

LIFE ASSURANCE IN CANADA.

The extent to which life assurance is availed of in a country, has been said to be a fair measure of the intelligence and morality of its inhabitants. The propriety, nay the duty, of making some provision for dependent ones by so simple a process as paying premium on a life policy, is at any rate less likely to strike an ignorant or vicious man than one who is the reverse. Of the man who does not provide for those of his own household, we know what is said. Happily, Canadians stand already well in this respect, for the life insurance companies issued policies aggregating \$171,000,000 in 1886, and \$191,600,000 in 1887. The Canadian companies alone have taken \$3,290,000 in premiums during 1888, as compared with \$2,987,000 in the year 1887, which sums, however, include the premiums taken by three companies outside of Canada. Says the *Insurance Times*: "We of the United States, so far as life insurance is concerned, have little or nothing of which to boast over our self-reliant and enterprising neighbors. They not only have a number of strong and honorable companies, but by comparison they support them, in their mission of preventing poverty and mitigating suffering, better than we do ours."

The report of the Sun Life Assurance Company is a very favorable one. While the volume of new business for 1888 did not quite equal that of the previous year in the life branch, which was very large, there was a decided increase over 1887 in the accident branch, and the gain in aggregate business in force in both is marked, being over a million in life and nearly a million in accident business, the total being \$11,931,000 life business and \$4,094,000 accident. The income of the year was \$525,273, exceeding the expenditure by over \$327,000. Death claims were \$104,649, an amount in excess of the previous year but still under the expectation of mortality. A cash surplus to policy-holders of \$172,537 is shown and the surplus over all liabilities and capital stock is \$110,037. Furthermore, we are glad to observe a decrease in expense account, and also that the earnings from invested assets are at a good rate. The business of this company has reached large proportions and continues to be looked after with great care and judgment.

The London Life is a prudently conducted company and has had a good year. Premium income of the industrial branch was \$11,687, and of the general branch \$36,530, while the losses of the year by death were more than covered by the interest earnings, which were \$10,922 on invested assets amounting to \$185,000. The new business, we observe, shows an increase of nearly a fourth over 1887, and the total in force a still larger growth. A good deal of attention has been given by this company to the industrial feature of the business, and it seems to be meeting the wants of a large class who have not hitherto applied for the benefits of trustworthy life assurance. We call attention to one portion of the remarks of Mr. Jeffery, the president: that in reference to the "digging

out" method practiced by certain insurance canvassers. They proceed to attack some plan of life assurance, or to traduce some company. If the person to whom they are talking chance to be insured on that plan, or in that company, he is induced to give up that policy and to take another on the plan or in the company which the loud-mouthed speaker represents. Such canvassers Mr. Jeffery calls "pirates," and we do not wonder.

When we recall how strong a sentiment prevails in Canada in favor of tee-totalism, we naturally conclude that a life insurance organization which appeals to abstainers from intoxicating liquors must have a large constituency. Accordingly one looks with interest at the third annual report of the Temperance and General Life Assurance Co. It is found that the company in question has a total insurance in force of \$2,371,000, under 1,462 policies. Of this total 1,073 policies, for \$1,455,000 are in the Temperance Section, and 389 policies, for \$916,000, are in the General Section. That there is a distinct saving effected by total abstainers in the lower rates at which they can obtain life insurance, is plain from the experience of companies in Great Britain. We have referred to this in several previous issues. So great is the "pull" which a company taking teetotal insurances in a separate class has over the general public that we were quite prepared to find this company doing a larger business. The machinery is provided, the field is open, and we cannot but think that in spite of prevailing competition, it would be possible to do a larger business with safety.

Third, in the list of Canadian companies for volume of insurance in force, but fourth in the amount of premiums for 1888 comes the Ontario Mutual Life. While, like some others, this company did not equal last year its amount of new business got in 1887, its aggregate of policies in force is nearly a million greater (\$11,972,000 against \$11,081,000) it received \$37,000 more in cash and its assets are increased by some \$200,000. Losses were not heavy, and the progress of this popular company continues.

CONTINGENT COMMISSIONS.

Various plans have been adopted by insurance companies with the view of reducing fire losses. There are many factors which enter into the profitable results of fire insurance. Three parties, especially, are usually concerned in every insurance effected on property. First the assured, second the insurer, and third the agent, who is the go-between of the first two. The contingent commission question, as a factor in rendering fire insurance a profitable business, has not received that attention which we think it merits.

At least two interests are involved in obtaining a fire insurance risk. These interests are sometimes common if not identical—the company being naturally anxious to obtain business, while the agent is equally anxious, as his income depends upon the amount of business he gets for the company. If the agent has no further interest in the risk after he has received his

commission, it is evident that his interest lies more in the quantity than the quality of the business he sends in. It is equally obvious that the success of an insurance company depends upon the quality, rather than on the quantity. To obtain such business it is absolutely essential that the agent be made to some extent an interested party during the continuance of the policy by making his commission partly depend on the profitable balance of his agency at the end of each year. If this were arranged, he would not only be more careful in his selection of good risks, but he would naturally and necessarily, as a matter of interest to himself, be watchful of any circumstance that might increase the liability to loss on existing policies; and he would be likely to have the honesty and courage of his convictions by refusing, with promptness, risks in cases where he had any doubt regarding either the physical or moral hazard.

We may point out at least two kinds of agents, the one who looks only at the amount of his commission, and who is for that reason ready and willing to insure everything that is offered, without enquiry or caring as to the ratio which the insurance bears to the value of the property to be insured, the larger the amount of insurance the greater his commission. The other is the person whose whole time is exclusively occupied in soliciting risks, and who is equally interested with the company he represents in making the business profitable. These latter, in our opinion, are the class of persons whom insurance companies should employ as their agents. The contingent commission should be liberal enough to secure the services of capable and honest men, and while losses will of necessity occur, they would be reduced in number and frequency by making the agent a participant in the profits of the company.

Under the arrangement that now binds in one association nearly all the proprietary fire insurance companies doing business in Canada, it would be much easier to have the system of contingent commissions inaugurated by the association than it would be for individual companies to adopt it. The competition for business is very keen, and some companies are so determined on getting it at any cost, that risks are taken from persons whose interest ceases when the insurance is effected. Hence, as a necessary consequence, risks are written on property which the conscientious agent would at once decline, and which in many cases prove a source of loss to the company. The subject is one we commend to the grave consideration of fire underwriters.

CANADIAN WOOLS.

Explanation has frequently been made that one reason of low prices for the bulk of Canadian wool of late years is the change of fashion by which lustres, for dress stuffs, were largely superseded by soft beige goods. There was therefore a marked decline in the demand for the long-stapled, lustrous wool mostly grown in Canada. But there are other reasons, and at a gathering of sheep-breeders from different parts of Ontario, the other day, Mr. John Hallam mentioned some of them