

LIFE COMPANIES AND WAR LOANS

They Have Invested \$30,000,000 and Will Be Heavy Subscribers to Victory Loan

The life insurance companies will be substantial investors in the Victory Loan, as they were in the three other war loans. Legislation was passed in 1916 whereby life insurance companies and associations carrying on business in Canada under Dominion license were obliged to invest and keep invested a certain portion of their assets, during 1916 and 1917, in the currency bonds or debenture stock of the Dominion. Companies whose domicile is outside of Canada, but which are licensed to transact business in Canada, were required to make the deposits (for 1916 and 1917) as security for their policyholders in the Dominion in such securities; and Canadian companies for the same two years had to invest in such securities one-half of the increase in their net ledger assets during the years 1915 and 1916, after making provision for increase in foreign reserves and in policy loans.

Provision was made to meet the case of foreign companies which had already made their deposits for 1916. The aggregate amount of such investments had reached a total of at least \$15,000,000. "Having regard to the rate of interest which the Dominion is now paying upon its securities, there can be no hardship in such legislation, either to the insurance companies or their policyholders, who will obtain an investment of the highest character, yielding a most attractive interest return," the finance minister stated, when suggesting this legislation in the House at Ottawa. He added that he had less hesitation in proposing it because, unlike other financial companies, life insurance companies and associations have not been subjected to Dominion taxation. Their holdings of the Canadian war loan will be available pro tanto in discharge of their obligations under the act.

While this legislation expires at the end of 1917, it should be noted that the life insurance companies have more than lived up to the letter of the act. In the aggregate, they have subscribed to Dominion government securities approximately three times the amount required by law. To *The Monetary Times*, on this subject, Mr. G. D. Finlayson, insurance superintendent, Ottawa, said: "The Life Insurance Companies' Investment Act, 1916, has not been renewed, but I think it is generally understood that insurance companies are expected to at least continue their investments in accordance with the provisions of the act. In most cases, of course, the requirements of the act have been by far exceeded."

Invested \$30,000,000.

The life insurance companies have invested approximately \$30,000,000 in the three previous war loans. This was subscribed chiefly during the period the subscription lists were open, but the amount was partly made up by purchases at later dates.

The following table, compiled by *The Monetary Times*, shows some of the life insurance companies' investments in the three previous war loans:—

LIFE INSURANCE COMPANY	First War Loan		Second War Loan		Third War Loan	
	Subscription	Allotment	Subscription	Allotment	Subscription	Allotment
	\$	\$	\$	\$	\$	\$
Aetna	525,000	525,000	100,000	100,000	250,000	250,000
British Columbia	20,000	20,000	.....	.....	20,000	20,000
Canada	1,500,000	1,500,000	1,000,000	407,500	4,000,000	2,890,000
Capital	25,000	25,000	20,000	20,000	100,000	90,000
Confederation	500,000	500,000	250,000	207,500	2,000,000	1,440,000
Continental	100,000	100,000	100,000	47,500	200,000	155,000
Crown	100,000	100,000	150,000	67,500	200,000	156,500
Dominion	115,000	115,000	115,000	69,500	200,000	155,000
Excelsior	150,000	150,000	100,000	82,500	300,000	255,000
Great West	1,000,000	1,000,000	1,000,000	407,500	1,500,000	940,000
Gresham	30,000	30,000	25,000	25,000	20,000	20,000
Imperial	350,000	350,000	750,000	307,500	150,000	1,132,500
London & Lancashire	100,000	100,000	100,000	100,000	100,000	100,000
London	250,000	250,000	300,000	127,500	500,000	425,000
Metropolitan	3,000,000	.....	2,725,000	.....	3,000,000	.....
Manufacturers	500,000	500,000	700,000	287,500	1,000,000	715,000
Monarch	40,000	55,000	50,000	43,000	100,000	94,000
Mutual of Canada	500,000	500,000	1,500,000	537,500	2,500,000	1,843,700
National	150,000	100,000	150,000	67,500	175,000	137,500
North American	500,000	500,000	500,000	207,500	1,000,000	715,000
Northern	105,000	105,000	50,000	32,500	210,000	165,000
Phoenix	25,000	25,000	40,000	29,500	287,000	287,000
Prudential Newark	700,000	287,500	.....	.....	500,000	865,000
Saskatchewan	.....	.....	5,000	.....	15,000	.....
Security	10,000	.....	.....	.....	.....	.....
Sovereign	60,000	60,000	60,000	35,500	60,000	53,000
Sun	2,000,000	2,000,000	5,500,000	2,487,700	10,000,000	4,765,000
Travelers, Hartford	100,000	100,000	100,000	47,500	200,000	155,000
Travelers, of Canada	15,000	15,000	25,000	25,000	25,000	25,000
Union Mutual	150,000	.....	82,500	.....	85,000	.....

Of the Canada Life's third war loan subscription \$1,500,000 represents conversion of the issue due 1925 into the 1937 maturity. Since the allotment of the third loan, the company has purchased an amount of bonds to bring their holding of the 1937 issue to an even \$3,000,000.

In connection with the purchase by the Confederation Life of \$2,000,000 of the third loan, the bonds held of the first loan of \$500,000 were turned in to the government.

On the subscription of the 1931 war loan, the Crown Life made a further purchase of \$12,000.

The Excelsior Life Company disposed of \$50,000 of the first loan and converted the balance into the third loan, this amount being included in the \$300,000 subscribed to the third loan.

In addition to its \$75,000 subscriptions, the Gresham Life bought further bonds of the 1925 loan amounting to \$25,000, making their total holdings \$100,000. These figures are of local application only, as the society has a total holding of \$4,250,000 in the British war loans, and a further \$940,000 in war loan stock issued by the allies and the British colonies.

In addition to the subscription of \$100,000 to the third loan, the London and Lancashire Life converted the first two issues. The company also purchased in the open market from time to time with the result that in September, 1917, its total war loan holdings were \$655,500.

The Manufacturers' Life purchased after the lists were closed \$335,000 of the first war loan, turning in their total holding of \$835,000 to the second loan, thus gaining a holding of \$1,122,500 of the second loan. The company also purchased in the open market \$285,000 of the third loan, making a holding of \$1,000,000 of that loan.

The Mutual Life of Canada, which bought \$500,000 of the first loan, made a subsequent purchase of \$325,000 of that loan, and also converted \$825,000 of the first loan into the third loan.

Through additional purchases and converting, the Travellers (of Hartford) Company's holdings are at present \$950,000 of the three loans.

WAR LOAN INTEREST PAYMENT DATES

The following table shows the half-yearly interest payment dates of our four war loans:—

Loan.	Due.	Rate %.	Interest payable.
First.....	1925	5	June 1st and December 1st
Second....	1931	5	April 1st and October 1st
Third.....	1937	5	March 1st and September 1st
Fourth....	1922-27-37	5½	June 1st and December 1st

ALL BONDS MAY BE REGISTERED

The finance minister has issued a new instruction in connection with Victory bonds which will be of much benefit and importance to many small investors. He has decided to grant the privilege of the registration of all bonds, that is to say, that bonds of all denominations, including the \$50 bond, may be registered as to principal and as to principal and interest.

In previous loans the privilege of registration was necessarily confined to bonds of the larger denomination, such as \$1,000 bonds or more. Bonds of lower denominations were issued as bearer bonds with coupons attached, and, while carrying equal benefits as to principal and interest, were liable to being lost by the owners. Under the privilege now given by the finance minister the buyer of any bond (whatever the denomination) may have it registered, in which case the interest will be paid by cheque, and the bond, if lost, may be replaced after proper evidence has been shown.

This privilege will be greatly appreciated by many thousands of small investors, who will thus be assured of the absolute safety of their investment, even against fire or carelessness or any other accidental cause of loss. This improvement in the issue will involve extra work upon the department of finance, but Sir Thomas White considers that its benefits will more than offset the labor involved.