

CANADIAN LIFE COMPANIES AND THE WAR.

The complaint is being made that agents of American life companies operating in Canada are warning Canadians not to insure in Canadian life companies, as the latter, it is alleged, are likely to suffer financially as a result of the war, especially in the matter of mortality. This statement is one of those half-truths which by their clever suggestiveness of impending financial disaster carry more conviction and are calculated to do a great deal more damage than a deliberate, brazen lie. Its circulation does not suggest a very high standard of business ethics on the part of those responsible for it. In any case, we decline to believe that this particular argument for the patronage by Canadians of American companies can be countenanced or encouraged by those in authority in those companies. Probably it is the invention of some enterprising but irresponsible individual whose zeal for commissions has outrun his discretion and good taste.

COMPANIES' CONSERVATIVE COURSE.

It is perfectly true that the Canadian life companies will be to some extent affected by the war owing to a number of claims upon them, which had the war not taken place, would probably in the majority of instances not have matured for a number of years. But, as the Mutual Life of Canada points out in referring to this matter, a life company must be in a poor position indeed if its financial standing is seriously threatened by the war. As a matter of fact, at the outbreak of hostilities, the Canadian life companies had to suffer a good deal of ill-informed criticism owing to their decision to adopt a conservative course in regard to the issue of war policies. While in certain cases Canadian companies have issued and are issuing policies on the lives of combatants—for a substantial consideration—it is probable that American companies, some of whom have insured large groups of Canadian soldiers, have as much, if not more, at stake in these special war risks than the Canadian companies. The latter decided their conservative course expressly on the ground that the interests of the whole body of policyholders must not be unduly prejudiced, and that in conserving those interests, in maintaining themselves strictly in a position in which they could continue to carry out their obligations to existing policyholders the companies were performing a truly patriotic service, which is obviously the case. At the same time they decided from similar motives of patriotism that in the case of existing policyholders going to the front, that they would charge no additional premium even where policy conditions allowed them to do so. Practically, in the majority of cases, the only financial effect of the war upon the Canadian companies will be the claims which develop from these policies, made at a

much earlier date than would normally be the case, whether resulting from death in battle or subsequent death in early years following physical strain or impairment.

AN EXAMPLE.

What this risk really means to the companies at large is indicated by the Mutual Life of Canada, in a discussion of the matter as it affects itself.

"We estimate," says the Mutual Life, "that at the outside about one and a half millions of our assurances in force are on the lives of members who have enlisted. The English companies are charging an extra premium of \$150 per thousand per annum. This would indicate that they expect one out of six engaged in the fighting to become a claim in another year of war should it continue. If this were applicable to the members of the Mutual who have enlisted we would have a maximum mortality loss of \$250,000 from the war should it last another twelve months. Our gross surplus is \$3,800,000 and after every conceivable contingency is provided for, including payment of dividends of all kinds, we have a net, free surplus of approximately one million dollars. The result is that the utmost effect that another year of war could have on our company would be to reduce the free surplus by \$250,000 leaving it still at say \$750,000 after providing for every contingency. Therefore the war cannot adversely affect the standing of the Company as far as extra mortality is concerned."

That is to say, that while the companies will have to face until the end of the war a somewhat heavier mortality than the normal, and on policies which, generally speaking, have not been very long in force, yet this additional mortality can be met without affecting vitally the financial position of the companies. Even the existing scale of profits may not be affected, since there are many other circumstances, other than the rate of mortality, affecting profits.

So far as depreciation in securities is concerned, the Canadian life companies are in no worse position than similar corporations in other parts of the world. Depreciation in securities is a world-wide phenomenon, not merely a national one, and is the subject of as much anxious thought in the United States as anywhere else. The simple fact is that policyholders in the Canadian life companies have no reason to be perturbed because of present circumstances.

Insuring against damnation is a new phase of indemnity. In the Philippine insurance act, recently passed, the government printers have slipped a cog, and the proofreaders as we'll, for Section 3, defining "what may be insured," reads in the copy sent to this office: "Any contingent or unknown event, whether past or future, which may damnify a person having an insurable interest, or create a liability against him, may be insured against subject to the provisions of this chapter." Parsons in the Philippines may be put out of business by such an arrangement.—*Weekly Underwriter*.