

Canada Life

Change Completed to a 3½% Valuation Basis

At the Canada Life Annual Meeting on Tuesday the President, Senator Cox, announced that the Reserves on all business prior to 1900 are now valued on a 3½% basis and new policies issued since then at 3%. The Directors' Report is as follows:—

The Year's Business. The number of applications received for assurances was 3,871 for \$8,467,243. The number of policies issued was 3,659, representing assurances of \$7,761,131. Applications for \$485,642 of assurance were declined, and the balance were deferred or incomplete at the close of the year. As compared with the previous year there was an increase of 1,579 in the number of policies issued, and of \$2,397,996 in amount. The number of new policies on which first premiums were actually paid during the year was 3,238, effecting assurances of \$7,078,356. This constitutes the largest paid-for business in any year of the Company's history. The total assurances now in force amount to \$84,404,972, being an increase of \$3,365,891 for the year.

The Income. The net premium income amounted to \$2,476,251.29, and the income from interest to \$1,041,365.94, making a total net income of \$3,517,617.23. It is pleasing to note that the interest income, for the first time in the Company's history, has exceeded the million dollar mark.

The Payments. The death claims paid during the year amounted to \$1,163,098, an increase of only \$50,730.60 over those paid in 1900, and the amount was again well within that expected. Including bonus additions, the death claims, endowments and annuities paid in 1901 amounted to \$1,384,239.04, while \$175,703.51 was paid as surrender values and dividends to policyholders, making total payments to policyholders \$1,559,942.55.

The Assets. The total assets at 31st December, 1901, as shown by the Balance Sheet, amount to \$24,504,790.48, being an increase of \$1,856,586.40 over the previous year. Apart from the \$560,380 received from calls on Capital Stock, the natural increase in the assets of \$1,296,206.40 must be very gratifying to all interested in the Company's welfare. The funds have been kept fully employed during the year at remunerative rates of interest.

The Liabilities. Two detailed valuations of the Company's policy liabilities were again made—one upon the Combined Experience 4% basis, the other upon the Institute of Actuaries Hm 3½% table. In addition to these a third valuation was again made for all policies issued since 31st December, 1899, upon an Hm 3% basis. The Directors have much pleasure in announcing the final transfer of the Company's reserves to an Hm 3½% basis, and further, that for all policies issued since January 1, 1900, a rate of interest of 3% only has been employed in the valuation now adopted. So far as known, no other Canadian Company, and, with one possible exception, no United States company employs so stringent a valuation basis or holds such strong policy reserves as the Canada Life. After providing for these and all other liabilities, except Capital Stock, there remains a surplus on policyholders' account of \$1,348,706.22.

Review. It is perhaps not too much to say that the year 1901 was the most successful in the Company's long record of fifty-five years. The new business paid for was the largest in the Company's history, while the total business in force shows a very material gain. The increase in assets was very gratifying, the interest earnings most satisfactory, while the mortality experience was well within that expected. To crown all, the completion of the transition to the new and stronger basis of reserve, now announced, must be a cause of great satisfaction to all interested in the continued prosperity of the Company.

GEO. A. COX, President.
R. HILLS, Secretary.

Financial Abstract

As at 1st January, 1902

ASSETS

Government, Municipal and other Bonds,	
Stocks and Debentures	\$11,653,143 00
Mortgages on Real Estate	3,910,190 25
Loans on Bonds, Stocks, Policies, etc.	6,009,377 63
Real Estate (including Company's buildings in Toronto, Montreal and Hamilton)	1,579,588 33
Premiums in Transit, deferred Premiums and Interest accrued	873,969 08
Other Assets (including cash in banks)	478,522 19

\$24,504,790 48

RECEIPTS

Net Premium and Annuity Income	\$2,476,251 29
Interest	1,009,980 23
Capital	560,380 00
Profit on Sale of Securities	31,385 71

\$4,077,997 23

LIABILITIES

Assurance Reserve Fund (Hm. 3½% for all business prior to 1st of January, 1900; Hm. 3% for Policies issued since then)	\$22,709,306 00
Investment Reserve Fund	75,000 00
Other Liabilities except Paid up Capital	371,778 26
Surplus on Policyholders' Account	1,348,706 22

\$24,504,790 48

PAYMENTS

Paid Policyholders and Annuity	\$1,559,942 57
All other payments	656,808 17

\$2,216,750 74