349,430	189,215	64.11	126,865	42.99	316,080
†Joint stock company, British (1)	53,840	4,432	......	933,682	5,239	5,239	......	......	1,544‡	......	1,699
Cash Mutual companies (2)	825,335**	36,701	......	20,920,044	157,818††	174,476	111,357	......	53,686	......	173,358
Purely Mutual companies (10)	1,137,497‡‡	88,319	......	20,080,885	184,722¶	187,428 (a)	97,370	......	76,026	......	173,396 (b)
Municipality and Parish Mutuals (97) . . .	921,491 (c)	1,823	......	21,223,071	28,041¶	29,394	21,804	......	5,194 (d)	......	26,998
Totals	3,198,924	336,878	......	88,404,453	670,950	745,967	419,746	......	263,315	......	691,531

*Including $45,174 calls on capital stock. †Figures refer to provincial business only.

‡Commissions only. **Inclusive of $459,411, unassessed deposit notes. ††Inclusive of assessments. ‡‡Inclusive of $991,240, unassessed deposit notes. ¶Net assessments and entrance premiums. (a) Exclusive of loans, $15,469. (b) Exclusive of loans repaid, $25,530. (c) Inclusive of $905,169, unassessed deposit notes. (d) All other expenditure than losses.

FIRE INSURANCE IN QUEBEC, 1912.

Following the issue of the summary report for 1912 of the Province of Quebec's Insurance Department, we publish this week an analysis of the last year's operations of the fire insurance organisations which carry on business under the ægis of the provincial department. This analysis is in the same form as that respecting the operations of the Ontario fire companies which appeared in our issue of April 6. There is a considerable difference in the scale of the operations of the companies under provincial jurisdiction in the two provinces. The Ontario companies reported for 1912 assets of over $13,400,000, a premium income for the year of above $2,000,000 and risks of practically $476,000,000. Whereas, the Quebec figures show assets of $3,200,000; a premium income last year of $671,000 and risks of 88½ millions. This contrast is perhaps to be acounted for by the fact that the thickly-settled parts of "old Ontario," with a multitude of large villages and small towns offer a considerably more favorable field for the propogation of the mutual insurance idea than less thickly populated province of Quebec. As a result of favoring conditions and discretion in direction, several of the cash mutual companies in the adjoining province have attained in their own field quite an important position.

In Quebec, the business of the provincial companies is fairly evenly divided between the four classes of them, the joint stock companies, the cash mutuals and purely mutuals, and the municipality and parish mutuals, of which last there are no fewer than 97 in the province. Of these organisations, the most important individually are the two cash mutuals, the Missisquoi and Rouville and the Stanstead and Sherbrooke. Both these companies have been established many years and include large holdings of high-class securities among their assets. For reasons which will be familiar, there has been during recent years a notable recession in the business of the purely-mutual companies, and although since 1910, their business has been on the up-grade again, their risks at December 31 last were considerably less than one-half of the amount reported in August, 1908. Of admitted assets amounting to $1,137,497 reported by the ten purely mutual companies, $991,240 were unassessed notes. The tangible assets of $146,257 are off-set by liabilities of $88,319. Compared with a year ago, this is an improved position, for while the assets reported are some $15,000 lower than a year ago, liabilities have been reduced $27,000.

The four joint stock fire companies operating under provincial auspices do not seem to have found 1912 a very favorable year. A combined ratio of losses paid to premiums received of over 64 per cent. and the high expense ratio of 43 per cent. suggests anything but prosperity. Only one of them had a loss ratio on the basis stated of under 50 per cent.

LONDON & LANCASHIRE FIRE INSURANCE COMPANY LIMITED

ONTARIO AND NORTH WEST BRANCH

8 Richmond Street, East, TORONTO

PROVINCE OF QUEBEC BRANCH

164 St. James St., Cor. St. John St., MONTREAL

LONDON & LANCASHIRE GUARANTEE & ACCIDENT Co.

HEAD OFFICE - - - TORONTO

MONTREAL BRANCH: Thomas F. Dobbin, Resident Secretary, 164 St. James St.

QUEBEC BRANCH: C. E. Sword, Resident Secretary, 81 St. Peter St.

WINNIPEG BRANCH: A. W. Blake, District Secretary, Canada Building, Donald Street.

The Yorkshire Insurance Co., Limited

of YORK ENGLAND. Established 1824.

ASSETS, $13,000,000

FIRE INSURANCE granted on every description of property at Tariff rates.

LIVE STOCK INSURANCE. This Company has a large Live Stock business in England and elsewhere, and is the FIRST COMPANY, licensed by the FEDERAL GOVERNMENT, to transact Live Stock Insurance in the Dominion.

APPLICATIONS FOR AGENCIES are invited from responsible persons.

ACCIDENT DEPARTMENT.—Personal Accident, Sickness, Employers' Liability, Elevator Liability, Teams Liability, Public Liability, Plate Glass.

CANADIAN DIRECTORS.—Hon. C. J. Doherty   Alphonse Racine, Esq.   G. M. Bosworth, Esq.   Alex. L. MacLaurin, Esq.

Canadian Manager, P. M. WICKHAM, Montreal.

The

WESTERN

Assurance Company

Incorporated in 1851.

ASSETS over $3,000,000.00

LOSSES paid since organization of Company . . . . over $56,000,000

DIRECTORS

Hon. GEO. A. COX, President.   W. R. BROCK, Vice-President.

W. B. MEIKLE, Managing Director.

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JOHN HOSKIN, K.C., LL.D	GEO. A. MORROW
ALEX. LAIRD	FREDERIC NICHOLLS [C.V.O.
AUGUSTUS MYERS	COL. SIR HENRY M. PELLATT,
JAMES KERR OSBORNE	E. R. WOOD

HEAD OFFICE - TORONTO

FOUNDED 1792.

INSURANCE COMPANY OF NORTH AMERICA

PHILADELPHIA, PA.

CAPITAL, . . .	$4,000,000.00
SURPLUS TO POLICY HOLDERS .	8,844,871.95
ASSETS . . .	17,816,188.57
LOSSES PAID EXCEED . .	159,000,000.00

ROBERT HAMPSON & SON, LIMITED

GENERAL AGENTS FOR CANADA. MONTREAL

LONDON MUTUAL FIRE INSURANCE CO.

HEAD OFFICE TORONTO

ESTABLISHED 1859

Assets on December 31st 1912 - -	$1,012,673.58
Liabilities on December 31st, 1912 - -	$368,334.81
SURPLUS on December 31st, 1912	$644,338.77
Security for Policy Holders - - -	$1,031,161.17

F. D. WILLIAMS, Managing Director

Fire Insurance Expiration Books 50c. & $2.00

THE CHRONICLE, - MONTREAL.

ELIMINATION OF ACCIDENT "FRILLS."

Recommendations by Committee of International Association—Agreement by the Companies Still Doubtful.

The recommendations of the standing committee of the Accident and Health section of the International Association of Casualty and Surety Underwriters regarding the elimination of "frills" in accident policies, and therefore, the standardisation of the policies have now been formulated, and are summarised below. It is said that this problem has now a somewhat better chance of solution than before. But it is still doubtful whether all the companies concerned will agree to the proposals. "If under the circumstances," remarks the Boston *Standard*, in commenting upon this subject, "it should again be found impossible to secure concerted action in the matter, it would appear hopeless to make any further attempt in this direction."

THE COMMITTEE'S RECOMMENDATIONS.

1. That no policy be issued without signed application.

2. That children's insurance be eliminated.

3. That beneficiary insurance be eliminated.

4. That no specific mention be made in any contract of the payment of loss by reason of sunstroke, freezing, gas or poison.

5. Death, dismemberment and loss of sight—single indemnity. That the payments for death, dismemberment and loss of sight be limited as follows: Life, principal sum; both hands, or both feet, or sight of both eyes, principal sum; one hand and one foot, principal sum; either hand or foot and sight of one eye, principal sum; either hand or foot or sight of one eye, one-third principal sum. Loss shall mean, with regard to hands and feet, dismemberment by severance at or above wrist or ankle joints; with regard to eyes, entire and irrecoverable loss of sight.

PARTIAL INDEMNITY.

6. Partial Indemnity—Single Indemnity.—Or, if such injuries independently and exclusively of all other causes, shall continuously partially disable the insured from the date of accident, or continuously partially disable him from the termination of a period of total loss of time, the company will pay, for not exceeding twenty-six consecutive weeks as follows:

(1) A weekly indemnity of one-half the rate for total loss of time during that portion of the period throughout which the insured suffers such total disability of at least 50 per cent. of his business time.

(2) A weekly indemnity of one-quarter the rate for total loss of time during that portion of the period for which the insured is not entitled to a benefit under the preceding clause, but throughout which he is disabled from performing one or more important daily duties pertaining to his occupation.

7. Double Indemnity.—If such injuries are sustained (1) while a passenger in or on any railway passenger car or vessel licensed for the transportation of passengers, provided in either case by a common carrier and propelled by mechanical power (excluding injuries sustained while getting on or off or being upon the step or steps of any railway or street railway car), (2) while a passenger in a passenger elevator (excluding elevators in mines), or are caused (3) by the burning of a building while the insured is therein, provided the insured was in the building at the commencement of the fire; the company will pay double the amount otherwise payable under part——of this policy.

8. The use of the words "external and violent" in connection with the phrase "accidental means" in the insuring clause of the policy.

9. The adoption of a clause excluding bodily injuries which shall result directly or indirectly from the bites or stings of insects, or from ptomaines, or from disease in any form; or any bodily injury, fatal or non-fatal, sustained by the insured while participating or in consequence of having participated in æronautics.

10. The adoption of a clause providing special indemnity for certain automobile, motorcycle, and motorboat accidents as follows: If such injuries are sustained by the insured while driving or cranking an automobile, motorcycle or gasoline motorboat the company will pay only one-half of the amount otherwise payable under part——of the policy.

ACCUMULATION BENEFIT CLAUSE.

11. The adoption of an accumulation benefit as follows: Commencing with the second year of this insurance, 5 per cent. shall be added annually to the principal sum of the first year until such additions shall amount to 50 per cent., and thenceforth so long as this policy shall be maintained in force, the insurance will be for the original principal sum, plus the accumulations.

And hereafter no substitute shall be offered for above accumulations either by rider, indorsement or the issuance of a policy giving the acumulations in full, with or without an additional premium.

12. It is also unanimously agreed that no policy of accident insurance should be issued during the year 1914 giving greater benefits or introducing into accident policies features providing benefits not contained in policies that are now proposed to be issued even for an additional premium.

13. That companies shall be privileged to give full coverage for automobile accidents for an additional premium of not less than $2 for each $1,000 principal sum, and $5 weekly indemnity, and that a premium of not less than $1.20 per $1,000, death and dismemberment policies shall be charged.

The companies have been already asked to assent to the recommendations and to sign an agreement of willingness to adopt them.

LONDON AND LANCASHIRE LIFE.

Mr. W. Aeneas Mackay, general manager London and Lancashire Life and General Assurance Association, Limited, London, England, arrived in Montreal a few days ago, accompanied by Mr. Alex. Bissett, manager for Canada. The latter gentleman was present on the occasion of the annual meeting held recently at the Head Office in London. Mr. Mackay and Mr. Bissett will leave early next week for the West on a tour of inspection, and will be absent from Montreal about three weeks. The business of the Association in Canada is in a most prosperous condition, and the outlook for the future under the management of Mr. Bissett is very encouraging.

PRESENT DAY LIFE INSURANCE FEATURES AND TENDENCIES.

(Address by Col. W. C. Macdonald, President, Actuarial Society of America, at the annual meeting.)

(Concluded from p. 801.)

LIBERALIZING OF POLICY CONTRACTS.

The liberalizing of the policy contracts which has taken place in recent years has been most marked, and the present day contract with its entire absence of conditions and restrictions, its various non-forfeiture privileges and instalment options and disability benefits, etc., presents an interesting contrast to the contracts of even a quarter of a century ago. These added benefits and privileges are greatly to the advantage of the policyholder, but if government standardized policies had been adopted some years ago it will hardly admit of argument that the policyholder of to-day would not be in the enjoyment of as liberal a form of contract or one embodying so many benefits as that which he is now entitled to receive. Improvement and progress in this respect would have been slower. The lesson is obvious. We should seek by legislation to safe-guard merely without unduly restricting or interfering with the liberty of contract.

HAVE WE GONE TOO FAR?

In one respect I am inclined to share the opinion entertained by some others and think that it is questionable if we have not gone too far, viz., in the granting of high cash surrender and loan values, the full reserve value being in some instances guaranteed after a policy has been but a few years in force. Doubtless this may be of advantage from a canvassing standpoint and facilitate the work of the agent by adding to the apparent attractiveness of the policy contract, but it unquestionably facilitates the "twisting" of business, and in the event of unfavorable circumstances, external or internal, which may have the effect of creating a want of confidence, must tend to increase withdrawals. We are in this way placing a temptation before a policyholder to surrender his contract, and thus deprive those dependent upon him of the protection which he had thus provided for them. The policyholder who can withdraw the full reserve value of his policy will, under certain circumstances, be undoubtedly and unnecessarily tempted to do so. We can all perhaps cite cases which have come under our observation in practice where a person holding several policies in the same or different companies has, after careful enquiry, decided to surrender the policy yielding the most favorable surrender value.

POLICY LOANS.

The high cash value carries with it the accompanying privilege of high loan values obtainable on demand and upon most reasonable terms, probably more favorable than can be otherwise secured. The effect of this is making itself felt in a marked degree at the present time. At the end of 1905 the total amount of the policy loans in companies reporting to the New York Department amounted to $196,710,000, equal to 8.8 per centum of the reserve values. In 1912 the loans had increased to $525,589,000, or equal to 15.2 per centum. In Canada at the end of 1905 the policy loans amounted to $9,679,000, or 10.6 per centum of the amount of the policy reserve. At the end of 1911, the figures for 1912 not being available, the policy loans had increased to $22,960,000, or 14.2 per centum.

The value to the policyholder of being able to borrow on demand and upon easy terms on his policy may not be questioned. Experience indicates, however, that a comparatively small amount of the loans secured are discharged before the maturity of the contract, and they not infrequently pave the way to the surrender of the policy. Is our liberality in this respect altogether wise?

EFFECTS OF THE ANNUAL DIVIDEND SYSTEM.

The abolition of the deferred and the compulsory adoption of the annual dividend system was one of the important provisions of the New York law. It no doubt, had led to abuses, but they were not of a nature which it was impossible to remedy. Its retention accompanied by a proper system of accounting and the prohibition of estimates would have preserved a plan of insurance which appealed to many, and which possessed some distinct advantages, particularly in connection with the insurance of under-average or sub-standard lives.

The adoption exclusively of the annual dividend system and the general demand which has been created for this form of contract has, combined with the liberalization of the policy contract, resulted in a form of competition which may not prove altogether healthy. Competition to-day is drifting almost entirely into a question of lowest net cost and highest cash surrender values. The desire, we might even say the necessity, in order to meet competition to declare large dividends is already apparent. Danger is not likely to arise when financial conditions are favorable as at present, when trade is good and the earning power of the companies is gradually improving. If a day of reckoning comes, and I would not wish to be considered pessimistic, it will be when financial and commercial depression ensue, when the earning power of money is reduced with consequent variations in the values of securities, and when losses on investments may occur or other unforeseen contingencies arise. The maintenance of substantial surplus reserves—greater than would be requisite under the deferred dividend system—is an important necessity in order to properly safe-guard and protect the company in such an emergency, as the temptation to maintain the rate of dividend beyond that which prudence would justify will be great. Statutory limitations as to the amount of the surplus reserves a company may hold are not only unnecessary, but may be fraught with danger. The wise legislator will seek to encourage and not restrict the building up of surplus reserves within all reasonable limits. The keenness of present day competition will impel us in the opposite direction and will be sufficient to ensure that the accumulations are not excessive. It may not be by any means the company which is paying the highest scale of dividends which will experience the greatest measure of strain. On the contrary it is not unlikely that it will be greater in those somewhat lower down in order who are straining their resources that they may equal or excel their competitors.

CONFIDENCE IN THE FUTURE.

While the business to-day may present problems for careful and conservative consideration, yet there is good ground for high hope and confidence as to the

future. The business is better and freer from pernicious influences than it has been in the past. The benefits to the policyholder have been greatly increased, and insurance protection has been placed within the reach of many to whom it has hitherto been denied. Heretofore its chief care has been the protection of the widow and orphan, but to-day we see its strong right arm reaching out to assist by the application of educational and practical methods in the conservation and preservation of human life.

LIFE ASSURANCE IN THE UNITED KINGDOM.

Interesting total results of the life assurance and annuity business of the United Kingdom are summarised by a London correspondent of the N. Y. *Spectator*, from the newly-issued blue book dealing with the business of 1912.

NEW BUSINESS.

The returns of the ordinary companies established within the United Kingdom are divided as between business within and without the United Kingdom. The number of new policies issued "within" was 245,137, for sums assured totalling £49,769,241, and producing in single premiums £399,245, and yearly renewal premiums of £1,983,241. Each item shows a decrease when compared with the previous year as follows: Number of policies, 2,478, sums assured £3,905,478, single premiums £7,780, and yearly renewal premiums £197,073.

The business of the industrial companies established within the United Kingdom is confined to the United Kingdom. The number of policies issued was 7,907,177, assuring £76,506,272. In number the policies show a decrease of 257,677, but no comparison is made as regards amount.

REVENUE ACCOUNTS.

Of ordinary companies established within the United Kingdom the life assurance fund at the beginning of the year amounted to £348,209,716, and at the close to £359,775,216, showing an increase of £11,565,500. The premiums (new and renewal) on business within the United Kingdom were £26,471,580, an increase of £607,260; and those on business without came to £3,231,637, an increase of £101,553. The amounts received in respect of annuities, both within and without the United Kingdom, show a decrease; the former producing £2,177,452, a decrease of £17,450, while the latter yielded £94,015, a decrease of £303. Interest, less tax, at £13,670,729, shows the substantial increase of £503,872. Under the heading of increase in value of investments £47,181 is returned, and under that of "miscellaneous" £210,720.

Industrial companies show premiums of £16,277,509, an increase of £570,295, and interest, less tax, £1,716,876, an increase of £115,483.

Companies established out of the United Kingdom show, in respect of business "within": Premiums, £1,558,652; annuities (receipts), £398,242.

BALANCE SHEETS.

The ordinary life companies established within the United Kingdom show a capital of £16,318,900, and life and annuity funds of £355,901,256; while industrial companies have a capital of £2,515,950 and funds of £52,462,502, the total life and annuity funds thus being £408,363,758.

ASSURANCES IN FORCE.

Of considerable interest is the statement of assurances in force taken from the last valuation returns. A summary of the figures is as follows:—Ordinary companies, with profits, 2,522,989 policies in force for £675,226,506; without profits, 445,409 for £151,910,964; annuities, immediate, 49,049 for £2,521,828; deferred, 26,905 for £512,817; industrial companies, 35,475,381, for £353,109,702. With profit policies in ordinary companies showed an increase last year of 81,464 for £19,432,247, and without profit policies an increase of 23,083 for £7,489,717.

COMMISSIONERS' VIEWS OF FRATERNALS.

At a recent convention of the United States Insurance Commissioners held at Chicago, an important series of resolutions was passed regarding combined action on the subject of fraternal insurance. The resolutions pointed out that it is to be expected that action in various ways will provide in the near future a uniform code in practical operation for the supervision of fraternal societies in about 34 states. The resolutions proceed:—

Whereas your committee finds that the idea is becoming more and more prevalent in the public mind that fraternal societies are not organized as mere post-mortem organizations to furnish temporary protection, but for the purpose of furnishing permanent protection to their members based upon sound insurance principles, and

Whereas a great many societies organized on the so-called post-mortem plan or the method of collecting assessments only as needed, have resulted in the insolvency of a great many fraternal societies and in injury to hundreds of thousands of innocent holders of certificates in such defunct institutions, many of whom have paid their assessments into such current cost collection organization for many years.

"MISLEADING, UNSOUND AND UNSCIENTIFIC."

Whereas this system when applied to whole life insurance contracts is, in itself, misleading, unsound and unscientific life insurance, resulting in untold injury brought about by lack of proper information, misinformation or even fraud; now, therefore, be it

Resolved, that it is the sense of the committee that it is the duty of the various states to protect their citizens against such impositions and to provide by statutory enactment that all whole life contracts issued by fraternal societies shall be on a basis that can insure to the members of each society a reasonable certainty that the obligations of the society to pay to the beneficiary after the death of the assured the amount of the face of the policy as provided in the contract between a fraternal society and a member thereof, will be carried out, and be it further.

Resolved, that statutory enactments should provide for any necessary enlargement of charter powers for the classification of membership within every society, and be it further

Resolved, that notice to each individual member of every society shall be given as to such members' class, and the condition thereof, giving each class the full benefit of the contributions of the class, and be it further

Resolved, that adequate rate classes shall be entitled to paid-up, surrender value and extended insurance features.

FIRE INSURANCE IN CANADA, 1912.

Figures shown in Preliminary Report of Department of Insurance—A More Favorable Year than 1911.

As we go to press, we are in receipt of a copy of the preliminary report of the Dominion Department of Insurance covering the business of 1912. At the present, a few of the leading figures regarding the fire business of the year must suffice; the exclusive statistics which are annually compiled by The Chronicle from the Government figures will follow in due course.

The statistics now given would seem to show that for the fire companies as a whole, 1912, was a slightly more favorable year than 1911. There was again a very large increase in the business transacted. Gross risks taken by all companies during the year aggregated $2,374,261,732, an increase approaching $400,000,000 over the figures recorded for 1911. The totals in respect of the various classes of companies are as follows:—Canadian, $653,582,426; British, $1,148,396,318; American and French companies, $572,282,988.

Results of 1912.

The following are in brief the results achieved by the various classes of companies last year:—

Canadian companies received net premiums of $5,063,409 and incurred net losses of $2,586,805, a ratio of 51.09 per cent. This compares with net premiums of $4,727,141, net losses incurred of $2,509,377 and a ratio of 53.08 in 1911.

British companies received net premiums of $12,092,125 and incurred net losses of $6,151,121, a ratio of 50.87 p.c. This compares with net premiums of $11,205,694, net losses incurred of $6,029,035 and a ratio of 53.80 in 1911.

American and other companies received net premiums of $6,038,984 and incurred net losses of $3,033,510, a ratio of 50.23 p.c. This compares with net premiums of $4,642,420, net losses incurred of $2,272,517, and a ratio of 48.95 in 1911.

The whole of the companies received net premiums of $23,194,518, and incurred net losses of $11,771,436, a ratio of 50.75 p.c. This compares with net premiums of $20,575,255, net losses incurred of $10,810,929, and a ratio of 52.54 in 1911.

In the case of each class of companies, there is again a fall in the rate of premiums charged per cent. of risks taken.

The Canadian Railway Accident Insurance Company, of Montreal, has appointed Mr. Robert Welch as assistant manager. The General Manager (Mr. John Emo), informs us that Mr. Welch is a man of twenty years' practical experience in the casualty business and he will no doubt, prove a valuable addition to the executive staff of the Company.

* * * *

Mr. Alexander Mackey, general manager of the Law Union and Rock Insurance Company of London is spending some time in the United States.

COMPULSORY INSURANCE IN GREAT BRITAIN: A FRANK CRITICISM.

A strongly phrased editorial in the London *Insurance Record* regarding the National Insurance Act in Great Britain confirms the impression that this experiment in state insurance is not the striking success which the various political communications sent over to this side regarding it acclaim that it is. Commenting upon a recent statement by the Prime Minister that experience had suggested some amendments to the Act, our contemporary says:—"That the Act is not viewed with favour by the mass of the population is becoming more and more apparent, even to its hard and fast apologists; but if, as has been stated, the amendments to be introduced on behalf of the Government are confined to giving fresh advantages to Ireland, to altering the provisions relating to casual labour and providing a reduced scale of benefit for this latter class, it is obvious that only a very little will have been done towards making compulsory insurance generally acceptable. Consequent perhaps upon disastrous experiences at the polls, the outspoken criticism of the Act at the recent Friendly Society Conferences and elsewhere, the obvious exasperation of employers of labour at the endless irritations and worries with which they are visited, not to mention the resentment of the majority of the workers to a deduction from their wages, there have just recently been a succession of reluctant admissions from prominent members of the Government that all is not well."

Compulsory Good Samaritanism.

"The Chancellor of the Exchequer," proceeds our contemporary, "has very considerably modified the transports in which he has hitherto been wont to indulge when referring to the measure which was to assist in making a new Heaven and a new earth for the struggling workers. The description of the Act as a species of 'rare and refreshing fruits' of the 9d. for 4d. brand not appearing to find favour with the multitude, Mr. George has now arrived at the conclusion, as expressed in a speech at Criccieth on Sunday last, that it really is a plan for enabling the people to bear each other's burdens. The poor have long been noted for the kindness they show towards each other, but their acts of mercy have been voluntarily performed. To be compelled to assume the character of a good Samaritan, under the threat of a substantial penalty, is a different matter entirely. Moreover, it is not at all proved to the satisfaction of those who find themselves saddled with an additional burden that their self-sacrifice is for the benefit of their fellows. Certainly it must come as a rude awakening to them to be told by the sponsor of the Insurance Act that this measure, which he had previously led them to believe was to be of great advantage to all, is merely intended to compel one to help another.

Not to People's Liking.

"That compulsory insurance is not to the liking of British people," continues the *Record*, "is certain, and although Mr. George affects to believe that the Act is working out all right—'It has had a rough winter; but that is over. There is soon to be an outburst of splendid summer,'—it is satisfactory to know that the need for its amendment is considered imperative by those in high places. When the Government give

re-consideration to the question of National Insurance it will be a general hope that the 'rushing' tactics which characterised the passage of the original Bill through Parliament will not again be in evidence. Otherwise it is quite easy to foresee an 'outburst'—of a not particularly pleasant type."

FACTS ABOUT WORKMEN'S COMPENSATION BUSINESS.

(*Edson S. Lott.*)

In an effort to keep up with the increasing liability of employers, the rates for employers' liability insurance have been largely increased from time to time, each increase being resisted by employers, even though no general increase has been sufficient to save the insurance companies from an ultimate underwriting loss. There will be still greater resistance on the part of employers as respects rates for workmen's compensation coverage, even though it is evident that workmen's compensation laws will call for larger payments to injured workmen and their dependents than the old employers' liability laws.

However, the change in public sentiment as respects the liability of employers for injuries to their workmen has already increased enormously and is still increasing the cost of employers' liability insurance. This sentiment has affected not only juries but judges as well. Even so high an authority as the New York Court of Appeals, in an opinion written by Chief Justice Cullen, which was concurred in by four of his associates, making it the opinion of the court, and which was handed down so late as October 22, 1912, has said:

"There seems, at the present day, an effort by constitutional amendment to render a master liable to his employee for injury received in his employment, though the master has been guilty of no fault whatever, and I feel that such effort is in no small measure due to the tendency evinced at times by the Courts to relieve the master, though concededly at fault, from liability to his employee on the theory that the latter assumed the risk of the master's fault."

The Court overruled squarely a decision rendered by the same Court in 1896, in which it was held that an employee, under the same circumstances, had "assumed the risk" and that therefore, the employer was not liable. The principle established by this one decision will cost employers and liability insurance companies many thousands of dollars.

FOOLISH CALCULATIONS.

Employers have sometimes taken the total premiums received by some liability insurance company during a given year, placed by the side thereof the losses actually paid during the same year, and called the difference "profit."

This is the usual method of ill-advised social reformers when claiming that the whole operation of insurance companies constitutes an "economic waste," and it is the bait used by dishonest promoters of a new insurance company when selling its stock.

Mr. Arno Dosch has said, in *Everybody's Magazine*, "The ten largest (liability insurance) companies collected $23,523,585 in premiums during the years 1906, 1907 and 1908, but paid to injured workmen and their widows only $8,559,795, a little over one-third. In other words, injured workmen received, on the whole, one-third of what they would have received if their employers had distributed among them premiums paid to the insurance companies. The rest went to pay dividends, lawyers' fees, salaries of the wily 'claims' agents and 'expenses.'"

The claims paid during the years mentioned by Mr. Dosch do not by any means measure the insurance companies' losses arising from accidents happening during those years. The insurance companies are still paying claims arising from accidents happening during those years. The claims Mr. Dosch mentions as having been paid in the years cited did not (except in a minority of cases) arise from accidents happening in those same years, but instead from accidents happening in former years.

Mr. Dosch figures a loss of 36 1-3 per cent. for ten liability insurance companies for the three years ending with 1906. At the end of 1909 nineteen companies, including the ten companies mentioned by Mr. Dosch, had paid losses amounting to 55 per cent. of the premiums received by those same companies during the five years ending with 1904. And these same companies are still paying claims out of those same premiums. (These nineteen companies include all those whose loss records are before me.) And at the end of 1909 fourteen companies were defending 11,786 lawsuits brought against the policyholders of those fourteen companies. (These fourteen companies include all those whose suit records are before me).

LOSSES LONG DEFERRED.

In life insurance the liability of the insurance company is fixed when the insured dies. The liability of the fire insurance company is known as soon as the fire occurs and the value of the property burned or damaged is ascertained. It is far different in employers' liability insurance, where practically all losses are (from their nature) deferred and indefinite. Sometimes the loss is not ascertainable until ten, fifteen or twenty years after the accident occurs. In an accident happens while the policy is in force, and the company is notified, then the company must pay the loss whenever it matures.

Sometimes a workmen sustains a trifling accident or bodily injury and without inconvenience he keeps right at work for the same employer for years, and then is discharged, and then the injury becomes "serious" and then (if the statutes of limitations of from one to seven years will permit) a suit for damages is brought against the employer. Sometimes an injury does not amount to anything "worth while" until the right lawer gets in touch with the injured person, and then it has a commercial value—and a suit for damages against the employer follows. A minor is sometimes injured and no one who is authorized to bring suit considers that the injury lessens in the slightest degree the earning power of the one injured, but when the minor becomes of legal age he thinks differently, and sues his old employer for damages. Delayed claims and suits of workmen for damages arising from bodily injuries are a source of great cost to every liability insurance company. The company must keep "in touch" with every accident reported until it is settled or outlawed.

INTERESTING FIGURES AS TO LOSSES.

During 1901 the United States Casualty Company insured a certain number of policyholders against their liability for damages arising from accidents. The policies ran for one year. The total premiums represented a certain amount. The company paid out for claims under those policies during that same

year (1901) 11.07 per cent. of the total premiums received. That is, at the end of the year the company had on hand 88.93 per cent. (less expenses of administration) of the total premiums received. The above result would mislead anyone except an expert. But wait!

During the next year (1902) the company paid out an additional 25.97 per cent. of those 1901 premiums under those 1901 policies, for claims arising from accidents happening while those same policies were in force. During the next year (1903) the company paid out an additional 12.67 per cent. of those 1901 premiums under those 1901 policies, for claims arising from accidents happening while those same policies were in force. During 1904, 7.96 per cent. was added to the loss ratio in the same way. During 1905, 2.56 per cent. was added to the loss ratio in the same way. All this converted a loss ratio of 11.07 per cent. at the end of the first year (100 per cent. received in premiums and 11.07 per cent. paid in losses) into a 60.23 per cent. loss ratio at the end of the fifth year (100 per cent. received in premiums and 60.23 per cent. paid in losses) and the United States Casualty Company is still paying claims under those 1901 policies.

OTHER LOSS RATIOS.

There is nothing unusual about the above illustrations. One of the smaller casualty insurance companies had a loss ratio at the end of 1899 of 11.32 per cent. on its 1899 premiums for liability insurance; its loss ratio on those 1899 premiums had climbed to 77.34 per cent. at the end of the fifth year, and it is still paying losses on those same premiums. Its 1900 premiums began with a loss ratio of 13.50 per cent. the first year, reached 73.08 at the end of the fifth year, and not all the claims against those 1900 premiums have yet been settled. A large foreign casualty insurance company (doing business in this country) began the year 1901 with a loss ratio of 7.38 per cent. on that year's premiums, had paid out for losses at the end of the fifth year 70.03 per cent. of its 1901 premium income, and it is still paying losses on that year's premiums.

One of the oldest and largest American casualty insurance companies paid out for claims during 1901, on account of the liability policies it issued that year, 6.83 per cent. of its total premiums for those policies. It kept on paying claims under those same policies until, at the end of the fifth year, it had paid out for claims 61.02 per cent., and it is still paying claims arising under those same policies. Here is one company's record at the end of such five-year period for five such periods:

1897-1902	64.72p.c.
1898-1903	55.77p.c.
1899-1904	82.33p.c.
1900-1905	50.51p.c.
1901-1906	59.60p.c.

And it is still paying claims for acidents happening during those years.

POINTERS FOR LIFE AGENTS.

J. F. Usher, of New York, representing the New York Insurance School, certainly struck the nail on the head, when he told the Louisville Association of Life Underwriters that very few life insurance salesmen ever take the time or trouble to figure out carefully a logical canvass. They approach prospects without knowing scarcely what they are going to say, and depend upon circumstances to shape their canvass. The writer has talked with many salesmen relative to their plan of campaign, and he is obliged to admit that it is usually a case of "hit or miss." As far as the pure details are concerned this is perfectly proper, but a general plan of procedure is expedient, because it is impossible on the spur of the moment to make a logical canvass unless one has been prepared. It is well for a salesman to arrange an outline of his talk much the same as orators, essayists and others arrange their literary productions. The general rule for doing this is to divide the matter into three sections. First, the introduction; second, the argument, and third, the close.

Robert Ingersoll, one of the greatest orators of the past century, in discussing the "moulding of opinion," said that the strongest arguments should be used in opening and closing an address, and that the weaker should be used in between. This is the sensible and logical method and applies equally well in making a canvass as in making a speech, the desired result being the same in either case—that of moulding opinion. It is self-apparent that when a salesman starts to canvass a prospect he needs strong and forceful, or in some cases, novel arguments, in order to arouse interest and secure attention. After this is accomplished, both must be sustained, but this can be done by sufficient, although less foreful arguments. Then at the close, when the point is reached at which he is to attempt to secure the signature itself, he needs the strongest arguments and points that he can command in order to clinch the deal.

MACHINE-LIKE PROCEDURE UNDESIRABLE.

It would be little short of folly to prepare a discourse on life insurance and expect to do much business by declaiming it verbatim in the presence of prospects. Once in a while one would find a person whose case it would just fit and it would produce the desired result, but these occasions would be rare, in fact too rare to be profitable. Such a plan would be machine-like procedure, and machines do not think and they are not supposed to; men do think and it is necessary that they should. It is not only necessary that they think, but that they reason, also, and work as their best judgment indicates. In preparing a canvass, then, it must be such that the details are subject to interchange to suit the many sides of human nature. This can be done by adopting a plan comprising three sections. The first may include a half dozen or more different opening "stock" sentences and arguments which have been tried and found helpful.

Special introductions can be added for certain cases, and in each instance that which the salesman's reason or intuition tells him will create the desired impression should be used. The next step should be to arouse enthusiasm and create desire. This may be accomplished by demonstrating the need for more insurance, by explaining the provisions of a certain policy and how it will meet those needs, by showing the special features of the company and the excellence of its record—these or a combination of them, and more, if necessary, according to the way the case "sizes up." The third and last step should comprise various unique or forceful methods that have already proven to be effective in getting the signature when used at the right moment, the one or more deemed proper to use being selected for use to cause decision and prompt action. By having a schedule of arguments of this kind and adding ideas from time to time as they are acquired by personal experience or in other ways, it will prove a valuable help.—*Argus.*

INSURANCE NOTES & NEWS

The delegates at the Conference of the Grand Council of the Canadian Order of Chosen Friends at Toronto, failed to support the recommendation that the rates be raised to the Government standard, and the present rates will remain.

* * * *

It begins to look as though a bright lawyer will soon be regarded as an essential member of the official staff of every company, to steer it clear of the innumerable legal pitfalls which now beset the path of the fire underwriter.—*Spectator.*

* * * *

Minnesota legal authorities, after hearing arguments made by Alfred Hurrell, attorney of the Association of Life Insurance Presidents, have decided that the cash surrender value of a life insurance policy is not taxable as a credit under Minnesota laws.

* * * *

It is difficult—for anyone except a yellow journalist intent upon bolstering up a sensation by distortion and suppression of the facts—to square the charge that the insurance companies do not want fires reduced with the enormous amount of time, money and work they are devoting to the reduction of fires. —*Insurance Post.*

* * * *

An Accident Prevention Inspection and Merit Rating Bureau is being established by the combined liability insurance companies in the United States for the purposes of inspecting and rating the individual manufacturing plant on its merits with due consideration to the use and efficiency of safety appliances and the care exercised in the conduct and management of the business or the work.

* * * *

There are many worse Jew stories going about than that of Ikenstein saying to his little boy, Ikey, "Go an' put yer 'at on an' come with me to the Prudential. I'm going' to insure ye." And, bursting into tears and falling on his knees appealingly, the kid burst out, "O fader, fader, *don't* insure me: I'm too young to be set fire!"

PERSONAL PARAGRAPHS

Mr. C. E. Neill, assistant general manager, Royal Bank of Canada, has returned from a European visit.

* * * *

Mr. W. Robins, who has been inspector for the Hartford Fire Insurance Company in the Province of Ontario, goes with the German-American Insurance Company as superintendent of agencies for Eastern Canada, succeeding Mr. Thomas C. Moore.

* * * *

Mr. Charles A. Heninger, formerly with the National Union, has been appointed inspector of the Canada National for Ontario.

* * * *

Insurance men will be interested to learn that Dr. C. S. Wright, of the Scott Antarctic expedition, and son of Mr. Alfred Wright, chief agent in Canada of the London & Lancashire Fire, reached home on Tuesday.

THE MAY FIRE LOSS.

The losses by fire in the United States and Canada during the month of May, as compiled from the records of the New York *Journal of Commerce*, aggregated $17,225,850, as compared with $21,013,950 for the same month last year. The following table gives a comparison of the losses by fire during the first five months of 1913 with the same months in 1912 and 1911, together with the losses by months for the balance of those years:

	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
Total 5 months	$108,999,800	$118,269,000	$93,752,950
June	20,691,950	16,103,450	....
July	25,301,150	15,219,100	....
August	12,662,650	14,158,800	....
September	11,333,250	13,779,300	....
October	13,945,000	13,651,650	....
November	18,680,600	16,172,300	....
December	22,722,850	17,967,000	....
Total for year	234,337,250	$225,320,900	....

During May this year there were 267 fires reported causing an estimated property damage of $10,000 or over in each instance. The May, 1913, losses were in the aggregate materially lighter than those of the same month in the preceding year, says the *Journal of Commerce.* Apparently 1913 will be a year of fair profit to the underwriters, barring a conflagration. Many insurance companies, however, have a heavy depreciation in their security values at this time.

CANADIAN FIRE RECORD

(Specially compiled by The Chronicle)

KERRISDALE, B.C.—Residence of Mrs. A. C. Fraser, West Boulevard, damaged $1,700, June 4.

SUTTON, QUE.—Veneer Mill Company's plant destroyed, June 7. Loss, $75,000 partly covered by insurance.

CALGARY, ALTA.—Insurance on Tommy Burns' arena destroyed as follows:—Rimouski, $2,500; Winnipeg, $2,500.

ST. JOHN, N.B.—Home of D. McPherson, Sr., on Manawagonish road, destroyed, June 6. Loss, $4,000; no insurance.

MONTREAL.—McArthur, Irwin & Company's paint manufacturing warehouse, Commissioners Street, damaged, June 5. Loss, $5,000.

PRINCE ALBERT, SASK.—Main section of Big River Lumber Company's mill destroyed, June 11. Loss said to be about $550,000, covered by insurance.

BRANTFORD, ONT.—Two attempts were made to fire the Watson Manufacturing Company's mill, June 4. In each case fire was caught before it spread.

WELLAND, ONT.—County court house destroyed, June 11. Loss, $200,000, covered by insurance.

REGINA, SASK.—New grand stand, old stands, main buildings and district buildings at Exhibition grounds destroyed, June 11. Loss placed at $100,000. Origin, explosion of gasoline.

TORONTO.—R. Sherwin's house, 624 Parliament Street, damaged, June 3. Loss, $400. Origin, children and matches.

Stable near Paisley Avenue burned June 5. One death.

Unoccupied houses of R. H. Burt, 63 Rose Avenue, and T. Johnson, 65 Rose Avenue, damaged, June 8. Origin, unknown. Loss about $1,400.

Moffatt Stove factory, Denison Avenue, damaged, June 3. Origin, explosion. Loss, $1,000.

Marine Construction Company's boat-house, Lake Street, destroyed, June 11, with half a dozen launches. Loss roughly, $10,000.

BRITANNIA BEACH, B.C.—Britannia Mining & Smelting Company's sawmill. Loss on building, $7,500; on contents, $9,000. Insurance in Phœnix of London, $5,000 each on building and contents.

SYDNEY, N.S.—Fire which started in R. C. Church of the Holy Redeemer, June 11, destroyed the church, the Holy Redeemer Convent, the Glebe House, and a number of dwellings. Loss about $100,000. Insurance on church said to be light.

WINNIPEG.—Railroad ties and a string of cars, property of C.P.R., destroyed to value of about $150,000, in fire at Dominion Tar & Chemical Company's plant, North Transcona, June 4. Origin, spark from engine.

Fire in Henderson Bros. Directories building, 279 Garry street, June 4, did $23,000 damage, principally by smoke and water, of which $20,000 was to tools, equipment and material in plant of W. R. Noble & Co., Ltd., wholesale and manufacturing jewellers.

Stable and chicken house of James Justice, Scotland Avenue, Fort Rouge destroyed, June 4. Origin, spark from engine. Loss, $300.

CALGARY, ALTA.—Alberta Box Factory damaged. Loss, about $40,000. Insurance: Guardian, $2,500; Phœnix of Hartford, $2,500; Sun, $2,500; Rochester-German, $1,600; Delaware, $2,500; Canadian, $1,250; American, $1,250; Connecticut, $1,000; Western Union, $800; St. Paul, $1,500; Germania, $2,000; Rimouski, $1,100; Stuyvesant, $4,500; Dominion, $1,200. Total, $26,000.

BELLEVILLE, ONT.—With reference to the May list of fires published in our last issue, Mr. H. F. Ketcheson, general insurance agent of Belleville, Ont., writes stating that the inclusion of a Belleville tallow plant in this list with a lost of $6,500 is incorrect. The entire insurance carried on the building burned was $400 and the actual loss when adjusted $388. We are obliged to Mr. Ketcheson for the correction.

WELLAND, ONT.—Fire did $10,000 damage in foreign section outside of Welland, township of Crowland, burning two large tenement houses and four small ones, June 4. Unknown cause in one of smaller houses empty. One building owned by W. Stayzer, insurance, $1,200 in Merchants Mutual; another a two-story frame of good size, and four small frame houses owned by S. Mizner and S. Lambert, and some insurance carried on them.

CASTLEGAR, B.C.—Edgewood Lumber Company's planing mill destroyed. Insurance, National of Hartford, $6,000; London & Lancashire, $1,000; Northern, $1,500; Royal, $1,500; Queen, $3,000; Guardian, $2,000; Western Union, $2,000; Scottish Union, $2,500; British and Canadian Underwriters, $2,500; Rochester-German, $2,500; Agricultural, $2,500; Michigan Commercial, $3,000; Phœnix of London, $5,000. Total, $35,000. The foregoing amounts covered under schedule on whole plant of which $2,000 applied on building destroyed and $6,000 on machinery being a total loss.

AMHERST, N.S.—Losses and insurance concerned in fire of June 2, as follow:—Maritime Coal & Power plant is partially covered by insurance, insured with Douglas & Rogers and H. W. Rogers. Canada Electric plant damaged $15,000 partially covered by insurance, policies held by Home of New York, $1,000; Queen, $2,000; National of Hartford, $3,000; Norwich Union, $2,000; Hartford, $2,000. Store owned by W. W. Black on opposite side of Electric street, insured in Royal for $2,000. Tenement house owned by C. C. Black insured with Halifax Fire for $900. Barn in which fire comenced insured in Sun Fire for $400.

VANCOUVER, B.C.—Fire on June 4 caused loss of $11,000 as follows: Empress Hat store, 253 Hastings street, George Kinney, proprietor, $200, water damage; Vancouver Cafe, 253 Hastings street, James Zouboules, proprietor, $1,000; rooming house upstairs, Mrs. E. Ringdal, proprietor, $800; entire building, $3,000; English second-hand store, 257 Hastings street, John R. Waite, 244 Fourteenth avenue east, proprietor, total loss, $2,000; rooming house, Mrs. M. Gravell, proprietor, $700, loss to building $3,000; unoccupied cottage in rear, $400 loss. Cause unknown.

NOVA SCOTIA CAR WORKS FIRE.

Following is the schedule of insurance on stock involved in this fire:—Canada National, $5,000; St. Paul, $5,000; Fidelity-Phenix, $30,000; Providence-Washington, $15,000; Law Union & Rock, $10,000; National, $8,000; Caledonian, $3,000; North British, $4,000; Hartford, $5,000; Guardian, $10,000; L'Union of Paris, $10,000; Palatine, $5,000; Northern, $10,000; Atlas, $5,000; New York Underwriters, $10,000; Factories, $10,000; Factories Underwriters, $10,000. Total, $150,000.

FINANCIAL GOSSIP

The Standard Bank will increase its capital by an issue of $500,000 or new stock at a premium of one hundred per cent.

* * * *

New Bank Branches:—*Commerce*, at Readlyn, Sask., G. G. Sutherland, manager, and at Monitor, Alta., J. B. Bell, manager.

* * * *

It is stated that two new mortgage companies with influential Montreal connections and backed largely by French capital will shortly make their appearance in the Canadian field.

* * * *

Duluth Superior's dividend has been cut from 5 to 4 per cent. The action is a sequel to the strike last fall, as a result of which net earnings were $74,000 lower than in 1911.

* * * *

The sub-editor of a sober New York financial daily who headed a temperately worded article on the present situation in the Dominion, "the Canadian Crisis," is surely a little previous.

* * * *

C.P.R.'s break of six points in little more than an hour on Wednesday afternoon, carrying the price to 210¼, its lowest level since February, 1911, eclipsed all of the many spectacular movements in the stock in recent months. Transactions in C.P.R. in the New York market broke all records, totalling 52,000 shares as against dealings in 46,800 shares on June 2nd, the record to date.

* * * *

The plans for the new lake merger were on Tuesday approved by the directorate of the R. & O. Navigation Company, who appointed a committee to take charge of the further arrangements to be made. The new merger will have an authorized capital of $25,000,000. There will be, it is said, $12,500,000 7 per cent. preference cumulative stock and $12,500,000 ordinary stock. There will also be $7,500,000 of five per cent. 30-year first mortgage debenture stock.

The companies that have been acquired are as follows:—Richelieu & Ontario Navigation Company, Inland Lines, Limited, Northern Navigation Company, Limited, Niagara Navigation Company, Limited, St. Lawrence River Steamboat Company, Limited, Richelieu & Ontario Navigation Company of U. S. A., Quebec Steamship Company, Limited, Canada Interlake Line, Limited, Ontario & Quebec Navigation Company, Limited, Merchants Montreal Line, S.S. Haddington, Thousand Island Steamboat Company, Limited.

* * * *

Warwick, Mitchell, Peak, & Company place the assets of this combination as $32,584,688. They also estimate the net earnings for the year, having regard only to new tonnage and economies in operation and without considering any natural increase in the navigation business, at $1,916,948 which is equal to something like five per cent. on the common stock. The Bank of Montreal and the Royal Trust Company are interested as bankers and registrars, and Messrs. Brown, Shipley & Company, the issuing house and their associates, have undertaken to issue all of the preference shares in London at par, so all the shareholders who prefer to dispose of their holdings at 120 will have the option of putting their shares in this issue; or, of keeping their preference shares with the bonus of $40 in ordinary shares.

* * * *

Federal incorporation has been secured by the Ontario Steel Products Company of Ojibway, Ont., the new Canadian branch of United States Steel. The authorized capital stock is $20,000,000. The letters patent give the company wide powers in regard to entering into agreements with any other company in Canada for the purpose of pooling or combining interests.

* * * *

Dominion Steel's annual report shows a surplus available for the $31,927,525 common stock, on which dividends were paid during the year, of $1,375,168, equal to 4.31 per cent. on the stock, as compared with a showing of a shade under 5 per cent. in the last statement. Out of the year's operations the balance remaining to be carried forward to surplus was only $98,067, as compared with $784,945 in the previous 21 months. Mr. Plummer states, however, that $1,272,000 has been placed to surplus and reserves so that as much as has been paid in dividends during the year has been put back into the property.

* * * *

Dominion Steel's May output in tons was as follows:—Coke, 57,405; pig iron, 33,745; steel ingots, 31,020; blooms, 27,510; steel rails, 18,145; rods, 3,925; total shipments, 24,835 tons. The coke and pig iron figures constitute new high records.

* * * *

The annual report of the Montreal Water & Power Company for the year ended April 30, shows a gross revenue of $671,684, an increase of $165,180 upon that of 1911. Gross profit was $372,237, there being a total including balance from previous year of $376,549 to deal with. Interest charges took $240,839, leaving a balance of $135,710 as the surplus profits. The sum of $28,828 was set aside to reserve in connection with various provisions of the company's bond debt; $8,000 for bad and dubtful debts, and $1,000 to reserve account for tools, etc., leaving a balance of $96,881. Total assets are $7,997,217 and reserve account for depreciation, etc., amounts to $320,251.

Traffic Returns.

CANADIAN PACIFIC RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
May 31	$38,047,000	$48,494,000	$53,136,000	$4,642,000
Week ending	1911.	1912.	1913.	Increase
June 7	2,071,000	2,520,000	2,627,000	107,000

GRAND TRUNK RAILWAY

Year to date.	1911.	1912.	1913	Increase
May 31	$18,083,584	$19,201,936	$22,089,652	$887,716
Week ending	1911.	1912.	1913.	Increase
June 7	952,264	983,931	1,114,348	130,417

CANADIAN NORTHERN RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
May 31	$5,687,300	$7,434,400	$8,561,700	$1,127,300
Week ending	1911.	1912.	1913.	Increase
June 7	320,900	403,000	481,800	78,800

TWIN CITY RAPID TRANSIT COMPANY.

Year to date.	1911.	1912.	1913.	Increase
May 31	$3,060,155	$3,195,118	$3,442,269	$247,151
Week ending.	1911.	1912.	1913	Increase
May 7	144,931	153,671	160,189	6,518
" 14	140,653	151,137	160,578	9,441
" 21	143,443	149,503	163,994	14,491
" 31	220,161	229,171	250,341	21,170

HAVANA ELECTRIC RAILWAY CO.

Week ending		1912.	1913.	Increase
June 1	....	$48,096	$54,671	$6,575
" 8	....	40,485	55,008	14,923

DULUTH SUPERIOR TRACTION CO.

	1911.	1912.	1913.	Increase
May 7	20,832	20,645	23,028	2,383
" 14	20,255	21,703	23,134	1,431

DETROIT UNITED RAILWAY.

Week ending	1911.	1912.	1913.	Increase
May 7	184,428	203,667	241,652	37,985
" 14	185,107	195,977	238,923	42,946
" 21	189,077	207,437	242,731	35,294

CANADIAN BANK CLEARINGS.

	Week ending June 12, 1913	Week ending June 5, 1913	Week ending June 13, 1912	Week ending June 15, 1911
Montreal	$63,592,224	$56 992,179	$58,163,330	$53,125,525
Toronto	46,772,329	40,659,352	48,242,908	36,427,268
Ottawa	4,087,138	4,126,737	4,692,091	3,986,076

Five days only last week.

MONEY RATES.

	To-day	Last Week	A Year Ago
Call money in Montreal	6-6½%	6-6½%	5 %
" " in Toronto	6-6½%	6-6½%	5 %
" " in New York	2-2½%	2¼%	2¼%
" " in London	3-3½%	3¼-3½%	2¼%
Bank of England rate	4½%	4½%	3 %

DOMINION CIRCULATION AND SPECIE.

April 30, 1913	$114 296,017	October 31, 1912	$115,748,414
March 31	112,101,886	Sept. 30	115,995,602
February 28,	110,484,879	August 31	116,210,579
January 31,	113,602,030	July 31	113,794,845
December 31, 1912	115,836,488	June 30	111,932,239
Nov. 30	118,958,620	May 31,	113,114,914

Specie held by Receiver-General and his assistants:-

April 30, 1913	$100,706,287	Oct. 31, 1912	$103,054,008
March 31	98,507,113	Sept. 30	103,041,850
February 28	98,7[illegible]2,004	August 31	103,014,276
January 31.	101,893,960	July 31	100,400,698
December 31, 1912	104,076,547	June 30	98,141,536
Nov. 30	106,69[illegible],599	May 31	98,831,169

List of Leading Stocks and Bonds

CORRECTED TO THURSDAY, JUNE 12th, 1913

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	....	....	....	....	8	4,866,667	4,866,667	2,920,000	60.00	April, October.
Canadian Bank of Commerce	204	....	50	5 39	10+1	15,000,000	15,000,000	12,500,000	83.33	March, June, Sept., Dec.
Dominion XR	....	....	100	....	12+2	5,315,800	5,243,801	6,243,801	119.70	Jan., April, July, Oct.
Hamilton	....	....	100	....	11	3,000,000	3,000,000	3,500,000	116.66	March, June, Sept., Dec.
Hochelaga	155	154	100	5 80	9	3,838,600	3,464,751	3,000,000	86.59	March, June, Sept., Dec.
Home Bank of Canada	....	....	100	....	7	1,370,000	1,305,247	450,000	34.48	March, June, Sept., Dec.
Imperial	....	....	100	....	12	6,910,000	6,776,159	6,776,159	100.00	Feb., May, August, Nov.
Merchants Bank of Canada	188	....	100	5 31	10	6,758,900	6,756,170	6,410,760	94.95	March, June, Sept., Dec.
Metropolitan Bank	....	....	100	....	10	1,000,000	1,000,000	1,250,000	125.00	Jan., April, July, Oct.
Molsons	198	196	100	5 55	11	4,000,000	4,000,000	4,700,000	117.50	Jan., April, July, Oct
Montreal	....	....	100	....	10+2	16,000,000	16,000,000	16,000,000	100.00	March, June, Sept., Dec.
Nationale	136½	135	100	5 12	7	2,000,000	2,000,000	1,400,000	70.00	Feb., May, August, Nov.
Northern Crown Bank	....	....	100	....	6	2,862,400	2,745,961	300,000	10.93	January, July.
Nova Scotia	259	....	100	5 40	14	6,000,000	5,939,240	10,804,936	181.92	Jan., April, July, Oct.
Ottawa	....	....	100	....	12	3,936,200	3,913,049	4,413,040	112.77	March, June, Sept., Dec.
Provincial Bank of Canada	....	....	100	....	6	1,000,000	1,000,000	575,000	57.50	Jan., April, July, Oct.
Quebec	125	122	100	5 60	7	2,719,600	2,667,880	1,250,000	47.00	March, June, Sept., Dec.
Royal	216	....	100	5 55	12	11,560,000	11,560,600	12,560,000	108.65	Jan., April, July, Oct.
Standard	....	....	50	....	13	2,464,8?0	2,444,795	3,144,795	128.63	Feb., May, Aug. Nov.
Sterling	....	....	100	....	8	1,187,400	1,104,915	300,000	27.15	Feb., May, August, Nov.
Toronto	....	....	100	....	11+1	5,000,000	5,000,000	6,000,000	120.00	March, June, Sept., Dec.
Union Bank of Canada	....	....	100	....	8	5,000,000	5,000,000	3,300,000	66.00	March, June, Sept., Dec.
Vancouver	....	....	100	....	....	1,174,400	852,495	40,000	4.70	....
Weyburn Security	....	....	100	....	5	631,000	315,500	65,000	20.64	....

MISCELLANEOUS STOCKS.	Asked	Bid	Par	Return	Rate	Capital subscribed	Capital paid up	Rest Fund	Per cent'ge	When Dividend payable
Bell Telephone	144½	143	100	5 53	8	15,000,000	15,000,000	....	....	Jan., April, July, Oct.
Brazilian Traction	87	86½	100	6 89	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	134	....	100	4 47	6	1,511,400	1,511,400	....	....	May, Nov.
Canadian Pacific XD	216⅛	216⅜	100	4 60	7+3	260,000,000	198,000,000	....	....	Jan., April, July, Oct.
Canadian Car Com	....	....	100	....	4	3,500,000	3,500,000	....	....	April, Nov.
do Pfd	....	....	100		7	6,100,000	6,100,000	....	....	Jan., April, July, Oct.
Can. Cement Com	27½	27	....		....	13,500,000	13,500,000	....	....	....
Do. Pfd	88½	88	....	7 91	7	10,500,000	10,500,000	....	....	....
Can. Con. Rubber Com	85	83	100	4 70	4	2,805,500	2,803,500	....	....	Jan., April, July, Oct.
do Pref	....	96	100	7 29	7	1,980,000	1,980,000	....	....	Jan., April, July, Oct.
Canadian Converters	45	42	100	8 88	4	1,738,500	1,738,000	....	....	Feb., May, Aug., Nov.
Canadian General Electric	....	....	100	.. .	7+1	5,640,000	5,640,000	....	....	Jan., April, July, Oct.
Canadian Cottons	33	29	100	....	....	2,715,000	2,715,000	....	....	....
do do. Pfd	74	73½	100	8 10	6	3,661,500	3,661,500	....	....	Jan., April, July, Oct.
Canada Locomotive	51	....	100	....	....	2,000,000	2,000,000	....	....	....
do. do. Pfd	92	....	100	7 60	7	1,500,000	1,500,000	....	....	Jan., Apl., July Oct.
Crown Reserve XD	3.47	3.45	....	....	60	1,999,957	1,999,957	....	....	Monthly.
Detroit United Ry	64	63¾	100	9 37	6	12,500,000	12,500,000	....	....	March, June, Sept., Dec.
Dominion Canners	67	65	100	8 95	6	2,118,600	2,118,600	....	....	....
Dominion Coal Preferred	....	....	100	....	7	3,000,000	3,000,000	....	....	January, August.
Dominion Textile Co. Com	79	78½	100	7 59	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
do Pfd	....	100	100	7 00	7	1,859,030	1,859,030	....	....	Jan., April. July, Oct.
Dom. Iron & Steel Pfd	98½	....	100	7 11	7	5,000,000	5,000,000	....	....	April, October
Dominion Steel Corpn.	41¾	41⅜	100	9 58	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	88	....	100	6 81	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	192	188	100	4 16	8	7,200,000	7,200,000	....	....	February, August.
Lake of the Woods Mill. Co Com	125		100	6 40	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 XD	....		100	....	5	41,380,400	41,380,400	....	....	Jan., April, July, Oct.
do Pfd XD	70		100	5 71	4	50,000,000	50,000,000	....	....	Jan., April, July, Oct.
Mexican Light & Power Co	63	61	100	6 34	4	13,585,000	13,585,000	....	....	Jan., April, July, Oct.
do do Pfd	....	....	100	....	7	2,400,000	2,400,000	....	....	May, November.
Minn. St. Paul & S.S.M. Com	118	117	100	5 93	7	20,832,000	20,832,000	....	....	April, October.
do Pfd	....	....	100	....	7	10,416,000	10,416,000	....	....	April, October.
Montreal Cottons XD	60	58	100	6 66	4	3,000,000	3,000,000	....	....	March, June, Sept. Dec.
Montreal Light, Ht. & Pwr. Co	208½	208	100	4 32	9	17,000,000	17,000,000	....	....	Feb., May, August, Nov.
Montreal Telegraph	141	....	40	5 67	8	2,000,000	2,000,000	....	....	Jan., April, July, Oct.
Northern Ohio Traction Co. XD	....	....	100	....	5	9,000,000	9,000,000	....	....	March, June, Sept., Dec.
N. Scotia Steel & Coal Co. Com	73¾	73½	100	8 10	6	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.
do Pfd	....	....	100	....	8	1,030,000	1,030,000	....	....	Jan., April, July, Oct.
Ogilvie Flour Mills Com	115½	114	100	6 92	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	53	....	100	7 54	4	2,150,000	2,150,000	....	....	Feb. May, August, Nov
do Pref	....	....	100	....	6	1,075,000	1,075,000	....	....	Feb. May, August, Nov.
Quebec Ry. L. & P.	....	13	....	....	....	9,999,500	9,999,500	....	....	....
Richelieu & Ont. Nav. Co.	107½	107¼	100	7 44	8	3,132,000	3,132,000	....	....	March, June, Sept., Dec.
Shawinigan Water & Power Co	125	122	100	4 80	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	138	136½	100	5 79	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.	102	100	100	5 88	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	....	....	....	....	5	3,000,000	3,000,000	....	....	May, November
Winnipeg Electric Railway Co	....	189	....	6 34	12	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.

STOCK AND BOND LIST, Continued

BONDS	Closing Quotations Asked	Bid	Rate p.c. of Interest per annum	Amount outstanding.	When Interest due.	Where Interest payable	Date of Maturity.	REMARKS
Bell Telephone Co.......	100	99½	5	$3,649,000	1st Oct. 1st Apl.	Bk. of Montreal, Mtl.	April 1st, 1925	
Can. Car & Fdy.........	100	..	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.........	87	..	6	474,000	1st June 1st Dec.	....	Dec. 1st, 1926	
Can. Cement Co..........	98	..	6½	5,000,000	1st Apl. 1st Oct.	" "	Oct. 21st, 1929	Redeemable at 110
Dominion Coal Co.......	98½	97½	5	6,300,000	1st May 1st Nov.	" "	April 1st, 1940	Red. at 105 and Int. after May 1st, 1910
Dom. Iron & Steel Co...	90¼	..	5½	7,332,000	1st Jan. 1st July	Bk. of Montreal, Mtl	July 1st, 1929	
Dom. Tex. Sers, "A"....	..	100	6	758,500	1 March 1 Sept.	Royal Trust Co. Mtl.	March 1st, 1925	Redeemable at 110 and Interest.
" "B"....	..	100	6	1,000,000	"	" "	"	Redeemable at par after 5 years
" "C"....	..	100	6	1,000,000	"	" "	"	Red. at 105 and Interest
" "D"....	..	100	....	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...........	..	..	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	105	104	6	1,000,000	1st. June 1st Dec.	Merchants Bank of Canada, Montreal..	June 1st, 1932	
Laurentide Paper Co....	108	104	6	947,305	2 Jan. 2 July	Bk. of Montreal, Mtl.	Jan. 2nd, 1920	
Mexican Electric L. Co..	..	..	5	5,778,600	1st Jan. 1st July	" "	July 1st, 1935	
Mex. L't & Power Co....	..	..	5	11,728,500	1st Feb. 1st Aug.		Feb. 1st, 1933	
Montreal L. & Pow. Co..	98½	97½	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 ... 1932	
Ogilvie Flour Mills Co...	107	105	6	1,750,000	1st June 1st Dec.	Bk. of Montreal, Mtl.	July 1st, 1932	Redeemable at 105 and Interest
Penmans................	..	..	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	86	84	6	833,000	1st June 1st Dec,	....	June 1st, 1925	
Quebec Ry. L & P. Co...	53	49	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	100	..	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	

REFERENCE DIRECTORY

Legal Firms, Brokers, Agents, Etc.