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Rise and Progress of Canadian Life Insurance*

First Company, Canada Life, was Started by Men Who Could Not Get Insurance Here—Out of Thirty-Four Companies Started Under Dominion Laws, Twenty-Four Remain—Growth of Life Companies, and How Their Assets are Distributed

By T. B. MACAULAY

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PRIOR to 1847, life assurance was almost unknown in the provinces of British America. The population was small and scattered, and the policies in existence were almost entirely British companies, chiefly the National Loan Fund. In that year, however, the first Canadian life office was founded, the Canada Life Assurance Co. At about the same time a branch also was established of the Colonial Life of Edinburgh, which had been established to operate in the British Colonies in association with the Standard Life, with which its business was afterwards amalgamated. These two companies, one Canadian, one Scotch, had the field almost to themselves, but the volume of their transactions was very small. Gradually, however, new British competitors appeared, and in 1866 several American companies also established themselves in the Dominion. The business of all combined was, however, but small when measured by our present standards. When in 1867 the Canadian provinces were federated and became the Dominion of Canada, the total of the assurances in force was probably in the neighborhood of \$15,000,000, about one-fourth of the amount being in the Canada Life, the remainder in British and American companies.

First Canadian Company

The circumstances which led to the founding of the Canada Life are of interest. Mr. Hugh C. Baker, of Hamilton, Ont., a gentleman of considerable banking experience, desired to assure his life, and for that purpose applied to one of the British offices. Being a rather sub-standard life, there was a little hesitancy, and he was requested to go all the way to New York for examination, no small undertaking in those days, when railways were unknown and the only means of transportation were stage coach and saddle. Mr. Baker was a thoughtful, studious man, and he decided to found a local company in his own town. He succeeded in interesting a number of others, and thus in 1847 the Canada Life Assurance Co., the pioneer office of the Dominion, came into being. I may perhaps be pardoned for interjecting that my honored father joined the staff of the Canada Life as its accountant when it was eight years old, in 1855. I have often heard him speak of Mr. Baker, and always in terms of admiration, and even of affection. He had a profound regard for Mr. Baker's character, ability and devotion to the interests of his company.

Those were the days when such men as he had to grope in the dark to a large extent when faced with actuarial and investment problems. Elaborate tables of policy values, with the multitude of other helps which we now have, did not exist. Mr. Baker had to do much of his own calculating, using chiefly, if I remember aright, the Carlisle 6 per cent.

tables for valuations. I have heard my father describe his voluminous calculations in connection with premiums, reserves and bond values. Such work was congenial to him, and the Canada Life was indeed fortunate in having such a man as guide in its early years. In those days the public knew almost nothing of the principles of life assurance, and were indifferent to its advantages. In many cases there was even keen opposition on the ground that it was an interference with the workings of Divine providence. The company had great difficulties to contend with, but Mr. Baker builded even better than he knew, and the Canada Life as it stands to-day is the monument to his enterprise and wisdom. Those who were associated with him honored and cherished his memory, and so should Canadians of a later generation.

Twenty-Five Year Interval

It was nearly a quarter of a century before any other Canadian company entered the field. The federation of the provinces, however, stimulated greatly the national consciousness and enterprise. In the late sixties several companies were incorporated, and shortly afterwards began business, the Ontario Mutual, now the Mutual Life of Canada, in 1870, the Sun Life and the Confederation in 1871. On the other hand, some of the American companies withdrew as the result of the passage of legislation requiring the deposit of securities for the benefit of Canadian policyholders, among them the Mutual of New York and the Connecticut Mutual. The Mutual Life protested that it was impossible for it to comply with any legislation of that character. It claimed that as a mutual company it was prohibited from giving any section of its policyholders a special lien on any portion of its assets. When we remember the dominating position occupied by the Mutual of New York in the life assurance world of those days, it will be realized that its withdrawal was felt to be a loss to the insuring public of the Dominion. Incidentally the Sun Life of Canada to a large extent owes its origin to this action by the Mutual. Mr. M. H. Gault, M.P., chief representative of the Mutual in eastern Canada, was one of the most wealthy and influential citizens of Montreal. He endeavored to dissuade his company from withdrawing, but without avail. He offered to personally put up the deposit required by the government, but even this proposal was not accepted, and the company withdrew. Mr. Gault thereupon secured an amendment to the charter of a new company which he had already incorporated in 1865, limiting it to life and accident assurance, and changing the name to the "Sun Mutual Life Insurance Co. of Montreal." You will notice that the words are identical with the title of the New York office, except that they are prefaced by the word "Sun," and New York is replaced by "Montreal." The word "Mutual" was actually a misnomer, for the company never

*An address before the Association of Life Insurance Presidents, New York, December 10, 1920.