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Life Insurance in 1918.

Reports of Typical Canadian Companies Show Large Increase in Business and in Amount of Insurance in Force—Heavy Death Losses Incurred—Total Assets Grow Rapidly—Transfer of Funds from Mortgages to Bonds and Debentures—Government Housing Program May Check Increase in Mortgage Investments.

REPORTS of a large number of Canadian life insurance companies have already been made public and from these an idea may be obtained as to the actual results of the year's business. These reports have been looked forward to with keen interest as the results in the case of young companies as compared with older companies would be instructive from an actuarial point of view. Generally speaking, the older companies with an average age of policyholders greater than that of the younger companies have suffered less severely than the latter. This factor of age, however, is not conclusive as there are other considerations which have also acted in determining the amount of death claims. Some information was given in *The Monetary Times* last week regarding the experience of American companies during the year. This information came from Mr. Arthur Hunter, chief actuary of the New York Life Insurance Company. As pointed out by him, there was a tendency to over-estimate the amount of deaths resulting from influenza. However, the losses during the first nine months of the year were quite favorable, the ratio being 61 per cent. in the case of the New York Life. During the last three months of the year the ratio was 188 per cent., the average during the entire year being 95 per cent. which is the highest in the recorded history of the company. The average for the last five years in the case of the New York Life was 72 per cent. Supposing that the loss ratio during the last three months of the year was 65 per cent., which is a liberal estimate, he then calculated that the claims from the epidemic would be $10,000,0000 which was considerably less than the total claims reported to the company.

The table given at the end of this article is compiled from annual reports for the year 1918 of typical Canadian life insurance companies, and will at least indicate to some extent the principal changes which have taken place in this business in Canada during 1918. Among the more important are, first, a substantial increase in the amount of business written and net gains in the amount of business in force; heavy death losses; large increases in assets; a falling off in mortgage investments; and additional purchases of bonds and debentures.

When it is remembered that life insurance companies invested approximately $50,000,000 in each of Canada's Victory Loans, it is not surprising that holdings of bonds and debentures are found to be substantially increased. At the same time the fact that many mortgages were being repaid and very few new ones issued released funds for investment in bonds in addition to those obtained in the ordinary course of business. The effect was a general improvement in the financial position of the companies as bonds and debentures if well chosen are equal in security to the best mortgages and are always more readily marketable. In spite of the fact that good rates were prevailing for securities of this kind, however, the average interest return was lessened. In the meantime expenses of management, etc., were increasing so that the year 1918 on the whole was a difficult one, quite apart from any unusual claims from policyholders.

It was generally expected that after the war there would be a renewed demand for funds on first mortgage security and that high grade bonds would advance to such a premium that they would become unsuitable for the bulk of the investments of insurance companies. The latter is already becoming true as all except the short term bonds are already at a premium. This means that the interest return based on market value is lessened and insurance companies will be desirous of disposing of these securities provided that suitable mortgage investments can be obtained. If, however, the Dominion and Provincial Governments proceed with their housing program and the Dominion Government's scheme of making farm loans through the Soldiers Settlement Board is a success, a considerable part of the demand will be cut off and insurance companies will be forced to retain large security investments.

	Total Income. 1917.	1918.
Canada Life	$ 9,570,991	$11,048,342
North American Life	3,538,817	3,667,441
Continental Life	515,717	554,672
Crown Life	628,062	694,609
Manufacturers Life	3,672,513	5,831,190
Mutual Life	6,424,154	7,021,103
Confederation Life	4,245,460	4,733,815
	$28,595,714	$33,551,172

	Net Premium Income. 1917.	1918.
Canada Life	$ 6,218,076	$ 7,103,353
North American Life	2,194,634	2,437,466
Continental Life	406,564	444,401
Crown Life	522,206	572,226
Manufacturers Life	3,672,513	4,243,585
Mutual Life	4,515,073	5,021,518
Confederation Life	3,152,287	3,495,670
	$20,681,353	$23,318,219

	Death and disability claims. 1917.	1918.
Canada Life	$2,343,683	$2,769,085
North American Life	551,180	647,598
Continental Life	128,576	127,381
Crown Life	75,455	110,508
Manufacturers Life	849,408	1,085,224
Mutual Life	1,144,523	1,553,077
Confederation Life	972,517	988,876
	$6,065,342	$7,281,749