

## LONDON LIFE INSURANCE COMPANY.—Continued.

holders under the various headings also aggregate somewhat more than did the payments for 1903, though death losses in the "Ordinary" Branch were much more favourable than for the year previous.

Reference to the list of assets of the Company will show that the funds of the Company are invested in securities of undoubted character, and as the average rate of interest realized was 5.64 per cent. on the mean invested assets of the year, the investments have proven fairly remunerative as well.

The Reserve and other Liabilities of the Company have, as shown by the Report of the Actuary, been taken account of in the most ample manner. So much so is this the case as regards the Reserve Liability in particular, that a word of explanation in this connection may be in order. In 1899, the Parliament of Canada passed an Act changing the standard of valuation of Life Insurance Policies as regards rate of interest to be employed, from  $4\frac{1}{2}$  per cent. to  $3\frac{1}{2}$  per cent., from and after the 1st January, 1900, in respect of all new business issued thereafter, and in respect of the then existing business, the Companies are given until the 1st January, 1910, to bring the Reserve valuations to a 4 per cent. basis, and to 1st January, 1915, to come to a  $3\frac{1}{2}$  per cent. basis, which will thereafter be the rate applicable in like manner as in the case of new business issued since 1900. In order to comply with these requirements in a proper manner it is necessary to make provision in the meantime for the extra liabilities that will have to be accounted for at the times above stated. It is a source of no little satisfaction to know that the valuation of all old business of this Company is already being made on a 4 per cent. basis, and that the Company is each year setting aside a further sum towards bringing the valuation to a  $3\frac{1}{2}$  per cent. basis at an early date, and hence the reason of the Reserve Liabilities, on the Company's standard, being so much in excess of the Government standard, as is indicated in the Report of the Actuary.

The surplus of assets over all Liabilities and Capital, amounting to \$50,490.59, being ascertained on the very stringent basis indicated in the Actuary's Report, is all that the term implies, and not subject to any deductions whatever, as is so often the case in the make-up of Financial Statements.

I have much pleasure in moving the adoption of the Report.

The Vice-President, Mr. A. O. Jeffery, K.C., LL.D., D.C.L., in seconding the adoption of the Report said:

After the very exhaustive manner in which the President has dealt with the affairs of the Company in moving the adoption of the Report, no extended remarks in reference thereto would seem to be further called for.

I would, however, point out that, notwithstanding the very considerable increase in the new business of the year over any previous year of the Company, the ratio of expense to income has not been materially increased, but stands at 34.7 per cent. for both branches, which is practically the same as for the year previous. In order to arrive at the ratio of expense to income of the respective Branches, it is necessary to apportion the total interest income between the "Ordinary" and "Industrial" Branches. On basis of the respective funds of the two Branches the share of interest apportionable to the "Ordinary" Branch is \$32,629.98, and to the "Industrial" Branch \$41,591.13. It is likewise necessary to apportion the miscellaneous expenditures aggregating \$8,444.89, which, on the basis of respective income, would be \$16,169.78 for the "Ordinary" and \$32,274.81 for the "Industrial." On this basis the ratio of expense to income of the "Ordinary" Branch for the past year was 25.3 per cent., and of the "Industrial" Branch 39.2 per cent., which, having regard to the character and value of the business transacted and the exceptionally good interest earnings of the Company, is a very good showing.

There is one other point to which I wish to call attention, viz., that the "Ordinary" claims for the past year amounted to only 81 per cent. of the interest received from the investments of that Branch, which, considering the age of the Company, is very favourable.

In the "Industrial" Branch the claims exceeded the interest receipts somewhat, but amounted to a little under 23 per cent. of the "Industrial" premiums received, and to only 19.5 per cent. of the total premium and interest receipts of that Branch.

With these remarks I beg to second the adoption of the Report.

The Report was adopted unanimously.

A cordial vote of thanks was tendered the Agents and other employees of the Company for the very satisfactory manner in which they had discharged their several duties during the past year.

The election of Directors resulted in the re-election of John McClary, President; A. O. Jeffery, Vice-President; Judge Bell, W. Bowman, W. F. Bullen, Thos. H. Smallman, Geo. C. Gibbons, A. S. Emery and Thos. W. Baker.

## PERSONALS.

Mr. F. SPARLING, Secretary of the National Life Assurance Co., Toronto, was in Montreal for a few days this week. The Company is well pleased with the business being done in this Province.

Mr. J. E. E. DICKSON, Manager Law Union and Crown Insurance Co., left last night for Toronto. Before returning he will visit the different agencies of the Company in Ontario.

AN AGENT'S QUESTION.—It is questionable if the decision of the Iowa Supreme Court given out last week on the binding power of an agent, is either common sense or good law. The "Insurance World" reports on it as follows:—

"This is the case of the Liquid Carbonic Acid Co. vs. Phoenix, of London. The company's contention is that the insured absolutely violated all of the policy conditions. In the lower court the Judge took the case away from the jury and confirmed the position taken by the Phoenix. The Supreme Court now reverses the lower court on these general grounds:—

"Section 1750 of the Iowa laws is quoted. It is as follows:

"Any officer, agent or other representative of an insurance company doing business in this State, who may solicit insurance, procure applications, issue policies, adjust losses or transact the business generally of such companies, shall be held to be the agent of such company, with authority to transact all business within the scope of his employment, anything in the application, policy, contract, by-laws or articles of incorporation, to the contrary notwithstanding."

Upon this statute the judge builds his decision, which in effect is that the agent's powers were not so limited that any waiver made by him was not binding upon the insurer. The following is a fair sample of his deductions:

"The legislature, having in mind the power of the local agent under the decisions of this and other courts in the absence of such restrictive clauses and the decisions made necessary by them, undoubtedly enacted the statute for the express purpose of prohibiting the limitation of the agent's power by provision in the contract."

The general deduction being that the agent had full power to override not only the policy contract, but his own specific contract with the company as its agent. If such a decision should stand, it would place the fire insurance business at the mercy of any irresponsible scoundrel agent who, by some means or other, had secured a certificate of authority.