

# CANADA LIFE MAKES RECORD IN 1920

## RECORD INSURANCE SURPASSED SEVEN-FOUR YEARS

CANADA LIFE policyholders are scattered far and wide, and it is with the desire of reaching them in the quickest and most readable form that this report is being published in the newspapers by the Company. A booklet containing even more complete particulars will be mailed upon request.

### CANADA LIFE BUSINESS IN 1920

#### President Reviews Financial Statement

The unusual demand for life insurance which developed in the previous year continued without abatement almost throughout 1920 and our own institution was enabled to issue \$83,500,000, thereby making a new high record for any one year and bringing our total assurance in force up to \$277,000,000. These results are brought about by a growing and stronger and better equipped field organization, concentrating more forcefully upon a better informed public, who are more and more coming to buy life insurance upon a reasoned business basis. One insures his house and furniture against fire, his motor against theft or liability, himself against accident or sickness, not because he cannot bear such loss personally should it occur, but because he realizes there is no necessity of his doing so and he is at last beginning to see that the same reason exists but in stronger measure why his estate or family should not bear alone a loss occasioned by his death.

This more intelligent appreciation of the use of life insurance will have a salutary influence in preventing the lapse and surrender of policies at the first approach of a money scarcity such as is now widely felt. In the past there has been a too prevalent tendency when in temporary financial need to cancel life insurance as more or less of a luxury which can be dispensed with, or to borrow upon it to tide over some unimportant difficulty. At the risk of being thought as having upon an abused and threadbare subject often considered by the assured to be his personal concern only, one must here repeat the warning so frequently given against a too ready and thoughtless disturbance of a protection valuable alike to those of ordinary or extraordinary means. The first step toward the ultimate cancellation of a policy is the borrowing upon its security, because the repayment of such borrowing is unfortunately the exception rather than the rule, and in time the assured wears of paying premium plus interest upon a decreased assurance. Many companies carry on continuous propaganda aimed at the policy loan, its prevention or repayment as a part of their conservative effort, but there is room for vastly greater activity in this direction.

#### Business in Great Britain.

The general improvement in our branch organizations continues and each has had its full share in the expansion of the year. Opportunity was taken to visit with the General Superintendent many of our offices and a most encouraging optimism and activity was found to exist everywhere. I spent some months in Great Britain, accompanied by the Treasurer, and made an exhaustive study of the conditions affecting our business on that side of the Atlantic. As a result of this study, we have a very attractive and convenient building of our own, all of which we occupy in London, with offices in England and Wales, Scotland and Ireland, which have this year paid for \$8,800,000, or over twice as much as in 1919. Various forces have contributed to this phenomenal success, the most outstanding being an effective agency plant and the great appeal this company is able to make to the British public through its liberal policy contract and its bonuses to the assured. Ours is one of the very few life corporations that have been able to carry on during the war period and after without reducing or passing altogether the usual bonuses to their members. This is a great source of strength to us, and as our advantage is likely to continue through a high earning capacity and a low death loss we anticipate with much confidence a very large accession of new business in Great Britain. We shall look to that country, next to Canada, for an important share of our total expansion and will gradually and advisedly enlarge our facilities to that end. Advantage was taken of a favorable opportunity to enter Hawaii, under most promising conditions, and we have received from that agency since September over \$750,000.

In the effort to give our representatives a more thorough education and foundation for their contact with prospective holders of policies we evolved a few years ago a course of instruction by correspondence and have more recently added a series of classes which are carried on at the home office. The opportunity

### MANY PROOFS OF SUCCESS

The unusual demand for life insurance continued without abatement throughout 1920.

General improvement in branch organization continues, especially in Great Britain.

Advantage was taken of a favorable opportunity to enter Hawaii, under most promising conditions, and with immediate success.

In addition to the regular annual inspection by the Canadian Insurance Department, the Company has recently been submitted to a most thorough and exhaustive examination at the hands of the Insurance Commissioners of Michigan, Illinois, Pennsylvania and Minnesota.

There has been no unusual factor affecting the death rate adversely.

The net Surplus Earnings for the year amount to \$2,163,000, the greatest in the history of the Company.

Interest earnings are one of the chief contributors to the surplus, and the average rate of interest has been again increased to 6.10 per annum.

Dividends paid to policyholders were exceptionally large in 1920, being \$2,723,000.

Thus offered has been seized with avidity and those who have undertaken the course have shown an immediate and marked increase in solvency and ability, and have left upon the minds of the insured a full and complete impression of the value of life insurance.

A Thorough Examination. In addition to the regular annual inspection by the Canadian Insurance Department the company has recently been submitted to a most thorough and exhaustive examination at the hands of the Insurance Commissioners of Michigan, Illinois, Pennsylvania and Minnesota.

Every possible facility was afforded to the representatives, and a minute inspection was made of all books and records, of all assets, and of all office systems. The results were most satisfactory to the commissioners, and gratifying to your officers, and is summed up in the final paragraph of the report.

We find that the Canada Life Assurance Company is in excellent financial condition, and that its affairs are managed economically and efficiently.

To deal with the many different branches of the work there are special departments conducted by responsible officers.

All evidence goes to show that the investments of the company are carefully selected. The foregoing summary of the results of the examination has been distributed over a wide range of suitable securities.

We have had the co-operation of the officers of the company, and all information asked for and data required have been promptly furnished. In fact, every assistance has been rendered to the examination.

Surplus Earnings. As the last of our war claims was provided for in the previous year, and as we have in the past twelve months been free from epidemic, there has been no unusual factor affecting the death rate adversely, so that we have returned to a normal, or more properly a subnormal, loss, as the actual deaths have been only 55 per cent. of those expected.

The saving from this source again shows a very material increase and has an important part in the creation of net surplus earnings of \$2,163,000 for the year. This sum again constitutes the largest earning in the history of the institution, and enables us to afford a clearly defined course for the present rate of distribution to our policyholders, and to pursue the active program which is bringing us such a gratifying influx of new members. This inherent strength, the result of successive executives following a clearly defined course for nearly three-quarters of a century, adds unique stability to our policy contracts, at the same time giving to the assured a bonus which is a very material increase and has an important part in the creation of net surplus earnings of \$2,163,000 for the year.

The Interest Rate. One of the chief contributors to surplus is, of course, the interest rate, and you will be gratified to learn that we have again been able to increase the average rate upon our investments to 6.10 per cent. Throughout the year it has been possible to acquire securities of undoubted value at prices to yield uncommonly high rates.

We value the opportunity to buy \$2,000,000 of very excellent mortgage loans at 8 per cent. interest, approximately 8 per cent. net. The security was all thoroughly inspected by our own officers and found to be ample and reliable. There has been a renewed demand for mortgage loans, a very considerable number of which are required to cover accounts of borrowers from banks.

To the extent that this is the case, those lending upon mortgage are relieving the demand upon our banks. Interest payments reflect to some extent another crop failure in certain sections which have suffered similarly before, and the actual price of wheat, which is so much depressed that anticipated. Our borrowers, however, have on the whole

## THE PRESIDENT'S ADDRESS

### Mr. HERBERT C. COX REVIEWS BUSINESS OF 1920 CANADIAN CONDITIONS FAVORABLE FOR FUTURE

In the early part of the year general business conditions continued much as they had been in the previous twelve months. Bank deposits were growing; commercial credits were increasing, although under some strain; manufacturers were placing enlarged orders for raw materials; wholesalers and retailers were straining to implement their stocks; labor, through the strike or less forcible means, was demanding and receiving higher wages; the cost of all commodities—necessaries as well as luxuries—was still holding at high level. In short, Government and the public were still protesting against the prices they were called upon to pay. In the early summer the realization seemed suddenly to come that the way to secure reduced prices was to cease buying. The thought quickly crystallized into action, and one commodity after another has felt the full force of public disapproval.

As a result we were immediately plunged into that readjustment which we had contemplated but had looked forward to later. The reaction was felt first perhaps in the motor trade, followed by leathers and textiles, and later others. As public buying ceased, cancellations—against which there appears to be no adequate protection—poured in upon the manufacturer, who, in turn, where possible, passed them on to the producer of raw materials or ingredients. The stock markets, already affected, reflected the aggravated conditions, and the course of securities in general was markedly downward. The many preparations for the moving of immense quantities of goods into the ordinary credits, but in the early fall factors entered into the situation, bringing a more severe curtailment of facilities and a widespread decrease in activity. The inevitable laying off of labor commenced. For a time those so released entered other industries which had not yet felt the pinch, but latterly such employment has been more difficult to obtain, and the workers find themselves partially or wholly out of work.

Business is Recovering. This process of recovery from what was an artificial set of conditions induced by the extraordinary circumstances attending the war, though distasteful, is necessary if we are to return to a sound and sane basis of commerce and finance. It is unavoidable that in the operation there will be hurt alike those who have profited and those who have lost. The view is gaining that while the market is in a state of readjustment, it is better to maintain a normal standard of living and working. Already there is evident a greater appreciation of values and a greater inclination to give and to demand a fair exchange, whether of commodity or labor. The view is gaining that while the market is in a state of readjustment, it is better to maintain a normal standard of living and working. Already there is evident a greater appreciation of values and a greater inclination to give and to demand a fair exchange, whether of commodity or labor.

The Exchange Rate. The exchange situation and the causes leading up to it are so familiar to all that lengthy comment is undesirable, but it may be said in passing that the obvious remedy for the many difficulties arising from purchases and the increase of our shipments abroad. It is unfortunate that the capacity of Great Britain has recently not been such as to enable her to take her rightful share of the business offering from this country, as both would have

met their obligations as promptly as could be fairly expected of them, and, as usual, we have not included in the asset described as "interest outstanding" any sums in arrears which appear doubtful of collection. While the overdue interest is some what larger than a year ago, it is reassuring to know that a large portion of it became due only in December; in fact, 47 per cent. of the total arrears pertain to the last six months.

To avoid the loss incident to the transfer of our funds from Great Britain under present exchange conditions, advantage has been taken of the favorable market there and short-term securities with an average yield of 4.45 per cent. to the amount of \$1,870,000 have been purchased in London. Forty-one per cent. of these are obligations of the British Government.

The increase in ledger assets is significant, having in mind the heavy payments, \$2,723,000, involved in another quinquennial distribution of profits to policyholders. Unusually these periods of division have left little margin of income for investment, but although the disbursements on this account during the year were greater than ever before, we have concurrently been able to make the largest addition to assets in our history. The explanation lies in the increased income from all sources.

Your assets have again been valued more conservatively. True, there are some items included on the price basis authorized by the Minister of Finance, but in mind their present value, and the security behind them, but any temporary difference between this book value and the present market quotation is covered several times over by the special contingent funds which you have set up during recent years to meet just such a situation. In addition to these funds there is in other of your assets a favorable margin of approximately half a million dollars as between their value in our books and their market value. You will remember that, except in the instance above mentioned, it has been our practice to record any downward movement of our investments at once, but we do not take advantage of a rising market to write them up.

The continuous growth of your company has made it necessary for us to absorb practically all of the space in this building and to give serious consideration to its future housing. You will remember that some years ago, with this thought in mind even then, your Directors acquired the adjoining corner of King and Bay streets, and early last year they authorized the purchase of two parcels immediately to the north of the present building, which, I am sure, will carry your growth. The company, therefore, now owns a rectangular block with a frontage of 168 feet and a depth of 234 feet on Bay street, upon which, as demand arises, ample provision may be made upon a fitting scale for the requirements of this great institution.

During the year great distress came to us in the death of our very dear friend and colleague, Mr. Alexander Bruce, who had been for nearly sixty-four years associated with this company in its legal department, of which he was for so long the honored head, and as

ber than a year ago, but it is hoped that this condition will soon right itself. The dairy products of Alberta, for which she has become noted, will reach a value of \$35,000,000 for the year.

Municipal Finances. Last year reference was made to the financial difficulties of some of the Western municipalities. It is pleasing to note that the Provincial authorities of Alberta have, through their Municipal Finance Commission, a non-political body, come to the aid of several of their struggling municipalities, and it would appear that they are rendering valuable assistance to them in the adjustment of their affairs. It is hoped that Saskatchewan will soon follow this example, as some of the smaller municipalities in that Province are much in need of relief.

There are comparatively few Western municipalities that are able to meet their debt payments promptly, but it is most desirable that their affairs should be quickly put in shape, otherwise their dilemma will reflect injuriously upon the credit of the Province as a whole.

The Insurance Act. It is understood to be the intention of the Government to introduce at the approaching session of Parliament a bill to amend the Insurance Act which will make that already excellent instrument still more comprehensive. It has been suggested that one of the chief additions to its provisions should be the granting of power to the companies to transact more than one class of insurance so that each of them under certain conditions will be able to undertake the various branches of life, accident, health, etc. This combination is quite common and successful in Great Britain and might reasonably make for economy in the conduct of the business through concentration of management, supervision and other items.

Taxation of Premiums. While referring to legislation I venture to return to a suggestion many times repeated in the past, that some portion of the public mind as to the principles and practice of life insurance, the place it occupies in our national economy and its relation to the individual and the home. Happily, agreement has at last been reached between the British and Canadian companies in the United States company, a feasible channel for conducting the experiment has been opened, and will be immediately inaugurated. Full confidence that the people of Canada will appreciate the desire to have the various departments of the member companies together on a friendly and constructive basis.

An event of importance was the withdrawal a few months ago of the Equitable Life Assurance Society of New York from business in Canada. The Society has been for many years an active and honorable competitor and always a ready participant in any progressive movement. It is regretted that its retirement from Canada, which is to be regretted, is made not through any disappointment arising from its experience here, but in pursuance of a well-defined policy of restricting its operations to the United States.

The Association of Provincial Insurance Superintendents held its third annual conference in Winnipeg in October last, and invited the company to join in their discussions. There is evident amongst the Superintendents a desire to be fully informed of all facts and suggestions bearing upon the business coming within their jurisdiction, and also a wish for uniform insurance legislation in all the Provinces, so far as may be feasible. The indications are most encouraging, and it is felt that much good may and will accrue to both the Provinces and the companies from such reasoned and combined action.

Institutional Advertising. For more than ten years unceasingly we have given to your service from the fullness of an excellent and well-stored mind, and had for the institution a never-failing fidelity and affection. Your Director, Mr. Bruce, had in his head the co-operation of Sir Thomas White, who has become during recent years such an international figure. It is regretted that the Board as a representative of the policyholders.

The greatly increased business which the statement indicates made heavy demands upon the energy and initiative of all branches of the service, and your Directors desire to have expression of their appreciation of the splendid spirit and facility with which they were met.

It is again a pleasure to acknowledge my personal obligation to my colleagues upon the Directorate, to our boards in Great Britain, to the officials, the medical directors, the solicitor, the agency and the loan managers, and each individual unit of the staff in the Home Office and in the field for the consideration and support they have given so ungrudgingly and which enable us to submit to you such an excellent record of a year's operations.

### GROUP INSURANCE OF INTEREST TO POLICYHOLDERS

Notwithstanding payments to policyholders during the year amounting to \$8,254,883, the assets were increased by \$8,756,668.

The assets of your Company are in the very best class of investments. For instance, bonds of the Dominion and Provincial Governments now represent 22 per cent. of the total assets, having been increased by three million dollars during 1920.

Mortgage loans, another very high class of investments, were also increased by three million dollars, and represent 33 per cent. of the assets.

A particularly good feature of the year was a decrease in the percentage of loans on policies from 14.02 to 13.60 of the assets. While, of course, this is a perfectly good security, it is a satisfaction to note that policyholders appreciate the advisability of paying off their loans.

Frequently a policyholder will pay off a little at a time, thus gradually reducing the indebtedness, and the Company is always ready to assist by accepting these small payments whenever convenient. In the meantime, while the loan exists, there is an easy and convenient way, open to most policyholders in good health, to "insure" the loan, so that it will not be deducted from the face of the policy, if death occurs within a certain time, and while the loan is being paid off. A letter to the Home Office at Toronto will bring particulars as to this.

Attempts have been carried on by a few whose belief in institutional advertising gave them the courage to persist to persuade all the life companies to share in a combined campaign of publicity through the medium of the daily Press, having as its purpose the better informing of the public mind as to the principles and practice of life insurance, the place it occupies in our national economy and its relation to the individual and the home. Happily, agreement has at last been reached between the British and Canadian companies in the United States company, a feasible channel for conducting the experiment has been opened, and will be immediately inaugurated. Full confidence that the people of Canada will appreciate the desire to have the various departments of the member companies together on a friendly and constructive basis.

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### GROUP INSURANCE

Employees of Many Firms Now Insured in the Canada Life

During the past year a large number of Companies have secured Group Insurance protection for their employees. Toward the end of 1920 the applications for Group Insurance were coming in at an increasing rate which bids fair for a steadily-increasing volume for 1921.

The Group Policyholders of the Canada Life now include many varied branches of trade and industry, such as—Printing Plants, Lithographing, Leather Making, Furniture Manufacturing, Iron and Steel Foundries, Machinery, Jewellery, Rubber, Oil, Dry Goods, Boots and Shoes, and other lines of business; also special groups, such as Civic Employees, Club Employees, etc.

Nearly all employers have shown great interest in Group Insurance from the time this plan came to their attention. Many have welcomed the Group plan as a much-needed service for employees and their dependents. There are many employees unable to get personal insurance themselves. Many others are not insured because they do not fully realize their responsibilities to their dependents. The Group plan presents an opportunity to the employer to place them all in the insurable and insured class as every worker and producer ought to be. It also serves as a reward for service and an incentive toward greater co-operation and better stability in employment.

Group Insurance is appreciated by employees, particularly by the better and steadier class of workers, which is a class every employer wants to secure and to hold. Their appreciation grows when deaths occur and they see the funds paid to the widows and mothers, or other beneficiaries, who are generally in great need of the ready cash.

The Group contract of the Company has been drawn up to include every up-to-date feature that is of value to employer and employee. It is one of the most liberal contracts on the market. The premium rates are very low. The premium usually amounting to an average of 3 or 3 cents a day per employee for each \$1,000 insurance. There are no lower rates obtainable anywhere. When deaths occur the claims are paid promptly so that the fund becomes quickly available at a time when most appreciated. All employees who have placed their Group Insurance with the Canada Life are entirely satisfied with the service the Company is in a position to give.

The business of providing Group Insurance for employees is likely to continue until all industries of any account are covered. It is being rapidly extended to include Government and civic employees in various parts of the country. Notwithstanding the present period of readjustment in values and the temporary depression in some lines of trade, it is constantly increasing in volume and amount. The new spirit of responsibility in industry to some extent accounts for this. There is abundant evidence of its appreciation by employees, and the verdict of most employers is that it has proven to be an important factor in stabilizing employment and improving relations between employer and employee.

### In 1920—The Canada Life Assurance Company

(Established in 1847)

Made the following substantial PROGRESS:

		Increase.
Total Assurance in Force increased to	\$276,667,000	\$46,873,000
Total Assets increased to	78,108,000	6,756,000
Reserves for Protection of Policyholders	63,666,000	5,598,000
Total Income in 1920	16,729,000	3,717,000
New Assurances Issued in 1920	16,825,000	17,144,000
New Assurances paid for in 1920	58,260,000	16,619,000
Surplus Earned in 1920	2,163,000	285,000
Dividends to Policyholders in 1920	2,723,000	1,560,000
Total Payments to Policyholders in 1920	8,255,000	1,907,000

Above, in brief, are the results for 1920 as shown by the Financial Statement.

Below are a few other important accomplishments during the year.

- Maintained dividends to Policyholders at pre-war scale, notwithstanding increasing costs and some adverse conditions.
- Improved its service to the public through special training of Representatives and careful selection of men.
- Won unstinted praise from the Government Insurance Departments of Michigan, Illinois, Pennsylvania and Minnesota, after most thorough examination of Assets and Management.
- Made the largest Surplus Earnings in the history of the Company.
- Increased the average interest to 6.10%.
- Placed more insurance with present Policyholders than in any other year and increased public interest in Monthly Income, Business Insurance and Group Policies for industrial workers.

(A complete Annual Statement will be mailed upon request.)