

LOANS ON LIFE POLICIES

They Often Lead to Surrender—Conservation of Business is Important

Referring to the decreased demand for policy loans last year, Mr. G. A. Morrow, president of the Imperial Life Assurance Company, at the company's annual meeting last week, said "that while on the one hand the policy loans are, from the company's standpoint, most desirable as an investment, since they combine a good interest yield with unquestioned security, yet on the other hand the mortgaging by the policyholder of the assurance taken out by him for his dependants seems a retrogression on his part, particularly when as is often the case, the facility with which these loans can be obtained leads him to have recourse to them where no real or adequate necessity exists." Mr. Morrow continued:—

"The legitimate purpose of these loans is to secure the continuation of the assurance by tiding the policyholder over a period of financial stress when other avenues of credit are closed. The abuse of the policy loan privilege consists in the policyholder drawing upon his policy for trivial purposes, lessening thereby the protection it affords, while at the same time adding the burden of loan interest to the premium payment—a combined result which all too frequently leads to the ultimate surrender of the policy."

Appreciation of Life Insurance.

While admitting that the present prosperity is due principally to the production of war supplies in Canada and is, therefore, likely to be in large measure transitory, Mr. Morrow said that "coincident with this prosperity, and like it a result of the war, has grown up throughout Canada a better knowledge of life assurance—a truer appreciation of its value—and this knowledge and appreciation will endure. For the war has made clear as never before," he added, "the economic value both to the homes and to the state of the productive lives in this country of great production; has made clear how large a part life assurance can play in protecting the value of these lives; and has made clear how seriously un-insured our people are."

Mr. Morrow expressed the opinion that conservation of old business is even more important than the production of new business. "For the only business any life company wants," he said, "is the business that builds up the company by remaining on its books, thereby furnishing proof that the growth of the company is resting on the solid foundation of satisfied policyholders. The gain made in total assurances in force is, therefore, one of the true measures of a company's progress."

Hopes for the Future.

Speaking of the general outlook, Mr. Morrow said:—"Under present abnormal conditions it is impossible to predict with any degree of accuracy the outlook for the future. We must be prepared for some setback upon the termination of the war. A very heavy increase in our National Debt is inevitable, with consequent increased taxation. There will necessarily be an industrial readjustment when the manufacture of war material ceases."

"A greater agricultural production, the development of our vast national resources, the practical certainty of increased immigration after the war, and the practise of economy, will form the basis of our hope and confidence in the future."

EXPORT OF DAIRY PRODUCTS LAST YEAR

The annual report of the department of labor, recently issued, shows that during the last fiscal year the quantity of butter exported was 1,228,753 pounds, valued at \$309,046. During the previous year the quantity exported was 7,990,453 pounds, valued at \$2,491,922. Cheese was exported to the amount of 180,733,426 pounds, valued at \$36,721,136. The aggregate value of butter, cheese, condensed milk and fresh cream exported from Canada during the year amounts, says the report, "to the fine total of \$41,367,705, a sum which is \$10,000,000 in excess of any previous year. If to this is added the value of milk, butter and cheese consumed at home, a reasonable estimate of which would be \$140,000,000, the total production is \$181,367,705." A convincing illustration of the argument that the best spur to increased production is found in high prices, says the report.

MONTREAL CLEARING HOUSE

In presenting his report at the annual meeting of the Montreal Clearing House last week, Mr. H. B. Walker, chairman, stated that a further great expansion had occurred in the volume of bank clearings, the total figures for 1917, which greatly exceed all previous records, being 12.5 per cent. over the high mark reached in 1916. The records for the day, week, month and year were all broken during 1917. From August, 1915, until October, 1917, each month's total clearings showed a large gain over the figures for the corresponding month of the previous year, but a decline was shown in November and December, doubtless due to the inactive conditions of the stock exchange which followed the adoption on October 30th of minimum trading prices for securities. The past year has been marked by great industrial activity and expanding foreign trade, with unprecedentedly high prices for all commodities. At the end of November the deposits of the chartered banks showed an increase of \$225,000,000 as compared with November, 1916. Bank note circulation has reached a point which represents slightly over \$26 per capita of population as against about \$20 a year ago. All these evidences of prosperity are reflected in the increased volume of clearings.

At the suggestion of the manager, a second session, held each day at 1 p.m., for the purpose of clearing returned and miscleared items, was instituted in October last by the Montreal Clearing House. The plan has worked very satisfactorily, and has resulted in a considerable saving in time to the clearing banks.

ROYAL BANK OF CANADA

The Monetary Times has previously referred to the splendid balance sheet presented by the directors of the Royal Bank of Canada. This institution, which has made such rapid progress during the past few years, held its forty-ninth annual meeting at Montreal last week. Mr. C. E. Neill, the progressive general manager, pointed out at the meeting the many evidences of growth reflected in the balance sheet. The total assets of the bank are over \$335,000,000 nearly double the amount at the beginning of the war. The increase during the past year was \$82,000,000, a substantial gain. Of this increase, the Quebec Bank, which was absorbed on January 2nd, 1917, contributed approximately \$22,000,000.

Total deposits amount to \$252,987,382.81, the increase for the year being \$52,759,787.23. A satisfactory feature is the absence of large or unusual deposits of a temporary nature.

A great expansion took place in circulation. Outstanding notes now exceed the paid-up capital by \$15,247,651.49. To cover this excess \$16,000,000 has been deposited in the central gold reserves. All the bank's securities have been written down to the present market value. A close analysis of the bank's balance sheet shows it to be in excellent financial condition, substantial progress having been made during the past year.

Mr. Neill added a timely warning to those of the other bankers, stating that in this time of great expansion "it is manifestly our first duty to keep the bank in a strong and liquid position, especially as regards cash, in order to be fully prepared for any contingency which may arise. The uncertainty as to conditions which will obtain after the war is very great, and we must be fully prepared for any eventuality."

Regarding post-bellum problems, Mr. E. L. Pease, managing director of the bank, expressed the interesting opinion that the question of providing supplementary banking facilities in the country was very important, and should receive the important consideration of the government and banks. Mr. Pease thought if Canada had a bank of re-discount, patterned somewhat after the Federal Reserve Bank in the United States, it would render legitimately available millions of assets in the form of high-grade commercial paper now lying dormant in the portfolios of the banks, and thereby greatly increase our financial resources.

The first and only claim thus far reported to the Equitable Assurance Society, of New York, as a result of the Halifax explosion is under a \$1,000 policy on the life of William T. Broderick, who was killed by the steamship "Mont Blanc" explosion in Halifax harbor. The claim was received on December 18th, and a cheque payable to the insured's mother, the beneficiary, was mailed the same day.