HOW CANADIAN LIFE COMPANIES INVEST THEIR FUNDS.

There are published on another page analytical statistics regarding the invested assets of the Canadian life companies. Under the heading of invested assets, are included the following: the real estate owned, the loans on real estate, the loans on collaterals, the loans on policies and "premium obligations on policies in force," the bonds, debentures and stocks held. These invested assets represent over 94 p.c. of the companies' *total* assets, which include, in addition to the invested assets, cash on hand and in banks, interest and rents due and accrued, outstanding and deferred premiums and "other assets." At December 31, 1912, the total assets of the life companies included in our tables were $211,695,437. The total of their invested assets at the same date was $199,229,167, so that their uninvested assets were $12,466,270. This is an increase in uninvested assets of about $1,500,000, compared with December 31, 1911.

THREE YEARS' INVESTED ASSETS.

The following is a summary table of the companies' invested assets as at the close of December, 1912, and in two previous years:—

	1912.	1911.	1910.
Real Estate Owned. . . .	$ 8,893,197	$ 7,958,157	$ 6,676,250
Mortgages on Real Estate.	75,205,667	63,443,648	52,925,758
Loans on Collaterals. .	3,229,833	2,388,758	1,685,809
Loans on Policies, etc. .	25,810,787	22,896,068	20,252,542
Bonds and Debentures. .	69,782,629	68,099,271	63,497,669
Stocks.	16,307,053	14,328,472	15,059,986
Totals (Unadjusted). . .	$199,229,167	$179,114,376	$160,098,077

From these figures, it will be seen that the Canadian life companies increased their invested assets last year by over $20,000,000, a somewhat larger increase than that of 1911, which was $19,000,000. Nearly two-thirds of these additional funds was placed in real estate mortgages, which were added to last year to the extent of about $12,000,000, following an increase of some $10,500,000 in 1911, and thus bringing up their total from $52,925,758 as at December 31, 1910, to $75,205,667 as at December 31 last. The remaining eight millions' increase in invested assets last year, beyond the amount placed in real estate mortgages, was widely distributed. Real estate owned absorbed about a million; loans on collaterals, $840,000; loans on policies, $3,000,000; bonds and debentures, $1,700,000; stocks, $2,000,000. The advance in stocks follows an actual reduction of some $700,000 in 1911, and last year's increase is probably to be accounted for largely in two ways. In the first place, the life companies would subscribe to the new issues of stock to existing shareholders made last year by many established undertakings. Secondly, among the assets of some of the companies are included bonus stocks, acquired in connection with bond purchases. When these stocks are not deemed to be of appreciable or certain value, they are not included in the returns; but when a value has been assigned by the companies to the stocks, they are then included.

GROWTH OF REAL ESTATE MORTGAGES.

The variations in the proportions of assets invested in the different classes of securities during the last three years are shown in the following table:—

	1912.	1911.	1910.
Real Estate Owned. . . .	4.47	4.44	4.17
Mortgages on Real Estate. .	37.75	35.42	33.06
Loans on Collaterals. . . .	1.62	1.33	1.05
Loans on Policies, etc. . . .	12.95	12.78	12.65
Bonds and Debentures. . . .	35.03	38.02	39.66
Stocks.	8.18	8.00	9.41

The most striking tendency shown by these figures is the growth in the proportion of the loans on real estate, and coincidently the fall in the proportion of bonds and debentures held. Last year, for the first time for a prolonged period, the real estate mortgages took the lead from bonds and debentures as the form of security in which the Canadian life companies have most funds invested. The partiality of the life companies for real estate mortgages has been very marked during recent years. In the last two years they have placed over $22,000,000 additional in real estate mortgages, while their holdings of bonds and debentures have only increased by $6,300,000 in the same period. It will be interesting to see whether the present rise in the rate of interest for high-class bonds and debentures has the tendency to divert in the immediate future a larger proportion of the companies' new funds towards this form of investment. In many cases, the companies have established within recent years elaborate administrative machinery for the handling of their real estate mortgages, and it may quite possibly be that the attraction will not be strong enough to result in a slackening along the present lines of activity.

INCREASE IN POLICY LOANS.

Policy loans continue on the upward grade. They were increased last year in amount by a little less than $3,000,000, a larger advance than has been seen in any year since 1907, when they were advanced by almost exactly $3,000,000. At that time, of course, the loaning power of policies in force was considerably smaller than in 1912, so that a $3,0000,000 increase in policy loans in 1907 has more significance than the same increase in 1912, which followed an advance of $2,650,000 in 1911 and $2,000,000 in 1910. However, last year's increase brings the loans on policies up to practically 13 per cent. of the life companies' invested assets. That these policy loans will show a very considerable advance when the current year's figures become available there is every indication. The demands upon the companies for these loans during the past few months have been very great. In many cases, no

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