CANADA LIFE

ASSURANCE COMPANY.

A crowded audience of deeply-interested policy-holders and shareholders were present at the annual meeting of the Canada Life on February 28th. The reports and the addresses were of unusual interest, and they all met with manifest approval. The following extracts from the Directors' report:—

The Results. The applications for assurance during 1899 were 4,176, for $8,662,925.83, of which 401, for $695,298, were either declined or not carried out, leaving the actual issue of the year 3,775 policies, for $7,967,626.83. This is the largest amount of business ever transacted by the Company in its history of over half a century, and it is also a matter of satisfaction that the increase is due almost entirely to purely Canadian business, which exceeded that of any other Company doing business in the Dominion. The total business in force now amounts to $80,229,-688.25, under 37,100 policies, being an increase of almost $5,000,000 over that of a year ago. This is the largest increase ever made by the Company in one year. The total payments to policy-holders during the year (details of which will be found in the Financial Statement) were $1,357,350.85, which is $61,980.40 greater than for the previous year. A careful revaluation of the properties owned by or mortgaged to the Company has been made, not only by our own valuators, but also by independent valuators, and, after making all reasonable provision against loss, the assets now stand at $21,364,062.06, being an increase of $1,325,244.73 over the amount as reported a year ago.

Quenquennial Investigation. A valuation of the Company's policy liabilities has been made by the Actuary upon the Actuaries' Table of Mortality and interest at 4 per cent., this being the basis of valuation required by some of the States in which the Company does business. This valuation, which amounts to $18,964,390.00, has been confirmed by certificate of the Commissioner of Insurance for Michigan. After providing for these and all other liabilities, there is a surplus of $1,968,712.85, but last year it was decided, on the recommendation of the President, to set aside a special reserve of $225,000 towards a 3 1-2 per cent. standard. Since then the Dominion Government, recognizing the permanent fall in interest rates, has wisely amended the Insurance Act, so that all companies must now proceed to make provision for placing their policy liabilities upon a 3 1-2 per cent. basis. Until the transition is effected it will be necessary for the companies to apply a considerable percentage of their surplus on old policies in this way. The Directors have, therefore, recommended that an additional sum of $275,000 be set aside for this purpose, making in all a special reserve of $500,000 in excess of the Actuaries' 4 per cent. basis. Deducting this amount for the above-mentioned surplus there remains a surplus over all liabilities of $1,468,712.85. Of this amount it is proposed to credit to policy-holders $1,381,132.05 as surplus to them, and to shareholders $87,580.80, out of which dividends for the next five years may be paid.

The Directors, keeping in view the unusually large amounts of profits distributed to policy-holders in the past, and the fact that interest rates have so fallen as to make it imperative that the Canada Life should be placed upon an actuarial valuation basis relatively comparable with that of leading companies in the United States, Australia and Great Britain, have unanimously recommended that at this quinquennial division the permanent interests of the policy-holders would be conserved by declaring a Bonus Addition of 3-4 of one per cent. per annum, and a slightly less amount upon life policies which have been paid up for a period of ten years. This decision has been arrived at only after the most careful investigation into, and deliberation upon, the many phases of this extremely important matter. It is believed that within the present quinquennial period this decision will be heartily approved by any who may not at present recognize its importance. Indeed, the opinions of two distinguished actuaries, who were independently consulted, would have supported an immediate adoption of the new Government basis of 3 1-2 per cent. upon all business.

It is further recommended that the usual Quinquennial Bonus to Shareholders be dispensed with.