

life insurance is chiefly resorted to as a provision for the future, but the great progress which the business has made in these countries, announced continually by the remarkable arrays of figures published by the leading companies—such companies as have attained to a degree of success of which they may justly feel proud—could not fail to arouse competition. There was no readier way to establish competition than, by offering to furnish a vastly cheaper article; and the public, ever on the watch for bargains, whether in the shape of high rates of interest in a so-called bank—a Fawcett or an Exchange—in wearables damaged by smoke and water, or in the half-worn out goods usually sold at auction every spring—will always lend a willing ear to anybody who can convince them that they have been asked too high a price for the genuine article, and the vender of “the cheap and nasty” article is again successful, pockets his money, and goes on his way rejoicing. There is no subject perhaps on which the expert has the layman at a greater disadvantage than that of insurance, and there is none in which people are more ready to be persuaded that they are paying too high a price for what they buy. It is an easy matter to point out the immense profits being made by certain old line companies, and to explain a scheme by which, at a fractional expense, all this “heavy premium” payment is saved to the policyholder. The insured is often unable to see that it is impossible to invest the amount of his premium and make it yield a return several times greater than it would produce at compound interest. On the other hand he is persuaded into believing that he has only to pay an initiation fee of say \$20 and an annual charge of say one-tenth of that sum per thousand, which fee and charge are all that the managers want for themselves from the members, in order to realize the full benefit of life insurance, as the death-claims are payable by an assessment of \$2 to \$2.50 per \$1,000 pro rata among the members.

The weak point in all this is that it is not Life Assurance, that it affords no guarantee to the assured that, should he live to be twenty or twenty-five years older, there will be a sufficiency of members left to pay losses. For, according as losses increase—as they rapidly must after a lapse of say fifteen years or less—the remaining members become discouraged at the repeated calls to pay claims, and naturally throw up their membership, leaving few or none to respond—as illustrated in the “Governance Story” in our issue of 19th December

last. The rates charged by the regular insurance companies are based upon time-tested tables of mortality, and even these have been modified under our healthy Canadian climate, and where the management is competent, and careful in the selection of lives, the profits returnable to the assured are considerable and are the best possible test of the mutual character of the business. The premium thus becomes a valuable investment, guaranteeing payment of matured claims which are not dependent upon the uncertainty of hap-hazard assessments. A not unimportant safeguard surrounding regular life insurance consists—in the case of stock companies—of the attention which shareholders give to their property therein invested, and the selection from among themselves of the persons most capable to perform the duties of directors. In these institutions, built to last, a man must not “die soon in order to realize.”

But to return to the Bill. Such enactment as that proposed would, it is feared, open the door to a series of abuses that were certain to require further legislation before another session of Parliament. In order to explain their views in this respect the great majority of the old line companies doing business in Canada recently met and appointed a committee to visit Ottawa and confer with the Insurance Department. The delegates were received with usual courtesy; it is to be regretted, however, that one of them had not remained at home. Such language as “If you do [such and such] we’ll make it hot for you!” is scarcely calculated to impress the hearer with the reasonableness of a request. It certainly is not the language of diplomacy. . . . Being requested to put their opinions in writing, a new Bill was drafted and since placed before the Department to go before the Committee on Banking and Commerce. The Bill prepared by the companies is entitled “An Act regarding Co-operative Insurance Societies and Mutual Benefit Associations,” and in the preamble the word “supplement” is substituted for “Amend.”\* Clauses 1 and 3 differ but little from 1 and 2 in the Government Bill, except that the reference to incorporation is omitted, and the word “Association” substituted for “Company.” Clause 2 says: “No Association can be registered under this Act which has not been incorporated in Canada.” Clause 4 is the same as 5 in the Government

\*The text of the Government Bill will be found in the JOURNAL OF COMMERCE of date 31st Oct., 1884.

Bill, and clause 5 is the same as 3. The following clauses are new:—

6. Each association thus registered shall contribute yearly towards the expenses of the Insurance Department, in proportion to the ratio which the maximum amount payable under its certificates in force bears to the insurance carried by the Life Insurance Companies operating under the Act hereinbefore cited.

7. No deposit with the Receiver General shall be accepted from or made by any association which depends upon mortuary assessments for funds wherewith to meet the death losses, either in whole or in part, either under this Act or any other Act now in force.

8. Such association must invest, as hereinafter provided, in approved securities in the names of trustees approved of by the Treasury Board, for the exclusive benefit of its members. All associations which may now have,—or whose constitution, rules, by-laws or practice may require a fund for any of the purposes of a Rest, or as Reserves, or in anyway as a proof or guarantee of safety, or ability to discharge any obligations which it may assume,—shall invest yearly, with the said trustees, in the kind of securities already named, a sum equal to 25 per cent of all receipts or revenues from whatever source during the first twenty-five years of its registration after which its augmentation to be only from interest, at the rate of 4 per cent per annum on the accumulated fund. Such fund or any part thereof, to be released only by the Treasury Board; provided, however, that no part of said fund shall be released unless it is shown to the satisfaction of the Treasury Board, that it is required to defray Mortuary claims, then due and unpaid, and that such association has no other means except the fund so invested out of which to meet said mortuary claims.

10. Any association in connection with or being an integral adjunct part of any purely benevolent or religious societies now existing in Canada, such as the Masons, Oddfellows, St. Joseph's or St. Jean Baptiste societies, shall be exempt from the operation of this Act; but in no case shall they issue a promise, or enter upon a contract, or undertake to pay on the death of any one member a sum of money over \$1,000, and all such societies shall be and hereby are restricted as regards such contracts to bona fide members in good standing, and who must be resident within the limits of the parish or local municipality where such society may be located.

11. All such associations shall be inspected by the superintendent of insurance, or by any one whom he may appoint for that purpose, who shall have access to their books and papers.

Clause 9 is the same as clause 6 in the Government Bill. Clause 12 is new, and is as follows:—

12. The registration and permit of an association shall cease to be valid on the 31st day of March, in each year, but shall be renewable, from year to year, at the discretion of the Minister of Finance, and on compliance with the requirements of this Act.

There is no doubt that the Committee on Banking and Commerce will weigh carefully every feature of the proposed changes, and consider their probable future effect. They can have no after-excuse in the way of ignorance, for the insurance companies are ready and willing to grant them every assistance. There appears to be a pretty general consensus among the companies as to the effect of the Government Bill, should it become