

THE SITUATION AND THE OUTLOOK

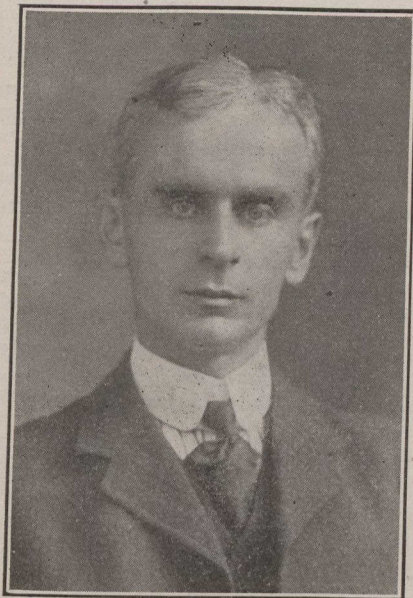
II.

LIFE INSURANCE PROSPECTS ARE GOOD

Money Market Condition Has Afforded Opportunity
for Investment of Funds at High Interest
Rates—Policy Loans

BY ARCH. R. HOWELL.

It is not in the nature of things that the value of capital shall long remain unaltered. It ebbs and flows. Its position is continually shifting under the impulse of far-extending influences.



ARCH. R. HOWELL,

Well-Known Montreal Underwriter Who Predicts That This
Year's Life Insurance Business Will Constitute a
New Record.

The low rates of interest and high value of capital which prevailed some years ago, have been exchanged for high rates and low values. This movement seems to have resulted mainly from destructive political disturbances on the one hand, restraining the freedom of supply, and to intense activity in commercial development on the other hand, which has increased the demand.

So sturdy is the vitality of a life insurance company that it can withstand without quivering, the shocks and strains which may damage or destroy other financial institutions. Though the skies may be unpropitious or the gales may be violent, a well-ordered life insurance company will still flourish. Life insurance is independent; its existence does not depend upon the continual inflow of new business. It will maintain its strength and vigor to the end, even though it may not enter another new policy on its books.

The present state of money, which has been trying to many individuals and so embarrassing to the promotion of new enterprises, has presented an opportunity for the favorable investment of funds at high rates of interest. This benefit will be of great future value to life insurance companies and their policyholders.

The organization of a well-established life office is too deeply rooted to be dissolved by conditions that might be far less favorable than the present ones, and in all likelihood, it will be found that this year's new business of life insurance has been greater than ever in Canada, financial conditions notwithstanding.

BY CANADIAN UNDERWRITERS.

The officers of life insurance companies are agreed that the current year will be a good one for the business. The financial stringency apparently has not affected the volume of new business being written, or the premium income to any appreciable extent. Unless conditions become much less favorable, life insurance managers do not apprehend any great deviation from normal growth.

The condition of the money market has afforded an opportunity to the insurance companies for the excellent investment of funds at high rates of interest. That is one of the few favorable features created by the stringency.

Among the adverse factors is the increased demand upon the life insurance companies for loans on policies. The following figures show the loans and premium obligations upon policies of the Canadian life companies since 1901 and the proportion such loans and obligations bear to the companies' funds:

Year—	Amount.	Proportion.
1901	\$ 6,437,682	9.7
1902	7,044,111	9.6
1903	7,942,580	9.7
1904	8,812,029	9.7
1905	9,679,244	9.4
1906	11,091,446	9.7
1907	14,057,512	11.2
1908	16,750,846	12.1
1909	18,409,651	12.0
1910	20,409,223	12.3
1911	32,960,040	12.0

Prospects Are Good.

When the official statistics are available, it will likely be seen that the figures of previous years have been considerably exceeded. Altogether, however, the prospects of the life insurance in Canada are unusually good.

Unquestionably, sound life insurance is growing in the estimation of the public, and the advantages thereof are being more generally availed of by all classes than was the case some years ago, writes Mr. J. S. Richter, manager of the London Life Insurance Company. As regards legislation affecting insurance interests, it is impossible to say what may be introduced hereafter, but in recent years and at present, legislators seem disposed to take a reasonable view of the question, and encourage rather than hinder the growth of the business.

The Mutual Life Assurance Company of Canada, of Waterloo, is one of the companies which up to the present have never experienced a more favorable year. The new business written is considerably in excess of any previous year, and the prospects are that the present rate of progress will be continued for the remainder of the twelve months. While the money stringency has expressed itself to some extent in an increased call for policy loans the effect has not been at all marked nor has there been a noticeable difficulty in making collections.

Will Be Unique Year.

On the other hand, the tight money condition has made it possible to invest all available funds to yield very attractive returns. In this respect the current year will probably be unique. Not for years has it been possible to keep funds so closely invested in the highest class of securities yielding such high rates of interest.

There appears to be nothing on the legislative horizon to cause life companies any anxiety and the year promises to be one of the best in the history of the business, concludes Mr. Ruby, the company's secretary.

Mr. T. H. Christmas, the well-known insurance man of Montreal, thinks that although the life insurance companies have secured a satisfactory volume of new business thus far for 1913, the immediate future is not rosy owing to stringency of money, which will cause many intending insurers to defer making application—unless there is a change for the better in this respect.

Notwithstanding the large sums already entrusted to the life insurance interests for the protection of old age and dependants, the business is bound to attain still larger proportions as men learn to think, for very many are not adequately insured for no other reasons than that they have not, as yet, been influenced to place a reasonable monetary value on their future earnings, which the State, their own estate, or de-