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R. WILSON SMITH,  
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## THE INSURANCE AMENDMENT BILL.

When the Hon. Mr. Fielding, Minister of Finance, introduced the amendments to the Insurance Act for discussion before the Banking and Commerce Committee, it is unlikely that any protracted discussion was expected. It was known that the object sought to be achieved was a change in the Government standard for calculating the reserves to be held by the life insurance offices transacting business in the Dominion, and, as the companies were believed to be unanimous in conceding the necessity for a change, the task of the Banking and Commerce Committee appeared to be an easy one. But it is doubtful if any measure since the framing of the present Bank Act has provoked warmer discussion and aroused more genuine interest than the Insurance Amendment Bill. The importance of the proposed change was made so evident by the representatives of the interested companies, and the conflict of opinion upon the most crucial point at issue—when the proposed new standard should be applicable to existing business—became so warm, that a satisfactory solution of the difficulty seemed doubtful.

However, the arguments of the companies' representatives so accentuated the danger of compelling a too early compliance with the 3 1-2 standard for the old business that very few will be found to quarrel with the compromise effected. In reviewing the result of the exhaustive discussion of the Bill, there is much to be pleased at. The unanimity of opinion as to the increasing difficulty experienced by companies in finding investments to realize high rates of interest led to prompt acceptance of the Hon. Mr. Fielding's suggestion that after January 1st, 1900, the standard for calculating the reserves to be held by the insurance offices for new business shall be 3 1-2 per cent. Although it was maintained by some that this was lower than necessary in establishing a standard of

solvency, it was manifest that all the insurance experts recognized that the Government standard should be lower than the rate of interest actually earned by the companies, and that a margin, of at least 1-2 per cent. is prudent and indeed necessary.

However, it is with the changes effected in that clause of the Bill relating to the existing or old business of the companies we desire to deal. The Banking and Commerce Committee were asked to consider a proposal that 4 1-2 per cent. continue to be the Government standard for calculating reserves on already acquired business until 1907, and that the rate be then reduced to 3 1-2 for all business—old and new. Some of the Toronto companies signed a request to the Government asking that in the year named, 1907, the reduction should be confined to one-half per cent., that is a 4 per cent. basis, and that the full reduction to 3 1-2 per cent. should be postponed until 1912. This suggestion was accepted by the Minister of Finance, and the Bill was so amended by him before being again submitted to the Committee. As the result of three days' discussion another change, involving further concessions to the advocates of an extension of time, was made, and by its adoption, the proposed reduction to 4 per cent. on old business will not be requisite until 1910, and the extreme reduction to 3 1-2 per cent. on old and new business is deferred until 1915.

The passage of these amendments to the Insurance Act were certainly necessary. Whether the granting of fifteen years for the purpose of effecting a reduction admitted to be prudent and essential for the safety of policyholders is a wise concession, may be questioned by some. But as no company asked for any special consideration, and all of those interested expressed themselves as able and willing to comply with the terms of the bill if passed, we believe that they will doubtless adopt the 3 1-2 per cent. basis as quick-