

VALUE OF LIFE INSURANCE

X.

Single Premium Policies

By C. A. HASTINGS

It is poor business to purchase stocks without training and without knowing how to value the securities; it is also poor business to deal in any security—land or otherwise—of which you know very little, and in markets of which you know nothing—yet it is being done every day, because it is the speculative element that appeals, nothing else matters. If the public generally appreciated more the fact that life insurance is an investment of the gilt-edged class, the returns of life insurance offices would at once increase at an enormous rate, for, as I have already pointed out, the individual cannot hope to earn compound interest as a life company can—how much more can a life company earn for its policyholders is obvious if the public realized the value and importance of it.

My object in this article is to show a particular form of life assurance most suitable to a business man whose income fluctuates.

Straight Premium Policies.

I refer to single premium policies, and one who takes out such a policy is getting his protection at an extremely moderate rate, for he can buy either a whole of life or an endowment policy, both of which are fully paid, and which continue to earn a very high rate of dividend, as long as he lives, provided he has chosen a reputable office. So far as he is concerned, the transaction is completed, and I repeat, that non-depreciation of capital must not be forgotten.

Many argue that money used for life assurance is locked up. This is entirely erroneous. Every life office is willing to make advances on the security of its own policies—the difference between the loan which can be demanded and the premiums paid in is the most of the protection during the same period, to say nothing of the fact that the policy still remains in force.

In the case of single premium policies a proportionately larger sum may be borrowed.

Now, does not this mean that the endowment assurance costs little at the worst and next to nothing at the best? For example, if the policy is yielding, say, 3½ per cent. per annum, and the assured borrows on its security at 5½ per cent. per annum, the most important protection of life assurance is costing no more than 2 per cent. There is no doubt that this form of protection and investment stands absolutely without rival, and it is only public failure to appreciate the real benefits that so few single premium policies are sold.

You cannot get away from the following facts regarding this very useful form of protection:—

- (1) The capital is never out of reach.
- (2) The capital is, at any time, at the disposal of the assured at a low rate.
- (3) It never stops earning interest, which is accumulating to the assured's credit.
- (4) In the event of death, capital, plus a handsome bonus, becomes payable.
- (5) In the event of the assured borrowing, the loan can be repaid at his pleasure."

I have endeavored to illustrate that life assurance, in one form or another, is a magnificent investment, coupled with the protection it affords, for the majority of people, and I still make this assertion.

The following articles in this series have already appeared:—

- (1) March 1st—How to become one's own master.
- (2) March 8th—How depreciation of assets can be met.
- (3) March 15th—How to borrow at a profit.
- (4) March 22nd—The automatic production of capital.
- (5) March 29th—How to redeem debentures.
- (6) April 5th—Value of goodwill and how to preserve it.
- (7) April 12th—How to protect capital in land, etc.
- (8) April 19th—Short term policies.
- (9) April 26th—Endowment policies.

ALBERTA TO FLOAT LOAN

Hon. Mr. Sifton has left for England in connection with the flotation of a \$5,000,000 loan authorized at last session of the Alberta legislature for additions to telephone services and roads.

A branch of the Canadian Manufacturers' Association has been formed at Brandon with Mr. James Vasbinder, manager of Messrs. George White and Sons, as president.

CANADA-MEXICO TRADE

Exports Were Less—Representatives Did Not Visit Mexico

(Specially contributed by Mr. P. Tamayo, Mexican Consul, Toronto.)

A recent number of the Department of Trade and Commerce Weekly Report, copied an article of the British Export Gazette on Mexican trade, and commented on the fact that despite the fierce conflicts between revolutionary and government forces, "imports and exports are increasing by leaps and bounds."

This is quite true. Each report from the department of trade and commerce of Mexico shows a decided gain over the preceding one. Upon reviewing the imports for the six months, from July 1st to December 31st, 1911, we find that they amounted to \$46,070,073.15, whereas during the same period of 1912 they reached the figure of \$47,755,348.08, showing an increase of 3.66 per cent.

The exports, during the same period in 1911 were \$70,501,703.77 as against \$82,045,734.35 in 1912, shows a gain of 16.37 per cent., and it deserves to be mentioned here that during the latter period the minerals exported were in smaller proportion to the exports of agriculture products, thus being demonstrated that notwithstanding the handicaps which the country has had to contend with, its products have not only satisfied the domestic demand, but there has been a surplus to be exported.

Not so Favorable Returns.

Referring particularly to the trade between Canada and Mexico, during the period above referred to, namely, from July 1st to December 31st, the report is, unfortunately, not so favorable with regard to Canadian goods imported into Mexico. During those six months of 1911, this item amounted to \$143,923.10, whilst in the same period of 1912 it amounted to \$87,396.19, showing a decrease of 39.2 per cent. The exports from Mexico into Canada, on the other hand, show an increase of 34.1 per cent. in the same period; the total reached in 1911 being \$248,090.00, whereas in 1912 amounted to \$332,745.32.

Confidence in Mexican Trade.

Judging from the above results and from the fact, which has come to my notice, that some of the Canadian exporters did not send their agents to Mexico last year as they had done in previous years, it seems that the political disturbances have caused more harm to them than to the rest of the world's traders. This is regrettable as it means a relative loss in their sales. It is to be hoped, judging from the above outlined facts, that they will regain confidence in the Mexican market.

GRAND TRUNK'S REVENUE

The following summary shows a comparison of the Grand Trunk Railway Company's half-year's revenue account with that of the corresponding half-year:—

	Dec. 31, 1912.	Dec. 31, 1911.
Gross receipts	£4,612,758 11 0	£4,135,775
Deduct—		
Working expenses, being at the rate of 72.29 per cent., as compared with 75.21 per cent. in 1911	3,334,682 4 10	3,110,871
Net traffic receipts	£1,278,076 6 2	£1,024,904
Balance of income from rentals, outside operations, and car mileage	Dr. 87,084 13 9	Cr. 11,676
Total net revenue	£1,190,991 12 5	£1,036,580
Add—		
Amount received from the International Bridge Company	16,012 16 7	16,013
Interest on bonds of Central Vermont Railway	6,506 14 3	6,507
Interest on securities of controlled companies and on St. Clair Tunnel bonds acquired by the issue of Grand Trunk four per cent. debenture stock	103,199 18 6	72,780
Balance of general interest account	66,336 6 2	53,175
Net revenue receipts	£1,383,047 7 11	£1,185,055