

HALF INSURANCE COMPANIES' EFFORTS LOST?

Statistics of Lapses and Surrenders Show Improvements Are Necessary—Outlook is Brighter for Lapse Ratio

Of every \$100 of insurance written in Canada in 1914, \$63 vanished on account of surrenders, lapses or refusal to accept. In other words, 63 per cent. of the agent's work was rendered nugatory, as far as the net increase of life insurance in this country is concerned. That year was partly one of peace, partly one of war. Yet in 1913 the waste was 47.21 per cent.; in 1912, 48.86 per cent.; in 1911, 46.28 per cent.; in 1910, 51.21 per cent. For years approximately one-half of all our efforts has been thrown away. This is how Mr. B. W. N. Grigg, B.A., of the Mutual Life Assurance of Canada, views the lapse loss of the life insurance companies in Canada. The figures for the five years, 1910-1914, are as follow:—

Year.	New business.	Surrender values.	Per cent. of new business.
1910	\$166,500,862	\$13,222,050	7.94
1911	195,447,625	12,891,032	6.60
1912	243,705,443	14,696,429	6.03
1913	254,447,032	16,445,273	6.46
1914	238,249,754	21,478,297	9.02

Need a Revolution.

Commenting on these figures, Mr. Grigg says: There was, prior to 1914, a tendency toward improvement in the matter of lapsed, surrendered and not taken policies, but the tendency was reversed in 1914. Economists do not seem to be able to predict with certainty what kind of a reaction there will be after the war, but the general belief is that there will follow an era of marked prosperity in Canada. This will be reflected in the experience of life companies. They will write more new business and they will suffer less from wastage of business. These two would work together to reduce the ratio of waste to new business, and vastly increase the total in force.

But although there was, prior to 1914, a noticeable tendency to improvement, it was gradual, and in this important matter we need a revolution rather than a slow reformation. The evil is a glaring one, from which the companies and the public suffer in common. The evil results from specific causes, and if these were checked the change would be instantaneous.

Loss to the Company.

We cannot too clearly recognize the fact that our progress depends both upon conserving old business and in securing new business. It is true that the net increase will be greater if the chief effort is spent on writing new risks. A vessel with a leak will fill rapidly if there is vigorous pumping in to offset the leakage. Nevertheless, the leak should be stopped up. In this case to which I am referring, the leakage is one-half the inflow. But in considering wastage from lapsed and not taken policies, there is not only a loss in business in force, but in actual cash. It has been estimated by a reliable Canadian authority that the cost of replacing lapsed and not taken policies by new business is, in Canada, not less than a million dollars annually. This loss, of course, falls ultimately on the policyholder.

MEXICAN MAHOGANY AND RUBBER COMPANY

A meeting of the bondholders of the Mexican Mahogany and Rubber Company is to be held on January 7th, at Montreal, to consider a number of changes of the deed of trust arising out of the financial necessities of the company.

By arrangements with its bondholders, the company has not paid interest for some time back, and it is now proposed to effect arrangements whereby sinking fund liability will be postponed until March, 1920, interest liability deferred from the beginning of default last year until such time as the company is in a position to pay, and an issue of \$300,000 6 per cent. prior lien bonds created to rank prior to the old bonds outstanding to the amount of \$600,000.

The Royal Bank of Canada has opened a branch at Heart's Content, Newfoundland.

CANADIAN CAR AND FOUNDRY COMPANY

The Canadian Car and Foundry Company is understood to have completed financial arrangements with a New York bank for assisting its war business.

STEEL COMPANY OF CANADA

The directors of the Steel Company of Canada have declared a dividend on preferred shares at the rate of seven per cent. per annum for the current quarter and authorized the payment of a dividend for half of the year ending September 30th, during which there was no return on the preferred shares. The company will employ its surplus earnings towards the construction of a new plant to handle its war orders.

Lapses.	Per cent. of new business.	Not taken.	Per cent. of new business.
\$ 59,478,046	35.72	\$12,572,405	7.55
66,372,374	33.96	13,134,376	6.72
85,217,473	34.96	16,749,908	6.87
81,779,021	32.14	21,910,528	8.61
104,683,181	43.94	23,823,981	10.00

CONSOLIDATED MINING AND SMELTING COMPANY

The annual report of the Consolidated Mining and Smelting Company of Canada, Limited, shows profits of \$795,411, an increase of \$321,000 over the previous year, ended September 30th, 1914. A reduction of bank loans and overdraft of nearly \$800,000 during the period under review is shown. The year's figures are compared as follows:—

	1915.	1914.
Sales of ore, smelter product.....	\$6,349,651	\$5,778,372
Total income for year.....	7,506,098	7,254,167
Total profit for year.....	795,411	474,012
Bank loans, overdraft, etc.....	669,085	1,438,904
Accounts payable.....	528,007	352,405
Profit and loss account.....	2,058,299	1,727,286
Smelter product, etc., on hand.....	1,146,313	1,453,251
Accounts receivable.....	146,169	346,338
Cash on hand.....	4,638	2,978
Total assets.....	\$9,085,146	\$9,355,302

RAILWAY EARNINGS

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

Canadian Pacific Railway.

	1915.	1914.	Increase.
December 7	\$3,046,000	\$1,766,000	+ \$1,280,000
December 14	3,055,000	1,707,000	+ 1,348,000
December 21	2,945,000	1,604,000	+ 1,341,000

Grand Trunk Railway.

December 7	\$1,012,326	\$ 865,052	+ \$ 147,274
December 14	1,023,433	870,962	+ 152,471
December 21	1,04,059	840,347	+ 199,712

Canadian Northern Railway.

December 7	\$ 830,600	\$ 502,700	+ \$ 327,900
December 14	823,700	427,800	+ 395,900
December 21	774,400	414,800	+ 359,600

The Canadian Northern Railway's November figures were:—

	1915.	1914.	Increase.
Gross earnings.....	\$3,535,200	\$2,228,000	\$1,307,200
Expenses.....	2,323,800	1,635,000	688,800
Net earnings.....	1,211,400	593,000	618,400
Mileage in operation....	7,775	6,886	889