INVESTMENT OF LIFE COMPANIES' FUNDS.

There was an interesting little discussion in the committee stage of the Insurance Bill at Ottawa last week, regarding the investment of life companies funds. It has already been noted that the provisions of the new Bill make for a considerable tightening up of the investment limitations of the life companies. Mr. Pugsley suggested that the tightening-up was insufficient and that the companies should be limited to investment in Government and municipal securities. Sir Thomas White was disposed to agree with Mr. Pugsley; he would, he said, narrow very considerably the powers of insurance companies to invest their funds. He proceeded :—" This, however, is the answer that has always been made to me when I have raised the question or when I have been considering it with the Superintendent of Insurance. Our companies are in competition with British and foreign companies carrying on business in Canada. My hon. friend knows that the extent of the advantage given under an insurance policy depends upon the rate of interest earned by the company. If we confine our insurance companies to Government and municipal securities yielding lower rates of interest than are obtained by other insurance companies upon another range of investments, we put our companies at a disadvantage in the matter of offering attractive policies and obtaining business. By reasons of the war, the yield rate is so high upon the kind of securities that my hon. friend has in mind—Government and municipal securities—that there is not the same objection to the course which he has suggested as has obtained in the past. However, I should not be at all surprised if on the next revision of the Insurance Act, some few years from now, this question should be very carefully considered; it might be practicable to confine insurance companies to a range of investments which would be absolutely safe."

AN UNTENABLE ARGUMENT.

With all respect to the Department of Insurance, THE CHRONICLE considers the argument cited as a reason for the continuation of the existing state of affairs, in regard to life companies' investments, absolutely untenable. According to THE CHRONICLE's own compilations, the average rate of interest on mean assets earned by the Canadian life companies in 1915, was 6.21 per cent. The New York Spectator's tables show the average rate of interest earned in 1916 by 29 of the oldest life companies in the United States as 4.91 per cent. What the average rate of interest earned by the English life companies was in 1916, we have not at the moment exact information. But we doubt if it was over 4.50 per cent. The Canadian companies average rate of interest would have to be reduced by a full one per cent., before the argument put forward by the Department of Insurance, could be reasonably advanced.

The rapid rise in the interest rate earned by the Canadian companies during recent years is, of course, due to their going in extensively for mortgages at high rates of interest. The Department of Insurance must know even better than THE CHRONICLE that the events of the last two or three years have shown conclusively that several of the companies, in their eagerness after high rates of interest, were not sufficiently careful in regard to the quality of some of these mortgages. The Canadian life companies surely scarcely need encouragement at the present time to "go for" high rates of interest. We should have thought better advice would be that they should be content with absolutely first-rate securities and interest regularly paid.

This matter of investments is not likely to be satisfactorily settled until it is looked at from the point of view of life insurance funds being, in fact, trustee funds. When that view-point is secured, there will be some hope of satisfactory investment limitations, imposed with an eye to the very commonplace fact that the primary purpose of life insurance is protection and not so-called "profits." Needless to say, any further restrictions upon life companies in this connection should be equally imposed upon the fraternal societies.

CANADIAN FIRE RECORD

Specially compiled by The Chronicle.

THE DOMINION CANNERS LOSS AT STRATHROY, ONT.

The following is the insurance on stock involved in the Dominion Canners fire at Strathroy, Ont., on July 13:—Alliance, $20,000; British America, $50,000; British Colonial, $17,500; British Empire Underwriters, $25,000; Canada National, $62,500; Economical, $12,500; Employers, $50,000; General, $25,000; Hartford, $50,000; Imperial Underwriters' $62,500; Liv.-Manitoba, $50,000; London Guarantee, $25,000; Millers National, $12,500; National, $50,000; National Union, $20,000; North British and Merc., $20,000; Northern, $25,000; Norwich, $50,000; Occidental, $10,000; Ocean, $50,000; Phoenix of London, $50,000; Rochester Undrs., $25,000; St. Lawrence Undrs., $12,500; Sun, $125,000; Westchester, $10,000; Western, $25,000; Montreal Undrs., $75,000; Insurance Co. of N.A., $40,000; Lloyds Undrs., $39,000; Unlicensed Insurance, $1,350,000. Total, $2,439,000. Loss about $60,000.

NIAGARA FALLS, ONT.—Fire of unknown origin did $1,000 damage to buildings used to house servants at the Hotel Prospect at Second street and Jefferson avenue, July 22.

STRATFORD, ONT.—Residence of Lawrence Grant completely destroyed, July 22. No insurance. Supposed origin, explosion of kitchen stove.

TRING JUNCTION, QUE.—G. Plante's mill destroyed and two cottages damaged, July 24. Loss $3,000; no insurance. Origin, lightning.

HAMILTON, ONT.—Tempering sheds of Dominion Steel Foundry Co. damaged, July 30. Loss $5,000. Origin, spontaneous combustion.

HATCHLEY, ONT.—W. Malcolm's home destroyed, July 27. Three deaths. Supposed origin, mice nibbling matches.

NELSON, B.C.—Elk Lumber Company's plant, twelve miles from Nelson, destroyed by forest fire, July 29

MONTREAL.—Tenement at 2943-2943d St. Dominique street damaged, July 29. Origin, lightning.

Slight damage at St. Patrick street plant of Steel Company of Canada, July 30. Origin, lightning.

Office of Northern Electric Co., Shearer and St. Patrick streets damaged, July 30. Origin, lightning.

REGINA, SASK.—Grandstand and industrial buildings at exhibition grounds destroyed, July 25.

INGERSOLL, ONT.—Grand Trunk stock car burned with 17 head of cattle, July 26.