

its policies, as ascertained in accordance with sub-section 2 of this section, an amount ascertainable in the manner following, namely: in the case of any policy, the net annual premium upon which is not less than the corresponding net annual premium for a whole life insurance with uniform premiums throughout life, the difference between the said whole life premium and the corresponding net premium for a one-year term insurance shall constitute the amount to be deducted as aforesaid in respect of such policy at the date of its issue; such difference, however, to be diminished each year by an equal proportion so that upon the payment of the fifth annual premium, the value of the policy shall be the value as ascertained in accordance with subsection 2 of this section.

Annual statement to contain value of policies and deductions.

Every such company, whether it avails itself or not of the provisions of this subsection, shall set forth in its annual statement, hereinbefore referred to, the value of its policies as ascertained in accordance with subsection 2 hereof, the amount allowable by this subsection as a deduction therefrom, and such other information in respect thereto as the Superintendent may deem necessary.

Valuation of annuity contracts.

4. In this and the next following section, the word "policies" includes annuity contracts, whether immediate or deferred: Provided, however, that in the valuation of annuity contracts there shall be used the tables of mortality known as the British Offices Select Life Annuity Tables, 1893, male or female according to the sex of the nominee.

Maximum rate.

5. No such company shall at any time hereafter, except with the approval of the Treasury Board, increase its policy valuation so that the reserves in respect of all business the premium rates for which have been calculated on the basis of a rate of interest of not less than three and one-half per cent shall be higher than the reserves produced by the use of the said British Offices Life Tables, 1893, O<sup>m</sup> (5), and a rate of interest of three per cent: Provided that in the case of business the premium rates for which have been calculated on the basis of a rate of interest less than three and one-half per cent, no such company shall, except with the approval of said Board, increase its policy valuation so that the reserve in respect of said business shall be greater than the reserves produced by the use of the said tables and a rate of interest one-half per cent less than the rate upon which such premium rates have been calculated.

Valuation of industrial policies.

6. Subsections 3 and 5 of this section shall not apply to the business of industrial insurance \* of the character specially dealt with in this subsection.\* Whole life industrial policies and endowment industrial policies maturing at age 80 or any higher age shall be valued upon the following basis, viz.:—policies issued in any calendar year shall be valued at the end of such calendar year as if then just issued and at the end of succeeding calendar years as if in force, one, two, three or more entire years as the case may be.

Report to Treasury Board.

43. If it appears to the Superintendent that the liabilities of any Canadian life insurance company, including matured claims and the full reserve or reinsurance value for outstanding policies estimated or computed on the basis mentioned in the last preceding section, exceed its assets, he shall report the fact to the Treasury Board; and the Treasury Board, after full con-