

of the company or any other life company; (4) consols or other securities of the United Kingdom or any colony or dependency thereof and the United States or any state thereof; (5) ground rents or mortgages on real estate in Canada; (6) any securities which may be accepted by the Treasury Board as deposits under this act.

In addition to the above securities, the granting of loans is permitted on real estate or leaseholds for a term of years or other estate or interest in real property in Canada. In connection with its foreign business a Canadian life company may invest outside the above provisions up to an amount not exceeding by more than \$100,000, the sum required to be so invested by foreign law. Special provision is made regarding certain similar investments in Great Britain and the United States, so that the amount may be 10 p.c. in excess of the reserve value of a company's business there, even though such excess be more than \$100,000.

Neither directly, nor through its board or its officers, is any life company to be interested in the promotion of any other company or in the operating of it. Underwriting of securities is forbidden as is also the entering into syndicates for any security transaction. Directors and officers are forbidden a personal interest or gain in any transaction of the company with another company, nor are they allowed to be shareholders in any such company. A company's contracts with its officers are to be expressly authorized by the Board of Directors and are not to exceed three years in duration.

STANDARD POLICY FORMS.

Uniformity in policies is recommended, and all insurance contracts except industrial are to be in accordance with four standard schedules, providing for ordinary whole life, limited payment life, endowment and term policies. Policies may, however, be either participating or non-participating, and the Superintendent of Insurance may under certain conditions authorize other forms that do not interfere with specified standard provisions.

PROVISIONS AS TO SURPLUS.

Participating and non-participating business are to be kept rigidly separate in the accounting of companies. Companies shall ascertain annually the surplus accruing upon all Canadian policies. The whole year's surplus is to be then distributed, except the amounts necessary for authorized dividends to shareholders, and for holding on account of contracts in force before the passing of the act and calling for less frequent distribution (e.g., quinquennial) or for "deferred dividends." In addition, a special contingency reserve is allowed the companies, beginning at 10 p.c. on a policy valuation of \$100,000, and decreasing in percentage as business in force grows larger. Policies already in force, and to which the annual distribution provision does not apply, shall have the amounts of

their accrued surplus ascertained, and these amounts with each year's surplus earnings shall be added to the liability of the company with respect to the policies. Except in the case of temporary insurance or industrial policies, the yearly surplus may at the option of the policy-holder be claimed in cash or applied to the reduction of premium or to the increase of the policy. In the case of a term policy it is to be paid either in cash or applied to reduction of premium.

REBATING, DIRECT AND INDIRECT.

No rebates are to be allowed, and no policy is to be valid until the first premium is paid in full in cash. A drastic and much criticized provision is that which stipulates that directors may be fined \$1,000 for a company's rebating, the prosecutor to get half the amount. Indirect rebating is forbidden, such as special dividends or other remuneration for alleged services in connection with "advisory boards" and similar schemes.



THE MUTUAL LIFE OF CANADA.

Elsewhere in this issue appears the 37th annual statement of the Mutual Life Assurance Company of Canada, accompanied by a detailed report that contains much of interest. During 1906 the amount of the policies in force is shown to have increased by over \$2,700,000, and now totals about \$47,000,000. The year's income was well over the two million dollar mark, the increase upon 1905 being some \$115,000. Assets now stand at nearly \$10,400,000 with a surplus on the government valuation standard of more than \$1,550,000. On the company's own more stringent valuation basis, the surplus is over \$1,200,000, the increase for 1906 having been more than \$250,000.

The expenses and taxes for the year were quite materially lower even than the favourable 1905 showing of the company. Indeed, for the past year, they equalled only 16.34 p.c. of the total income. Manager George Wegenast draws attention in the report to the fact that the policy of the company in regard to investments has been maintained, so that nearly all assets are invested in mortgages on real estate, municipal debentures and bonds, and loans on policies. Debentures and bonds are taken into account at net cost, though their market value is a sum largely in excess of it. No losses were made on investments in 1906, and the balance of real estate acquired by foreclosure in former years was disposed of during the year at a profit. Only one small parcel remains valued at \$500.

Mention is also made in the report of the fact that the directors took full advantage of monetary conditions during the year, and were able to invest the funds promptly and at better rates of interest than heretofore, securing some choice municipal debentures extending over a long period of years. Mortgage loans were made at rates of interest considerably in excess of those obtainable in recent years, and the result of these favourable investments is shown in the advance of the average rate earned upon the invested assets.