

THE BIG INSURANCE MERGER

Continued from page 1209

mations may be expected soon to put up a reply to the Royal's coup.

We expect, then, a fresh impetus in insurance fusions, and the public may inquire to what extent its interests may be prejudiced by the formation of a few huge insurance groups in place of the present thirteen or fourteen British companies which for security and enterprise stand in the front rank. A point to be remembered is that all these offices, as regards fire insurance, work under a tariff. Their rates and their conditions are ruled by a tariff or by agreement. They compete with one another for business, but they do not cut rates against one another. As regards, therefore, fire insurance it does not greatly matter to the public whether there are fourteen tariff offices or half a dozen. Marine insurance is competitive, in the broad sense, for the marine insurance companies have to make a living alongside the great free market of Lloyd's. In accident and miscellaneous insurance competition is tempered by tariffs and agreements, and there would be as much competition, or almost as much, if the fourteen composite companies were reduced by fusion to six or seven. On the whole, provided that amalgamation does not go so far as to arouse the reasonable suspicion of a great insurance trust, we do not think that the insuring public need be alarmed if the Royal precedent is followed by the Commercial Union and other big British companies. One must always bear in mind that the British business of these world-wide companies does not form a very large part of their operations. The Joint Liverpool Office, does about three times as much fire insurance in the United States as it does in England. In accident and employers' liability insurance, too, America is a big field. And if one took from the marine insurance offices and from Lloyd's all the business for which foreigners pay, there would be a great shrinkage in their premiums and their profits. The test which most concerns this country is whether the fusion of great financial institutions, of which insurance offices are one example, enables them to compete with greater effect in the markets of the world. From that point of view we do not think it can be denied that amalgamation has been beneficial. The British insurance offices, made strong by fusion, have covered the world with their branch offices, and swept the best insurance business of most countries into their net. The profits of their wide-flung operations are no small contribution towards filling that gap which yawns between this country's import and export duties. If, then, a world business is furthered by concentration,

amalgamation, fusion, purchase—call it what you will—then the process need cause no alarm, and may, indeed, give occasion for satisfaction.

CANADA LIFE "SPECIAL INDEMNITY BENEFIT"

Although the Total Disability provision has been in force a very short time, the Canada Life has had a number of claims, some of them being of a very interesting character.

One of the earlier claims for total disability was in connection with a policy upon which the assured had paid several premiums, while under the terms of the Total Disability he was not required to pay. He did not, however, know of the benefit and upon discovering the mistake the company refunded the premiums overpaid and at once gave him the Total Disability benefit. This man fell under a locomotive and both feet had to be amputated.

Another case occurred of a farmer who for the past three or four years has had his premiums on \$2,000 entirely waived and \$100 a year paid to him, which payment will continue for twenty years under the Disability clause. The disability in this case arises from rheumatism.

A salesman who joined the First Canadian Contingent, shortly afterwards became insane. The future premiums were waived and the assured is now in an asylum. His wife will receive the amount of the policy at his death, without any further premiums being required. It is in effect a paid-up policy—a great boon to a woman who might under the circumstances be unable to meet the premiums and thus lose the protection which her husband when in his right mind provided for her.

An insurance broker who carried a large number of policies in other companies as well as the Canada Life was required to continue paying premiums on most of his insurance, but our policy contained the Total Disability clause and premiums were waived until his death, from cancer.

It is satisfactory to note that only two policyholders have written to the company under a misapprehension, claiming benefits because of a temporary accident or illness which was not "total and permanent" disability. This shows that Canada Life men have been giving good service and have made clear to their clients the real meaning of the Total Disability feature. There must of course have been many cases of temporary illness or accident among policyholders holding recent policies, with the new Total Disability attached, but we have not heard from them.