Insurance

Canadian *vs.* American Companies

IN the competition for life insurance all sorts of arguments for and against various companies are advanced by agents of the respective companies.

An examination of that phase which institutes a comparison of Canadian with foreign companies cannot fail to interest. It is a subject in which Canadians as a whole are concerned. They wish to know where Canada stands in the matter of life insurance. It is not only a question as to the progress of our important financial institutions, but Canadians as insurers are interested to know whether in patriotically supporting home companies, they are, by so doing, advancing their own best interests as well as those of their country.

To this question can be returned the unequivocal answer that there is nothing in the nature of the insurance business which makes it possible for a foreign company to offer any advantage that a home company cannot.

On the other hand, the insurance business of Canada is so conditioned that Canadian companies are in a position to offer distinct advantages over any foreign company. The possibility of these will be apparent from an understanding of the workings of the insurance business. In the first place, the expenses of the leading foreign companies operating in Canada are higher than those of Canadian companies.

Moreover, the Canadian companies operating in Canada only are subject to a tax on their total premium income, which is much smaller than that of any foreign company operating in Canada on their total premium income. So great is the difference that foreign companies are obliged to earn nearly 1 per cent. more interest on their total assets in order to balance the greater taxation imposed upon them. It will thus be seen that foreign companies operating in Canada labor under these two distinct disadvantages.

Have they anything to offset these? Greater returns might do it. But their returns are no greater. The result is that foreign companies in Canada require to charge more for insurance, which is equally safe with that provided by good Canadian companies. A comparison of the premiums shows the difference. *Canadian companies can afford to, and do, give insurance at cheaper rates.*

Nor is this the only advantage to those who insure in purely Canadian companies. For, while the premiums are lower, the profits in proportion to the premiums are higher.

The cheaper rates and the proportionately higher profits in Canadian companies on a solid financial basis constitute the strongest argument that can be placed before men of keen business judgment. The business people of Canada are Canadian, as well as quick to appreciate the advantages offered by home companies. They recognize that in giving their business to Canadian companies they are also helping to build up business which shall assist Canadian finance generally, and so revert to their own business.

It is no small matter that those who control such large volumes of business as are represented by insurance companies to-day should be residents of Canada. To patronize Canadian companies means to support their high officials within our own territory, and to have the advantage of the influence among us of their alert business methods. It means also increased opportunities in advanced positions for ambitious Canadians; and that, from their residence in Canada, they shall spend their money here so that all other business men may get the advantage of the additional business thus created.