

THE NEW BRITISH ASSURANCE COMPANIES ACT.

The new Assurance Companies Act, 1909, comes into force in Great Britain to-day, the 1st July. The Act repeals the Life Assurance Acts of 1870, 1871 and 1872 and the Employers' Liability Insurance Companies Act of 1907, and establishes itself as the inclusive standard of legislation on the whole subject. The new statute, observes the Economist in a lengthy article of explanation and appreciation, represents the result of long and careful consideration and conference. As was wise, and indeed necessary, those responsible for its drafting have sought the advice of the practical experts whose conduct of the complicated business it regulates has made them conversant with the principles and difficulties of the subject. It thus embodies much of the wisdom gained by constant contact with financial and administrative problems.

As regards life assurance business, the majority of the old provisions of the Act of 1870 are reproduced. The chief changes are those of greater elaboration in the forms of the annual accounts and quinquennial statements. As regards amalgamation or transfer it is a new requirement that among the statements to be laid before the policyholders shall be the report of an independent actuary; it is also enacted that notices and statements shall be sent in all such cases to the policyholders of both companies instead of, as hitherto in the case of a transfer, to those only of the company proposed to be transferred. It is further enacted that notices be sent not only to policyholders, but to those who claim to be interested in policies and have given written notice of their claim.

The provisions of the Employers' Liability Insurance Companies Act 1907, respecting accounts and statements, re-appear in the new measure. They form one of its most interesting features, representing as they do, the recognition of the serious liabilities involved and the attempt to give such information as will enable the public to judge how they are met. The plan adopted is that of a series of statements, beginning with the year of account, and going back for five years. Each statement will give, for fatal and non-fatal claims separately, (1) the estimated liability in respect of outstanding claims at the end of the year in which they happened, (2) the amount paid in respect of them during the interval—one, two, three, four or five years as the case may be—between that and the end of year of account and (3) the estimated liability still outstanding against such claims. A concluding statement deals in aggregate with claims of longer duration and a summation of the results shows the total estimated liability for outstanding claims. It will be observed that under this system it can be seen how the original estimate of liability on an outstanding claim compares with the actual result, so far as the first five years are concerned and this is a provision of considerable value. Life annuities outstanding as claims are to be taken at three-fourths of their value as Post Office Savings Bank annuities, the mode of valuation of other liabilities is to be fully set forth and the whole is to be actuarially certified.

A new feature of the Act is the application, in a suitably modified form, of the above principles to accident insurance. This branch of business is now for the first time made specifically the subject of legislation and legally differentiated from insurance against employers' liability.

On the subject of deposits the provisions of the Act mark to a certain extent a new departure. Life insurance companies, however long established, and whether or not they have already made a deposit and had it returned in terms of the old Act must deposit the sum of £20,000; and there is no provision, as formerly, for the return of that amount when the premium income has reached a specified sum. A deposit of £20,000 is also required from accident companies, unless they have made a deposit in respect of any other class of insurance business, or if they have commenced business before the passing of the Act. Employers' liability companies must make a like deposit if they have commenced business since August 28, 1907. Fire insurance companies have a like liability if established since the passing of the Act, and not making the deposit under any other class of assurance business. From these provisions it follows that an old established company which has for some years conducted an all-round insurance business will only have to make one £20,000 deposit. For bond investment companies, actuarially certified statements, similar in principle to those of life assurance companies are prescribed, and a deposit of £20,000 is required from any company commencing business after the passing of the Act, which sum will be returned when the policyholders' fund amounts to £40,000.

Underwriters' business, now for the first time made the subject of legislation, is dealt with throughout on broadly similar lines. The deposit required from each individual operator is £2,000 for each class of business, without provision for return so long as the business continues. The statements required are, *mutatis mutandis*, practically on the lines of those demanded from the companies.

The main object of the new Act, concludes the Economist, is to follow up and bring into line with existing conditions, the principles of the old Acts. Wherever there is felt to exist the assumption of responsibilities in the transaction of insurance business, the idea is—by publicity and other safeguards but, above all, by publicity—to reduce such possibilities to a minimum.

That some prominent insurance interests already look for further legislation is evident from the remarks of Mr. S. Stanley Brown, general manager of the Employers' Liability Assurance Corporation and managing president of the Insurance Institute of Great Britain and Ireland. In an address before that body at Bristol recently, Mr. Brown observed, referring to the results of controversy during the passing of the Act:—"I think we may rest assured that the Board of Trade will seek to amend their present legislation by extending it to secure those safeguards which they have now failed to get. One of their first objects will be to secure full protection in respect of re-assurances given off to companies that do not carry on their business within the United Kingdom. Another amendment they will probably look for will be to insist upon mark-