

But the circumstance is not to be overlooked that a considerable part of a normal year's imports cannot be said to create any direct future liability calling for repayment of capital advanced. This is the case, for instance, with the item of about \$8,000,000 in settlers' effects last year—an amount that will this year be greatly exceeded. The 70,000 of well-to-do immigrants from the United States alone should bring effects totalling that amount.

Then there is another important class of imports for which no direct future payment has to be provided. This consists in the equipment and plant of branch manufactories established by British and American firms in Canada. Only through yearly profits to be made by these concerns has Canada to make any repayment. Last year there was some pause in this movement, but already there has been a marked requickening. And recent United States tariff legislation—both as affecting direct trade with Canada and American exports to France—is likely to augment the establishing of factories throughout the Dominion.

THE DIVIDENDS OF LIFE COMPANIES.

The new Insurance Bill, if it passes the Senate in its present form, will call for periodical company statements as follows, respecting dividends actually paid to policyholders.

(a) Rates of annual dividends declared during the year, for ages of entry 25, 35, 45 and 55, and for all durations under each class of insurance;

(b) Rates of dividend declared, at last previous allotment, upon policies to which profits are distributed at intervals other than yearly, being policies other than upon the deferred dividend plan, specifying age, duration and class;

(c) Rates of dividend declared upon deferred dividend policies which completed their dividend period during the year, specifying age, duration and class as above.

All three exhibits are to be accompanied by a definite statement of the methods by which dividends have been computed.

Under the new bill's provisions, as will be recollected, no giving out of any dividend estimates is to be permitted in Canada. Naturally, therefore, canvassers will in the future be apt to turn up blue-book records of profits actually paid by competing companies. But even "actual results" will have to be studied in relation to other features of a company's operations. Liberality in allotting current dividends cannot be a sole criterion of future performance.

In this connection special interest attaches to recent observations made by Insurance Commissioner Hardison, of Massachusetts, upon the dividend results shown by companies reporting to his department during 1908. That state now calls for dividend returns in much such form as is con-

templated by the new Canadian bill. Mr. Hardison frankly states, however, that too much significance should not be attached to these tabulations by prospective insurers, as the company furnishing insurance at the lowest net cost in any one year may not furnish protection at the least expense for a series of years. As time goes on, however, it will be possible more fairly to consider the net cost during a long series of years. But even then it will not necessarily follow that the company which in the past furnished protection at the smallest cost will continue to do so in the future. A change in the plan of operation, or in the method of computing its distribution to policyholders, or in the financial ability of a company, may reverse the order. Neither are dividends in the various companies computed upon the same basis, and formulas are frequently changed.

Mr. Hardison points out that there are more essential considerations than mere dividend comparisons to be taken into consideration. The sources of dividends in a life company arise principally from the saving in interest, *i.e.*, excess of interest earned on investments over the rate assumed in calculating the premium; from the saving in mortality; and from the gain from surrendered and lapsed policies. That there are gains from the latter source is apparent from the fact that the life companies doing business in Massachusetts had reserves released on policies lapsed and surrendered during the year 1908 amounting to \$96,548,860. The amount allowed policyholders on account of the policies was \$81,168,266, showing a profit from this source of \$15,380,594.

Some companies are more liberal than others in the allowance to policyholders for lapsed and surrendered policies, and it therefore necessarily follows that the smaller the allowance the larger the profit to the company, and the more it has to divide in dividends among what are sometimes called "persistent policyholders."

The company making scant loan or surrender provision for its policyholders in case of misfortune, may have paid larger dividends in the past than companies which have dealt more liberally, and may thus have added materially to their surplus. "But with more liberal contracts must not the future dividend be reduced?"—asks the commissioner. Such being the case, he would counsel the prospective policyholder to consider not only the prospective dividend, but, in view of the possibility that for some reason unforeseen he may be unable to continue the payment of his premium, (and therefore find it expedient to resort to the cash value of the policy or the amount of its paid-up insurance) to bear in mind that there are at least three factors that should be taken into consideration, *viz.*: