

SUN LIFE TO ABSORB MANUFACTURERS'

Agreement Has Been Made—How the Sun Company Stands Now

An agreement has been reached providing for the amalgamation of the Manufacturers' Life Insurance Company of Toronto and the Sun Life Assurance Company of Canada, with head offices at Montreal. The business of the Manufacturers' Life Insurance Company, amounting to about \$80,000,000, will be reinsured in the Sun Life. The managing director of the Manufacturers' Life, Captain M. R. Gooderham, is leaving at an early date with his battalion for overseas service.

Mr. Macaulay's Statement.

Mr. T. B. Macaulay, president of the Sun Life Assurance Company of Canada, has issued the following statement:—"The negotiations leading up to this agreement were very brief. I had known for some time that Mr. Ross Gooderham was dropping his business connections in order to proceed to the front, and I admired the splendid patriotism which prompted this course. A short time ago I received a message that he had concluded to dispose of his interests in the Manufacturers' Life, and desired to discuss matters with us. Many persons would be pleased to pay a large amount to secure control of such a company, but it might not be in the interests of the minority stockholders or the policyholders to allow the control to pass into hands of people who might have speculative or bond-booking ends to serve. The family name had been so long associated with the company that Mr. Gooderham could not shake off responsibility by merely selling his stock. Influenced by these conditions, he sought an Alliance with the Sun Life. He desired to secure the policyholders rather than to extort a high price, and it was easy, therefore, to arrive at a basis thoroughly equitable and reasonable. The terms are so equitable and desirable, as will be seen when made public, that I believe they will meet the unanimous approval of the stockholders and policyholders of both companies."

Position of Policyholders.

It is pointed out by those identified with the transaction that the merger of the two companies will mean not only greater strength, but a considerably lower expense ratio, by which the policyholders in the Manufacturers' Life will specially benefit. The Sun Life will give each policyholder a certificate of guarantee directly assuming all liability under his particular policy, and in the distribution of surplus the abstainers' section of the Manufacturers' is to be treated as a separate class, as heretofore. The expense ratio of the Manufacturers' has averaged over 30 per cent. of the premium income, and the larger company agrees to manage this business for 10 per cent., resulting in a saving to the Manufacturers' policyholders of 20 per cent. It is estimated that the profits paid by the Manufacturers' in its ordinary branch have averaged about 65 per cent. of those paid by similar policies of the Sun Life. The profits to Manufacturers' policyholders, according to the agreement, are to be at once raised to not less than 80 per cent. of the Sun Life scale, and in a short time they will be put on a parity with policies in the Sun Life.

The shareholders of the Manufacturers' Life will receive the amount of their paid-up capital—\$300,000, and the amount to which they are entitled up to December 31st, 1915, as pro-

vided by the insurance act. They will continue to participate in the profits of the business of the Manufacturers' Life for a further period of three or four years. In addition, they will also share with the policyholders in the saving of expense, but only to the extent of 17½ per cent. for one year. These amounts are not definitely ascertainable until after the books of the company are closed on December 31st next.

Sun Life Shareholders.

The Sun Life shareholders will receive no percentage of profits on the business of the Manufacturers' Life on which the shareholders of the Manufacturers' Life receive their share. After the capital stock of the Manufacturers' Life is entirely liquidated the percentage of profits on the business of the Manufacturers' Life to which the shareholders of the Sun Life may be entitled in the future is expressly limited by the agreement to 5 per cent., although under the terms of the insurance act the amount which may be credited is fixed at 10 per cent., as was drawn by the Manufacturers' shareholders. The policyholders of the Manufacturers' Life thus secure this substantial advantage.

Captain M. R. Gooderham, managing director of the Manufacturers' Life, stated yesterday afternoon that the entire reason, so far as he was concerned, for the amalgamation of the two companies was that he was taking his departure with his regiment for the front and that he wished to leave the affairs of the Manufacturers' Life in such hands as would be best able to further and protect the interests of the policyholders. As his father had organized the company, and during his life had taken a deep interest in its affairs, it was for more than business reasons that he wished them to be efficiently administered, and he considered that an amalgamation with the Sun Life would insure this condition.

The table at the foot of this page shows the net amount of insurance in force and the total assets of the Sun and Manufacturers', of the two companies combined, and of other companies with over \$40,000,000 of insurance in force in Canada. The figures are for the year ended December 31st, 1914:—

Capital of the Companies.

The following is the capitalization of the two amalgamating companies as at December 31st, 1914:—

Company.	Authorized.	Subscribed.	Paid-up.
Sun Life	\$1,000,000	\$1,000,000	\$250,000
Manufacturers' Life ..	3,000,000	1,500,000	300,000

Treasury Board's Sanction.

The amalgamation agreement has yet to receive the sanction of the finance department, Ottawa. After the agreement between two companies has been entered into, the law requires application to the treasury board at Ottawa for its sanction. Letters must be sent to the share and policyholders concerned detailing the terms of the agreement. The treasury board will not sanction any amalgamation in which it appears to them that policyholders representing one-fifth or more of the total amount assured in any one of the companies concerned, dissent from proposed amalgamation, transfer or re-insurance.

As to the Sun-Manufacturers' merger, opinions are divided. There are many who, with those primarily interested, believe that the amalgamation is very desirable. On the other hand, there is some regret in Toronto that control of a company such as the Manufacturers' is leaving Ontario boundaries.

Company.	Net amount of insurance in force.			
	In Canada.	In other countries.	Total insurance in force.	Total assets in Canada.
Sun	\$109,865,992	\$108,433,843	\$218,299,835	\$64,605,314
Manufacturers'	56,230,841	24,379,843	80,610,684	19,180,388
Sun and Manufacturers'	\$166,096,833	\$132,813,686	\$298,910,519	\$83,785,702
Canada	108,727,386	44,488,543	153,215,929	56,103,710
Great-West	104,465,233	2,406,736	106,871,960	16,736,444
Mutual of Canada	92,005,196	742,390	92,747,586	24,306,233
Confederation	56,292,365	14,172,590	70,464,955	19,814,850
North American	47,694,950	5,399,475	53,094,425	14,915,728
Imperial	39,893,440	3,636,431	43,529,880	10,310,392
Metropolitan	151,068,856	20,457,174
New York Life	67,628,103	16,032,364
Prudential, Newark	56,253,040	3,392,175