

# Dominion Life Insurance and War Claims

**Preliminary report for 1917 of Superintendent of Insurance, Ottawa, received—Decreasing war loss experience—Ability of Canadian companies to stand increased mortality.**

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The preliminary insurance report for the year ending 31st December, 1917, as recently presented to the Dominion Parliament, has just come to hand and it contains a fund of information which can only be realized by the study of the report itself. The complete report will not be issued for some months as it takes considerable time for the insurance officials to inspect the Head Offices in order to verify the reports as furnished by the companies.

The Superintendent of Insurance for the Dominion has only jurisdiction over companies having a Dominion license. There are companies covering the various lines of insurance which work under Provincial charters. A company may secure a Dominion charter but it is not permitted to transact business until it receives a Dominion license, which is only given after careful inspection as to its solvency.

There is probably no line of business which the Government regulates as strictly as insurance in its various lines. Life Companies have to report semi-annually the movement of their securities, which include who the companies bought from, what they paid for the securities and the name of the security, also who the companies sold to, what they sold and what they received for the securities. These reports also show what properties may have fallen into their hands under mortgages, giving a description in detail, the amount outstanding against the property and how they disposed of it.

Every policy has a value in the eyes of the law regulated by the kind of policy and the age of the person insured. This is known as the legal reserve. Some might call it a sinking fund which on all ordinary forms of insurance will equal the face of the policy in a specific time. The longer the company insures a man, say on the Ordinary Life plan, the less they are insuring him for; that is they are only insuring him for the difference between the face of the policy and its reserve, which explains why they can insure a man when he is old for the same premium which they charge him when he was young. Their liability becomes less and less as they accumulate the reserve to the credit of his policy. This explains why life insurance companies have to accumulate such large sums of money. It is only money held in trust which belongs to the persons insured.

It would require too long an article to review this volume in detail, so for the present we will devote our remarks to the effect of the war on life insurance.

Modern life insurance may practically be said to have begun on this continent in 1843, but it is only within the last thirty-five years that people awoke to the necessity of insuring their lives.

Twenty-five years ago the insurance in force in Canada on the lives of its citizens amounted to only \$295,622,722. At the beginning of this year including insurance in Provincial Companies it amounted to \$2,064,577,579 or over two billion of dollars.

Until recent years the life insurance policies were burdened with many conditions. A policy-holder was restricted as to residence, travel and occupation as well as other onerous conditions. When war broke out in August, 1914, there was a large number of old policies in force which prevented the insured from going to war unless they paid a heavy extra premium. All the leading companies automatically removed these restrictions which permitted these policyholders to enter this great struggle without an extra premium. It is calculated that this saved the old policyholders \$250,000 annually, which they otherwise would have had to

paid. Since August 4th, 1914, all policies issued on the lives of individuals provided that if they went to war an adequate extra premium would be charged to cover the additional mortality which they might incur.

In making up the premium rate provision is made to pay the greatest possible mortality in accordance with the usual mortality tables, and in ordinary times on account of careful selection of risks no well managed company in the history of life insurance has had to pay as much as it provided for the mortality which, therefore, produced a profit to the insured. It is calculated that the war has raised the mortality rate about 20% over normal. For instance, with a number of companies the usual mortality has been about 50%, that is for every \$100 they provided to pay, they only had to pay very large amounts that have been paid on account of the war, which no doubt has reached its climax so far as insurance companies are concerned, a safe margin is left. ) Nearly all companies put away special reserves to meet this extra mortality so that the profits to their existing policyholders have not been affected.

The following is a copy from the Insurance Report referred to which shows that since 1914 up to the end of December 31st, 1917, the insurance companies have paid over \$13,500,000 to widows and orphans in Canada, which must have done a tremendous amount of good to those interested, and they are prepared to cheerfully meet all claims that may arise in the future and the public should rest assured that on account of the conservative methods pursued by all companies that they have ample funds and to spare to meet these claims:

With a view to ascertaining the extent to which the life insurance companies in Canada have been affected by the war, a circular was sent to each company asking for the figures showing the war claims incurred during each of the four years 1914, 1915, 1916 and 1917. The claims were further classified in each year according as were incurred under policies held by

- (A) Enlisted soldiers killed in action, or dying from wounds;
- (B) Enlisted soldiers dying from other causes; and,
- (C) Other persons engaged in war service or civilians as a result of military operations.

In order that the enquiry might be as comprehensive as possible the circular was directed to the life insurance companies and the large number of fraternal societies operating under Provincial Licenses as well as to all such companies and societies licensed by this Department.

Returns have now been received from all companies and societies with the exception of a few small Provincial fraternal societies the figures for which will not appreciably affect the totals. The tabulation of the figures received gives the following results:—

In the year 1914.

	Dominion licensees.	Provincial licensees.
A .....	\$ 15,793	1,000
B .....	1,622	1,000
C .....		
	\$ 17,415	2,000

In the year 1915.

A .....	\$ 1,607,342	\$ 114,746
B .....	190,684	18,500
C .....	141,709	7,585
	\$ 1,939,735	140,831