

LIFE COMPANIES' INVESTMENTS: A BRITISH ACTUARY'S VIEWS.

The inaugural address recently delivered by Mr. Frederick Schooling, president of the Institute of Actuaries, contains a number of interesting points regarding the investments of the British assurance companies, of interest particularly on this side, both on account of the international character of some of the phenomena noted and also in view of the very large and rapidly increasing investment interests of British insurance companies of all kinds in the Dominion. The progressive increase in the rate of interest which has taken place all over the world since the year 1896, Mr. Schooling attributes to the wonderful expansion in industrial enterprises, demanding an enormous aggregate of capital for their development. This movement began years before its influence was felt upon the Stock Exchanges. Allied to this movement of enterprise, is the fact that the whole world is now looked upon by European investors as a field for safe investment. Twenty or thirty years ago, 80 p.c. of the securities purchased by British investors were British securities; now the proportions are reversed. In common with other investors, British insurance companies have at the present time a much larger proportion of their funds invested in foreign securities than they had twenty years ago. "If anything does occur to disturb the present custom of world-wide investment," observed the speaker, "it will probably be the unexpected."

As is well-known, the subject of land values taxation is now being agitated in England, and on this important matter, Mr. Schooling had some wise words to say. According to the last official returns, the British life companies hold in Great Britain, land and house property and ground rents of a value of £44,483,203 and mortgages on property in the United Kingdom to the amount of £68,000,000. That is to say, British life companies are directly interested in property of the nature of realty in the United Kingdom to the extent of over £110,000,000 in capital value. They are indirectly interested also in respect of other classes of investment whose security is largely dependent upon the value of land, such as commercial and industrial debentures, railway ordinary and debenture stocks, and loans on and investments in reversions and life interests. Mr. Schooling quite rightly pointed out that the public are directly interested in this amount of realty, either as shareholders or policyholders, and that accordingly an immense number of people will be affected by taxation. The point cannot be too often driven home that taxation upon insurance companies means the taxation of a very large part of the public—and that generally speaking the poorer part, so far as material wealth is concerned. There is a very real danger that social reformers whose sincerity of purpose and enthusiasm for ideals is not backed up by accuracy of information will do a vast

amount of harm by their well-meant, but hasty and superficial efforts. Let us have social reform by all means where it is wanted, but let it be only under such circumstances of thorough investigation and grave and unhasty consideration that new injustices are not brought about by it.

PROOF OF AGE IN LIFE INSURANCE.

Bill in Ontario Legislature Throws Onus on Companies—Committee Appointed.

An animated discussion took place at the close of last week in the Ontario legislature on the second reading of a bill introduced by Mr. C. R. McKeown, of Dufferin, amending the Insurance Act, so that proof of age must be made at the time that the policy is taken out. Eventually, the matter was referred to a committee.

Mr. McKeown's provision to apply generally to all joint stock, mutual and assessment insurance organisations, reads as follows:—

"When the age of a person is material to a contract of insurance such age shall be inserted in the policy issued at the time of application and in the absence of fraud shall be binding upon all parties to the contract of insurance unless within one year from the date of the said issue, an error in the age so inserted is discovered, when the said policy may be rectified accordingly."

Mr. McKeown, in support of his proposal, cited the case of a man who took out a policy in the A. O. U. W., giving his age, as he honestly believed, at 49 years. After paying premiums for years he died. The beneficiaries were required to furnish proof of age. It was found that the man had entered at 51 instead of 49 and as the laws of the society would not admit men over 50 years, there was no valid contract and the A. O. U. W. only returned the amount paid in premiums. Mr. McKeown was of opinion that the liability should be placed beyond possibility of contest and he wanted policyholders required to submit proof of age within one year after the policy is issued.

INSURANCE COMPANIES NOT APPRECIATED.

Mr. A. E. Donovan, a veteran insurance man, in opposing the bill, said that the insurance companies at present accept and welcome certificates of age at any time, but it would be unfair to make them liable, notwithstanding the validity of the age certificate. Moreover, it would encourage fraud. In all his twenty years of experience he had not known more than half a dozen claims contested for lack of confirmation of the age stated by the insured in his application. There was much criticism, he said, of the insurance companies since their business was not properly understood by the general public. Were the bill passed grave injustice would be done to the commercial interests of the country and the requirement would not only encourage fraud but interfere in a very serious way with the business of the insurance companies.

Mr. Donovan believed that the companies treated their policyholders and the beneficiaries with fairness and consideration and that no such legislation as that proposed was necessary or advisable.

The committee appointed to consider this matter includes no insurance men.