

# The Monetary Times

A JOURNAL OF CANADA IN THE TWENTIETH CENTURY  
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THE WINNIPEG OFFICE OF THE MONETARY TIMES WILL BE OPENED NEXT WEEK IN THE "FREE PRESS" BUILDING.

## The Insurance Chronicle

### LORDS AND LIFE INSURANCE.

An Inquiry Into Methods of Security That Was Brief, Businesslike, and Effective.

(From a Correspondent.)

The select committee, appointed by the House of Lords last May, and consisting of Lord Stanley, Earl Beauchamp and Viscount Hutchinson, to enquire into the conduct of foreign, including colonial, life insurance in Great Britain, has made its report public.

The enquiry, which was of a general character—no particular company's business was investigated—consisted of six sittings. The eighteen witnesses examined were chiefly the actuaries and other officers of British companies and of United States companies transacting business in Great Britain, and included Archibald Hewat, F.F.A., President, Faculty of Actuaries in Scotland; C. D. Higham, F.I.A., President, Institute of Actuaries of Great Britain; Geo. M. Low, F.I.A., F.F.A.; N. B. Gunn, F.I.A., F.F.A.; T. G. Ackland, F.I.A.; F. B. Wyatt, F.I.A.; Geo. King, F.I.A., F.F.A.

The work of the committee is remarkable for the expedition with which the enquiry was conducted, the brevity of its report, and for practically suggesting no change in the British Life Insurance Companies Act of 1870, a piece of legislation which has worked a marvellous change in the conduct of life insurance in Great Britain by requiring publicity of the details of the affairs of life offices.

The committee found an almost unanimous opinion among British actuaries against foreign companies depositing with the British authorities funds for the security of British policyholders, for the reasons that such a system would be contrary to the principles with regard to life insurance companies that have hitherto prevailed in Great Britain; that it would violate the principle that the whole of the funds of a company should be available for the claims of all policyholders alike; that if regulations of this kind were adopted it would undoubtedly lead to reprisals on the part of foreign Governments; that it might lead the public to suppose erroneously that the solvency of such companies was guaranteed by the British Government; that it might imply a statutory basis of valuation, the tendency of which would likely be to weaken, rather than to strengthen, reserves; that it would appear to give an unfair advantage to British subjects holding policies in a foreign company, while under such limited State supervision it is doubtful whether

policyholders would be as well protected as they are by the control through publicity and freedom which exists with regard to British companies.

### Seven Recommendations.

The conclusions arrived at by the committee were:

(1) That it was not considered in the interest of British policyholders, or desirable, to compel foreign companies to deposit funds in Great Britain.

(2) That foreign companies which do business in Great Britain should be placed, as far as possible, in the same position as the British companies with which they compete; that they should, in fact, be made as far as possible to comply in all respects with the requirements of the Life Insurance Companies Act of 1870.

(3) That the deposit of £20,000, which the Life Companies Act of 1870 makes obligatory on any new company, whether foreign or British, and which may be withdrawn by the company just as soon as the premiums amount to £40,000, should be required to continue permanently so long as any policies continue outstanding in Great Britain.

(4) That experience has proved that the best means of guarding the interests of policyholders is by insisting on the fullest openness in the accounts of the companies, and that, therefore, all companies, British or foreign, should be required to furnish the Board of Trade with the full revenue accounts, balance sheets and valuation statements of their business, showing at the same time the expenses of management.

(5) That the Board of Trade be empowered to vary from time to time the forms of the questions which insurance companies are called upon to answer annually, and of the returns to be made by them, and also to insist upon such answers and returns being in every respect complete and accurate, and that these returns should make absolutely clear how far the funds of any foreign company are subject to preferential claims in any country in which it transacts business.

(6) That in all such returns the amount of the foreign business and the business actually transacted in Great Britain be carefully distinguished.

(7) That there should be a statement in the returns made by all companies, British and foreign, of the market value of securities held by them. Such information would enable policyholders to obtain more complete and satisfactory information with regard to the actual value of the companies' investments.

The investigation appears to have been conducted in a temperate spirit, and the conclusions arrived at indicate that the committee followed in the main the recommendations of the mature and conservative actuarial opinions advanced by the leading British actuaries invited to express their views. The Insurance Companies Act of 1870, in the framing of which the actuarial profession of that time took such an important part, appears, after a test of thirty-six years, to be, in the opinion of the committee, all that is desirable, with a few slight amendments, for the regulation of life insurance in Great Britain.

### ANNUITY COMPANY OF CANADA.

On page 347 will be found a list of the boards of directors and advisory directors of the Annuity Company of Canada, whose head office is at Winnipeg, and Ontario office in Adelaide Street East, Toronto. The company's capital is \$1,000,000. Its organization for Ontario and Quebec is yet to be completed. Shortly an attractive scheme is to be placed before Canadian employers respecting old age pensions for employees. Correspondence is invited by the company from those interested in such a proposition. None of the company's stock has been presented, but has all been paid for. The organization expenses have been very small.

### FIRE INSURANCE.

The North British and Mercantile Insurance Company has made good progress with its San Francisco adjustments, and had paid up to 28th August, \$1,568,000.

Up to the 20th of August the Atlas Assurance Company of London had paid out \$2,414,000 in settlement of 1,272 San Francisco claims. It has still more than 500 losses outstanding but they are in the hands of committees.

The Rhine, the Moselle, the Austrian Phoenix, the Transatlantic, and the North German, of Hamburg, are German fire insurance companies which admit aggregate losses in San Francisco of about \$10,000,000. But they do not propose to pay. Hence trustees of the Policyholders' League decide that suit must be brought against them in Austria and Germany as well as in the United States.

A warning against imperfect wire glass comes from St. Louis. The fire protection bureau of that city writes that so-called wire glass is being sold which does not deserve