

PROPOSED SUN LIFE-MANUFACTURERS' AMALGAMATION AGAINST PUBLIC INTEREST

As previously announced in THE CHRONICLE, a tentative agreement has been made between the directors of the Sun Life of Montreal and the directors of the Manufacturers' Life of Toronto, whereby the former company will absorb the latter. The agreement is subject to the provisions of the Insurance Act of 1910, which provides in the case of amalgamations:—

"The Treasury Board shall not sanction any amalgamation, transfer or re-insurance in any case in which it appears to the Board, that the policyholders representing one-fifth or more of the total amount assured in any company which it is proposed to amalgamate, or in any company the business of which it is proposed to transfer or re-insure, dissent from such amalgamation, transfer or re-insurance."

As stated in our issue of the 17th instant, the transaction was made possible by the fact that Mr. M. R. Gooderham, who held a controlling interest, was desirous of selling his stock. His reason for doing so is stated to be that he has felt it his duty to volunteer for the front, as so many other young Canadians have done. But as it is well known that Mr. Gooderham's profession is the law and not life insurance, this excuse is insufficient, as the Manufacturers' Life is well equipped from a managerial standpoint and Mr. Gooderham's interests as a shareholder, even though absent, would be perfectly safe.

The following figures will show the standing of the Manufacturers' Life as at 31st December, 1914:—

Assets.....	\$19,184,388
Surplus over all liabilities.....	1,852,322
Assurance in force.....	80,610,684
Total income.....	4,228,442
Now business (paid for).....	12,465,813

In advocating an unqualified opposition to the proposed deal, which means the disappearance of the Manufacturers' Life, THE CHRONICLE has no fault to find with the terms agreed upon, although it may be assumed that any benefit which the policyholders of the Manufacturers' Life may derive from the amalgamation is more or less incidental to the handsome returns the Manufacturers' stockholders will get for their holdings. Both institutions concerned in the deal are in the front rank of insurance companies, and the Sun Life takes a leading place among Canadian financial institutions. The president (Mr. T. B. Macaulay) holds the highest reputation both as an actuary and as an administrator, his gifts in the latter connection having been clearly demonstrated by the important part he has taken for many years in the direction of the institution of which he is now the head.

The Manufacturers' Life, which commenced business in 1887, had for its first president the late Sir

John A. Macdonald, upon whose death in 1891 the presidency devolved upon the late Mr. George Gooderham. The Manufacturers' Life has consistently made steady progress and at present it occupies a leading position among the strong Canadian life companies. *If, when granting the Company a license at its organization, the Dominion Government felt there was some excuse for its existence, how much greater that excuse has since grown as the Company has become a power in Canadian life insurance, numbering among its policyholders so many of our Canadian people.*

GROUND'S OF PUBLIC POLICY.

THE CHRONICLE's opposition to the proposed deal is based solely upon grounds of public policy and interest. A few months ago, the Minister of Finance, acting under the powers given him at the last revision of the Bank Act, forbade the proposed absorption of the Bank of Hamilton by the Royal Bank, as not being in the public interest. The present position of the life insurance companies in Canada is not unlike that of the banks. The Canadian field is well occupied by a certain number—though not an excessive number—of strong, favorably-known and adequately equipped life companies, and it is a matter of some difficulty to get a new company thoroughly on its feet. The companies compete actively among themselves for business. The public undoubtedly benefits from their competition and to the extent to which competition is neutralised by amalgamation or otherwise, the public interest suffers. In this way, the withdrawal of the Manufacturers' Life is clearly against the public interest. The case is altered where the company to be absorbed is a weak one, which it is necessary should be taken over at the earliest possible time, in order that the rights of the policyholders may not be prejudiced. But in the case of the Manufacturers' Life, no reason of this kind for the amalgamation can possibly be alleged. The company is well established on sound foundations; it has been heretofore an active and successful competitor for business, and its policyholders have been thoroughly satisfied with their position and outlook. The absorption of a life company of this standing and prestige by a competitor can only be regarded as distinctly against the interests of the public through the withdrawal of competition in service to which the public is legitimately entitled.

AGAINST LIFE INSURANCE INTERESTS.

This amalgamation also, must, in our opinion be considered as tending to prejudice the interests of life insurance in Canada as a whole. Recent Canadian banking history is illuminating in this connection. During the last few years, a number