

# The Sun Life Assurance Company of Canada

REASSURES

## The Federal Life Assurance Co. of Canada

**A** RECENT event of outstanding importance and interest to the policyholders of both Companies is the virtually completed reinsurance of the Federal Life Assurance Company of Canada by the Sun Life Assurance Company of Canada.

The reinsurance is probably the most important achievement of its kind in the history of Canadian life assurance, its basis being an agreement under the terms of which the Sun Life of Canada reassures all Federal Life policies and annuities outstanding upon March 1st, 1915, and takes over at a satisfactory valuation all property and assets of the Federal Life and assumes its liabilities. Upon completion of the necessary legal formalities, a certificate of reinsurance will be issued by the Sun Life of Canada to each policyholder and annuitant of the Federal Life, assuming directly all liability under his policy.

The agreement involves substantial advantages to the policyholders of both Companies.

It will mean much to the policyholders of the Federal Life. In addition to the security afforded by the financial strength of the Federal Life, their policies will be guaranteed by the enormous resources and surplus of the Sun Life of Canada. But the most direct advantage which will be derived by our new participating policyholders will be the immediate increase in the profits earned by their policies, an important respect in which they are particularly fortunate. Until such time as the Federal business can be properly merged with that of the Sun Life of Canada it will be operated as a separate branch and will be credited with all Federal Life premium and interest income; but it is expressly provided that the amount chargeable for all expenses of operation and administration shall not exceed 10% of the premiums paid. When it is remembered that during the past year expenses consumed 28.4% of the Federal Life premium income of \$1,007,545, it will be seen that the reinsurance involves a material saving for Federal Life policyholders. Under the agree-

ment the policyholders of the Federal Life are guaranteed an immediate increase in profits which at the present time are only from 35% to 70% of those received by holders of similar policies in the Sun Life of Canada. It is further provided that, as soon as the reserves on Federal Life policies are on the same basis as those of the Sun Life of Canada, they shall receive precisely the same high rate of profits as if their policies had been taken out originally with the Sun Life of Canada.

This privilege will prove of distinct advantage to Federal Life policyholders, for in regard both to its financial stability and to its present and future profits earning power the Sun Life of Canada is acknowledged to be in a unique position. At the Company's own conservative valuation, its assets at Dec. 31st last totalled \$64,187,656. Its surplus over all liabilities and capital stood at \$6,503,793 according to the Company's standard, and at \$7,849,215 according to that of the Dominion Government. But over and above this large surplus, the Company holds for the further security and profit of its policyholders a "Reserve Fund" of securities of a total par value of \$12,444,527. Within a short time participating policyholders of the Federal Life will share equally with present Sun Life of Canada policyholders in these important accumulations.

But the advantages are not all on the side of our new policyholders, for the Federal Life will prove a profitable addition to the business of the Sun Life of Canada. The Federal Life is in a sound financial condition. Its assets are of a particularly good quality and at a conservative valuation totalled \$5,913,181 at December 31st last. Surplus over all liabilities and capital stood at \$355,491.

With the other assets taken over, the Sun Life of Canada secures the handsome and centrally located Head Office building of the Federal Life in the commercially important city of Hamilton. With the completion of its beautiful Head Office structure on Dominion Square, Montreal, and with the Sun Life build-