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JAS. J. SALMOND
Managing Director

FRED. W. FIELD
Editor

A. E. JENNINGS
Advertising Manager

War Risks of Canadian Life Companies

NUMBER of Soldiers Being Recruited in Canada, and the Heavy Casualty Lists Have Rendered it Advisable for Life Companies to Adopt Strict Regulations in the Interests of Policyholders as a Group—Experience of Other Wars is not a Guide for Actuaries.

NO data based upon insurance experience were available from which to ascertain the rate of war mortality thus far experienced in Canada, so Mr. Arthur B. Wood, actuary of the Sun Life Assurance Company of Canada, told the members of the Actuarial Society of America, in an address, from which the following interesting information has been secured.

Figures relating to war claims from nine companies were obtained by Mr. Wood. The combined business of the nine companies, in force in Canada on December 31, 1915, amounted to \$691,916,933, or over 83 per cent. of the total Canadian business of Canadian companies.

The prolongation of the war, the large number of men being recruited in Canada and the heavy casualties have rendered it advisable to adopt stringent regulations. Accordingly new clauses have been introduced by all of the companies. In considering the form in which these clauses are drawn reference should be made to the provision of section 95 (b) of the Dominion insurance act and also to a ruling of the superintendent of insurance in regard thereto. Section 95 (b) requires that every policy delivered in Canada shall contain in substance a provision, "that the assured may without the consent of the company engage in the active service of the militia of Canada, notice thereof, however, to be given by, or on behalf of, the insured to the company within ninety days after the date of his so engaging in such service and such extra premium to be paid during the continuance of such service as the company shall fix in pursuance of the terms of the policy." Most of the Canadian companies were prepared to permit service in the militia of Canada for the defence of Canada without any restriction. One company, in fact, had adopted a clause containing the express provision that "the assured may engage in the service of the militia of Canada without extra premium or reduction of the sum assured." This was done in the belief that section 95 (b) applied only to service in the militia of Canada under the militia act, as ordinarily interpreted; that is to say, for the immediate defence of Canada, and not to service with forces specially recruited for overseas duty. There appears to be considerable doubt, however, as to the exact status of Canada's overseas forces, but the superintendent of insurance, following a ruling of the department of justice, has notified the companies that these forces are deemed to fall under the designation "militia of Canada," in that they are "mili-

tary forces" of Canada. The new clauses have therefore been drafted with this ruling in mind.

The points covered by the new clauses resolve themselves under the following headings:—

(a) Service in the militia of Canada within Canada. Seven of the nine companies impose no restriction on such service. In the remaining two cases no distinction is drawn between service in the militia and other military or naval service.

(b) Service in the militia of Canada outside of Canada. All of the companies permit service in the militia of Canada outside of Canada provided that the company be notified and the extra premium paid within ninety days after entering upon such service, or, where service within Canada is permitted without restriction, before leaving Canada, whichever date may be the later.

(c) Other military, naval or aeronautic service. The regulations of three companies are the same as those which apply to service in the militia outside of Canada, while six require also that the consent of the company shall be obtained.

(d) Extra premiums. Six companies require such annual extra premiums as the company may fix, two provide that the extra premiums shall not exceed 15 per cent. per annum of the sum assured, and one, whose clause is quoted in full above, charges a single extra premium, graded according to the amount of the insurance. The last company also agrees to refund, after the conclusion of the war, such portion of the extra premium as shall be determined by the company according to its experience under such policies.

(e) Conditions if provisions of clause be not complied with. On failure to comply with the provisions of the war clause, one company's policy is rendered null and void, three provide for the return of all premiums paid with 5 per cent. compound interest if death occurs during such service or within three (or six) months thereafter, three return the legal reserve and two agree to pay 25 per cent. of the face value of the policy.

(f) Duration of the restriction. In eight of the companies the operation of the clause is not limited in duration. One company limits the restriction to the duration of the present war between Great Britain and Germany and other enemy countries.

Three companies do not at present accept applicants who have enlisted for overseas service, or who state that