Terms of Proposed Life Insurance Amalgamation

Absorption of Manufacturers Life With the Sun Life Is Eminently Equitable, Increases Financial Strength and Benefits Policyholders.

At a meeting of the Board of Directors of the Manufacturers Life Insurance Company held in Toronto on December 16th last, unanimous ratification was given an agreement for the reassurance of the policies of the Manufacturers Life Insurance Company by the Sun Life Assurance Company of Canada, thus completing preliminary arrangements for the amalgamation of these two outstanding Canadian corporations. Having enlisted for active service overseas, Captain M. Ross Gooderham, Managing Director of the Manufacturers Life and son of the late Mr. George Gooderham, the founder of the Company, opened negotiations with the Sun Life which have resulted in an agreement distinctly advantageous to the policyholders of his Company. In accordance with the provisions of the Insurance Act, notice will be sent to the policyholders and shareholders in Canada of the Manufacturers Life setting forth the terms of the agreement together with a report from an independent actuary. After all interested have been duly notified, thirty days must elapse before the agreement goes before the Treasury Board at Ottawa for final sanction. It is felt by both Boards of Directors that the terms of the arrangement are so equitable and beneficial to the policyholders and shareholders of both companies that this sanction will be given in due course.

Under the terms of the agreement the Sun Life assumes all policy and other contractual obligations of the Manufacturers Life as at January 1st, 1916, and accepts transfer of its assets with the exception of capital stock. To the holder of every Manufacturers Life policy and annuity outstanding upon January 1st, 1916, the Sun Life will send direct a certificate of guarantee undertaking to assume primarily all liability under his policy.

The agreement involves substantial advantages to the policyholders of the Manufacturers Life. In addition to the security offered by the undoubted financial strength of the Manufacturers Life, their policies will be further guaranteed by the great resources and surplus of the Sun Life of Canada. But the most direct advantage accruing to participating policyholders of the reassured Company will be the immediate increase in the profits on their policies. Until such time as the Manufacturers Life business is finally merged with that of the Sun Life, it will be operated as a separate branch or account and will be credited with all Manufacturers Life premiums and with interest at the average rate earned by the total funds of the combined companies; but it is expressly provided that the amount chargeable for expenses of operation and administration during the existence of the separate account shall not exceed 10% of the premium income. When it is remembered that expenses of the Manufacturers Life have averaged over 30% of a premium income which last year stood at $3,150.000, it will be seen that the reassurance involves a material saving and consequently greater profits for Manufacturers Life policyholders. But bright as are their prospects for future profits, participating policyholders in the Manufacturers Life are guaranteed an immediate increase in profits to not less than 80% of those accruing to corresponding Sun Life of Canada policies, as against their present profits which in the ordinary branch have averaged only about 65% of the Sun Life scale. To the policyholders of the Manufacturers Life accrues also a substantial advantage in the fact that, after the capital stock of the Manufacturers Life is entirely liquidated, the percentage of the profits earned by the Manufacturers Life account to which shareholders of the Sun Life will be entitled in the future is expressly limited to 5% instead of the 10% permitted by the Insurance Act and formerly drawn by the Manufacturers Life shareholders. As soon as the reserves on Manufacturers Life policies are on the same basis as those of Sun Life policies, which will be in a very short time, the profits on participating policies of the former Company will be raised to the same basis as that of the profits allotted to corresponding Sun Life of Canada policies. This will mean much to policyholders of the Manufacturers Life as they will participate in the relatively larger surplus of the Sun Life without having contributed thereto. With regard to its present and future profit-paying power the Sun Life is acknowledged to occupy a somewhat unique position. By December 31st, 1915, it will have admitted assets of approximately $74,500,000, and a net surplus over all liabilities and capital of about $7,500,000. But over and above this surplus the Company possesses a further contingent surplus in the form of Reserve Fund Assets which will greatly increase its future profit-paying power. According to the last issued Report of the Insurance Department of the Dominion of Canada the par value of these Reserve Fund Assets stood at no less than $12,444,527.

It is worthy of note that in the distribution of profits the Sun Life undertakes to treat the Abstainers section of the Manufacturers Life business as a separate class as heretofore. Abstainers will, therefore, continue to receive the same extra consideration in the matter of profits which would have been accorded them with the Manufacturers Life.

From the last available Government Report, December 31, 1914, the total assets of the Companies were $83.368,044. the assurance in force $298,910,519, and the net premium income $19,288,506.

Recent Fire Losses.

Recent fire losses reported to Superintendent of Insurance, Victoria: –

Burnaby, December 20.—Keefer Street, Capital Hill; owner and occupant, Alexander Tait; wood dwelling; value of building $600, insurance on same $600; value of contents $700, insurance on same $400. Total loss $1,300. Cause unknown. London & Lancashire.

Cranbrook, December 11.—Pooley Avenue; owner and occupant, F. Parks; wood dwelling; value of building $2.300, insurance on same $2,000; value of contents $2,000, insurance on same $1,500. Total loss, $2,600. Cause unknown. Stuyvesant, Westchester, Glen Falls.

North Vancouver, December 19.—George Street and Water Front; owner, Mrs. Taylor; occupant, C. Cartwright; frame office and dwelling; value of building $400, insurance on same $300; value of contents $428, insurance on same nil. Total loss, $650. Cause, defective hearth box. Hartford and North British Mercantile.

North Vancouver, December 22.—Twentieth Street West and Lonsdale Avenue; owner and occupant, J. Friend; wood dwelling; value of building $1,450, insurance on same $1,000; value of contents $700, insurance on same $300. Total loss, $1,600. Cause unknown. Canada National, British American.

Revelstoke, December 23.—Second Street; owner and occupant, H. J. McSorley; cement and wood hotel; value of building $30,000, insurance on same $10,000; value of contents $20,000, insurance on same $5,000. Total loss $912.90. Cause unknown. Companies not mentioned.

South Vancouver, December 14.—4782 Dumfries Street; owner, Dr. Price; unoccupied; 1 1-2 frame dwelling; value of building $1,800, insurance on same $1,500. Total loss $1,500. Cause unknown. Scottish Union.

Trail, December 18.—Off Terrace Avenue in alley; owner, G. F. Wier; occupant, Tony Plaskey; wood dwelling; value of building $500, value of contents $200; no insurance. Total loss $700. Cause, spark from kitchen stove.

Vancouver, December 2.—750 Granville Street; owner, Walter Hepburn; occupant, Castle Hotel; value of building $30,000, insurance on same $20.000; value of contents $35,000, insurance on same $20,000. Total loss $335. Cause, spontaneous combustion. L. L. & G., Western, Century.