

SUN LIFE ABSORBS FEDERAL LIFE.

The most important deal that has ever been consummated in Canadian life insurance was announced on Wednesday. The Sun Life of Canada is re-insuring the business of the Federal Life of Hamilton, and the plant of the latter company will be absorbed into the organisation of the Sun Life. The deal has been entirely completed so far as the respective companies are concerned, the only step necessary to formal completion being the assent of the Treasury Board, which will not be given until 30 days have elapsed. There is every reason to balance that in due course this sanction will be forthcoming.

Through this arrangement, the Sun Life of Canada adds substantially to its existing business. While no official figures regarding the Federal Life's operations during 1914 have been given out, it is stated that its business in force amounts to about \$28,000,000. At December 31, 1914, the Sun Life had insurance in force to an amount of \$218,299,835, so that with the addition of the Federal Life's business its insurance in force will be not far short of \$250,000,000. The Federal Life's total assets at December 31, 1913, were \$5,393,004; the Sun Life's at December 31, 1914, \$64,187,656. With the new arrangement completed, the Sun Life's assets will be almost \$70,000,000.

The Federal Life dates from 1883, the late Mr. David Dexter being associated with it for many years, formerly as managing director, and from 1902 until his death in 1912 as both president and managing director. Since Mr. Dexter's death, the active management of the Company has been in the hands of Mr. A. N. Mitchell, formerly assistant general manager.

POLICYHOLDERS' FAVORABLE POSITION.

Under the terms of the agreement, the policyholders of the Federal Life are placed in a favorable position. The profits of participating policies in the Federal Life have been less than those of the Sun Life. The latter company now guarantees increased profits to the policyholders of the Federal Life. As soon as the reserves of the Federal Company's business are on a par with those of the Sun Life's business, the policyholders will receive the same rates of profits as those of the Sun Life. Meantime, the Sun Life guarantees that the profits to Federal policyholders will not be less than 70 per cent. of the profits to Sun Life policyholders. About 90 per cent. of the Federal's policies are participating.

The stockholders of the Federal Life, it is stated, will receive back the amount of capital paid in, about \$130,000, plus the amount to the credit of the shareholders' account. Additionally they will receive an amount contingent on last year's premium income, details of which are not yet available, and an interest in the profits for a term of five or six years.

All the obligations of the Federal Life will be taken over by the Sun Life. Agents who have a contract with the Federal will have the option of working for the Sun. Where both companies have branches covering the same territory the Federal branch will be closed and the Sun Life organization take charge of the business.

The deal means a considerable reinforcement of the Sun Life's organisation at important points, both at home and abroad, particularly in Ontario, where the Federal Life had important connections.

MOUNT ROYAL ASSURANCE.

After confining its operations to a limited field for the first decade of its existence, the Mount Royal Assurance Company of Montreal, a year or two ago extended its operations to Ontario and the Western Provinces. Observers of insurance affairs have not been unaccustomed to see a launching out into a more extensive field of operations followed by financial results which are anything but favorable, and this experience is particularly common, it is not unfair to say, with companies conducting their business upon a non-tariff basis. The Mount Royal, however, has always been conducted with prudence and foresight. It was in a sound position before undertaking its policy of expansion, and it is now becoming evident that the Mount Royal's underwriting in the larger field it now occupies is being conducted with the same discretion that marked its operations in its former limited field of activity. The Company continues to occupy a thoroughly sound and prosperous position, a fact which reflects much credit upon Mr. J. E. Clement, its general manager and secretary, and an underwriter of admirable reputation, who has nursed along the Company from infancy with marked success.

Last year was for the Mount Royal again a period of expanding business and of favorable experience. Its net premium income, after the deduction of re-insurances, amounted to \$379,242, this being an advance of \$109,870 upon the premium income of 1913. Interest revenue from investments amounted to \$33,206 making the net income \$412,447. Net losses paid, including provisions for all losses outstanding, were \$157,223, a loss ratio of only 41.45 per cent. of the premium income. This excellent result shows an improvement of almost eight points upon the record of 1913, and is even better than the record of 1912, which was 42.71 per cent. Expenses of management and commission amounted to \$117,374, or 30.95 per cent. of the premium income. This is a reduction of more than three points from the expense level of 1913, which was raised by the cost of organising and equipping the Company's new agencies in Ontario and the West, and shows an excellent economy of administration. The year's operations resulted in the transfer to profit and loss account of a sum of \$85,633. However, the 8 per cent. dividend and 2 per cent. bonus absorbed only \$25,000 of this amount, the remainder going to swell the balance of profit and loss account, and thereby substantially increase the security for policyholders. This now amounts to the very satisfactory sum of \$755,265, or equal to about two years' premium income, and is made up as follows: paid-up capital, \$250,000; reserve, \$221,600; investment reserve, \$30,508, balance at profit and loss \$253,156.

This excellent proportion of reserves to income furnishes a sufficient indication of the conservative lines upon which the Mount Royal's business is carried on. A steady extension in the volume of its business is to be anticipated, but judging by its past record, extensions of operations will only be allowed in proportion as the Company's financial resources are able to carry them without effort.

Mr. J. D. Kennedy, the well-known Sherbrooke insurance agent, was a visitor to THE CHRONICLE last week.