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R. WILSON-SMITH,
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THE ROYAL COMMISSION ON INSURANCE.

CONFEDERATION LIFE ASSOCIATION AND CANADA
LIFE ASSURANCE COMPANY.

After disposing of the North American Life Insurance Company last week the Commission took up the Confederation Life Association, the enquiry into the history and the affairs of which have occupied several days this week.

The Managing Director, Mr. J. K. Macdonald, and Col. Macdonald, the actuary, have each given their evidence in response to the enquiries of the Counsel of the Commission.

While the proceedings of the Commission were in progress, it was sharply criticised in the House of Commons, by members who pointed out that the investigation had now occupied more time than the one conducted by the Committee of the Legislature of New York State, and yet the Canadian Commission was not half through its labours.

Mr. J. K. Macdonald stated that securities had been bought on which a large instalment of the purchase money had been paid and payment of the balance deferred until the company was in funds. These securities were, Mexican Government gold bonds which cost the company \$51,026, and 610 shares of Gas Consumers stock. Part payment for these was made by transferring a block of Nova Scotia Steel, Dominion Coal shares and MacKay stock.

Mr. Macdonald stated that as the shares only partly paid for were not the property of the company they were properly left out of the return of securities held.

The enquiry then turned upon the building erected by the company which had paid 3½ p.c. on the investment and the property had been valued at \$65,000 in excess of the amount given the company's statement of assets.

Mr. Macdonald does not approve of the present law as to insurance company investments, as he

wishes an extension of the investment powers of the companies.

The question was then taken up as to policy-holder's votes, the witness, Mr. J. K. Macdonald, declaring that the proxy vote by policy-holders was an undesirable feature as it made it possible for interested parties to capture the company.

He said in regard to the earnings of the business that it was "altogether impossible to load the premiums sufficiently to cover all expenses."

He regarded deferred dividend policies as a prime factor in increasing the cost of new business and said:

"The three greatest American companies had treated these huge accumulations of undivided profits as their own property and each had used the money in the extension of the business in the effort to become the largest company in the world. Other companies had imitated the large ones and so the evil had spread. Competition had forced up the cost of insurance."

Col. Macdonald, actuary, thought if all the companies combined for that purpose rebating could be abolished, but thought an effectual check would be given were agents paid by salary.

He condemned the Government tax as a menace to the policy-holder, the tax he affirmed being, "a tax on the premium income."

He also was asked as to deferred-dividends and gave the same reply as the managing director with qualifications as he regarded the annual payment of dividends with disfavour, "the plan had been tried and never proved satisfactory."

The actuary gave a decided "No" in answer to the question whether a Government insurance company would succeed as well as a private one and to sustain this view he showed that, "the New Zealand Government insurance system did not give nearly as good satisfaction as the Australian Mutual which was a private concern."