VALUE OF LIFE INSURANCE

XLII.

To Those Who Plan Ahead

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This article will not appeal to those men who do not give compound interest the attention it deserves, and who spend all the income derived from investments every year. The principle is this. For example, the sum of $500 invested at 5 per cent., and if invested for twenty years, the amount of dividend received will equal the capital sum; on the other hand, if the dividends were re-invested, the capital sum would be doubled in less time than twenty years.

By an Insurance Investment.

With most men the amount of interest received is too small to be re-invested, but this circumstance can be remedied by investing in insurance, where dividends will not be paid annually in cash but will be automatically increasing on his behalf.

This method should prove most attractive to the man who is planning ahead and who has to depend upon the capital he can accumulate while he is in active business. To this man annual dividends, while he is in business, are less important.

The example following will show how satisfactory his position is from the very beginning, and if anyone is dissatisfied, he will be most difficult to please.

What Eight Hundred Will do.

Take a man aged 30 who wishes to save $800 a year he should purchase an endowment policy maturing at age 55 or, of course, to his estate should he die prematurely. With this sum he can buy $20,000 of insurance with profits. On the basis of figures before me, this policy, at age 55, would be worth $27,500 and would become payable. This could be then invested safely at 5 per cent. to yield an income for life of $1,375 per annum.

It will, therefore, be observed that by depositing annually for 25 years the sum of $800 it will produce the above results, to say nothing of the protective element—though it is very important to realize that he has also had the benefit of life insurance during 25 years, and had he died after the first payment, his estate would have received $20,000 or sufficient to yield, at 5 per cent., an income of $1,000 per annum.

GOVERNMENT SHOULD ADJUST FIRE CLAIMS.

"Incendiarism is a profession and a money-making proposition, and a fire adjustment court of claims for the province of Quebec, would be one of the most beneficial courts ever established in the Dominion," was the statement of Fire Commissioner R. Latulippe of Montreal. This would be a government fire insurance court to set the amount of fire claims and losses. The commissioner pointed out the fact that the insurance system as now existing is an incentive to incendiarism as it condones the settling of claims by rivel insurance companies, who to avoid court suits, with its attendant publicity which is detrimental in getting new subscribers in the face of stiff competition, settle claims for sums far exceeding the actual damage.

Many of these claims were brought, said Mr. Latulippe, on the advice of agents, who make the owner of the burnt property sign their damage claim over to them, on the understanding that if they get the amount demanded they will go halves with the man owning the burnt premises. The insurance companies' appraisers or adjusters, Mr. Latulippe said could not form a correct estimate of the damage, as in many cases where a dealer with felonious intent increases his stock to raise his insurance, before setting his store on fire, disposes of part of his stock at cost or any price he may get before the match is applied, and that the blame was not attached to the companies because they did not have the stock examined before issuing a higher rate, as the dealer could remove or dispose of part of the stock after the examiner had been around.

"A government court, with a body of expert appraisers could arrive at a definite knowledge of the actual fire loss and could summon the neighbors, commercial travellers, wholesale dealers and others in a position to know just how much the burnt stock was worth, and with its vested authority could set a figure to be paid by the insurance companies that would be reasonable and just in cases of real accidental fires, that would be fair both to the company and the policyholder. Such a court would relieve the companies of the fear of court suits, as the responsibility would not rest on them, but on the government whose duty it would be to adjust all claims brought after a fire and to take the evidence before rendering a verdict."

"CHILDISH," SAYS POLLMAN EVANS AT INVESTIGATION

Comment on Actuary Rusher's Defence of His Actuarial Eulogy—Resumed Inquiry—Canada Provident's Affairs

At the resumed hearing of the Union Life investigation at Toronto this week, a statement was given by Mr. Edmond Rusher, a fellow of the Institute of Actuaries and assistant actuary to the Prudential Assurance Company of Great Britain, to the effect that his name was used in the Union Life prospectus, issued in the United Kingdom, in direct violation of an agreement made with the Union Life. He also stated that the proof of the prospectus furnished to him differed materially from that circulated among British investors. Mr. H. Pollman Evans characterized the statements of Mr. Rusher as "childish." The affairs of the Canada Provident Investment Company were also examined at the inquiry.

The statement of Mr. Rusher in part says: "As far as I am concerned, there are only two main points requiring to be dealt with:—

"(a) The introduction of the name of the Prudential Assurance Company into the prospectus and other documents in connection with the issue of the share capital.

"(b) My reporting favorably upon a company which, at the time I made my report and for some time previously, was, in fact, in bad financial condition."

Was a Breach of Faith.

Mr. Rusher declared that he took every precaution to prevent the introduction of the name of the Prudential in any manner with the Union Life, and that when he was engaged as actuary he accepted the position only upon the terms that neither his name nor that of the Prudential should be published in the prospectus.

Mr. Rusher, in defending his report made to the Union Life, quoted a prominent Canadian actuary's opinion upon the affairs of the Union Life, and takes it as his stand. He says: "At the time I made my investigation, July, 1910, the Union Life could still look forward to a successful future if under capable management. The additional capital from England would have ensured that, but it was essential that the capable management be supplied from the shareholders and not from the government. My statement of assets was influenced by taking them at the value entered in the Canadian Insurance Superintendent's annual report, and I had nothing to show that the insurance commissioners had not justified themselves in valuing the assets. I was also influenced by the fact that just previously the Government had passed a special Act authorizing the Union Life to raise further funds and giving the company additional powers. The draft prospectus shown to me declared that no actual promotion money was being paid."

Evans Says "Childish."

Mr. Evans was called before the investigation to explain the use made by the Union Life of Mr. Rusher's report. He gave the following statement:—

"I think that the facts set out speak for themselves. It was impossible to stop the circulation of the prospectus when I received Mr. Rusher's letter. He must have known it. No one would have gone to an actuary unless his report could have been made use of. It seems to me to be childish."

Of the Canada Provident.

Regarding the Canada Provident, Mr. D. A. Burns, of Toronto, vice-president and trustee, and minority shareholder of the common stock which controlled the company, stated that he and Mr. Rolph, of Toronto, secured the corporation from Mr. T. C. Livingstone, of Winnipeg, a promoter. They bought the stock from him when the company was known as the Canada Provident Assurance Company. All told, Mr. Livingstone received $53,310.

At that time it appears that the two financiers only purchased the charter to do business in Manitoba, and that no active business in assurance was done until some time later. When asked as to the reason for paying so much money for only a charter, Mr. Burns could give no reason, but stated that Mr. Rolph looked after the negotiations. He said that he secured $25,000 worth of common stock on a five per cent. cash basis. Later, when Mr. Evans desired to secure control of the Canada Provident Company, he sold his stock for 80 cents on the dollar.

"You Can Put It That Way."

"Therefore, you paid five cents for the stock and sold it for 80 cents?" asked Mr. Masten.

"You can put it that way," said Mr. Burns, "but the stock had increased very much in value. We had materially changed the charter, and had made the company into a financial organization."