

STATE SUPERVISION OF LIFE COMPANIES.

Actuaries, Assembled in World Congress, Discuss Divergent Views.

In view of pending and lately enacted life insurance legislation—in Great Britain, the United States, Canada—special interest attaches to a recent discussion at the Congress of Actuaries held in Vienna last month. Representative papers were submitted upon the subject of State Supervision of Insurance Companies from an Actuarial Standpoint. In the discussion of these, various and sometimes divergent views were given. As reported by The Post Magazine of London, Mr. T. G. Ackland, one of the two "referees" appointed for the consideration of the papers, not unnaturally agreed more largely with the opinions given by Mr. A. R. Barrand, the British essayist, than with the views of some of his continental conferees. For instance, he expressed himself as in entire accord with Mr. Barrand in holding that. (1) State supervision was a necessary evil and should therefore be applied with discretion and consideration; (2) that there should be no interference with contract rights; (3) that the legislation of each country must have regard to the special circumstances of such country.

British vs. Continental.

Mr. Ackland also entirely agreed with Mr. Barrand in his statement of the general principles on which the Life Assurance Companies Act, 1870, was based, principles to be followed in further British legislation now pending, namely:—(1) a fixed cautionary deposit; (2) perfect liberty as to principles and methods of accounts and valuation, but subject to uniform returns of accounts. This involved the exclusion of any fixed basis of valuation or standard of solvency. The regulations, which had been in force for 40 years, had been most beneficial and had resulted in a steady strengthening of offices all round. As Mr. Barrand stated, English opinion was unanimously in favour of the principles of the Act, with such modifications of detail as might be required by the changes of life assurance business.

Among the continental papers submitted, Mr. Ackland referred specially to Herr Altenburger's contribution and the question as to whether the net premium method or some method akin to Zillmer's or Sprague's were the better adapted to the changing circumstances on which life assurance business was obtained and secured. He admitted that while the net premium method was generally adopted in England, there was a feeling that it was not altogether applicable in all cases or to all modern developments of life assurance. There was, however, a feeling that departures from this method were somewhat dangerous. Mr. Ackland was also struck by the remarks as to the advisability of some movement towards uniform lines of international control and the great desirability of not encroaching unduly on the internal management. The Life Assurance Companies Act, 1870, as already mentioned, had been in operation for nearly 40 years, and a Bill was now before Parliament for extending and consolidating its provisions. This Bill, with some necessary modifications, would apply to all insurance companies. The principal changes introduced as regards life assurance companies were; (1) the separation of accounts—so far only as concerned payments to, or receipts from policyholders—into

business within the United Kingdom and business outside the United Kingdom; (2) a certificate having to be required showing the methods adopted in valuing Stock Exchange securities, and that the life funds were intact; (3) a statement as to the deposits made in foreign countries under legal requirements; (4) companies making valuations under foreign laws in respect of business abroad must make detailed statements of such valuation.

As against the views of the British actuaries, Dr. Blaschke, the other "referee," criticised the English system of publicity, which he contended assumed a knowledge of management and organisation on the part of the assured which they were very unlikely to possess, whereas in those countries where state supervision existed such knowledge was only required on the part of the State officials. Were Dr. Blaschke conversant with United States conditions, he would be aware that public officials charged with overseeing minute details of the insurance business, do not always possess the "knowledge of management and organization" with which he seems to credit officialdom generally.

THE FEDERAL BOUNTIES.

Figures Relating to Canadian Iron Industry Incidentally Show its Activities to have Kept Up Remarkably Well During Year of Worldwide Trade Recession.

During the fiscal year ending 31st March, 1909, the Dominion paid the sum of \$2,407,304 in bounties, as compared with \$2,787,357 in the fiscal year, 1908. Aside from bounties aggregating \$1,864,612 on iron and steel the following were paid: on lead, \$307,133, an increase of \$258,432; on manila fibre (imported for use in binder twine and cordage), \$34,561, a decrease of \$7,422; on crude petroleum, \$260,698, a decrease of \$130,519. The sole item of increase in bounties is that upon lead, due to the amendment made to the Lead Bounty Act last year.

Iron and Steel Bounties.

The production of pig iron, upon which bounty was paid during the fiscal year ending 31st March, 1909, was: On pig iron produced from Canadian ore, 97,826 tons, a bounty of \$194,047; on pig iron produced from foreign ore, 516,605 tons, a bounty of \$499,375, making a total upon pig iron of \$693,422, as compared with bounty payments during the previous fiscal year of \$863,816 upon 683,779 tons, representing a decrease of 73,348 tons, and decrease of bounty of \$170,394. In this connection it is to be borne in mind that at January 1st, the bounty on pig iron manufactured from Canadian ore was reduced from \$2.10 per ton to \$1.70 per ton; while on iron from foreign ore the rate was reduced from \$1.10 to 70 cents. In 1910, the bounties will be further reduced to 90 cents and 60 cents—after which year no further provision is made except in the case of electrically smelted Canadian ore.

The production of steel during the fiscal year ending 31st of March, 1909, amounted to 570,588 tons, yielding a bounty of \$838,100, as compared with 661,939 tons, earning a bounty of \$1,092,200 during the previous year. After the 1st of January the steel bounty was decreased from \$1.65 to \$1.05, and the rate next year will be 60 cents. The production of wire rods, 55,515 tons, earned a bounty of \$333,090 at \$6 per ton, as compared with a production of 57,855 tons and a bounty of \$347,134 in 1908.