

LIFE INSURANCE FOR MILLIONAIRES

One of the features of the Canadian life insurance year has been the purchase by several wealthy men of policies for extremely large amounts. One Montreal millionaire has taken out \$1,500,000 this year. These cases are interesting as evidence that Canadian men of large affairs are becoming aware of the great possibilities contained in life insurance as a means of providing an estate with adequate ready cash. Present circumstances are in this connection powerful influences for life insurance. In the existing depressed condition of the security markets, an estate left in such shape as to necessitate the sale of securities, or the withdrawal of funds from enterprises, in order to provide cash for succession duties, and the many other charges which have to be met in cash, must necessarily suffer considerably.

Insurance to provide cash for heavy succession duties has been for many years in vogue in England, where the practise of entailment of large landed estates has made it almost a primary necessity for many wealthy men. On this side of the Atlantic, its development has been more recent. In the United States, it was given a decided fillip by the announcement, last year, of the taking out of a policy for \$2,500,000 by Mr. J. P. Morgan. The fact is recalled that in settling the estate of the late J. Pierpont Morgan, that some of his finest art possessions were sold to raise several million dollars shortly before the collection of inheritance taxes by the State. These were sold, it was reported at the time, to enable the present J. P. Morgan to find the cash necessary to pay the tax without embarrassing any of the enterprises of the Morgan firm. Since then, a Federal inheritance tax and war tax has been piled on top of the State succession duties, so that it is calculated that the total tax charges on the late J. Pierpont Morgan's estate would be now \$16,309,675 instead of the \$2,587,675 which was actually paid. With such cogent arguments at hand, it is not surprising that wealthy men in the United States are freely availing themselves of the protection afforded to their estates by life insurance.

Further, present circumstances are an outstanding object lesson of the possibilities of damage to an estate forced to realise even the highest-grade securities under unfavorable circumstances. It is to be expected that as a result of present events, there will be an increasing tendency on the part of wealthy men in Canada as elsewhere to take large lines of life insurance, not merely to provide against succession duties, but also to ensure, as far as possible, that their estate shall not suffer merely through a lack of ready cash. Obviously, business of this kind is not likely to come within the purview of every agent. But there are many who will find it of distinct advantage to study up the succession duties of their province, and to formulate schemes showing the possibilities to the insured of a development in life insurance which is only yet in its infancy.

THE LONDON ASSURANCE.

Cables state that the London Assurance Corporation is absorbing the British Law Fire Insurance Company. The latter company transacts fire and a general casualty business and is reported as possessing particularly desirable connections.

BANK STATEMENT CHARACTERISTICS.

The numerous bank statements which make their appearance at this time of year are on the present occasion particularly interesting for their revelation of the extent to which the banks' resources and machinery have been employed in the direct service of the nation. The principal feature in all the reports that have thus far come out, is the increase in the banks' holdings of securities of both the Canadian and British governments, representing the advances made by the banks for direct war financing and for munitions and food purchases in Canada. In recent months, these temporary loans by the banks have been increasing in volume very rapidly, and at the date specified in most of the bank statements, November 30, were probably approaching their high mark. The receipt of the Victory Loan proceeds will enable the Government to repay these temporary loans as they become due, and it is to be anticipated that early in the New Year there will be considerable repayments with consequent and corresponding decrease of the banks' assets and liabilities. Presumably also, Victory Loan funds will be subsequently used in payments to manufacturers on Government account, and these will enable the manufacturers to clear off bank loans, secured to finance Government contracts. Settlement of both the banks' temporary loans to the Government and of these commercial loans will naturally further improve the banking position and the banks will be in good shape to undertake any necessary new financing. Apart from this Government financing, the chief features of the current bank reports are marked rises in deposits, a consequence of the war purchases made possible by the financing referred to, a decrease in call and short loans in Canada, a strengthened liquid position and moderate increases in profits. Commercial loans and discounts show irregularity, some banks reporting little change or actual decreases, others considerable increases.

THE QUALIFIED INSURANCE BROKER.

Attention is called to the paper upon the functions of the insurance broker appearing on another page and written by Mr. A. S. Hill, of the Montreal firm of McBean and Hill. Mr. Hill puts convincingly the case for the fire insurance broker as a trained professional man, and we commend his paper to the consideration not only of those associated with the business in the larger centres, but also to the rank and file in the smaller communities throughout Canada. While the latter may not find themselves confronted with the intricate rating and other problems of the large industrial centres, in their own field there is great scope for informed common-sense. Only through its use can the well-being of the business as a whole, and not merely of any particular section of it, in the long run be maintained. In these days, when there is a distinct tendency on the part of large sections of public opinion to a "show me" attitude in regard to the value of the services of brokers and agents, the fact of qualification is a very important one. The character of qualification may legitimately differ according to the work to be performed. But a sense of responsibility and a technical and business knowledge, increasing in due time, are essential, if the business of fire insurance is to be represented as it should be represented.