

MILITARY SERVICE AND INSURANCE

Companies Must Keep in Position to Protect Policyholders and Carry Out Contracts

The other day, Mr. Lemieux stated in the House at Ottawa that he had received several letters from young men who are liable to be called upon for military service, inquiring whether the government intends to amend the Insurance act with a view to fixing a maximum amount of premium, covering war risk, payable on their policies. The insurance companies charge a higher premium for war risks. There is a feeling among these young men that when they are called they will be unable to keep up their insurance policies because of the extra premium, he said. Mr. Lemieux asked if it were possible to devise a means by which the extra cost of the premium might be paid by the government, or if legislation should not be enacted fixing a maximum rate or obliging the insurance companies to maintain the present rates. He thought the government should take the matter in hand and either assume the excess rate of premium or amend the Insurance Act in such a way as to fix a maximum premium.

Life Insurance Companies are Protectors.

Mr. G. P. Graham, who has had some practical experience in the life insurance business, pointed out that insurance companies are for the protection of a vast number of widows and orphans, and that they must keep faith with those who are insured, and must maintain themselves in a position to carry out their contracts. Most of the companies in Canada have for those who insured before the war a war clause in their contracts, and if they have gone to the front they have gone under the same conditions as existed before and do not pay any extra premiums. Since the war broke out every risk taken has a clause which says that if the insured goes to war the rates shall be war rates, and the amount is stated in the contract.

Could Not Reasonably Ask Companies.

Mr. Graham continued: "The rates differ with different companies. Some companies, particularly the smaller ones, have practically placed themselves in the position that they do not care to take war risks, because they feel they cannot do it without impairing their financial stability. The increase is considerable. If the government wishes to take the responsibility of assuming the extra liability, I have no objection; but if the government were to pass an act saying that all companies must carry these war risks at a certain rate, notwithstanding the contract with the insured, they might as well ask many of the companies to give up their charters and go out of business. That would be altogether unfair to the insured, because life insurance is not like an ordinary business. A life insurance company is a protector, and it charges so much for the protection it offers. Its first duty is to protect the widows and orphans of the insured. I would protest against the passing of an act to compel insurance companies to carry these risks at a lower rate than they now carry them, because it would mean that many of the smaller companies might as well hand over their whole business to the government."

Sir Robert Borden agreed largely with Mr. Graham's views. "If anything of that kind were done," he said, "it could hardly be done by imposing on the insurance companies a liability which they were not willing to undertake, and which might result in ultimate disaster to persons interested in the companies as shareholders or as insured."

Sir Thomas White, finance minister, did not take kindly to the suggestion. "In the first place," he said, "hundreds of thousands of men have already enlisted and gone overseas; a question would rise at once with regard to their policies. Then you have some men who may be called to the colors under the Military Service Act who are insured for \$10,000, \$20,000, \$50,000, even \$100,000, while others have no insurance at all. There would be no means of establishing uniformity. The superintendent of insurance has been looking into the question of policies; in most cases I understand that the insurance involving war risk is allowed to run at an increased rate. If that rate is not paid, the face of the policy is, in some cases, put down to the amount of the reserve."

Mr. Nesbitt: To the extent that the amount of premium paid will permit, and in proportion to the increased rate demanded by the insurance company.

Sir Thomas White: My hon. friend referred me to the proposed action of the United States. I may point out that that action is proposed in lieu of pensions. The feature of our military service which has a bearing on this question is the pension system. When this bill is under consideration further my hon. friend will raise the question and I shall be prepared to discuss it further with him. It does not appear to us, however, that his suggestions are practicable. It would not be fair to ask the insurance companies, as pointed out by the member for South Renfrew (Mr. Graham) to assume heavily increased risks without heavily increased premiums. When you consider whether the additional premium should be assumed, you are confronted with all the difficulties that I have mentioned, not only with regard to the men who are now to be called, but in regard also to the men who have already gone overseas.

Mr. Nesbitt: Nearly all the policies provide that after two years no such question can be raised.

Sir Thomas White: I think that is true with regard to many policies. Policies taken out since the outbreak of the war contain a special clause with reference to military service. When you come to deal with the question of arranging to take care of the life insurance of thousands of men, having different amounts of insurance, some having no insurance at all, you are confronted with a very difficult question. One man puts his savings in life insurance; another man pays off the mortgage on his house; another places his savings in a bank. The only way to deal with them all uniformly is under a pension system, as we are now doing. That is all I can usefully say on the subject at this stage.

BANK CLEARINGS

The following are the bank clearings for the weeks of August 10, 1916, and August 11, 1917, respectively, with changes:—

	Week ended		Changes.
	Aug. 11, '17.	Aug. 10, '16.	
Montreal	\$ 78,263,060	\$ 61,621,428	+ \$16,641,632
Toronto	51,029,187	35,312,051	+ 15,717,136
Winnipeg	32,240,304	43,371,729	— 11,131,365
Vancouver	7,904,553	5,658,449	+ 2,246,104
Ottawa	5,283,313	4,362,365	+ 920,948
Calgary	5,904,849	4,352,715	+ 1,552,134
Hamilton	3,685,155	2,977,947	+ 707,208
Quebec	3,808,295	3,713,904	+ 94,391
Edmonton	2,624,492	1,802,649	+ 821,843
Halifax	3,183,045	2,469,387	+ 713,658
London	2,018,638	1,889,005	+ 129,633
Regina	2,437,963	2,364,546	+ 73,417
St. John	2,171,875	2,143,691	+ 28,184
Victoria	1,668,738	1,635,641	+ 33,097
Saskatoon	1,844,470	1,477,528	+ 366,942
Moose Jaw	1,059,278	951,648	+ 107,630
Brandon	451,796	577,926	— 126,130
Brantford	753,653	542,437	+ 211,216
Fort William	559,122	442,852	+ 116,270
Lethbridge	1,015,356	742,453	+ 272,903
Medicine Hat	586,113	469,458	+ 116,655
New Westminster	301,421	293,173	+ 8,248
Peterboro	646,128	477,081	+ 169,047
Sherbrooke	585,058	473,616	+ 111,442
Kitchener	492,824	457,480	+ 35,344
Totals	\$210,518,746	\$180,581,159	+ \$29,937,587

Toronto bank clearings for the current week are \$53,742,774; for the similar period, 1916, \$42,975,867; and for 1915, \$33,503,589.

MONEY MARKETS

Messrs. Glazebrook and Cronyn, Toronto, exchange and bond brokers, report exchange rates to *The Monetary Times* as follows:—

	Buyers.	Sellers.	Counter.
N.Y. funds	½ pm	5-32 pm	¼ to ¾
Mont. funds	par	par	¾ to ¾
Sterling—			
Demand	\$4.76.10	\$4.76.30	\$4.78 ¾
Cable transfers	\$4.77	\$4.77.20	\$4.79 ¾
Rate in New York for sterling demand, \$4.75			50-55.
Bank of England rate, 5 per cent.			