

CANADA LIFE IN 1920

RECORD UNISPASSING FOUR YEARS

CANADA LIFE BUSINESS IN 1920

President Reviews Financial Statement

The unusual demand for life assurance which developed in the previous year continued without abatement almost through 1920 and our own institution was enabled to issue \$63,800,000, thereby making a new high record for any one year and bringing our assurance in force up to \$77,000,000. These results are brought about by a growing and stronger and better equipped life organization, concentrating more forcefully upon a better informed public, who are more and more coming to buy life insurance upon a reasonable business basis. One insures his house and furniture against fire, his motor against theft or liability, his health against accident or sickness, not because he cannot bear such a personal liability should it occur, but because he realizes there is no necessity of his doing so and he is at last beginning to see that the same reason exists but in stronger measure why his estate or family should not bear alone a loss occasioned by his death.

This more intelligent appreciation of the uses of life insurance will have a salutary influence in preventing the lapse and surrender of policies at the first approach of a money scarcity such as is now widely felt. In the past there has been a too prevalent tendency when in temporary financial need to cancel life insurance as more or less of a luxury which can be dispensed with, or to borrow upon it, or to surrender it, some of the most important difficulties. At the time of being thought as harping upon an abused and threadbare subject often by persons who are not aware of the personal concern only, one must repeat the warning so frequently given against a too ready and thoughtless surrender of policies, that it is like to those of ordinary or extraordinary means. The first step toward the ultimate cancellation of a policy is the payment of such a sum as will cover the cost of the policy, which is unfortunately the exception rather than the rule. The insured, the assured wearers of paying premium plus interest upon a decreased assurance. Many companies carry on the policy loan, its prevention or repayment as a part of their conservative effort, but there is room for vastly greater activity in this direction.

Business in Great Britain.

The general improvement in our branch organization in Great Britain has been the full share in the expansion of the year. Opportunity was taken to visit with the General Superintendent many of our offices and a most encouraging optimism and activity was found to exist everywhere. I spent some months in Great Britain, accompanied by the President and made an exhaustive study of the conditions affecting our business on that side of the Atlantic. As some of our offices in England, Scotland, Wales, and Ireland, which have this year paid for \$3,180,000, or over twice as much as in 1919. Various factors have contributed to this phenomenal increase, the most outstanding being an effective agency plant and the great appeal this company is able to make to the British public through its liberal policy contract and its bonuses to the assured. Ours is one of the very few life corporations that have been able to carry out during the year a period of after without reducing or passing altogether the usual bonuses to their members. This is a great achievement and a very large accession of new business in Great Britain. We shall look to that country next to Canada for a very important share of our total expansion and will gradually and advisedly enlarge our facilities to that end. Advantage was taken, and we have most promising conditions, and we have received from that agency since September first over \$750,000.

Improved Service.

In the effort to give our representatives a more thorough equipment and foundation for their contact with prospective holders of policies, we evolved a few years ago a course of instruction by correspondence and have more recently added a series of classes which are carried on in the home office. The opportunity thus offered has been seized with avidity and those who have undertaken the courses have shown an immediate and marked increase in sales ability and have left upon their clients impressions which are full of interest and suggestion to the agent. Our ultimate aim is that this company shall be represented in the field only by those who are giving their entire service, and who have armed themselves with the knowledge to be obtained through this course of study. We believe that today life insurance should be sold only by experts.

A Thorough Examination of the company's business is made by the regular annual inspection by the Canadian Insurance Department, the company has received

been submitted to a most thorough and exhaustive examination at the hands of the Insurance Commissioners of Michigan, Illinois, Pennsylvania and Minnesota, whose representatives jointly and concurrently spent several weeks in the home office. Every possible facility was afforded them and a minute inspection was made of all books and records of all assets, and of all office systems. The result was altogether satisfying to the commissioners and gratifying to your officers, and is summed up in the final paragraph of their report, as follows:

"We find that the Canada Life Assurance Company is in excellent financial condition, and that its affairs are being managed economically and efficiently."

"To deal with the many different branches of the work there are special departments conducted by responsible officers and men."

"All evidence goes to show that the investments of the company are carefully selected. The foregoing report shows that the investments have been made upon a wide range of suitable securities."

Surplus Earnings.

As the last of our war claims was paid for in the previous year, and as we have in the past twelve months been free from epidemic, there has been no unusual factor affecting the death rate, followed by a normal, or more properly a subnormal, loss, as the actual deaths have been only 55 per cent. of those expected. The saving from this source again shows a very material increase and has an important part in the creation of net surplus earnings of \$2,165,000 for the year. This sum again constitutes the largest earning in the history of the institution, and enables us to continue without hesitation the present rate of distribution to our policyholders, and to pursue the active program which is bringing us such a gratifying influx of new members. This inherent strength, the result of successful executive following a clearly defined course for nearly three-quarters of a century, adds unique stability to the company's position, and is giving more than usual courage to those who sell them, and much confidence to those who buy.

The Interest Rate.

One of the chief contributors to surplus is, of course, the interest income, and you will be glad to learn that we have been able to increase the average rate upon your investments to 6.10 per cent. Throughout the year, the rate has been high, and it is unavoidable that in the operation there will be hurt alike those who have benefited and those who have not. The average rate has come through the disappearing conditions, but the silver lining of the cloud must at last become apparent, and the resumption of a normal viewpoint and a normal standard of living and working conditions. The use of a normal valuation of values and a greater inclination to give and to demand a fair exchange, whether of commodities or of money, is a natural result of the man in the shop is entitled to a reasonable share of the profit which he assists in producing. The full extent of his knowledge and efficiency, and while it would seem that, in sympathy with the general decline in public purchasing power and in profit to his employer, either his wages must also decrease or his output increase, it is a most profitable plan which, have been evolved for his advantage will continue.

Effect Upon Loan Business.

One effect of the adverse exchange and the high interest rates prevailing in Great Britain which will be increasingly felt in Canada is the difficulty, amounting almost to impossibility, of retaining British monies borrowed by our loan companies upon their debentures for investment in mortgage loans in this country. The margin between the rates demanded in England and those obtainable on proper security here is so narrow as to render the profit on such transactions extremely small and unattractive. As a consequence the loan and other companies depending upon borrowed funds for their investment resources must look in much greater measure to the increasing of their deposits and to the sale of their securities at home, but in the latter direction they will still be seriously handicapped for some years by the

with this thought in mind even then, your Directors acquired the adjoining corner of King and Bay streets and early in the year they purchased the purchase of two parcels immediately to the north of our Bay street frontage, which I am sure will carry you a long way toward the realization of a rectangular block with a frontage of 166 feet on King street and 284 feet on Bay street, upon which, as the demand grows, ample provision may be made upon a fitting scale for the requirements of this great institution. During the year great distress came to us in the death of our very dear and colleague, Mr. Alexander

THE PRESIDENT'S ADDRESS

Mr. HERBERT C. COX REVIEWS BUSINESS OF 1920

CANADIAN CONDITIONS FAVORABLE FOR FUTURE

In the early part of the year general business conditions continued much as they had been in the previous twelve months. Bank deposits were growing; commercial credits were increasing, although under keen scrutiny; manufacturers were placing enlarged orders for raw materials, wholesalers and retailers were striving to implement their stocks, labor, through the strikes or less forcible means, was demanding and receiving higher wages; the cost of all commodities, such as well as luxuries, was still holding at high level. In short, Government and the public were still greatly concerned with the matter of protesting against the prices they were called upon to pay. In the early summer the realization seemed suddenly to come that the way to secure reduced prices was to cease buying. The thought quickly crystallized into action, and one commodity after another had the full force of public disapproval. As a result we were immediately plunged into that readjustment which we had contended but had looked for somewhat later. The reaction was felt first perhaps in the motor trade, followed by leather and other goods. The public buying ceased, cancellations—against which there appears to be no adequate protection—poured in upon the manufacturer who, in turn, where possible, passed them on to the producer of raw materials or to the importer. The result was a general depression of prices, and the securities in general were markedly depressed. The usual preparation for the moving of immense grain crops entails a reduction in ordinary credits, but in the early fall other factors entered into the situation, bringing a more severe curtailment of facilities and a widespread decrease in activity. The inevitable unemployment has been more difficult and many skilled workmen find themselves partially or wholly out of work.

Business is Recovering.

This process of recovery from what was an artificial set of conditions, however, has been taking place under circumstances attending the war, though distasteful, necessary if we are to return to a sound basis. It is unavoidable that in the operation there will be hurt alike those who have benefited and those who have not. The average rate has come through the disappearing conditions, but the silver lining of the cloud must at last become apparent, and the resumption of a normal viewpoint and a normal standard of living and working conditions. The use of a normal valuation of values and a greater inclination to give and to demand a fair exchange, whether of commodities or of money, is a natural result of the man in the shop is entitled to a reasonable share of the profit which he assists in producing. The full extent of his knowledge and efficiency, and while it would seem that, in sympathy with the general decline in public purchasing power and in profit to his employer, either his wages must also decrease or his output increase, it is a most profitable plan which, have been evolved for his advantage will continue.

Immigration Policy.

Proper scrutiny and careful selection of the immigrants are safeguards which are too often overlooked in the desire for increased population. The need of young blood is a natural result of the business through away from the border would be citizens of unfavorable physique and morals, or better still, to sift them out before they leave their country of origin, than to have them enter our country and become a burden to the community. Their solution is being sought by Legislatures, City Councils and Housing Commissions, and it is the life insurance companies are rendering actual assistance in numerous instances to that end of them under certain conditions which enable the building of a better nation.

Exchange Situation.

The exchange situation and the causes leading up to it are so familiar to all that lengthy comment is unnecessary. The obvious remedy for Canada lies in the decrease of our purchases and the increase of our exports. The capacity of Great Britain has recently not been such as to enable her to take the surplus of our goods, and the business offering from this country, as both would have benefited had it been possible for her to do so.

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competition of long-term Government and municipal securities, which can now be obtained at unusually high prices. Without the management of these institutions, which are bearing the burden of a condition for which they are in no way responsible, it is fair to assume that they will not be able to keep up as they have done with the demands of a rapidly expanding country for mortgage loans for farm development. The other great source of supply for this purpose—the life assurance companies—will therefore have to be prepared to proceed more actively in the mortgage investment which is so essential to our national growth. It is perhaps not realized that these companies have already spent a great deal of money in this way, but their steady influx of funds requiring safe and remunerative investment will enable them to proceed more actively in the mortgage investment which is so essential to our national growth. It is perhaps not realized that these companies have already spent a great deal of money in this way, but their steady influx of funds requiring safe and remunerative investment will enable them to proceed more actively in the mortgage investment which is so essential to our national growth.

Health Conservation.

There have been held in Canada during the past year many important conventions and conferences, some of them looking to a greater development of trade within the Empire and kindred subjects, while others have been held for the betterment of the public health. The latter is of moment to the life insurance companies, as anything which tends to conserve health and health and morale bears directly upon their success. The companies themselves exert an influence for good in the conservation of health through medical examinations, which embrace a growing percentage of the population each year, and include in several instances the examination of the insured upon intimation of the assured's desire. Many impairments, greater or lesser, disclosed by these examinations, have been brought to the attention of the insured, and proper medical care and removed. Several companies now maintain their own qualified nurses and place them at the disposal of the insured, and their members without charge. All efforts bearing upon improved health, whether made by permanent health officers or by visiting health officers in municipalities. It is a commendable and laudable effort, and it is hoped that the Provincial authorities of Alberta, Saskatchewan, and Manitoba, which are non-political bodies, come to the aid of several of their struggling municipalities, which it would appear they are rendering valuable assistance to them in the adjustment of their affairs.

Municipal Finances.

Last year reference was made to the financial difficulties of some of the Western municipalities. It is a commendable and laudable effort, and it is hoped that the Provincial authorities of Alberta, Saskatchewan, and Manitoba, which are non-political bodies, come to the aid of several of their struggling municipalities, which it would appear they are rendering valuable assistance to them in the adjustment of their affairs.

Insurance Act.

It is understood to be the intention of the Government to introduce at the approaching session of Parliament a bill of amendments to the Insurance Act, which will make that already excellent instrument still more comprehensive. It has been suggested that one of the chief additions to its provisions should be the granting of power to the companies to transact more than one class of insurance, and that the business should be conducted in full confidence that the people of Canada will appreciate the desire to have them become a part of the growing chain of co-operation between the companies and the State. This last-named bill has in four years come to include over one hundred companies in Canada and the United States. This last-named bill has in four years come to include over one hundred companies in Canada and the United States.

Taxation of Premiums.

While referring to legislation I venture to return to a suggestion many times repeated in the past, that some portion of the individual income should be free from tax if devoted to the purchase of life insurance. In Great Britain this consideration takes the form of an abatement from the income tax of 15 per cent. and all premiums exceeding one-half of the income. Such exemption is legitimate and logical and tends to encourage saving and provision for the future, and it is necessary to be of benefit to the State. At this time when the Canadian people are laboring as cheerfully as any under heavy taxation in various forms in the knowledge that they are helping to bear the burden thrust upon our country by war, a measure of relief of this nature would be most gratifying and a great stimulus in the direction of national thrift.

Some years ago attention was directed to the taxes imposed by the various Provinces upon premium incomes of the life insurance companies within the respective Provinces. Continuous effort has been made looking to the elimination or reduction of these taxes on the ground that they are being levied upon the savings of the individual holders of policies in the companies, and Ontario has been the first, as usual, to take action in the matter. Some time over a year ago the Government lent sympathetic consideration to our representations, pointing to early relief and happily, their successors, the present Government, have taken the same broadminded view of the situation and have reduced the tax on premium income to 1 1/2 per cent. This is now the lowest rate demanded by any of the provinces, and it is felt that action will be of material assistance in securing similar consideration from the other Legislatures.

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life assurance for them at a minimum cost, and more particularly for those with impairments which make them ineligible for coverage by the companies under standard policies, scheme has been evolved under which the Government assumes all administration expense, and as the element of profit is eliminated, these policies are procurable at a rate somewhat less than required by the companies. Policies so issued become convertible to the holder's pension, since at his death the amount of the insurance is to be reduced by the sum of the premiums paid. It is conceivable that in many instances this sum would be small, and the scheme became operative September 1st, and, 1,015 policies for \$3,820,000 have been issued.

The Western Crops.

Weather conditions as they affected crops were generally favorable in Manitoba, although the area under cultivation was somewhat smaller than in 1919. Fall rains assured ample pasturage and stock went into winter quarters in excellent shape. A very late spring delayed seeding in Saskatchewan until April, and while soil conditions were favorable, the dryness of the previous autumn, high winds in May caused considerable drifting and damage on grain crops. The rainfall was very unevenly distributed and the intense heat of the summer, late seeding, also, unfortunately, tended to prevent grain from setting better than decreased the yield, but in many districts resulted in an inferior sample. On the other hand, while the winter of 1919-20 was extremely severe on stock, the reports this year indicate unlimited pasturage and hay, and while there is a reduction in the number of hogs, there is an appreciable increase in sheep. Also seeding was late in Alberta, the results have been on the whole agreeable. In the northern districts the grain average crop was harvested. The Province has under cultivation approximately 1,100,000 acres and the yield of the crops has been excellent. Last winter much stock was lost through the severity of the weather and lack of feeding and there is now a shortage of a less number than a year ago, but it is hoped that the conditions of the winter of 1919-20 will be less severe, and that the dairy products of Alberta, for which this has become noted, will reach a value of \$15,000,000 for the year.

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OF INTEREST TO POLICYHOLDERS

Notwithstanding payments to policyholders during the year amounting to \$8,254,683, the assets were increased by \$6,756,688.

The assets of your Company are in the very best class of investments. For instance, bonds of the Dominion and Provincial Governments now represent 22 per cent. of the total assets, having been increased by three million dollars during 1920.

Mortgage loans, another very high class of investments, were also increased by three million dollars, and represent 33 per cent. of the assets.

A particularly good feature of the year was a decrease in the percentage of loans on policies from 14.02 to 13.60 of the assets. While, of course, this is a perfectly good security, it is a satisfaction to note that policyholders appreciate the advisability of paying off the loans.

Frequently a policyholder will pay off a little at a time, thus gradually reducing the indebtedness, and the Company is always ready to assist by accepting these small payments whenever convenient. In the meantime, while the loan exists, there is an easy and convenient way, open to most policyholders in good health, to "insure" the loan, so that it will not be deducted from the face of the policy, and death occurs within a certain time, and while the loan is being paid off. A letter to the nearest office at Toronto will bring particulars as to this.

Insurances. This reduction is much appreciated by all whom it affects, but it is hoped that the reduction will be made further in the direction of relief. The Association of Provincial Insurance Superintendents held its annual conference in Winnipeg in October last, and invited the companies to send representatives. There is evident amongst the Superintendents a desire to be fully advised of all facts and suggestions bearing upon the business coming within their jurisdiction, and also a wish for uniform insurance legislation in the various provinces. It is felt that a good deal of work will be done in this direction, and it will be of great benefit to the companies from such reasoned and considered action.

Institutional Advertising.

For more than ten years advertising has been carried on by a few whose belief in institutional advertising gave them the courage to persevere. The Association of Provincial Insurance Superintendents held its annual conference in Winnipeg in October last, and invited the companies to send representatives. There is evident amongst the Superintendents a desire to be fully advised of all facts and suggestions bearing upon the business coming within their jurisdiction, and also a wish for uniform insurance legislation in the various provinces. It is felt that a good deal of work will be done in this direction, and it will be of great benefit to the companies from such reasoned and considered action.

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GROUP INSURANCE

Employees of Many Firms Now Insured in the Canada Life.

During the past year a large number of Companies have secured Group Insurance protection for their employees. Toward the end of 1920 the applications for Group Insurance were coming in at an increasing rate which bids fair for steadily-increasing volume during 1921.

The Group Policyholders of the Canada Life now include many varied branches of trade and industry, such as—Printing Plants, Lithographic, Leather Making, Furniture Manufacturing, Iron and Steel Foundries, Machinery, Jewellery, Rubber, Oils, Dry Goods, Boots and Shoes, and other lines of business; also special groups, such as Civic Employees, Club Employees, etc.

Nearly all employees have shown great interest in Group Insurance from the time this plan came to their attention. Many have welcomed the Group plan as a much-needed service for employees and their dependents. There are many employees unable to get personal insurance themselves. Many others are not insured because they do not fully realize their responsibilities to their dependents. The Group plan presents an opportunity to the employer to place them all in the insurable and insured class, as every worker and producer ought to be. It also serves as a reward for service and an incentive toward greater co-operation and better stability in employment.

Group Insurance is appreciated by employees, particularly by the better and steadier class of workers, which is a class every employer wants to secure and to hold. Their appreciation grows when deaths occur and they see the funds paid to the widows and mothers, or other beneficiaries, who are generally in great need of the ready cash.

The Group contract of the Company has been drawn up to include every up-to-date feature that is of value to employer and employee. It is one of the most liberal contracts on the market. The premium rates are very low—the year's premium usually amounting to an average of two or three cents a day per employee for each \$1000 insurance. There are no lower rates obtainable anywhere. When deaths occur, the claims are paid promptly, and the funds are made quickly available at a time when most appreciated. All employees who have placed their Group Insurance with the Canada Life are vitally satisfied with the service that the company is in a position to give. The business of providing Group Insurance is a business that is growing rapidly extended to include Government and civic employees in various parts of the country. Notwithstanding the present period of readjustment in values and the temporary depression in some lines of trade, the business is constantly increasing in volume and amount. The new spirit of responsibility in industry to some extent is being fostered by the abundant evidence of its appreciation by employees, and the verdict of most employers is that it has proven to be an important factor in establishing employment and improving relations between employer and employees.

In 1920—The Canada Life Assurance Company

Made the following Substantial PROGRESS:

	1920	1919
Total Assurance in Force increased to	\$76,000,000	\$66,978,000
Total Assets increased to	\$76,100,000	\$69,800,000
Reserves for Protection of Policyholders	\$5,000,000	\$4,500,000
Total Income in 1920	\$17,200,000	\$15,700,000
New Assurances Issued in 1920	\$5,500,000	\$4,100,000
New Assurances paid for in 1920	\$5,200,000	\$3,800,000
Surplus Earned in 1920	\$2,100,000	\$1,800,000
Dividends to Policyholders in 1920	\$2,700,000	\$2,500,000
Total Payments to Policyholders in 1920	\$2,500,000	\$1,900,000

Above, in brief, are the results for 1920 as shown by the Financial Statement. Below are a few other important accomplishments during the year.

- Maintained dividends to Policyholders at pre-war scale, notwithstanding increasing costs and some adverse conditions.
- Improved its service to the public through special training of Representatives and careful selection of men.
- Won unstinted praise from the Government Insurance Departments of Michigan, Illinois, Pennsylvania and Minnesota, after most thorough examination of Assets and financial condition.
- Made the largest Surplus Earnings in the history of the Company.
- Increased the average interest to 6.10 per cent.
- Placed more insurance with present Policyholders than in any other year, and increased public interest in Monthly Income, Business Insurance and Group Policies for industrial workers.

(A complete Annual Statement will be mailed upon request.)