

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1206 McArthur Building. Telephone Main 3409.
G. W. Goodall, Western Manager.

SUBSCRIPTION RATES

One Year	Six Months	Three Months	Single Copy
\$3.00	\$1.75	\$1.00	10 Cents

ADVERTISING RATES UPON REQUEST.

The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870 The Trade Review, of Montreal; and the Toronto Journal of Commerce.

The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor.

The Monetary Times invites information from its readers to aid in excluding from its columns fraudulent and objectionable advertisements. All information will be treated confidentially.

SUBSCRIBERS PLEASE NOTE:

When changing your mailing instructions, be sure to state fully both your old and your new address.

All mailed papers are sent direct to Friday evening trains. Any subscriber who receives his paper late will confer a favor by complaining to the circulation department.

LIMITATIONS TO GROUP INSURANCE

WHEN the Insurance Department last fall agreed to issue licenses for the writing of group insurance, the move was looked upon with favor by insurance companies and by manufacturers, both of which had in various ways urged upon the department the desirability of the step. The promptness with which some of the companies solicited business, and the numerous contracts which have already been put into force, indicate the interest and knowledge which had accumulated, and the extent to which the companies had prepared. It is well to consider, however, some factors which prevent group insurance from being a certain remedy for industrial problems, or perhaps even a remedy at all.

Organized labor has continually been hostile to group insurance, regarding it as a further bond between employer and employee, and therefore an influence which weakens the power of the union, which aims to solidify the workers in a trade against the employers as a whole. Apart from this, however, and provided that other conditions of work are the same, the protection afforded by a group contract is clear gain to the employee, the arrangement being such that it costs him nothing, gives him something which has a definite and considerable money value, and does not prevent him in any way from leaving his employer when he desires to do so.

The advantages to the employer, upon whom falls the entire cost under the practice adopted in Canada, is not so certain. Like all other "welfare" arrangements adopted for the betterment of industrial relations, it is at the least doubtful if the employee fully appreciates the value of the benefits extended. Anything which savors of charity is not in accord with the stand taken by labor organizations, which seek to elevate the position of the worker by their own bargaining power. So long as only a small proportion of firms protect their employees in this way, they will, of course, gain by a reduction in the cost of labor turnover. But a wholesale adoption of group insurance would probably reduce still further the profits of manufacturing in Canada; the outlook for these profits is not good, in view of the decline in prices which is certain to come, the high costs of production, and the probability that tariff protection will to some extent be removed by the political developments which are now anticipated.

PRINCIPAL CONTENTS OF THIS ISSUE

EDITORIAL:	PAGE
Limitations to Group Insurance	9
Adjustments in Municipal Finance	10
Promoting Canadian Trade	10

SPECIAL ARTICLES:

Investments Maintain Adverse Trade Balance	5
Rural Credits Societies' Convention	12
Government Passenger Service Being Considered ..	18
Finances of B.C. Municipalities	20
Quebec Legislation Program	22
Belgium Loan in New York	44
Volume of Exchange Trading	44
Canadian Trade Opportunities in the Caribbean ...	44

WEEKLY DEPARTMENTS:

Bank Branch Notes	8
Investments and the Market	14
New Developments in Industrial Field	50
New Incorporations	52
Government and Municipal Bonds	54
News of Municipal Finance	58
Recent Fires	64

MONTHLY DEPARTMENTS:

December Fire Losses	24
Canadian Trade Declining	48
November Building Permits	48

From the public point of view, again, group insurance can be looked upon only as a step in the direction of state insurance, an institution which has many elements of evil, though some benefits are apparent from a casual consideration. Life insurance protection enjoyed by employees of a few concerns, will be demanded by those who are not so benefited, and the no-cost feature established by precedent of private firms has substantial political possibilities, such as have been effective in bringing provincial workmen's compensation acts into effect.

Even to insurance companies this class of business is not entirely satisfactory, for experience in the United States was not profitable. It is only the largest companies which have felt sufficiently strong to accept group insurance contracts. The disadvantages have been well stated by the North American Life Assurance Co., in a circular addressed to their agents, as follows:—

"It is just as well to point out that both from a company and an agency point of view there are two sides to this question. From the company's point of view there is the consideration that the premiums charged, if made competitive, are so low as to reduce the margin of prospective profit to a minimum. As a matter of fact, while the comparatively few American companies transacting this business had up until last year claimed a slight profit, the influenza epidemic entirely wiped that out, so that the business as a whole must up to the present time have netted a loss. One has to consider, too, that a company is compelled to assume a tremendous obligation and to build up a liability without the creation of any reserve fund. It is indeed a matter for the most serious consideration, whether our Canadian companies are large enough to accept the liability involved in the transaction of group insurance on any scale. Nor should we overlook the fact that the overhead charges necessitated through the appointment of inspectors and men in the field and at home office competent to look after the business makes the cost alone prohibitive unless a very considerable business is done. In brief, the chances of a substantial loss to the company are great, while the margin of prospective profit is extremely small. Furthermore, it should be remembered that in the United States where group insurance was initiated only a few companies have up to the present time considered it wise to venture into the field. At the present time only the very largest and a very few of them are engaged in it. Ordinary