

PROOF OF AGE IN LIFE INSURANCE

Amendment is Proposed to the Ontario Act—Special Committee Will Deal with Objections.

An amendment to the Ontario Insurance Act, in regard to proof of age, has been submitted to the provincial legislature by Mr. C. R. McKeown, M.P.P. The following is the amended provision that Mr. McKeown desires adopted:—

"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."

Referred to Special Committee.

The bill has been strongly opposed by Mr. A. E. Donovan, and at his request referred to a special committee. This consists of Messrs. Hon. W. H. Hearst, S. Charters, T. W. McGarry, J. W. Johnson, C. M. Bowman, T. Marshall and G. Pattinson.

The Monetary Times has sought the opinions of leading life insurance men regarding this matter. Mr. E. W. Cox, general manager of the Canada Life, says—

"I am sure I do not know what position such legislation would place the companies in or rather what action it would force them to take. It would appear to me that we would either have to refuse to issue a policy until age had been proven or insert a clause in our policy to the effect that we would not accept the second premium if age had not been proven before its due date. The new proposal would throw the entire burden of proof of age on the companies, and this, I am sure, would be impossible for them to undertake. If the companies were forced to take the applicant's statement as to his date of birth, I am sure there would be many mistakes made by people acting in the best of faith, but from those fraudulently inclined I am sure we would be liable to serious loss."

Mr. J. G. Richter, manager of the London Life Insurance Company, thinks that such a requirement would prove disadvantageous in many cases to both the companies and the applicants alike.

Proofs Not at Hand.

"Many applicants for insurance," he says, "while being tolerably certain of their ages, have not the proofs at hand, and to obtain same in a satisfactory manner, time is required. In most cases, certificates of birth and proof of age can be obtained by writing therefor, but this takes time and if the business must be held up until the information in this connection comes to hand, the delay will, in not a few instances, prove annoying to the applicants and seriously interfere with the prompt dispatch of the business on the part of the companies."

"As to the necessity for proper proof of age being furnished a company before claim is paid, I would point out that the risk to be borne by the company is dependent in large measure on the age of the applicant when insured. Furthermore, that as life insurance is mutual in principle, the share of mortality cost, reserve, etc., being apportionable on basis of age, plan and amount insured, it is necessary that representations as regards age in application be subject to verification, and, if incorrect, to such adjustment as will maintain equity between all parties concerned."

"Unfortunately neither the agent nor the medical examiner can determine the actual age of an applicant from appearances, or even from a physical examination. An approximate estimate at most is all that can be expected from these sources. In this respect the human anatomy differs from that of many of the animals which, in many cases, afford fairly indisputable evidences of age. The companies are thus compelled to rely upon other evidences in order to hold themselves safe and do justice to all parties. In my thirty years of experience in the life insurance business, I have come across but few cases in which reasonably satisfactory evidence of age could not be furnished even after death."

Proof of Age Blanks.

"In order, however, to induce applicants to furnish proof of age during the lifetime of the insured, it is the practice of practically all the companies to furnish with the policies, when being delivered, proof of age blanks and literature calling attention to the advisability of having this matter attended to at earliest convenience, so that age may be admitted during the lifetime of the insured. Further attention is also called to this matter in the premium payment notices that are sent out from time to time, so that if proof of age is neglected until after death, it is not, as a rule, the fault of the companies but rather of the insured, and the comparatively few who do neglect to give attention to this matter, are not entitled to the consideration which the proposed legislation is calculated to afford them to the great disadvantage of the business as a whole."

"Legislation of the kind indicated mainly results from lack of practical knowledge of the operation of the matters with which it is proposed to deal. Not a little of this kind of legislation is being put upon the statute books from year to year, only to be amended or repealed in subsequent years,

when it becomes apparent that the harm resulting therefrom is greater than any possible good that can be accomplished thereby."

Unfair to Companies.

Mr. T. Hilliard, president and managing director of the Dominion Life Insurance Company, regards the bill as exceedingly unfair to the companies, and likely, if enacted, to prove prejudicial to the interests of honest policyholders inasmuch as it would throw wide open an easy entrance to fraud in this matter. "In practice," says Mr. Hilliard, "it would be necessary for the companies not to issue any policies without proof of age. To obtain that at the time of writing the application is in many cases impossible. Delays would be incurred, adding greatly to the trouble of the agents, and in many cases by postponement causing the effort of getting a policy to be dropped. The net effect would therefore be to greatly delay, impede and embarrass the issue of policies, adding thereby indirectly to the expense of securing business. There is no good end to be served by the proposed legislation as the present law is eminently just and fair to all parties concerned."

STERLING TRUSTS CORPORATION.

Presenting its report at the first annual meeting, the Sterling Trusts Corporation, of Regina, was able to report practically all its \$1,000,000 authorized capital as subscribed. For the year ended December 31st, 1912, a good financial statement was presented. It is pleasing to note that the wisdom of inaugurating a reserve account has been recognized by the company's directorate, which is a strong one. Nearly \$5,000 was placed to that account as a beginning.

As a result of operations last year, all charges and expenses have been met, all organization expenses have been written off except an item of \$1,212.35, and dividends amounting to \$8,006.51 paid, leaving a balance of \$4,629.71 at the credit of profit and loss account. In addition, as stated above, the sum of \$4,175.54 was placed in a reserve account. The dividends paid cover the full period of fifteen months that the company has been in operation, and the rate has been five per cent. per annum, computed from the date upon which payments were made.

The amount of capital subscribed up to the close of the year was \$917,700, upon which payments amounting to \$200,120.85 have been made.

In addition to the trust business shown in the statement, the company have been entrusted with estates for management amounting in the aggregate to \$750,000.

The office quarters of the company have been improved. The directors have thought it prudent to buy a site for a suitable head office building for the company for use as soon as the requirements of its business demand larger quarters. A property adjoining the new office building of the Canadian Bank of Commerce on Scarth street, Regina, was secured.

HAIL INSURANCE IN SASKATCHEWAN

The Saskatchewan Hail Insurance Act of 1912 will be put into force in 102 rural municipalities, so that it is certain that at all events the scheme will have a fair trial. At present it is impossible to discuss with any certainty the probable success of the scheme, or even to figure out accurately how much money will be realized from the assessment of four cents per acre, because the amount of land in the area where the act will be in force which will be non-assessable, exempt or withdrawn can only be a matter of conjecture until after the first of May of this year. We are now in a position, however, to make some interesting speculations.

The ordinary area of a municipality is nine townships, which gives 21,150,720 acres in the 102 municipalities which have accepted the scheme. Deducting the liberal allowance of 20 per cent. of this land as being non-assessable, exempt or withdrawn, there is an area of 16,920,576 acres from which a revenue of \$676,823.04 will result from the assessment of four cents per acre. From this amount must be deducted \$66,920.58 made up by the estimated amount of \$50,000 for cost of administration and 2½ per cent. commission for collection by secretary-treasurers. This will leave a net revenue of \$609,902.47.

During the past season there were 4,092,000 acres in crop in the 102 municipalities. In the seven years during which hail insurance was offered by the government the average expenditure for indemnity and cost of administration was over 26 cents per acre of insured crop. If this figure is applied to the acreage in these municipalities in 1912 it will be found that the claims upon the commission for indemnity and cost of administration could amount to approximately \$1,063,920 as a maximum, while as has been stated above the net revenue would probably not exceed \$610,000. It should be borne in mind, however, that the acreage insured with the government in former years was to a very considerable and ever increasing extent the acreage which was most subject to damage by hail. Too much stress cannot be laid on this point. Consequently there is no reason to expect that the claims upon the commission, made from all parts of the province in any one year, will amount to more than from 14 to 16 cents per acre insured, which means that there should be a fair profit on the operations of the commission for the year.