

The retiring board of directors was re-elected as follows: Sir H. Montagu Allan, Messrs. Jonathan Hodgson, Thomas Long, C. M. Hays, Alex. Barnet, F. Orr Lewis, K. W. Blackwell, Andrew A. Allan and C. C. Ballantyne. Subsequently, Sir H. Montagu Allan was re-elected president and Mr. Jonathan Hodgson, vice-president. Cordial recognition was made at the meeting of the work of the officers and staff, among whom Mr. D. C. Macarow holds the important position of manager at Montreal.

THE INTEREST EARNINGS OF LIFE COMPANIES DOING BUSINESS IN CANADA IN 1910.

In this issue, THE CHRONICLE publishes its customary table which it has compiled annually for many years, of the interest earnings of the life insurance companies actively transacting business in the Dominion. It may be well again to state the manner in which these statistics are compiled. The mean of the assets has been determined by dividing by two the sum of ledger assets as at December 31, 1910, and at the same date a year earlier and adding thereto the market values of bonds, stocks, etc., over book values, except where, in the case of the British and certain of the United States companies, the Government Blue Book gives ledger values without information as to market divergence. The earnings are considered as made up by receipts from interest and rents during the twelve months ending December 31, 1910, adding thereto the interest and rents due and accrued at the end of the year, less the same items outstanding in 1909. Generally speaking, this method of compilation of these returns has been found as satisfactory as any. Such differences as occur occasionally in the form of returns made by individual companies do not materially affect the results shown.

In the case of the Canadian companies, there was again last year a fractional advance in the rate of interest. The advance was not of so pronounced a character as in some former years, being but 0.4 per cent. against 0.11 per cent. in 1909, but it is sufficient to continue the remarkable upward movement in the interest earnings of these companies, which has been so pronounced a feature of recent years. The results of this movement are graphically shown by the following summary of the rate of interest earned by the Canadian life companies during the last eleven years:

1900.	1901.	1902.	1903.	1904.	1905.
4.56	4.66	4.75	4.80	4.80	4.93
1906.	1907.	1908.	1909.	1910.	
4.98	5.24	5.30	5.41	5.45	

It thus appears that last year the Canadian life companies were earning 0.80 per cent. more upon their assets than they were ten years previously, and it is probable enough that there is no other life insurance field, where the rate of interest earned by

life companies in recent years has increased so rapidly as it has in Canada.

The exceptionally high interest earnings recorded by some of the companies are due, of course, to their investments in western mortgages. Although loans upon real estate at the present time do not form so large a proportion of the Canadian life companies' invested assets as formerly—in 1892 loans upon real estate were as high as 43.2 p.c. of the companies' assets—very large amounts of Canadian life insurance money have, of late, gone into that field and the proportion of these loans in relation to the whole of the assets of the companies has made a marked advance during the last two years. The following table shows the distribution of the assets of the Canadian companies during 1909 and 1910:—

	ASSETS.	
	1909.	1910.
Real Estate	\$ 6,214,770	\$ 6,727,251
Loans on Real Estate	45,346,488	53,159,839
Loans on Collateral	1,807,492	1,685,869
Stocks, Bonds, etc.	72,681,834	79,252,098
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	\$126,050,584	\$140,824,967
Loans on Policies	18,409,651	20,409,223
Cash	2,599,733	2,295,923
Interest and Rent due and accrued	2,402,151	2,737,227
Other Assets	4,328,172	266,519
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Total Assets, December 31	\$153,790,291	\$166,533,859

The percentages of various forms of investment to the whole of the assets of the Canadian companies during the last five years are shown in the following:—

	1906.	1907.	1908.	1909.	1910.
Real Estate	4.2	4.2	4.0	4.0	4.1
Loans on Real Estate	27.8	29.3	28.7	29.5	31.9
Loans on Collateral	3.5	2.0	1.0	1.2	1.0
Stocks, Bonds, etc.	48.3	47.2	46.9	47.3	47.5
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	83.8	82.7	80.6	82.0	84.5
Loans on Policies	9.7	11.2	12.1	12.0	12.3
Cash	1.7	1.3	2.7	1.7	1.4
Interest and Rent due and accrued	1.5	1.6	1.5	1.5	1.6
Other Assets	3.3	3.2	3.1	2.8	0.2
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Total Assets, December 31	100.0	100.0	100.0	100.0	100.0

It will be seen from these tables that last year the Canadian life companies put more money into loans on real estate than they put into any other form of investment. Real estate loans absorbed a net amount of \$7,813,351, while bond investments only increased by \$6,570,274 net. THE CHRONICLE has previously deprecated too heavy commitments by the Canadian life companies in loans upon real estate, mainly on the ground that a life company with its long-term obligations should have a large proportion of its resources in permanent rather than in short-term investments, and that a company depending upon mortgages to too great an extent, may, with the necessity for the constant re-investment of funds, fare less well in the course of years, than an office with a larger volume of long-term obligations. To those views we adhere and propose to return to this subject, in the early future with more detailed statistics.