

first premium to be paid by the policyholder until it was made to look so attractive that the prospect, forgetting for the moment the larger premiums to fall due in the next and following years, succumbed to the lowest bidder and paid the small first premium demanded of him. When the second premium came due there was a greater liability of lapse than if the larger initial premium had been paid at the outset. The result of this was that the policyholder was out his first premium, less the cost of a year's protection, the company was out the excess of the cost of acquisition over the premium received, the medical examiner was the gainer by the amount of his examination fee, and the agent was the gainer, perhaps, by a part of his usual commission, but the loser by the consciousness that he had done an unprofessional act and occasioned loss to both his company and the policyholder. This practice is now illegal, but not wholly obsolete, and it is surprising what ingenuity is displayed by agents in dressing the disowned and discredited waif in the habiliments of respectability. Yet in spite of the palpable evasions involved, it is surprising with what heat they are defended and the need for education in this direction is still apparent. As a rule the head offices of the companies on having cases of this kind drawn to their attention have shown an honest desire to stamp out the evil, but it is possible that there are cases which are not brought to the attention of the companies or of the department of insurance, and the life underwriters associations are in the best position to learn of the infraction of the law, and by waging an energetic campaign among their members, of eventually making it a thing of the past.

#### Investment Features of Insurance.

Another new feature of the insurance act was the provision that if a policy was to contain reference to loan and surrender values the amount of each should be shown in the policy and that the policy should contain the entire contract. It must be noted that the act does not say that a policy must provide for a surrender and loan value at the end of three years or at the end of any year, but merely that if these values are granted they must be shown. In other words the loan and surrender values must be made contractual provisions and not be left to be decided by the company when the values are applied for. It is of course true that this provision did not cause any great change in the practice of the companies as these features had for some years appeared in the majority of policy forms, but the practice was made more uniform.

#### Surrender Values Stated.

Policyholders were compelled in olden days to take what they could get, and that was often nothing at all, and when they were unable to pay their premiums they forfeited all right to any share in the assets of the company. This was unfair and it has now come to be recognized that when a policyholder adopts a level premium policy instead of a step rate plan, he has an equity in the portion of the assets of the company represented by the excess of the amount of the net premiums contributed by him over and above that necessary to carry the risk, and the amount of the equity has generally been recognized as the amount of the reserve less the amount necessary to enable the company to replace its policy with another just as good. The step from recognized surrender values to recognized loan values was not a long one. Granted the existence of a cash value on surrender, why not a cash value to prevent surrender. The company simply invested its reserve in a different form of security from that existing before and was spared the necessity of replacing the policy on its books. With the advent of guaranteed loan and surrender values, insurance companies became in a sense savings banks, with large amounts payable on demand. Perhaps no development in recent times in insurance has done so much to popularize insurance policies, and at the same time to change perhaps the popular conception of the objects and purposes of life insurance, and field men must ask themselves, first, whether the new conception is an improvement on the old, and secondly, to what extent they have been instrumental in creating this new conception. It is believed that too often there is held out to the prospect, not so much the idea of protection for his dependents, but the idea of an investment which can be realized on at will, and this is borne out by the rapid increase in recent years, not only in the absolute amount of loans on policies, but in the ratio of loans to reserves.

Dealing with Canadian companies only, the policy loans in 1893 amounted to \$2,600,000, or 11 per cent. of the companies' reserves. Ten years later in 1903, the amount was

approximately \$8,000,000, but still only 11 per cent. of the reserves. In 1913, ten years later, the amount was \$30,800,000, but the ratio to the reserves was 16 per cent. In 1914, from figures at present available, the amount of the loans will be over \$36,000,000, and the ratio to reserves 17 per cent. With this rapid increase in the tendency to borrow on policies, the question arises as to what position a company will be in when, say 15 or 20 years from now practically all its reserves become liable for loans or surrender values, and how it will meet a heavy demand for loans in time of financial panic or financial boom, for it must be remembered that the demand for policy loans increases not only in times of stress and war, but also in times of extraordinary mining and oil-well development. The danger of the demand being too great for the immediately available cash reserves of the companies has already been recognized and provision has been made that applications for loans may be deferred for various periods; in some cases three months, in others, six months, and it is probable that the future will see an agitation on the part of companies for an enlargement of these periods. The effect on the deserving borrower must not be overlooked.

#### Urgent Needs Must be Met.

He who is in financial straits and desires to save his legitimately-acquired property by a loan from the insurance company may be put off under such a provision until it is too late. If loans were applied for only in cases of urgent necessity such provisions would not be necessary, but the danger is that the deserving borrower will suffer by reason of the abuse of the privilege by the undeserving borrower. A check on unnecessary borrowing is provided by the requirements in Canada that the beneficiary must be a party to the loan agreement, but the salutary effect of this provision is often avoided by having the insured name as his beneficiary, not one or more of his dependants, but his estate. This practice has probably something to commend it, but its effect is undoubtedly to aggravate the policy loan question. The remedy for this state of affairs would appear to be again the education of the insuring public and here the scope of influence of the field man is immeasurable. It rests with him very largely to determine what the conception of insurance formed by the policyholder is to be and whether the beneficiaries are to have the full protection apparently granted them by the policy, or a measure of protection largely impaired by the amount of loans often unnecessarily obtained.

#### RAILROAD EARNINGS

The following are the railway earnings for the first two weeks of March:—

##### Canadian Pacific Railway.

	1915.	1914.	
March 7th . . . . .	\$1,667,000	\$1,902,000	— \$235,000
March 14th . . . . .	1,731,000	2,168,000	— 437,000

##### Grand Trunk Railway.

	1915.	1914.	
March 7th . . . . .	\$ 852,151	\$ 900,706	— \$ 48,555
March 14th . . . . .	857,147	1,016,088	— 158,941

##### Canadian Northern Railway.

	1915.	1914.	
March 7th . . . . .	\$ 283,700	\$ 319,400	— \$ 35,700
March 14th . . . . .	293,800	330,500	— 36,700

#### REGINA DISTRIBUTES MANY IMPLEMENTS

Regina, Saskatchewan's capital city, leads the way as a distributing centre in Western Canada. It is stated in an artistic booklet just issued, to be one of the largest points of distribution of farm implements in the world, business in this line in one year having reached a total of over \$25,000,000.

This city serves 2,255 miles of railway lines, on which are located 250 towns and villages. As a manufacturing centre, Regina has become noted, 36 factories being located in the city. Mr. Norman A. Ruse, Regina's publicity commissioner, will supply detailed information as to opportunities for those desiring factory and warehouse locations.