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PRINCIPAL CONTENTS OF THIS ISSUE.

LOANS ON LIFE INSURANCE POLICIES.

The question of loans on life insurance policies has received the attention of Canadian companies. It has been stated that considerable borrowing has occurred often for the purchase of luxuries. An investigation of The Monetary Times shows that, while policyholders in Canada have made good use of the borrowing privilege, the facility has not been abused. Having regard to the greater volume of business which is in force, the amount loaned has not increased largely. The experience of an English company, both in Canada and in England, has been that a policyholder only borrows on his policy in times of great stress. There seems to be reluctance to impair the security for their dependants. On the other hand, the secretary of a Canadian company, while admitting that the power to borrow on the policy is a great convenience to many policyholders, thinks that the facility with which money can be raised in this way leads in some cases to policyholders borrowing on the policies when not absolutely necessary. This reduces the amount of their insurance or protection to their families.

There are two classes of loans to policyholders:—(1) Direct loans made, having no connection with assistance in the way of premiums, and (2) loans paid directly for the purpose of assisting policyholders to keep the policy in force. The latter loans are made under what is known as the automatic, non-forfeiture privilege of the policy. The companies which offer such a provision, make it a rule to advance automatically premiums after the policy has been in force, say, three years, if the renewal premium is not paid when due.

Another English company which does business in Canada thinks it evident that loans on life policies are becoming more in demand. "While such loans," they say, "diminish the insurance values of policies, at the same time the loan benefit is one which, in the present generation, induces many people to take policies, who would not otherwise. The companies will have to hold larger sums in liquid assets than heretofore, so that they may meet emergency demand for loans."

Inquiries made by The Monetary Times prove that the majority of companies, while willing to make such loans and providing for them in their policies, at the same time regret that so many policyholders should borrow in this way. They believe that the insurance will be more satisfactory to policyholders in the long run and more sure to carry out the protective feature of life insurance if they will manage to get along without borrowing. Some interesting notes on this question are given elsewhere in this issue. It is plain that the policyholder should only go to the life insurance company for a loan as a last resort.