ASSETS OF THE CANADIAN LIFE COMPANIES.

One of the multitudinous minor effects which the war has produced is a mild revolution in the appearance of the Canadian life companies' balance sheets. For a number of years, in the period of great expansion in Canada prior to 1913, there was a growing fashion among these companies for mortgages as an investment medium for their policyholders' funds. This fashion, which, like all fashions, was apt to be carried to extreme lengths by some of the companies, did not meet with The Chronicle's entire approval, and the development of events has since shown that the conservative attitude taken by this journal was the right one. Legislation of a type drastically adverse to lenders, passed by several of the western provinces and much of it still in force, and trouble in days of adversity with some borrowers who had not been too carefully hand picked, has shown afresh the necessity for the close sticking to the elementary, but always sound and sometimes forgotten, rule of investment that the higher the rate of interest the greater the risk. As a matter of fact, there was a considerable tendency to over-estimate the return received by the life companies from mortgages. The investment expense when this plan was followed disproportionately, was considerable, and made the net rate of interest somewhat markedly lower than the gross rate received, the net rate in some cases being perhaps not so much higher above that received from bonds as to justify the preference.

All this is history, of course. But it is well that the facts should be borne in mind, since sooner or later, in a few years time, the development of the agricultural resources of Canada, as well as the extension of the Dominion's urban centres, will call for large amounts of mortgage funds. The companies, in undertaking to supply a proportion of these funds, will act wisely, if they do not allow their natural instinct for safety, to be stampeded by an overwhelming desire for a high gross rate of interest.

War Time Increase in Bond Holdings.

Meantime, the extent of the revolution in the companies' invested assets which the war has brought about, can be easily seen by a simple comparison. At the end of 1914, the companies held mortgages to an amount of $94,624,042, a proportion to their total assets of 36.9 per cent. At the end of 1917, the actual total of mortgage loans had decreased slightly to $92,587,848; and their proportion to total assets had decreased considerably to 28.8 per cent. On the other hand, the companies' holdings of bonds and debentures, which at the close of 1914 were $77,032,967, a proportion of 29.9 per cent. of invested assets, three years later had been increased by over $53,000,000 to $130,132,694, a proportion of 40.4 per cent.

This increase in bonds and debentures held, doubtless approximates the measure of the support which has been given to various war loans by the Canadian life companies. The companies have been a pillar of strength in the flotation of the various domestic war loans. To the Victory Loan last year, some of them subscribed roundly what it was calculated would be their approximate funds available for investment in the following twelve months, and they will undoubtedly perform as handsome service in the flotation of the coming loan. Nor has their support of war loans been confined to Canada. They have absorbed very large amounts of the Anglo-French bonds, and other Allied securities issued in New York, obtaining some of these at bargain prices which will enable considerable profits to be realised on the maturity of the various issues. Such of them as transact business in Great Britain have been sound supporters of the various British loans. One of the companies, which has gone far afield to India, figures as a holder of the war loans of the Indian Empire, for a very substantial amount. In short, the Canadian companies have a proud record as a unit, in the matter of war finance. They have shown that in this young country, as in the older countries, the life insurance institutions take rank as one of the main financial props of the state in the time of necessity and trial, and their record in this connection has earned the respect of every student of Canadian financial affairs.

How Assets Now Stand.

The full record of the Canada life companies' assets as at 31st December, 1917, stands as follows:—

	Amount.	% to Total Assets.
Real Estate	$17,352,000	5.4
Mortgage Loans	92,587,848	28.8
Loans on Collateral. . . .	1,278,131	0.4
Policy Loans	42,654,712	13.3
Bonds and Debentures. .	130,132,694	40.4
Stocks	18,737,124	5.8
Total Invested Assets.	$302,742,509	94.1
Cash	4,161,244	1.2
Interest and Rents due and accrued	7,305,087	2.3
Outstanding Premums . .	7,201,329	2.3
Other Assets	256,387	2.3
Total Assets	$321,666,556	100.0

The gain in total assets over the 31st December, 1916, is approximately $24,000,000 and since December, 1914, nearly $65,000,000. These are impressive figures. The Canadian companies generally appear to be keen about investing their funds closely—an important point in successful management. Cash, it is interesting to note, was proportionately somewhat lower at the end of 1917 than for several years past, as a result doubtless of subscriptions to the Victory Loan. Interest and rents due and accrued also showed a declining tendency last year, as with the revival of prosperity in the West, overdue interest was paid up, and matters in connection with mortgages which had not turned out exactly as anticipated, gradually straightened out. Among the invested assets, there was a tendency to proportionate decline, ex-

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