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THE ROYAL COMMISSION ON INSURANCE.

THE IMPERIAL LIFE INSURANCE COMPANY.

When the enquiry into the Canada Life was concluded Mr. Thomas Bradshaw, F.I.A., actuary, was placed on the stand to give evidence respecting the Imperial Life Insurance Company.

He has been testifying all the week. Considerable time was occupied in acquiring information as to the organization of the Imperial Life and the development of the company into a position of greater independence of the private interests by which it was originally controlled.

Like many new companies the Imperial was indebted to outside assistance in meeting the heavy costs of organization and acquiring its first business. Explanations were given in regard to transactions in San Paolo banks, in which the President of the Canada Life, Mr. Ames and Mr. Flavelle were interested.

Mr. Bradshaw admitted that, in 1902 and 1903, the Imperial Life had purchased unauthorized securities. Some haggling took place as to the exact nature of a transaction involving an advance to Mr. Ames, in reference to which an agreement signed by Senator Cox, was produced reading;

"I hereby guarantee the payment to the Imperial Life Assurance Company, of Canada, within two years from date, of the sum of \$170,746, the purchase price of stock as under stated."

Further reference to the deal as a sale provided that Mr. Cox could "re-purchase" the stock, or that it could be sold at the market price, if it rose, and the amount received credited to the "purchase price."

In reply to a question Mr. Bradshaw declared that "Fire insurance stock should never be purchased by a life company as it fluctuated greatly." He considered Dominion Coal stock a poor investment and an unauthorized one.

A purchase of debentures from the Toronto Loan & Savings Company, was investigated, it being

shown that, as these bonds only bear 4 per cent. interest and Senator Cox was anxious for them to be taken by the Imperial Life, he guaranteed the company an extra 2 per cent. so as to place the bonds on a 6 per cent. basis, as Mr. Bradshaw wished. Mr. Bradshaw stated that, "since 1903 the Imperial Life had not held any unauthorized securities." He explained that as operations in the Dominion Steel and Dominion Coal securities had resulted in a loss of \$11,000, this loss was made up by Senator Cox, as he had suggested these investments.

In 1902 the Government Department of Insurance protested against the Imperial Life writing up the ledger values of their securities, according to the appreciation of their market value. The department contended that the appreciation should only be shown when securities were sold. Since that date any appreciation is entered under the heading, "Other Assets."

"And each year since you have taken credit for the increased value in the Government report under the heading of 'Other Assets?'" said Mr. Tilley.

"Yes," answered Mr. Bradshaw.

"How would you show depreciation?"

"We never have had a depreciation. I suppose we would have to make it a deduction entry."

The following elicited a very frank admission from Mr. Bradshaw.

"You purchased in 1903 Canada Atlantic Railway Company. Did you consider them an authorized investment?"

"Yes, until we discovered that the railway had not been paying a dividend the required number of years. Then we sold out at a small profit."

"In 1903 you became interested in Toronto and Niagara Electrical Development bonds and stock?"

"Yes; through an underwriting we secured bonds and stock as a bonus. We sold the stock in 1904 and put the proceeds in the report as profits on investment. The stock realized \$18,875."