

SATISFACTORY CONDITION OF CANADIAN LIFE INSURANCE.

INCREASED NEW BUSINESS IN 1913—RESTRICTION OF SPECULATION LED TO LARGER PATRONAGE OF COMPANIES.

In a review of life insurance in Canada in 1913, Mr. T. B. McKechnie, F.I.A., actuary of the Manufacturers' Life, makes some interesting suggestions in regard to the reasons for the substantial progress made big Canadian life insurance last year when in many directions business was apt to show restriction.

"The life insurance companies," Mr. McKechnie says, "by taking advantage of the opportunities offered, have been able to share in the general expansion which has taken place in Canada during recent years. Their increased business was obtained, however, by the expending of considerably more effort and a greater perfecting of organization than were probably required by other financial institutions to whom business comes more easily. This was particularly true during the years 1909, 1910, 1911 and 1912. During that period there was a considerable portion of the population who seemed to feel that a life insurance policy was neither necessary nor sufficiently attractive for them. It was well-nigh impossible for a life insurance agent to interest these people. They had invested in securities—chiefly real estate—the returns on which would in the near future put them, and, in the unlikely event of their death, those dependent on them, far beyond the reach of want. The protective element of a life policy was certainly unnecessary, and as for the investment element, why should they be satisfied with a return which, while not inconsiderable, still was incomparable with what they hoped to, and in some cases did, realize on their speculations? A very large amount of effort and education on the part of the companies and their agents was necessary to break down this prejudice, and in many cases it was unfortunately, found impossible to do so.

A CHANGE IN CIRCUMSTANCES.

"The year 1913, however, changed the outlook for a great many of these people who found themselves encumbered with securities giving no present return, and the future value of which was problematical, and policies aggregating millions of dollars were taken out during the year by men who realized that they had little or nothing to leave to their families in the event of their death. In addition to this, much money had to be borrowed to meet obligations previously incurred on investments, merchandise, etc., which could not be turned over, and the lender, willing enough perhaps to lend at the favorable rates prevailing, but realizing that the transactions could only be carried through successfully under the borrower's own guidance, often stipulated that sufficient life insurance be taken out for his protection. A still further cause of an increased business for the life companies during the year was the operation of what seems to be a law of nature, that after a period of great expansion, with its resultant 'boom' in speculative securities with their concomitant losses, the public veer around towards good conservative investments, among which life insurance can surely be placed.

"By way of summary it may be said that the factors tending to cause an increased new business for the year were (1) efficient agency organizations, (2) the realization by many that the protection afforded by life insurance was necessary to fit the peculiar financial position in which they were left by the monetary conditions of the year, (3) the requirement on the part of lenders that borrowers cover their loans by sufficient life insurance, and (4) the swing of the pendulum from speculative to conservative investments. The only serious factor tending to reduce the amount of new business was that a number of people who, if they had had the necessary funds, could have been induced to take policies found themselves unable to do so.

"Hence it is not difficult to account for the fact, which at first sight may have appeared strange, that during the year 1913, when so many undertakings report decreased business, the life companies have been able to show an increased and entirely satisfactory amount of new business."

THE BANK OF NOVA SCOTIA.

The absorption of the Bank of New Brunswick in the early part of last year served to increase beyond the normal line of development the standing of the Bank of Nova Scotia. As is shown by the newly-published report for the year ended December 31 last, this Bank now has a paid-up capital of \$6,000,000 and rest of \$11,000,000, while its aggregate assets, which two years ago were \$9,000,000 are now over \$80,000,000. The present report can be regarded as a highly-satisfactory document. Profits for the year totalled \$1,210,774—comparisons with the previous year being unavailable owing to the amalgamation referred to. Of these profits and the balance brought forward of \$54,854, the 14 per cent. dividend absorbed \$814,504; \$100,000 premium was paid to the Bank of New Brunswick on its purchase; \$110,000 was transferred to the reserve fund; \$150,000 written off bank premises; \$50,000 allocated to the Officers' Pension Fund and a balance of \$41,124 carried forward. The reserve fund of the Bank, as already noted, now stands at \$11,000,000, it having received substantial additions last year through there being added to it the reserve fund of the Bank of New Brunswick, \$1,700,000, and premium on new stock, \$371,854, as well as the transfer from profit and loss of \$110,000. Following are the leading items of the bank's annual statement in comparison with those of the previous year:—

	1913.	1912.
Paid-up Capital	\$ 6,000,000	\$ 4,734,390
Reserve	11,000,000	8,728,146
Circulation	5,948,022	4,256,739
Deposits	55,976,385	51,039,468
Liabilities to public	61,924,407	57,410,606
Specie and legals	10,440,849	8,592,531
Call Loans	39,073,108	33,007,674
Quick Assets	39,016,438	26,622,549
Current loans, etc.	80,151,830	71,279,299
Total Assets		

The Bank maintains an admirably strong position. At December 31 last, the cash holdings of \$10,440,849 were in the proportion of 16.8 per cent. to the liabilities to the public, compared with a ratio of 15 per cent. at the close of 1912. Liquid assets at \$39-