

THE NEW INSURANCE BILL AT OTTAWA

Abstract of the more important Provisions applying to Life Assurance Business—

Government has evidently aimed at a "Happy Medium"—

Provisions for Full Publicity and Participation of Policyholders in Management of Companies.

The bearing of the bill upon other than the life branch of insurance will be touched upon in a future issue of THE CHRONICLE.

Scope of Companies' Business.

Under the existing Insurance Act a Dominion license cannot be granted to any company authorizing it to carry on the business of life insurance in combination with any other branch of underwriting, save in the matter of annuity contracts. The new Government bill, as now presented; provides for the inclusion in life policies of insurance against disability caused by accident or sickness—but stipulates that the amount of such disability insurance shall not exceed the premiums payable or accruing during the period of disability insured against.

Deposits with Government.

The amount of Government deposit for both native and foreign companies is to remain at \$50,000, as under the existing Act, but a somewhat wider range of securities is given by providing that the backing of any security, by Government guarantee (United Kingdom, Dominion, Province or foreign country), shall put it on the same footing as a security direct. Also it is provided that British as well as Canadian securities, as above defined, shall be allowed for deposit by a Canadian company.

A license limited to one or more provinces of the Dominion may be granted under the proposed Act, in which case the initial deposit may be of less amount.

Trust Funds of Foreign Companies.

Trustees other than Canadian trust companies are not to be allowed for the invested funds of foreign companies. Such funds are to have their value determined from time to time by the Treasury Board, and it is provided that the accepted value for purposes of the Act shall not be greater than 90 per cent. of the market value, and in no case greater than the par value.

Statements from Companies.

In addition to annual returns in accordance with the Department's fully detailed schedule, sworn quarterly statements are in future to be called for, giving full information as to all bonds, stocks, debentures and other securities bought and sold during the three-month period. The draft bill of last session stipulated that, in the annual statements, there were to be separate returns given as to expenses incurred in the getting of new business. The amended bill calls instead for a gain and loss exhibit which shall show the sources of the increase and decrease in the surplus of the company during the year covered by the statement.

Duties and Powers of Superintendent.

Under the proposed bill, the Superintendent is specially given all the powers and privileges of a deputy minister, as regards matters relating to the administration of the Act. As before, he is empowered to address any inquiries to a company's management in relation to its assets, investments,

liabilities, doings or conditions, it being the duty of any company so addressed to promptly reply in writing to such inquiries. But existing regulations to this effect are now to be strengthened by the addition of a clause stating that in the case of any violation of the provisions of this Act (aside altogether from the question of solvency), it shall be the duty of the Superintendent to report the same to the Minister, who may then cancel or suspend the company's licence. An appraisalment on real estate, or a special audit of accounts at head office can be required by the Superintendent at any time. An appeal from the ruling of the Superintendent as to the admissibility of any asset, or other matters under the Act, may be made to the Exchequer Court of Canada.

Valuation of Policies.

The new bill provides for a net premium valuation by the superintendent every five years (the draft bill proposed three years) on the same basis as in the existing Act (which stipulates Hm 3½ reserves for business issued since 1800—and for older business on and after the first day of January, 1915).

On and after the first day of January, 1910, the Act is to be read and construed as if the words, figures and symbols "British Offices Life Tables 1893 Om (5)" were substituted for the words and symbols "Healthy Males (Hm) Mortality Table of the Institute of Actuaries of Great Britain" whenever the latter occur therein.

And there is this additional proviso: that it shall be allowable for any Canadian company to deduct from the value of its policies (the net annual premium upon which is not less than the corresponding net annual premium for a whole life insurance with uniform premiums throughout life) the difference between the said first mentioned premium and the corresponding net premium for a one-year term insurance; such difference, however, to be diminished each year by an equal proportion so that upon the payment of the fifth annual premium, the value of the policy shall be the value as ascertained in accordance with the regular valuation method.

For the employment of a more stringent valuation basis than 3 per cent. special permission from the Treasury Board is necessary.

Certain differences for valuation of industrial policies are defined.

Investments.

No part of the new bill will be scanned with more interest than the sections relating to investments. Under the existing Act (in addition to Dominion, British and United States Government securities, and Canadian municipal securities), a wide range of debentures, bonds and stocks is permitted as life company investments—with the restriction in some cases as to dividends having been paid for two years prior to date of purchase. Loans may be made on life insurance policies, real estate and any other securities permitted for investment. At present the amount invested in a foreign country is