

introduced pledges for their members to sign, placing them on their honor not to offer a rebate. The effectiveness of these measures was proven by the fact that rebating practically ceased without resort to the law.

The effect of these reforms, many of them initiated at the beginning of the last decade, was marked. Lapses decreased and for the year 1907 the net gain in business in force of all Canadian companies was 47 per cent., as compared with 34 per cent. the year before. This excellent showing continued, the percentage in succeeding years, 1907, 1908 and 1909, rising to 50, 53 and 55 per cent. respectively, and there has been no loss of momentum up to the present time. When agents and companies cease their destructive tactics and employ their energies constructively, the general result cannot but be favorable. It is unquestionable that these important changes conduced to the companies securing more business, the agents more income, and the general public more satisfaction.

Large Increase in Assets.

Up to that time life insurance, which through fifty long years had struggled to secure its share of attention, could muster for all companies a total of only \$102,000,000 assets, with \$400,000,000 as the total insurance in force.

In the past ten years Canadian companies have made an increase in total assets of 170 per cent. and an increase in business in force of 109 per cent. The almost trebling of assets and doubling of insurance in force within this limited space is the greatest tribute to the improvement in methods. The fact that only four new companies entered the field during the decade, raising the total from twenty-two to twenty-six, indicates that it was this improvement rather than an increase in the number of companies operating which accounted for the better record.

The wave of prosperity which reached Canada in 1896 was still rising ten years later, and the life insurance companies were prepared for a fair harvest. Had it not been for the improved methods of securing business, however, the results could not have been so favorable and the public might have more readily turned to other forms of investment, of which there were many offering. The general expansion of business, the prosperity of the farmers who had reaped abundant harvests, the railway extensions and increase in earnings, the discovery of silver and gold in Northern Ontario, and the continued large production of gold in British Columbia, all gave a stimulus to trade and finance which reacted on Canadian insurance business.

Life Insurance Companies' Investments.

The field for investment of life insurance funds in Canada has been found most favorable, not only by Canadian and British companies, but by many of those in the United States. Of Canadian bonds and debentures, chiefly government and municipal, Canadian companies have taken \$104,000,000 during the last ten years, which represents 38 per cent. of their total assets, and real estate mortgages, which have been available at good rates of interest, have absorbed another 35 per cent. The purchasing of Canadian securities by United States investors for several years, and indeed in larger degree now than ever, has been one of the most convincing proofs of the stability of Canada's financial arrangements and indicates a confidence for which there are many reasons. Up to August, 1914, Canada had been borrowing principally in the international markets, London contributing a large portion of the funds required for the general development of the country. On the outbreak of war the London and European markets were closed to Canadian borrowers and since then the United States has absorbed an increas-

ing portion of Canada's government and municipal debentures.

One of the most satisfactory incidents in connection with the taxation bill adopted at the last session of the Canadian parliament, was that the life insurance companies were especially exempted from the tax on corporations. It is the well-defined policy of the Canadian government, a policy which has been adhered to by both political parties, that life insurance companies shall not be subject to a federal tax. A fund is raised by assessment of the various companies doing business in the Dominion only sufficient to support the department of insurance, and this is the only contribution asked. Taxation exists in the provinces, to which the companies have made opposition, but the tax remains.

Unjust imposts of this kind provoke bitterness, and the time will come when policyholders on both sides of the line will protest in no uncertain manner against the undue taxation of the funds they have thriftily set aside against a day of adversity. During the last two years, the life insurance companies doing business in Canada were obliged to pay to the several provincial governments nearly one and a half million dollars, or 1.69 per cent. of the total premium income. The same form of imposition exists in the United States in even greater proportion, as 2 per cent. is the highest tax we are called upon to pay in Canada whereas in some States the tax reaches as high as 5 per cent.

All Companies are Affected.

It has been thought by some that as Canada is a part of the British Empire and therefore at war, the life insurance companies there may be subject to a greater risk, but it should be remembered that the business done in Canada has for many years been shared between the Canadian, United States and British companies, and whatever may happen in Europe has an effect upon all life insurance interests on this side of the Atlantic. The effect upon Canadian companies has not been a matter of concern, as the actual war losses were only 13.3 per cent. of the expected on the total business of the companies for the year 1915.

The Canadian companies have as a whole experienced a particularly favorable mortality apart from war claims, so that it may be said the lower mortality among the general body of policyholders has to a great extent offset the higher mortality among the enlisted men, who are as a rule not heavily insured because of their comparative youthfulness; therefore, in so far as the Canadian companies are concerned, and this applies also to the United States companies, the war claims during 1915 have had no disturbing effect upon the mortality rate as a whole. These gross war claims amount to approximately .134 of 1 per cent. of the mean Canadian business in force, which is the equivalent of about thirteen cents upon each one-thousand-dollar policy. What the future holds in store for all the insurance companies by way of losses arising out of the war no one at present can forecast, but it is quite safe to say that no anxiety is felt by the life insurance companies on this continent.

The Beaver Fire Insurance Company's loss ratio for eleven months was 30 per cent., and the expense ratio for the year will be in the neighborhood of 16 per cent. The company's net gross income will show at about the same figure as last year, and net premium income will show a decrease of about 10 per cent. The Beaver company took \$25,000 of the first Dominion war loan and \$25,000 of the second war loan, besides investing during the year \$10,000 in the Anglo-French 5 per cent. external loan.