

and Commerce Committee in person be submitted in writing and your promise that all such communications would be given due consideration, I beg to submit the following memoranda regarding the business of industrial insurance, and the manner in which such business will be affected by certain sections of the Insurance Act now under consideration by the said committee.

Believing that the business of industrial insurance is not generally well understood by persons who have not had special experience therewith, a brief explanation may be helpful to the committee.

1st. Industrial insurance in the main is ordinary insurance specially adapted to the circumstances and requirements of the industrial classes.

The unit of insurance instead of being \$1,000 and the premiums variable according to age at entry and payable yearly, half-yearly or quarterly, is a variable sum according to age at entry for a uniform premium payable weekly or monthly, the average amount per policy being less than \$100 and the average weekly premium less than 10 cents per week.

It had its origin in the burial clubs of England and is primarily intended to afford a sum readily available upon the death of a policyholder for the purpose of defraying funeral expenses and other expenses incidental thereto.

Because of the smallness of the premium and the manner in which the premiums are payable it has been found necessary to employ agents to collect the premiums at the homes of the policyholders from week to week and because of this fact the business is confined mainly to the larger industrial centres and places adjacent thereto.

2nd. To conduct the business of industrial insurance along the lines indicated necessarily entails upon the company transacting such business outlays considerably in excess of what would be necessary in the case of an 'ordinary' company transacting an equal volume of business, in the same manner as the cost of conducting a retail business of any character will be a greater percentage of the turn over than in the case of a wholesale business. Various companies have at different times experimented with a view of reducing the cost of industrial insurance by trying to conduct it on similar lines as 'ordinary' insurance but without success and it is generally admitted by every one having any practical knowledge of the business that it can only be successfully conducted along the lines adopted by the industrial companies and which experience has demonstrated to be best suited to the requirements of the business.

3. To cover the extra cost of conducting the business of industrial insurance, the premiums applicable thereto must necessarily have a larger percentage of loading for expenses than in the case of ordinary insurance on the non-participating plans of insurance, but in common with other non-participating plans the companies issuing such policies do not depend wholly on the loadings on the premiums out of which to defray the whole expenses of the business. In every such case the surplus interest earnings and other sources of profit are counted on to a considerable extent and because of this fact the loadings for expenses are much lower than would otherwise be the case.

In support of the above contention and in order that the committee may have before them reliable data in this connection, I submit herewith the experience of a number of English and American industrial companies transacting the business of industrial insurance, besides the Canadian companies. Several English companies transact only industrial insurance while others transact both 'industrial' and 'ordinary.'

From this data it will be seen that the cost of industrial insurance is relatively much greater than that of ordinary insurance in the same companies, and this will also apply as between industrial and ordinary companies generally. To apply a common rule to companies which differ so widely is not practicable and should not be attempted.