

being \$641,520. Under the able management of Mr. James McGregor, who has been associated with the Commercial Union for very many years and is one of the best known fire underwriters in Canada, organisation is maintained throughout the Dominion at a high level. In the Canadian accident field, in addition to the Ocean Accident and Guarantee, the Commercial Union controls the Canada Accident Assurance Company. So that the ramifications of this well-known British Company throughout Canada are very extensive. That the Commercial Union business here, as in its home and other fields, will attain even greater importance in the future, there is every indication.

CANADIAN INSURANCE ACT: BRITISH ACTUARIES' VIEWS. (I).

Mr. Thomas Bradshaw, lately managing director and actuary of the Imperial Life Assurance Company, Toronto, has recently contributed a paper entitled "Notes on the Insurance Act, 1910, Dominion of Canada," for discussion by the Institute of Actuaries, of Great Britain. Mr. Bradshaw's paper, which was of an expository character, and dealt mainly with the act as it affects life insurance, was warmly welcomed as a lucid exposition of the Act, which would be most valuable for purposes of reference. At a recent meeting Mr. Bradshaw's paper was discussed, and some points were made, which are interesting as showing the considered opinion of British actuaries upon the new Canadian Act. While, possibly, some of the opinions expressed may not find agreement with them on this side, it is always interesting to observe familiar objects from new points of view, and, possibly, may be more than interesting.

WEAKENING RATHER THAN STRENGTHENING.

Mr. A. T. Winter, of the Phoenix Assurance Company, expressed the opinion that those who had only an academic interest in Canadian insurance law would, in comparing the respective laws, set a still higher value upon the liberty of action which the British Act accorded. They would also be thankful, he thought, that they had not to work under the restricted conditions which held in Canada.

The Author had anticipated that the provisions of the Canadian Act would not altogether meet with the approval of British actuaries, and he thought in that surmise Mr. Bradshaw was justified. He had asked his English brethren to remember that the conditions in Canada were very different from those at home; but, even making every allowance for the different conditions, one could not help thinking that policyholders' interests in Canada might have been protected without restricting the liberty of action of the companies to the extent involved by the Canadian Act. In fact some of the provisions of the Act seemed to tend in the direction of weakening rather than strengthening the policyholders' security. Take, for instance, the provision as to reserves. In the new Act, as in the old one, a minimum standard of reserve was required, but a feature of the new Act was that a maximum standard was also set up. . . . He could not see that there was any particular advantage in that provision, while it certainly had demerits. . . . There was a rather peculiar qualification of the maximum standard of valuation, providing that if an office calculated its office premiums at a rate of interest lower than $3\frac{1}{2}$ per cent, then the valuation standard might be based on a rate of interest which was $\frac{1}{2}$ per cent. lower than that on which the office premiums were based. The principle underlying this seemed to be that the higher the office premiums the more stringent the valuation might be. All other circumstances being equal, it appeared to him that the lower the office premiums were the greater would be the need for strong reserves.

Another qualification of the standard of valuation was that if the office premiums were lower than the net premiums under the standard basis, then in the reserve calculation the office premiums had to be substituted. He thought that was the first time office premiums had been mentioned in connection with standard reserves in Canada. Under the old Act it would have been possible for a company to take credit in the valuation of a premium actually higher than that which it was receiving. This was rather a material point. . . .

TROPICAL BUSINESS.

Another point in connection with valuations was that separate particulars were not required in regard to business in force at tropical and sub-tropical rates, which information was, of course, called for under the British Act. That was also a matter of some importance, because, looking at the new business of three of the leading Canadian companies, he noticed that approximately half was transacted outside the Dominion. It was well known that two of those companies were doing a considerable business in tropical countries. With regard to one of the offices, there was information available as to its tropical and sub-tropical business at the last valuation, and such policies then amounted approximately to one-quarter of the total business in force. No special reserves, however, were made on account of that business. Life assurance companies were allowed under the Act to give the benefit of cessation of premiums in the event of physical incapacity; and they were also allowed to pay the sum assured in the event of total incapacity. He believed offices in Canada were now adopting those benefits to a considerable extent, and the Life Officers' Association there recently tried to standardise the terms upon which that business should be done. No special reserve, however, was called for on account of those benefits, although on looking at the statements at the end of the paper it would be found that the offices were asked to say what, if any, special reserves were made on that account. The Author did not mention the standard basis for the valuation of annuity contracts. That was fixed on the British Offices Select Table of Mortality, with the same rates of interest as were adopted for the valuation of assurances.

VALUATION RESERVES.

From the statements at the end of the paper with regard to valuation reserves, it would be observed that the particulars were very meagre compared with those that were required under Schedules 4 and 5 of the British Act. The sums assured and the net premiums need not be valued separately, and the value of the office premiums was not called for, nor was any statement required of the percentage of office premiums reserved for expenses and future profits. Particulars were not given in such form as would readily admit of an approximate check valuation or of an investigation into the profit-earning power of a company. He thought in those respects the Act was very much less satisfactory than the British Act. An attempt was made to deal in the Act with an evil which had assumed considerable proportions in Canada, namely, the cutting of rates. Very heavy penalties were imposed on all parties to such a transaction, but, as Mr. Bradshaw pointed out, the proposer, by making application for agency before effecting his policy, apparently could still evade the spirit of the Act by obtaining the rebate in the form of commission. It was impossible to deal in detail with the many clauses of the Act, but he should like to mention a few of those provisions, the beneficial object or the equity of which was not quite evident. First of all, there was the question of security as representing the reserves. The foreign companies transacting business in Canada, as well as the local Canadian offices, had to hold in the Dominion as securities representing the minimum standard reserves. In the case of foreign companies, which of course included British companies, the amount had to be deposited partly with the Receiver-General and partly with an approved Trust Company appointed for the purposes of the Act. There was this distinction, however: local companies were allowed to take credit for the full market value of the securities, whereas foreign companies were only able to take credit for 90 per cent. of the market value. That seemed a somewhat unfair distinction; it was a form of Colonial preference which certainly gave no advantage to the Mother Country. . . .

POWERS OF INVESTMENT.

An examination of the powers of investment under the Act would, he thought, reveal inconsistencies. Companies