

The insurance is available under two main classifications—general commodities and capital goods. Coverage for general commodities can be procured by exporters under two types of policies: (1) the Contracts Policy, which insures an exporter against loss from the time he books the order until payment is received or; (2) the Shipments Policy, obtainable at lower rates of premium and which covers the exporter from the time of shipment until payment is received.

Insurance of capital goods offers protection to exporters dealing in plant equipment, heavy machinery, etc., where extended credit for longer periods is often necessary. Specific policies are issued for transactions involving capital goods, but the general terms and conditions are the same as those applicable to policies for general commodities.

The Corporation insures exporters on a co-insurance basis up to a maximum of 85 p.c. of the gross invoice value of shipments. This co-insurance basis also operates in the distribution of recoveries obtained after payment of a loss, and these recoveries are shared by the Corporation and exporter in the proportions of 85 and 15 p.c., respectively.

The Corporation, from its inception to June 30, 1950, has issued policies having a total value of \$229,546,371. Claims paid to exporters, during the same period, covering losses sustained by them under the terms and conditions of their policies, amounted to \$683,015. A great majority of these claims resulted from exchange transfer difficulties, with relatively few arising from insolvencies. Recoveries amounting to \$276,165 were made.

Excess of income over expenditure to June 30, 1950, was \$1,033,099, which has been added to its underwriting reserve, in accordance with the practice followed by the Corporation since it began operations.

The loans made by the Canadian Government under financial agreements to the United Kingdom and foreign countries to facilitate purchases of goods and services in Canada are shown at p. 882.

## **Section 2.—The Development of Tariffs**

A short sketch of trade and tariffs prior to Confederation is given at pp. 480-482 of the 1940 edition of the Year Book. The 1942 Year Book, at pp. 427-428, traces the development from Confederation to the adoption in 1904 of the present form of preferential tariff.

Owing to the limitations of space in the Year Book, it has been necessary, in regard to tariffs, to adopt the policy of confining any detail regarding commodities and countries to tariff relationships at present in force, and to summarize as much as possible historical data and details of preceding tariffs, giving references to those editions of the Year Book where extended treatments can be found.

### **Subsection 1.—The Canadian Tariff Structure**

The Canadian Tariff consists mainly of three sets of rates—British Preferential, Most-Favoured-Nation, and General. British Preferential rates consisted at first (1898) of a remission of 25 p.c. of the duties ordinarily paid but later (1900) were