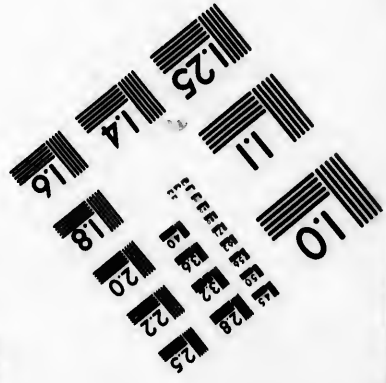
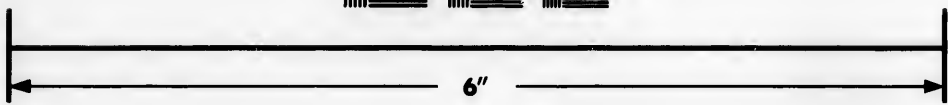
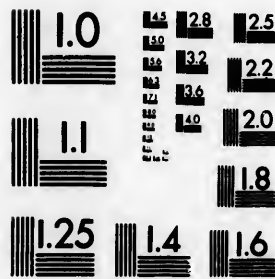


**IMAGE EVALUATION
TEST TARGET (MT-3)**



**Photographic
Sciences
Corporation**

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503

**CIHM/ICMH
Microfiche
Series.**

**CIHM/ICMH
Collection de
microfiches.**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1985

Technical and Bibliographic Notes/Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Coloured covers/
Couverture de couleur | <input type="checkbox"/> Coloured pages/
Pages de couleur |
| <input type="checkbox"/> Covers damaged/
Couverture endommagée | <input type="checkbox"/> Pages damaged/
Pages endommagées |
| <input type="checkbox"/> Covers restored and/or laminated/
Couverture restaurée et/o. pelliculée | <input type="checkbox"/> Pages restored and/or laminated/
Pages restaurées et/ou pelliculées |
| <input type="checkbox"/> Cover title missing/
Le titre de couverture manque | <input checked="" type="checkbox"/> Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées |
| <input type="checkbox"/> Coloured maps/
Cartes géographiques en couleur | <input type="checkbox"/> Pages detached/
Pages détachées |
| <input type="checkbox"/> Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire) | <input checked="" type="checkbox"/> Showthrough/
Transparence |
| <input type="checkbox"/> Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur | <input type="checkbox"/> Quality of print varies/
Qualité inégale de l'impression |
| <input type="checkbox"/> Bound with other material/
Relié avec d'autres documents | <input type="checkbox"/> Includes supplementary material/
Comprend du matériel supplémentaire |
| <input type="checkbox"/> Tight binding may cause shadows or distortion
along interior margin/
La reliure serrée peut causer de l'ombre ou de la
distortion le long de la marge intérieure | <input type="checkbox"/> Only edition available/
Seule édition disponible |
| <input type="checkbox"/> Blank leaves added during restoration may
appear within the text. Whenever possible, these
have been omitted from filming/
Il se peut que certaines pages blanches ajoutées
lors d'une restauration apparaissent dans le texte,
mais, lorsque cela était possible, ces pages n'ont
pas été filmées. | <input type="checkbox"/> Pages wholly or partially obscured by errata
slips, tissues, etc., have been refilmed to
ensure the best possible image/
Les pages totalement ou partiellement
obscurcies par un feuillet d'errata, une pelure,
etc., ont été filmées à nouveau de façon à
obtenir la meilleure image possible. |
| <input type="checkbox"/> Additional comments:/
Commentaires supplémentaires: | |

This item is filmed at the reduction ratio checked below/
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	12X	14X	16X	18X	20X	22X	24X	26X	28X	30X	32X
						✓					

The copy filmed here has been reproduced thanks to the generosity of:

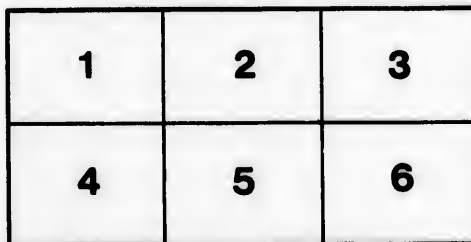
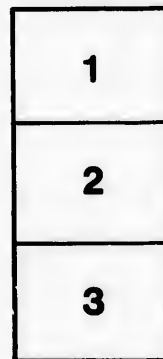
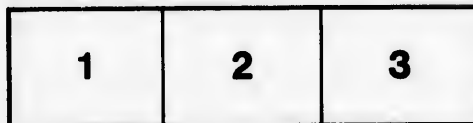
University of Manitoba
Winnipeg

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

University of Manitoba
Winnipeg

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

50

UNIVERSITY OF MANITOBA LIBRARIES

58 57 56 55 54 53 52 51 50 49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1

university of manitoba libraries

58 49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1



AST

Transactions of the Actuarial Society of Edinburgh

Volume III. No. 7

LIFE ASSURANCE IN CANADA

BY

FRANK SANDERSON, M.A.

OF THE CANADA LIFE ASSURANCE COMPANY, HAMILTON, ONTARIO



Printed for the Society by

T. AND A. CONSTABLE, EDINBURGH

AND PUBLISHED BY

CHARLES AND EDWIN LAYTON, FARRINGDON ST., LONDON

1894

ACCESSION NUMBER

Price Two Shillings

9929

TORONTO, CANADA,
THE BULLETIN PUBLISHING CO.
LIMITED.
18 TORONTO STREET.

OR

VO.

368.

Li

Li

Life Assurance in Canada

BY

FRANK SANDERSON, M.A. . . .

OF THE CANADA LIFE ASSURANCE COMPANY, HAMILTON, ONTARIO



VOL. III.

K

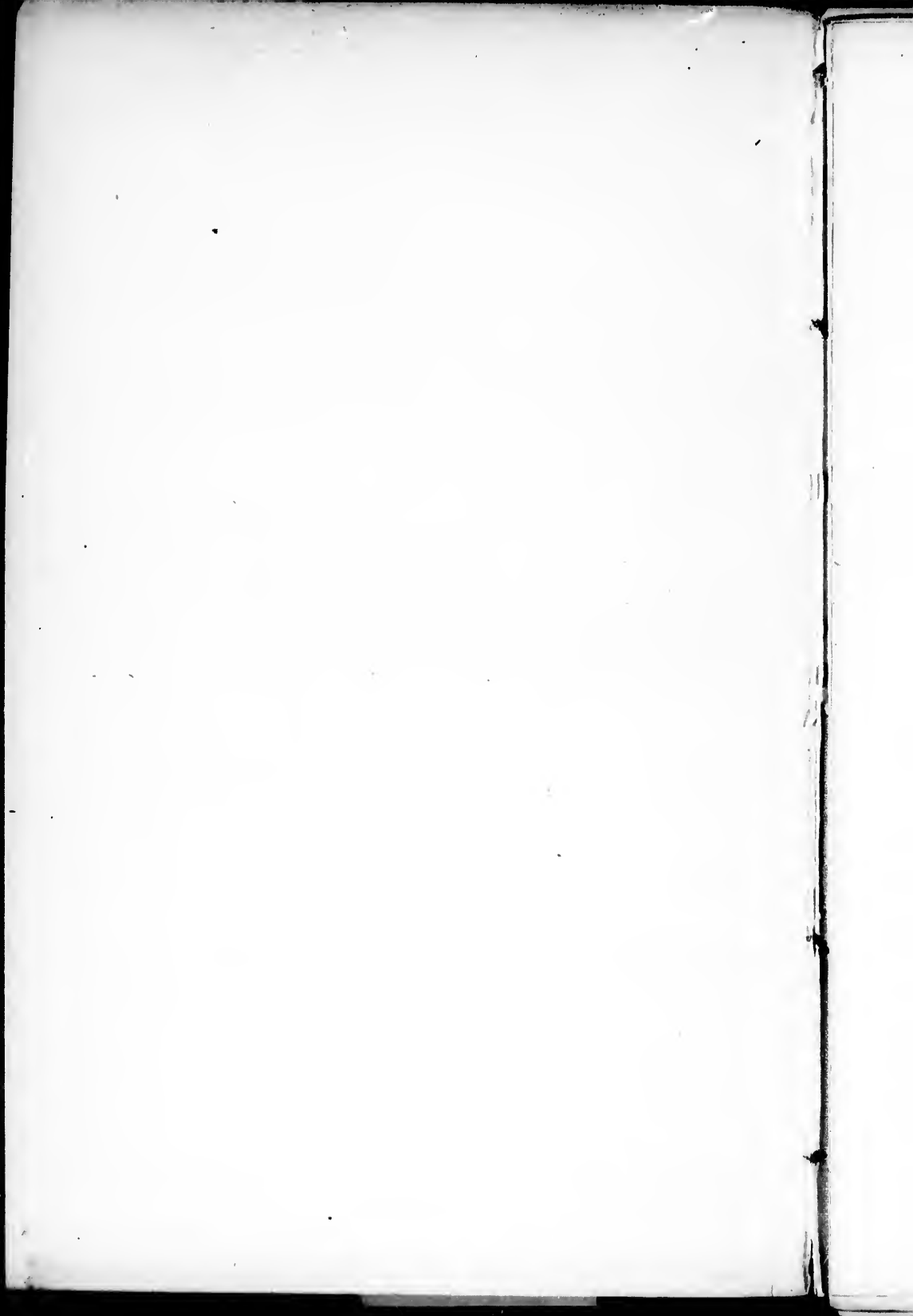
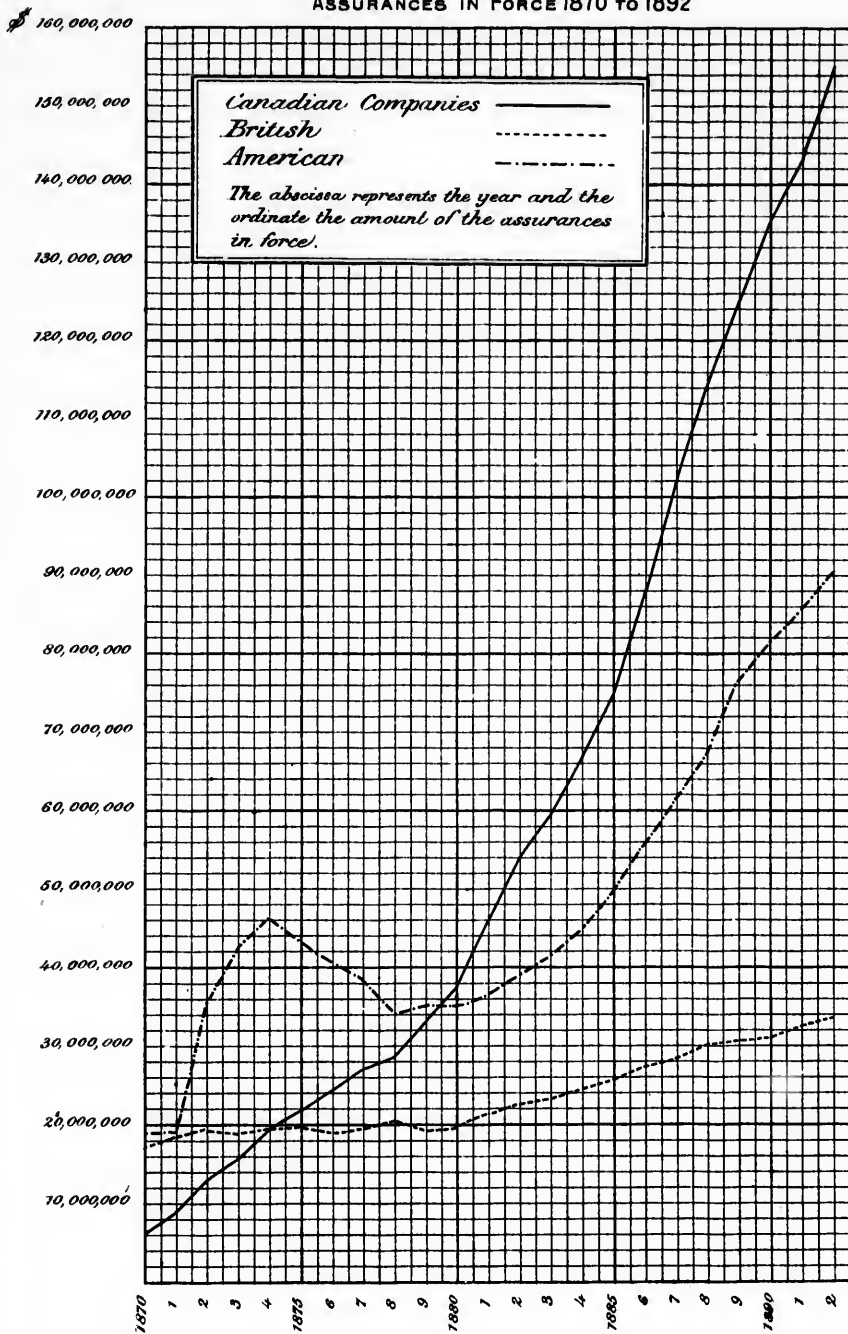
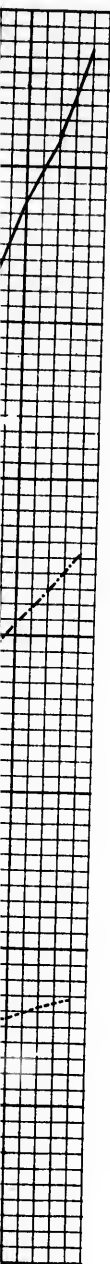




DIAGRAM ILLUSTRATING TABLE 4.
ASSURANCES IN FORCE 1870 TO 1892



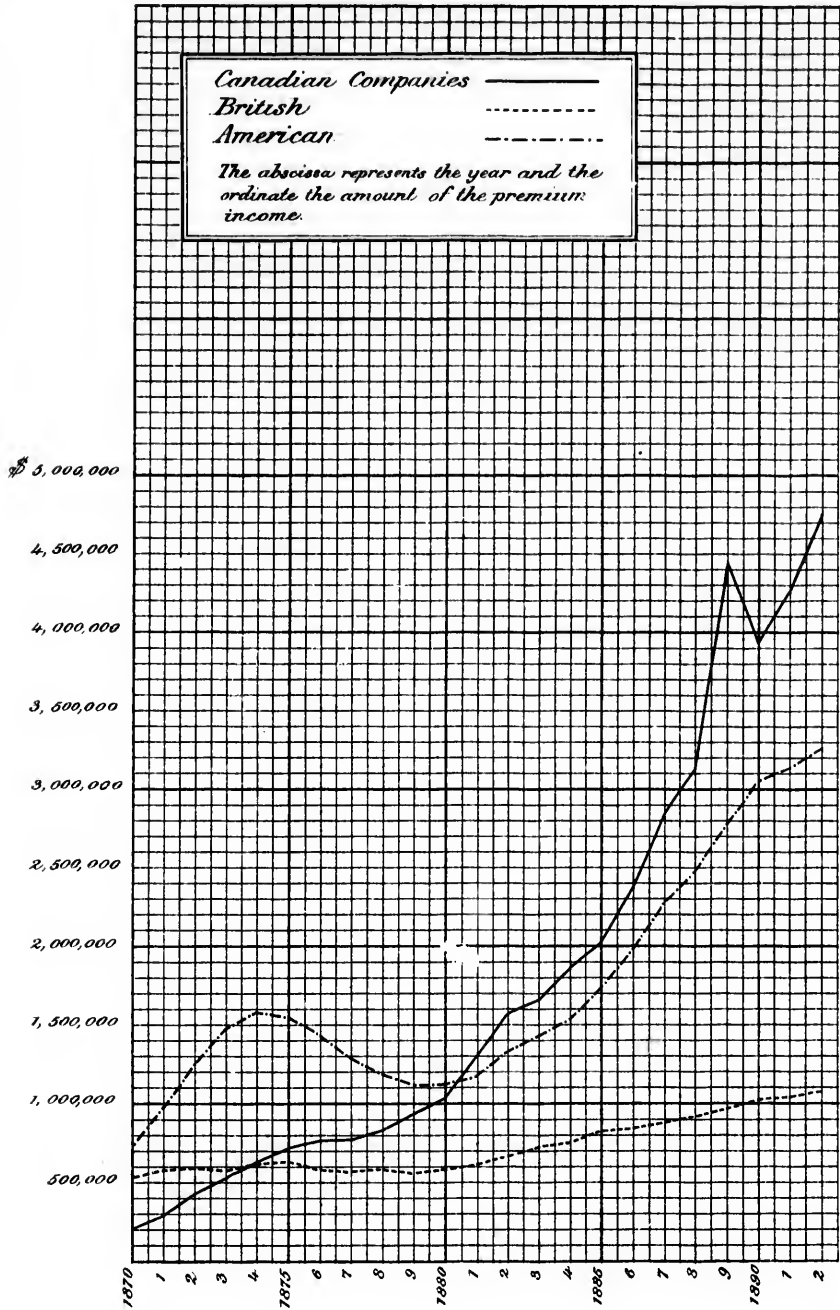


1

2



DIAGRAM ILLUSTRATING TABLE 3.
PREMIUM INCOME 1870 TO 1892



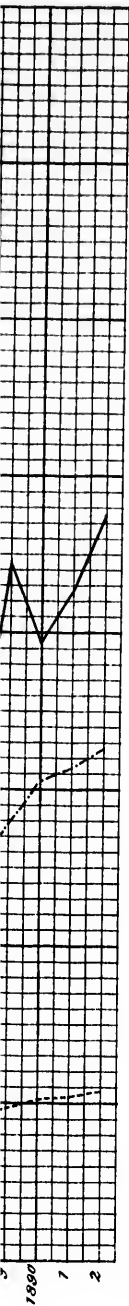
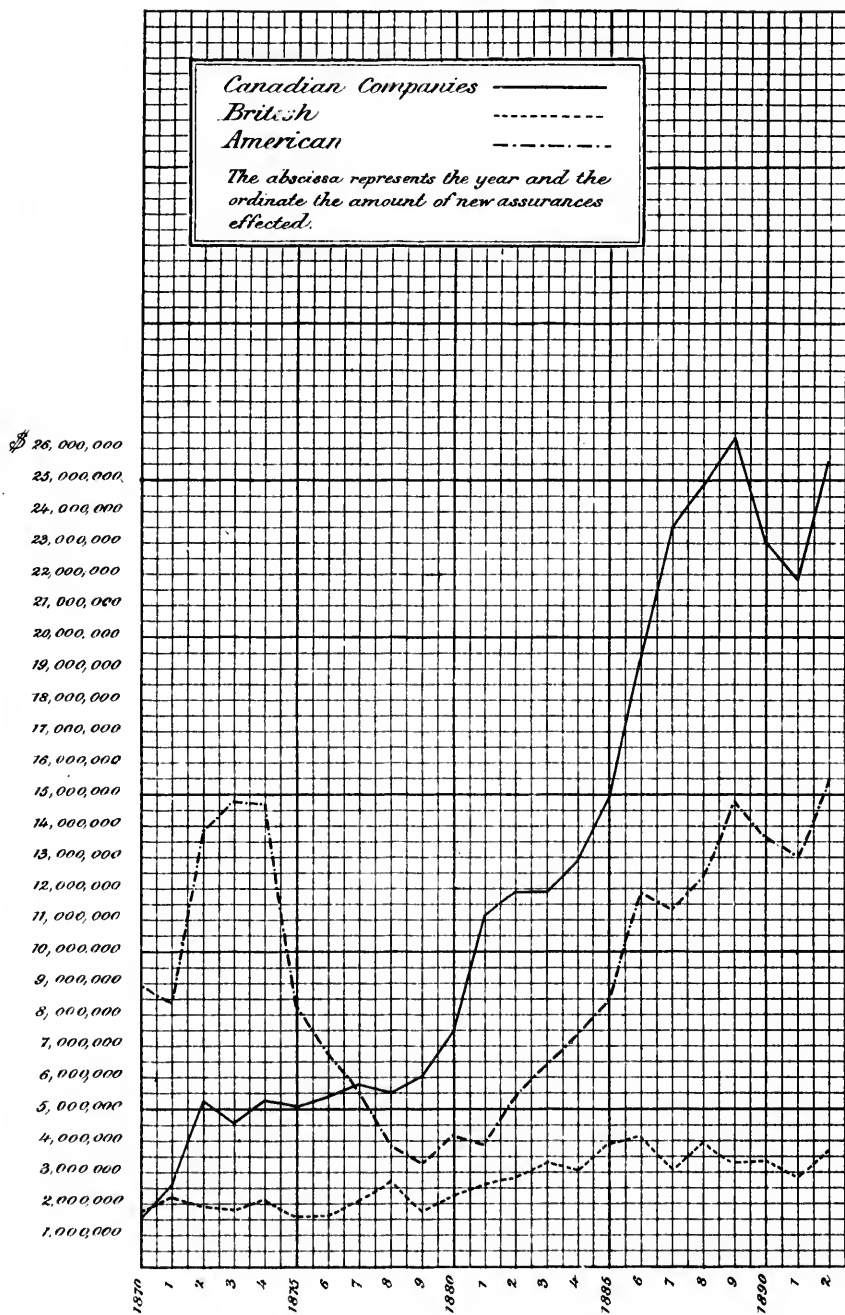


DIAGRAM ILLUSTRATING TABLE 2
NEW ASSURANCES EFFECTED 1870 TO 1892



Life Assurance in Canada.

(Read before the Actuarial Society of Edinburgh, January 11th, 1894.)

Introduction.

BEFORE proceeding to trace the origin, growth, and present position of Life Assurance in Canada, it will be necessary to give some idea of the size, population, and vital statistics of the Dominion in order to better appreciate the developments of the past and the possibilities of the future.

The Dominion of Canada consists of the Provinces of Ontario and Quebec (formerly Upper and Lower Canada), New Brunswick, Nova Scotia, Prince Edward Island, British Columbia, Manitoba, and the North-west Territories. The area of the whole Dominion is about 3,456,383 square miles, including the water surface. From west to east it is about 3500 miles, and from north to south 1400 miles. The Island of Newfoundland, although included in British North America, does not yet form part of the Dominion; while Alaska belongs to the United States, and Labrador is under the control of Newfoundland. The area of Europe is about 3,661,360 square miles, and of Great Britain and Ireland 120,849 square miles, so that Canada is only about 200,000 square miles smaller than all Europe, while it is nearly twenty nine times as large as the whole United Kingdom. It is also 400,000 square miles larger than the United States, omitting Alaska.

Population.

Although a census had frequently been taken of different portions of Canada at different times since 1665, yet the census of the

ACCESSION NUMBER

9929

Dominion has been taken on only three different occasions, viz., in 1871, 1881, and 1891. According to the census, the population was 3,635,000 in 1871, 4,325,000 in 1881, and 4,833,000 in 1891.¹

The following Table will show the population of each province and the rate of increase:—

POPULATION IN 1871, 1881, AND 1891.

PROVINCE.	1871.	1881.	Increase per cent.	1891.	Increase per cent.
Ontario,	1,620,851	1,926,992	18.6	2,114,321	9.93
Quebec,	1,191,516	1,359,027	14.0	1,488,535	9.53
Nova Scotia, . . .	387,800	440,572	13.6	450,396	2.22
New Brunswick, . .	285,504	321,233	12.4	321,263	0.00
Manitoba,	18,995	62,260	247.2	152,506	144.95
British Columbia, .	36,427	49,459	36.4	98,173	98.49
Prince Edward Island,	94,021	108,891	15.8	109,078	0.17
The Territories, . .	...	56,446	...	98,967	75.33
Total,	3,635,024	4,324,810	18.97	4,833,239	11.74

The rapid development of Manitoba, British Columbia, and the Territories during the last ten years, as shown in the foregoing table, is in strong contrast to the stationary population of New Brunswick, and the slow growth of Prince Edward Island and Nova Scotia. Of the 4,833,239 persons in Canada at the 1891 census, 86.6 per cent. were born in Canada; 10.1 per cent. were born in British possessions, and only 3.3 per cent. were born in foreign countries, the foreigners being largely composed of emigrants located in Manitoba and British Columbia. The number of persons per square mile in Great Britain and Ireland has been given as 315, whereas, according to the last census, Canada only shows 1.5 persons per square mile. The life insurance in force in Canada per head of population was \$12.61 in 1871, \$23.88 in 1881, and \$54.10 in 1891.

Vital Statistics.

The expense connected with a complete registration of Births and Deaths has hitherto prevented the Dominion Government

¹ For an interesting account of the growth of population, etc., in Canada, *vide* Longstaff, *Studies in Statistics*, chap. vii.

from attempting any such statistics for the whole Dominion, so that beyond the system of registration in the Province of Ontario, and that of the Catholic population of Quebec, the only particulars of births and deaths of any importance are the comparatively uncertain results of the Dominion census. The Province of Quebec has recently passed an Act requiring returns of vital statistics. This Act came into force in July 1893. An attempt was made in 1892 to have the various provinces co-operate with the Dominion Government in the establishment of a complete system of registration, but the effort was unsuccessful. From the great importance of the result of such a registration, it is to be hoped that the end will yet be attained. Even in Ontario, the Registrar is compelled to admit that, as the result of careful examination into the system of registration 'in several directions, the working of the Act in the past has been but partially successful in the attainment of the desired ends.'

In the Dominion census of 1891, great pains were taken to secure returns of births and deaths as accurate as possible. According to these returns the number of deaths per 1000 was 14.10, the proportion of males being 52.4 per cent., and of females 47.6 per cent.

The death-rate per 1000 for each province at the two census years 1881 and 1891 was as follows:—

	1881.	1891.
Ontario,	11.81	11.30
Quebec,	19.07	18.91
Nova Scotia,	14.54	14.57
New Brunswick,	15.02	13.36
Manitoba,	12.34	10.36
British Columbia,	20.35	13.94
Prince Edward Island,	14.27	12.26
The Territories, . . . . .	...	7.32
Canada,	14.37	14.10

In 1891 the birth-rate for the Dominion was 28.1 per 1000, as compared with 31.8 in 1881.

The well-known relation as to the number of male births to female is sustained also in Canada, where there were 106.5 boys born to 100 girls in 1871; 106.3 to 100 in 1881; and 106.5 to 100 in 1891. The excessive birth-rate and death-rate of the Province of Quebec, especially its Roman Catholic population, is

worthy of remark. Comparing Quebec with Ontario, we get the following figures from the census returns :—

	BIRTH-RATE.		DEATH-RATE.	
	1881.	1891.	1881.	1891.
Ontario,	29.01	24.50	11.81	11.30
Quebec,	39.03	36.86	19.07	18.91

DEATH-RATE, 1891.

Roman Catholics of Quebec, . 20.1 Roman Catholics of Ontario, . 14.0
 Protestants " " . 10.8 Protestants " " . 10.8

The excessive birth and death rate of the Roman Catholic population (which largely predominates in Quebec) has been attributed, on the one hand, to the prolific nature of the French *habitant*, and, on the other, to the corresponding backward state of sanitary knowledge and improvements. Were it not for this excessive death-rate among the French-speaking population, Canada would rank as one of the healthiest countries in the world (if not the healthiest), as the following extract from the Dominion census report testifies :—

‘The conclusions to be deduced from the examination of these returns are that Canada is the healthiest country of any which have statistics of deaths, excepting two or three of the colonies of the Australian Group; that it is not surpassed in this regard even by the Australian continent as a whole; that the deaths of children under twelve months are fewer in Canada than in other countries, excepting Norway, New Zealand, Scotland, Sweden, and Ireland; that the average death-rate would be lower than it is were it not for the comparatively high death-rate among French-speaking Canadians, and that this higher death-rate requires investigation to ascertain, if possible, the causes, for the purpose of providing a remedy, success in which would place *Canada at the head of all countries as the healthiest.*’

This portion of our paper may be concluded by giving an interesting table compiled by the Dominion census officer :—

Table showing the death-rate per 1000 at various ages in different countries :—

COUNTRY.	UNDER 5.	5 to 10.	10 to 25.	25 to 45.	45 to 55.	55 to 65.	65 to 75.
Canada . . .	46.73	6.02	2.92	6.88	9.34	15.96	36.68
Victoria . . .	36.6	3.5	3.9	10.2	16.2	29.2	21.1
England . . .	63.6	6.6	5.5	10.2	17.4	31.8	64.3
United States .	58.8	10.1	5.4	10.8	17.6	27.2	51.4
France . . .	75.6	9.2	8.8	12.7	16.6	28.3	66.3
Prussia . . .	...	9.2	6.4	11.5	18.6	33.0	64.5
Austria . . .	111.7	9.8	6.6	11.3	21.1	41.5	92.8
Switzerland . .	...	8.5	6.3	11.6	19.3	38.4	82.5
Italy . . .	110.6	11.6	7.8	11.7	17.3	33.1	70.0
Spain . . .	106.2	11.7	8.8	12.9	23.8	42.0	95.0
Belgium . . .	68.1	12.7	8.1	12.9	19.0	32.3	74.5
Sweden . . .	57.6	8.0	4.8	8.2	14.7	27.4	62.6

Origin of Life Assurance in Canada.

With the organisation of the Canada Life Assurance Company on the 21st August 1847, and the issue of its first policy on the 29th October of the same year, the real history of Canadian life assurance may be said to begin. Prior to this date, several British Companies appear to have had agencies in Canada, but the amount of their annual business would not appear to have been large, for in 1847 the annual premium income of these Companies in Canada was only about £15,000. Of the Companies reporting to the Government in 1869, the Scottish Amicable seems to have been the first Company to transact business in Canada, the date of its commencement being given as 1846. The first annual report of the Canada Life Assurance Company states that in 1847 'the practice of life assurance was but little understood among us, notwithstanding the exertions of the colonial agencies of many British Companies, while its governing principles were still less generally understood.' A fact in this same report, regarding the expenses incident to organisation, will no doubt be of interest, especially in view of the experiences of other Companies in more recent years. The total receipts for the first year were £2153, whereas the expenses of the year were only £380, so that, as the report states, the Company was 'placed in a position at its first annual meeting, which is unexampled in the history of British life assurance, that of having realised profits without having included, as is usual, the value of the risks already earned.'

For nearly a quarter of a century the Canada Life was the only native Company doing business in the Dominion. A sentence from its prospectus in 1859 will give some idea of the reception it received during these early years:—'It encountered coldness where it might have expected cordiality, lukewarmness where there should have been zeal, and misgivings where there should have been confidence.' But with the march of years this lukewarmness and lack of confidence gradually gave way to admiration and implicit confidence, so that for many years past the Canada Life has held the foremost place among Canadian Life Assurance Companies.

The year 1847 was also marked by the introduction of the Standard of Edinburgh, which still continues to do a substantial business in the Dominion. In 1850 appeared an American Company, the *Ætna Life*. Then followed the *Liverpool, London and Globe*, and the *Royal* in 1851; the *Edinburgh Life* and the *Life Association of Scotland* in 1857; the *Scottish Provincial* and the *Queen Insurance Company* in 1859; the *London Assurance Corporation*, and the *North British and Mercantile* in 1862; the

Commercial Union and the London and Lancashire in 1863; the Travellers in 1865, and the Phoenix Mutual in 1866. The next year, 1867, was the birthday of the Dominion of Canada, when the existing provinces were confederated into one Dominion, and a constitution was given by the Imperial Parliament in the British North America Act, 1867, to which reference will have to be made later on when discussing the question of Dominion *versus* Provincial jurisdiction in insurance matters.

From 1867 onward a rapid succession of Companies, native and foreign, followed.

The dates of entry, dates of retirement, etc., of the various Companies that have transacted business in Canada are given in Table 'A' in the Appendix. An examination of this table shows that sixteen Canadian Companies have been organised and commenced business in Canada.

Of the twelve existing Dominion Companies, nine have their head offices in Ontario; one in Quebec (Province); one (a young Company) in Manitoba; and one (a Natural-Premium Company) in New Brunswick. So that, with the exception of the Company in Quebec Province, all the principal Canadian Companies have their chief offices in Ontario.

In addition to these, there are two Provincial Companies in Ontario, both young and not included in these remarks.

The following statement shows what has become of these sixteen Companies:—

Total number of Canadian Companies commenced business,	16
" " " existing,	. 12
" " " re-insured,	. 4
" " " failed,	. 0
Total,	— 16

Thus 75 per cent. of the Canadian Companies are still in existence, and no Canadian Life Assurance Company has ever gone into liquidation. Two of the American Companies that transacted business in Canada failed, while one English Company suspended after ceasing for some years to transact any new business in Canada. That no Canadian Companies have ever gone into liquidation, and that so large a percentage are still doing business, is a creditable record for a country in which, from the nature of the case, a high standard of the knowledge of life assurance principles and practice has not always existed.

The first Dominion legislation affecting life assurance was passed in the first Parliament of Canada in 1868, by which,

among other provisions, every Company doing business required a licence, and a Government deposit of at least \$50,000.

In 1875 the Dominion Government Insurance Department was established by 38 Victoria, Chapters 20 and 21; and more explicitly in 1877 by 40 Victoria, Chapter 42.

The first Insurance Blue Book was issued by the Department in 1876, which gave the statements of Companies for 1875, and also an abstract and summary of the total business transacted in Canada from 1869 to 1875.

The Dominion Insurance Act at present in force is chiefly a consolidation of the above-mentioned Acts, with some alterations and amendments.

The text of the Act (which is known as the Canadian Insurance Act, 1886) may be found in the Journal of the Institute of Actuaries (xxvii. p. 456).

The Act is also contained in the Dominion Insurance Blue Book for the year ending 31st December 1885.

Growth of Life Assurance in Canada.

The growth of life assurance in Canada can perhaps best be shown in tabular form from an examination of the Insurance Blue Books.

The following Table (No. 1) shows the number of active Companies licensed and doing business in Canada from 1869 to 1892:—

YEAR.	CANADIAN.	BRITISH.	AMERICAN.	TOTAL.
1869	1	14	9	24
1870	1	15	9	25
1871	2	15	9	26
1872	4	15	11	30
1873	4	14	13	31
1874	6	15	13	34
1875	7	14	13	34
1876	7	14	13	34
1877	7	13	12	32
1878	6	11	6	23
1879	7	11	5	23
1880	7	11	5	23
1881	8	11	5	24
1882	9	11	6	26
1883	9	11	7	27
1884	9	11	7	27
1885	10	11	8	24
1886	10	11	8	29
1887	11	10	9	30
1888	11	10	8	29
1889	12	9	10	31
1890	12	9	10	31
1891	11	9	10	30
1892	12	9	10	31

In 1870 the number of licensed Canadian Companies was only 1; of British 15; and of American 9. In 1880 the figures were, Canadian 7; British 11; and American 5; while in 1890 they were, Canadian 12; British 9; and American 10. These last figures remained the same in 1892. The succeeding Tables will show the result of the operations of these three classes of offices. The continuous growth of the Canadian Companies from the lowest to the highest place in the three following Tables is worthy of notice, and reveals a gradual but marked change in public opinion.

In order to exhibit this growth of public confidence in native institutions more fully, reference may be made to the three accompanying graphic illustrations :—

TABLE II.

NEW ASSURANCES EFFECTED IN CANADA FROM 1870 TO 1892 BY
BRITISH, CANADIAN, AND AMERICAN COMPANIES.

YEAR.	CANADIAN COMPANIES.	BRITISH COMPANIES.	AMERICAN COMPANIES.
1870	\$1,584,456	\$1,657,493	\$8,952,747
1871	2,623,944	2,212,107	8,486,575
1872	5,276,859	1,896,655	13,896,587
1873	4,608,913	1,704,338	14,740,367
1874	5,259,822	2,143,080	14,705,319
1875	5,077,601	1,680,833	8,306,824
1876	5,465,966	1,683,357	6,740,804
1877	5,724,648	2,142,702	5,667,317
1878	5,508,556	2,789,201	3,871,998
1879	6,112,706	1,877,918	3,363,600
1880	7,547,876	2,302,011	4,057,000
1881	11,158,479	2,536,120	3,923,412
1882	11,855,545	2,833,250	5,423,960
1883	11,883,317	3,278,008	6,411,635
1884	12,926,265	3,167,910	7,323,737
1885	14,881,695	3,950,647	8,332,646
1886	19,289,694	4,054,279	11,827,375
1887	23,505,549	3,067,040	11,435,721
1888	24,876,259	3,985,787	12,364,483
1889	26,438,358*	3,399,313	14,719,266
1890	23,541,404	3,390,972	13,591,080
1891	21,904,302	2,947,246	13,014,739
1892	25,585,534	3,625,213	15,409,266
	\$282,637,748	\$62,334,480	\$216,556,458

* Including 20 months' business of the Canada Life, which changed the date of its fiscal year.

TABLE III.—PREMIUM INCOME DURING 1870 TO 1892.

YEAR.	CANADIAN COMPANIES.	BRITISH COMPANIES.	AMERICAN COMPANIES.
1870	\$203,922	\$531,250	\$729,175
1871	291,897	570,449	990,628
1872	417,628	596,982	1,250,912
1873	511,235	594,108	1,492,315
1874	638,854	629,808	1,575,748
1875	707,256	623,296	1,551,835
1876	768,543	597,155	1,437,612
1877	770,319	577,364	1,299,724
1878	827,098	586,044	1,197,535
1879	919,345	565,875	1,121,537
1880	1,039,341	579,729	1,102,058
1881	1,291,026	613,595	1,190,068
1882	1,562,085	674,362	1,308,158
1883	1,652,543	707,468	1,414,738
1884	1,869,100	744,227	1,518,991
1885	2,092,986	803,980	1,723,012
1886	2,379,238	827,848	1,988,634
1887	2,825,115	890,332	2,285,954
1888	3,166,883	928,667	2,466,298
1889	4,459,595	979,847	2,785,403
1890	3,921,137	1,022,362	3,060,652
1891	4,258,926	1,030,479	3,128,297
1892	4,729,940	1,088,643	3,251,598

TABLE IV.—AMOUNT OF ASSURANCES IN FORCE, 1870 TO 1892.

YEAR.	CANADIAN COMPANIES.	BRITISH COMPANIES.	AMERICAN COMPANIES.
1870	\$6,404,438	\$17,391,922	\$18,898,353
1871	8,711,111	18,405,325	18,709,499
1872	13,070,811	19,258,166	34,905,707
1873	15,777,197	18,862,191	42,861,508
1874	19,634,319	19,863,867	46,218,139
1875	21,957,296	19,455,607	43,596,361
1876	24,649,284	18,873,173	40,728,461
1877	26,870,224	19,349,204	39,468,475
1878	28,656,556	20,078,533	36,016,848
1879	33,246,543	19,410,829	33,616,330
1880	37,838,518	19,789,863	33,643,745
1881	46,041,591	20,983,092	36,266,249
1882	53,855,051	22,329,368	38,857,029
1883	59,213,609	23,511,712	41,471,554
1884	66,519,958	24,317,172	44,616,596
1885	74,591,139	25,930,272	49,440,735
1886	88,181,859	27,225,607	55,908,230
1887	101,796,754	28,163,329	61,734,187
1888	114,034,279	30,603,210	67,724,094
1889	125,125,692	30,488,618	76,348,392
1890	135,218,990	31,613,730	81,599,847
1891	143,368,817	32,407,937	85,698,475
1892	154,709,077	33,692,706	90,708,482

Comparing Tables II. and IV., we see that of the \$42,694,713 assurances in force in Canada in 1870, the Canadian Companies held 15 per cent.; the British Companies held 41 per cent.; and the American Companies held 44 per cent. In the same year out of \$12,196,696 assurances effected by the three classes of offices, the Canadian Companies secured only 13 per cent., while the British Companies secured 14 per cent., and the American Companies 73 per cent.

Coming now to the year 1892, we find that of the \$279,110,265 of business in force in Canada, the Canadian Companies held 55 per cent. thereof, the British Companies 12 per cent., and the American Companies 33 per cent., while of the new assurances effected in 1892, the Canadian Companies wrote 57 per cent., the British Companies 8 per cent., and the American Companies 35 per cent.

These figures are brought together in the following Table:—

	1870.	1892.	1870.	1892.
	Percentage of Total New Assurances Effected.	Percentage of Total New Assurances Effected.	Percentage of Total Assurances in Force.	Percentage of Total Assurances in Force.
Canadian Companies, . .	13	57	15	55
British Companies, . . .	14	8	41	12
American Companies, . .	73	35	44	33
	100	100	100	100

Dominion v. Provincial Jurisdiction in matters of Insurance.

A curious anomaly is found to exist in Canada in reference to legal jurisdiction in insurance in all its branches.

That the Dominion Parliament and the Provincial Legislatures should both have powers to create Insurance Companies, and pass laws to regulate the same, must at first sight seem strange, but such powers have been claimed and exercised by each, and as a result much litigation has arisen therefrom.

In the Dominion there exists the Dominion Insurance Depart-

ment, Dominion Insurance Laws, and Companies incorporated by the Dominion Parliament and regulated by Dominion Insurance Laws.

In the Province of Ontario, for example, we have the Ontario Insurance Department, certain Provincial Insurance Laws, and Companies incorporated by the Provincial Legislature, and regulated by Ontario Insurance Laws. Moreover, the Dominion Companies are also subject to such laws as the various Provinces see fit to impose upon them. These anomalies grow out of the interpretation of Sections 91 and 92 of the British North America Act, 1867, in which the legislative powers are distributed in detail between the Dominion Parliament on the one hand, and the Provincial Legislatures on the other. Among the Dominion powers is the 'Regulation of Trade and Commerce;' among the Provincial powers is the right to make laws concerning 'Property and Civil Rights' in the Province. The defendants of Dominion legislation have strenuously endeavoured to include legislation on insurance, and regulation of Insurance Companies under the above heading, 'Regulation of Trade and Commerce;' while the upholders of Provincial authority have just as strenuously, and on the whole more successfully, relied on the Provincial authority to legislate on insurance matters under the heading of 'Property and Civil Rights.'

A short *résumé* of the leading cases will make the subject clearer.

Omitting the two minor cases, *Billington v. Provincial Insurance Company*, and *Dear v. Western Assurance Company*, in which these Companies set up (unsuccessfully) that having obtained their authority from the Dominion, the Ontario legislature could not control or regulate them, the cause which led up to the leading cases of *Parsons v. Citizens Insurance Company*, and *Parsons v. Queen Insurance Company*, was the constitutionality of the Ontario Fire Insurance Policy Act, 1876.

By this Act all the Fire Insurance Companies doing business in Ontario were compelled to print certain uniform statutory conditions on their policies, and 'any variation, omission, or addition was to be printed in conspicuous type, and in ink of a different colour.'

All the leading Companies refused to issue policies in the form and manner prescribed, and judgment having been given against them in certain cases in the Ontario Courts, the above two cases were carried from the Ontario Court of Appeal, first to the Supreme Court of Canada, and then to the Privy Council of Great Britain. A few extracts from the various judgments will serve to throw light on this important question.

A number of local Fire Insurance Companies, and one or two Life Companies, have been under the sole superintendence of the Ontario Insurance Department; while Companies having Dominion licence have been largely under the jurisdiction of the Dominion Insurance Department, but amenable to any existing Provincial laws.

Of the Provincial enactments on insurance, those of Ontario are the most numerous and important, this being the only Province with an insurance department and an inspector or superintendent of insurance.

The above-mentioned compromise was, however, considerably invaded by the passing of the Ontario Corporations Act in 1892 (and amendments thereto in 1893), to which reference will have to be made later on. For instance, every Company having a Dominion licence is required to be registered in the office of the Ontario Inspector of Insurance, and in addition is required to pay certain fees, the chief of which is the yearly tax of \$100, while every insurance agent in Ontario, whether representing a Provincial or Dominion Company, is compelled to be licensed and pay a yearly fee of \$2.00 to the Provincial Government.

The Insurance Corporations' Act just mentioned is a comprehensive and important piece of legislation, in which the jurisdiction of the Provincial legislature is strongly asserted. Three of the other Provinces had previously passed laws respecting taxes on Life Insurance Companies or agents. The Province of Quebec imposes on Life Insurance Companies a tax of \$500 per annum, with an additional tax of \$100 per annum for each office in Montreal or Quebec city, and \$500 for each office or place of business established in any other place. In the Province of New Brunswick, special or travelling life insurance agents are compelled to pay an annual tax or licence fee of \$100, but this does not apply to agents who for twelve months have resided in the Province and have had during such time a fixed place of business. In the city of Charlottetown, Province of Prince Edward Island, every Life Insurance Company is assessed in respect to the real estate or moveable property owned by said Company, in the same way as the other rate-payers, and has in addition to pay a licence fee of \$50.00.

State Supervision.

The question of State supervision has given rise to a great deal of discussion on both sides of the Atlantic. While liberty and publicity are the features of the British system, strict legal supervision and publicity characterise the Canadian system.

The reading of Mr. King's paper at the Institute of Actuaries

(J.I.A. 29) brought out forcibly the opposition to any system of strict legal supervision for Great Britain, similar to the American system. It may be quite probable that the opinion of State supervision, created in the British mind, is derived largely from the American system, and it is therefore important to point out that in some important respects the Canadian law is radically different from the American.

Canadian supervision of Companies doing business throughout Canada is Federal, not local or provincial (although the Province of Ontario does supervise Companies doing business in Ontario only). The result is, in place of having to deal with seven or eight local departments, Companies deal directly with one Federal Insurance Department at Ottawa.

The benefits of this are :—

- (a) Uniform laws and regulations.
- (b) Freedom from continuous changes of local departments.
- (c) The publication of the official statements of Companies on similar standards at the same time.
- (d) Saving in expense.
- (e) The education of public opinion according to one well-recognised standard, thus avoiding a conflict of opinion and a conflict of Government standards.

The second point of distinction is that the appointment of Superintendent of Insurance is not a political appointment depending on every change of government, as in the United States. This is a most important improvement on the American system, and one which renders difficult the passing of crude insurance laws and regulations, and especially the manipulation of the insurance department for personal or political ends. Since the establishment of the Canadian Insurance Department in 1875, there have been only two Superintendents of Insurance, the first, Prof. Cherriman (a Cambridge wrangler), who left the chair of mathematics in Toronto University to accept the position; the second, Mr. Fitzgerald, who is a University man and a barrister. The separation of the office of Superintendent from the arena of party politics is a wise and necessary precaution to successful State supervision. It is not too much to say that the Canadian system of State supervision has, on the whole, been a success. While the doctrine of *laissez faire* may work satisfactorily in an old country like Great Britain, with an educated public opinion, in a young country like Canada, where immature schemes and irresponsible corporations are liable to spring into being at any time, it is almost a necessity to have some means beyond mere publicity by which to regulate their development and exhibit their true standing.

At the present time it is impossible for any insurance corpora-

A number of local Fire Insurance Companies, and one or two Life Companies, have been under the sole superintendence of the Ontario Insurance Department; while Companies having Dominion licence have been largely under the jurisdiction of the Dominion Insurance Department, but amenable to any existing Provincial laws.

Of the Provincial enactments on insurance, those of Ontario are the most numerous and important, this being the only Province with an insurance department and an inspector or superintendent of insurance.

The above-mentioned compromise was, however, considerably invaded by the passing of the Ontario Corporations Act in 1892 (and amendments thereto in 1893), to which reference will have to be made later on. For instance, every Company having a Dominion licence is required to be registered in the office of the Ontario Inspector of Insurance, and in addition is required to pay certain fees, the chief of which is the yearly tax of \$100, while every insurance agent in Ontario, whether representing a Provincial or Dominion Company, is compelled to be licensed and pay a yearly fee of \$2.00 to the Provincial Government.

The Insurance Corporations' Act just mentioned is a comprehensive and important piece of legislation, in which the jurisdiction of the Provincial legislature is strongly asserted. Three of the other Provinces had previously passed laws respecting taxes on Life Insurance Companies or agents. The Province of Quebec imposes on Life Insurance Companies a tax of \$500 per annum, with an additional tax of \$100 per annum for each office in Montreal or Quebec city, and \$500 for each office or place of business established in any other place. In the Province of New Brunswick, special or travelling life insurance agents are compelled to pay an annual tax or licence fee of \$100, but this does not apply to agents who for twelve months have resided in the Province and have had during such time a fixed place of business. In the city of Charlottetown, Province of Prince Edward Island, every Life Insurance Company is assessed in respect to the real estate or moveable property owned by said Company, in the same way as the other rate-payers, and has in addition to pay a licence fee of \$50.00.

State Supervision.

The question of State supervision has given rise to a great deal of discussion on both sides of the Atlantic. While liberty and publicity are the features of the British system, strict legal supervision and publicity characterise the Canadian system.

The reading of Mr. King's paper at the Institute of Actuaries

(J.I.A. 29) brought out forcibly the opposition to any system of strict legal supervision for Great Britain, similar to the American system. It may be quite probable that the opinion of State supervision, created in the British mind, is derived largely from the American system, and it is therefore important to point out that in some important respects the Canadian law is radically different from the American.

Canadian supervision of Companies doing business throughout Canada is Federal, not local or provincial (although the Province of Ontario does supervise Companies doing business in Ontario only). The result is, in place of having to deal with seven or eight local departments, Companies deal directly with one Federal Insurance Department at Ottawa.

The benefits of this are :—

- (a) Uniform laws and regulations.
- (b) Freedom from continuous changes of local departments.
- (c) The publication of the official statements of Companies on similar standards at the same time.
- (d) Saving in expense.
- (e) The education of public opinion according to one well-recognised standard, thus avoiding a conflict of opinion and a conflict of Government standards.

The second point of distinction is that the appointment of Superintendent of Insurance is not a political appointment depending on every change of government, as in the United States. This is a most important improvement on the American system, and one which renders difficult the passing of crude insurance laws and regulations, and especially the manipulation of the insurance department for personal or political ends. Since the establishment of the Canadian Insurance Department in 1875, there have been only two Superintendents of Insurance, the first, Prof. Cherriman (a Cambridge wrangler), who left the chair of mathematics in Toronto University to accept the position; the second, Mr. Fitzgerald, who is a University man and a barrister. The separation of the office of Superintendent from the arena of party politics is a wise and necessary precaution to successful State supervision. It is not too much to say that the Canadian system of State supervision has, on the whole, been a success. While the doctrine of *laissez faire* may work satisfactorily in an old country like Great Britain, with an educated public opinion, in a young country like Canada, where immature schemes and irresponsible corporations are liable to spring into being at any time, it is almost a necessity to have some means beyond mere publicity by which to regulate their development and exhibit their true standing.

At the present time it is impossible for any insurance corpora-

tion to obtain corporate powers under Dominion law, except by special application to Parliament, where the proposed charter has to run the gauntlet of the banking and finance committee. There is no means whereby an Insurance Company can incorporate under a Dominion Act by Letters Patent, as is possible under the Ontario law. The effect of this, together with the stipulation that \$50,000 deposit is required with the Government before commencing a regular life insurance business, puts a pretty effectual check on the hasty organisation of Dominion Life Insurance Companies.

The one point where the Canadian system has pressed severely, if not unjustly, is in requiring a strict net premium valuation according to the H^M 4½ per cent. Table from all Companies, whether old or young. In three or four cases, within recent years, young Companies commencing business in the face of severe competition have been placed at a serious disadvantage in public estimation by having to wear on their banners for several years the stigma of 'capital impaired,' the result being that their natural growth has been unwisely checked by having to comply with a severe valuation regulation at a period in their history when it was least applicable or necessary. This regulation, together with the required deposit of \$50,000, renders it practically impossible for any Dominion mutual life assurance company to come into existence in the future.

The above considerations account for the fact that there is only one purely mutual Canadian life assurance company doing business in Canada. This Company began in 1870 as an Ontario Company, and continued so until, after possessing the requirements of the Dominion Act, it extended its business beyond Ontario under Dominion supervision.

With regard to Government inspection, the Superintendent of Insurance makes at least a yearly visit to the head offices of Canadian Companies, either in person or by deputy, where a rigid verification of the sworn statements of the Companies is made, including a personal inspection of the assets.

When occasion arises, the Superintendent is empowered also to visit the head offices of companies incorporated elsewhere than in Canada and examine into their condition. Within recent years an inspection was made by the Canadian Superintendent of Insurance at the head offices of several American Companies that do business in Canada.

With regard to valuation of policies, the Canadian policies of all Companies doing business in Canada are valued every fifth year by the Dominion Insurance Department, according to the H^M table of mortality and interest at 4½ per cent. In the intervening years,

the Companies either make the valuations themselves, or may request the Insurance Department to do so at a fixed charge. These valuations are not made on the usual British method of classifying the systems of assurances, and valuing the total sums assured and total premiums, but the value to the nearest month of each policy is usually made separately. For this purpose the Dominion Insurance Department has prepared books of valuation of all ordinary forms of assurance policies usually written (Life, Endowment Assurance or Term), according to the H^M 4½ per cent. table, and each Canadian Life Company is furnished with a copy for its own use. These tables, which occupy about 650 pages, are most complete and valuable, and reflect credit on the actuarial branch of the Canadian Insurance Department.

In concluding this topic, it may be said that since its establishment the Canadian system of State supervision has had a salutary effect on the business of life assurance, that the officers of the Insurance Department have shown tact and judgment in administering the law, and that many evils charged against the American State supervision have not found their counterparts in the Canadian system.

Cost of Business.

The expense of conducting a progressive business in America has been a much-discussed question in recent years. The results of the 'high pressure' methods introduced by American Companies have had their effect on Canadian Companies competing on their own ground with the large American Companies. The effect of 'lightning insurance solicitors' and 'executive special agents' from the United States, making flying visits to different points in Canada, and in many cases seducing local agents of Canadian Companies from their allegiance, and offering tempting rebates to assurers, has had a most demoralising effect on public opinion. Not only so, but native Companies have been compelled to raise their agency commissions to points which they should not otherwise have reached. Two or three of the older Canadian Companies have stoutly opposed this despoliation of policyholders' interests, and have managed to keep their expense ratios within reasonable bounds. Taking all the Canadian Companies together, the reduction in the percentage of expenses to income has not been as rapid as the increasing age of the Companies would have led us to expect. It must be remembered, however, that a majority of these Companies are comparatively young, and a low ratio of expense to income could not be expected in consequence of the new business bearing such a large ratio to the

renewal business. Unfortunately, the Government returns do not separate the new from the renewal premiums, so that it is not easy to get at the actual cost of the new business.

The following Table shows that, during the fourteen years, 1879-1892, the percentage of expenses to premium income has been 25 per cent., and of expenses to total income, about 20 per cent.

EXPENDITURE OF CANADIAN COMPANIES.

Year.	Percentage of General Expenses to Premium Income.	Percentage of General Expenses to Total Income.
1879	26.96	20.66
1880	26.23	19.97
1881	27.19	20.88
1882	25.37	20.33
1883	26.41	20.72
1884	26.31	20.91
1885	24.44	19.23
1886	26.58	20.91
1887	25.21	19.48
1888	26.82	21.66
1889	23.87	18.27
1890	23.76	19.27
1891	24.24	19.48
1892	24.17	19.58
Average	25.07	19.98

From Bourne's *Handy Assurance Guide* (1892), we obtain the percentage of expenses to life-premium income for seventy-eight British Companies, and also for four American Companies.

For the year 1891 we have the following comparison :—

	Percentage of Expenses to Premium Income.
78 British Companies, . . .	14.01
4 American Companies, . . .	25.22
12 Canadian Companies, . . .	24.24

To use these figures without considering the ages and circumstances of the Companies is of course open to objection. Most of the British Companies being of many years' standing, a fairer comparison would no doubt be obtained by taking the oldest

Canadian Company, whose age, moreover, corresponds more nearly with that of the American Companies. For the year 1891, the corresponding percentage of the oldest Canadian Company (which also did the largest amount of new business among native Companies) was 17.68, a percentage which compares favourably with many British Companies writing a corresponding amount of new business, and which is much lower than the percentage of the four American Companies. While the commission contracts of local agents for one or two of the oldest Canadian Companies range from 15 to 40 per cent. on new premiums, with 5 to 7½ per cent. on renewals, taking one Company with another, it may be stated that the Commission Contracts of Canadian Companies will average about 45 per cent. on new premiums, and 5 to 7½ per cent. on renewals. The commission paid by American Companies on new business in Canada considerably exceeds that of the average Canadian Company. In quoting these figures it should be understood that these commissions on new business practically cover the agents' remuneration, the British practice of salaried branch managers not being in vogue here. Moreover, the premiums of Canadian Companies being considerably lower than those of British Companies, the *actual outgo* for commissions is correspondingly less, when based on the same rate of commission.

Investment of Life Assurance Funds.

A very fair idea of the direction in which Life Assurance Funds are invested can be obtained from the following classification of the assets of Canadian Companies at the four quinquennial periods, 1877, 1882, 1887, 1892. The large increase in the last quinquennium in the real estate owned is accounted for by the three large new buildings erected by three of the largest Canadian Companies. From 1887 until 1892, a general and commendable falling off has taken place in the item of agents' balances and bills receivable. The loans and obligations on policies in force in 1892 amount to over 9 per cent. of the invested assets. A practice prevails among several Canadian Life Assurance Companies, especially the younger Companies, of taking the note of the assured for one to six months, to cover the first premium. This applies especially to business secured from farmers. The policy is thus left in full force during the currency of the note, and lapses if the note be not paid at maturity. Although facilitating the closing of business promptly, the effect of this practice on the whole is injurious. These short-date notes are included under the heading 'outstanding premiums.'

CLASSIFICATION OF ASSETS OF CANADIAN COMPANIES.

	1877.	1882.	1887.	1892.
Real Estate, . . .	\$184,723	\$381,194	\$552,885	\$2,058,368
Loans on Real Estate, . . .	914,450	2,194,373	5,569,694	11,226,804
Loans on Collaterals, . . .	38,498	271,575	1,260,270	2,240,115
Cash Loans and Premium obligations on Policies in force, . . .	381,551	665,893	1,149,900	2,268,681
Stocks, Bonds, and Debentures, . . .	2,045,470	3,438,521	4,250,877	6,248,246
Cash on hand and in banks, . . .	61,371	204,619	319,515	266,113
Agents balances and Bills Receivable, . . .	16,368	62,022	120,923	23,360
Interest and Rents due and accrued, . . .	47,678	153,335	302,685	528,968
Outstanding and deferred Premiums, . . .	270,002	365,854	739,887	991,031
Other Assets, . . .	42,564	49,814	83,740	76,601
Totals, . . .	\$3,999,675	\$7,787,200	\$14,350,376	\$25,928,287

It may be worth while pointing out in a few words the relative position occupied by investments generally in Canada as compared with those in other parts of the world.

The past two years have witnessed a remarkable series of financial crises in different countries, seriously affecting many investments hitherto regarded as safe. Amid this financial upheaval, investments generally in Canada have maintained a solidity that proves their soundness and reliability. It has been a matter of some surprise that, amid the prevailing depression, the banking and other financial corporations of Canada should have been able to maintain their credit. This is partly accounted for by the sound system of banking in Canada, which has few superiors in any country in this respect, and partly by the slow but patient and industrious nature of Canadian life. Canadian investors are not easily carried away to an Eldorado of high interest rates combined with doubtful security, and in this respect Canada will make a most favourable comparison with Australia and the United States. The investments of Life Assurance Companies in Canada are therefore of a high character, so that the risk of loss from a financial crisis is reduced to a minimum.

Rate of Interest.

Within recent years the important question of the rate of interest earned on Life Assurance Funds has given rise to a good deal of anxiety and discussion in America as well as in Great Britain. In the early history of the oldest Canadian Life Company, valuations were made at '6 per cent. as a safe rate of interest.' In 1870 this was reduced to 5 per cent., and in 1880 to $4\frac{1}{2}$ per cent. As previously indicated the legal standard for valuation of policies in Canada is $4\frac{1}{2}$ per cent. Until recently the average interest earnings of the Canadian Companies have been such that a safe margin has existed between the standard rate and the rate earned. But the steady decline in the rate to be obtained on the best securities has caused the leading Companies to carefully consider whether or not the time was near at hand when a change to a 4 per cent. basis would be not only prudent but necessary. Omitting mention of a recently organised Company (which commences by holding a 4 per cent. reserve) no Canadian Company has yet changed to a 4 per cent. basis. Foreseeing the downward tendency of interest rates, the oldest Canadian Company at its last quinquennial valuation (31st December 1889) put aside \$250,000 (over and above the American Experience $4\frac{1}{2}$ per cent. reserves) as a special fund towards the creation of a 4 per cent. reserve. This has been the first step towards a new standard, but from the annual reports of other Companies, and the opinions of their officers, it is evident the matter is having serious attention, but it will probably be some years yet before a change to a 4 per cent. basis will be enacted by the Government.

The interest earnings of Canadian Companies are given in the following Table, extracted from the *Insurance and Finance Chronicle*, of Montreal.

The rates are obtained from the formula $\frac{2I}{A+B}$, I being the true interest revenue for the year, and A and B the funds at beginning and end of year. As is known, this function gives the *force of interest*. The expression $\frac{2I}{A+B-1}$, which gives the true rate of interest approximately, would bring out slightly higher values, but the following Table, based on the first expression, will no doubt show with sufficient accuracy the ruling rate of interest, and also the steady decline from year to year:—

INTEREST EARNINGS OF CANADIAN COMPANIES.

YEAR.	RATE OF INTEREST EARNED.	RATE OF INTEREST EARNED, INCLUDING PROFITS ON SALE OF SECURITIES.
1880	6.71	6.75
1881	6.70	6.77
1882	6.19	6.20
1883	6.23	6.61
1884	6.09	6.13
1885	6.08	6.22
1886	6.07	6.29
1887	5.77	6.57
1888	5.77	5.83
1889	5.61	5.74
1890	5.50	5.58
1891	5.54	5.59

Mortality.

As previously indicated, the Table of Mortality adopted as the standard in Canada is the H^m Table of the Institute of Actuaries. Unfortunately, no Canadian Company has yet taken out its mortality experience, although it is hoped and expected that some of the older Companies will undertake this important work. Thus it is not possible to give any accurate comparison of the mortality in Canadian Companies, either among themselves or with foreign Companies. From the perusal of the various annual reports of the Companies from year to year, we find the oft-repeated phrase that the mortality experience was well within the expected mortality. To what extent these statements are based on actual calculation is not known outside the offices making them. In order to give some idea of the death-rate per 1000 among insured lives in Canada, the following Table has been compiled from the Companies' returns and printed in the report of the Superintendent of Insurance:—

DEATH-RATE PER 1000 LIVES.

YEAR.	ACTIVE COMPANIES.	ASSESSMENT COMPANIES.	RETIRED COMPANIES.	ALL COMPANIES.
1885	9.646	6.207	16.041	10.017
1886	8.132	7.997	15.817	8.651
1887	8.317	9.120	17.943	8.955
1888	8.614	9.727	23.489	9.495
1889	8.846	8.250	16.840	9.083
1890	10.148	8.475	24.417	10.340
1891	10.178	9.345	20.109	10.335
1892	10.676	8.946	26.512	10.860

It will be noticed that the mortality of the active Companies, among which Canadian Companies largely predominate, is quite low, being on the average less than 10 per 1000. Of course this is largely accounted for by the fact that the lives are comparatively recently selected and drawn largely from among young persons. But there can be little doubt that the insured lives in Canada would make a favourable comparison in point of quality of risk with those of any other country.

With a better knowledge of the climate and risk of travel, the 'extra premium' for foreign residence, as applied to Canada by British Companies, is now a matter of history only.

Foreign Business of Canadian Companies.

Three or four Canadian Companies are doing business elsewhere than in Canada. The only Canadian Company doing business in any of the United States is the Canada Life Assurance Company, and it is besides the only foreign life company that is at present operating in the United States.¹ Its business is confined to the three states of Michigan, Minnesota, and Ohio, although it will no doubt enter other states in the future. Two other Canadian Companies are doing business in South America and the West Indies, and one of these, the Sun Life Assurance Company, has also made a new departure by commencing operations recently in England. The amount of the foreign business of the Canadian Companies in force at 31st December 1892, was \$7,000,000, on which the premium income was \$277,000.

Friendly Societies.

To even trace in outline the rise and progress of Friendly Societies in Canada would require more space than can here be allotted to it, and hence only very brief notes will be made. For some years the Friendly Societies in Canada have been undergoing a gradual evolution from mere Benefit Societies, whose payments were founded on donations to Friendly Societies with benefits founded on *contract* between society and member. To discover or evolve order out of this chaos has been no easy task. As yet Friendly Societies in Canada cannot be said to be more than Assessment Societies whose life assurance schemes are founded on what the President of the Institute of Actuaries in 1890 (Mr. William Sutton) called 'a fallacious principle which had long ago

¹ Since the above was written, the Nederland Life Insurance Company of Holland has been admitted to do business in the State of New York.

been exploded in this country (England).’ These Friendly or Assessment Societies are of two classes—

- (1) Those founded in connection with fraternal order.
- (2) Those having no fraternal feature.

The former are not under Dominion Government supervision ; the latter are to a limited extent, if doing business in more than one Province. Both these classes differ from a regular mutual Assurance Company or Society, in that the latter must be actuarially solvent, whereas a Friendly Society in Canada need only possess sufficient available assets to meet present liabilities.

Of the four non-fraternal societies coming under class 2 above, two found it expedient in 1892 to anticipate their natural fate by re-assuring in a similar but stronger American Assessment Society. The Dominion Insurance Department supervises the business of societies under class 2 (native or foreign) which do business in more than one Province, but it assumes no responsibility for, nor vouches for, their actuarial solvency ; and such societies have by law to bear about in their literature and advertisements the opprobrious title ‘*Assessment System.*’ Although called ‘Assessment Societies,’ nearly all of these societies of both classes have regular periods of assessment, and comparatively regular levies or rates. In many instances these rates approach to those of short-term rates of a regular Company, but a great deal of controversy and misunderstanding prevails among the members of these societies and others as to the possibility and necessity of these assessment rates ever increasing. On this subject an educational process has been and is still going on.

The first attempt to deal with Friendly Societies in Canada in a comprehensive way is found in the Ontario Insurance Corporations Act, 1892, although various laws respecting benefit societies have been passed since 1850. But the above Act is the only case where an attempt has been made to regulate these societies, fraternal or non-fraternal. Of course this law does not affect societies operating entirely outside of Ontario. The general effect of the above Act, as regards Friendly Societies, has been to change them, so far as possible, from societies whose payments rested on donation, to societies with payments founded on contract.

All Friendly Societies undertaking insurance contracts in Ontario must now be registered on the ‘Friendly Society Register’ of Ontario. Various clauses are enacted for the regulation and conduct of these societies, *e.g.*—

- (1) The registration and classification of their contracts and accounts in a form approved by the Registry Officer.
- (2) An annual ‘*bona fide* and business-like audit of its books of record and account,’ showing the actual assets, liabilities,

receipts and expenditures, and the statement of the insurance fund or funds, and a copy of such summary statement shall be filed in the office of the Registrar, as well as furnished to the members or lodges.

- (3) The investment of the surplus funds in specified securities.
- (4) An official audit in certain cases by the Registrar.
- (5) Penalties for falsifying accounts or obstructing an official audit.
- (6) The suspension or cancellation of the Registration of a fraudulently conducted or insolvent society.
- (7) Regulations as to foreign Friendly Societies.
- (8) The exclusion of foreign Assessment Endowment Societies, and the prohibition of the future incorporation of native Assessment Endowment Societies.

The certificate of registry issued to a Friendly Society, or the reporting to the Insurance Department, does not imply any approval of the financial standing or basis of a society, as they are not permitted to make any deposit with the Ontario Insurance Department, which assumes no responsibility for their actuarial solvency. It may be stated that the Wives' and Children's Act, hereafter described, now applies in Ontario to Friendly Societies. The foregoing regulations only apply to Friendly Societies operating within Ontario. Societies whose operations are confined to any other Province are not subject to these regulations.

Insurable Interest (Ontario).

The laws of Ontario are founded on the common law of England; certain Imperial Statutes (prior to 1792); and Provincial Enactments. Among the Imperial Statutes is the well-known Gambling Act of 1774 (14 Geo. III. cap. 48), which has been law in Ontario and remains so, except as modified by the Insurance Corporations Act (1892).

Section 35 (2) of the latter Act, reads thus:—'In order to render valid any contract of life assurance, the beneficiary under the contract, being other than the assured or the parent or *bona fide* assignee or nominee of the assured, or a person entitled under the Will of the assured or by operation of law, must have had at the date of the contract a pecuniary interest in the duration of the life, or other subject insured.'

Section 35 (1) removes the incapacity of a minor between ages 15 and 21 to make a contract of life insurance (either for his own benefit or for that of his father, mother, brother, or sister), and he may now not only make such a contract but he may also give a valid discharge for a surrendered policy or other benefit thereunder.

Prior to the Insurance Corporations Act, 1892, a parent did not have an insurable interest in the life of his child, when a pecuniary interest did not exist.

Notwithstanding this, a large number of Industrial Policies on children had been issued in apparent ignorance of the law. Instead of exempting policies on children from the operation of the Gambling Act, 1774, as was done in the case of the Friendly Societies Act in England, the force of the above-mentioned Act was modified in the Corporations Act by legalising such policies for the future within certain limits as to amount and age. But existing insurances were not interfered with. Thus from ages 2 to 10, the amount of insurance that may be effected on children (where a pecuniary interest does not exist) is limited and gradually graded from \$25 to \$147. After 10 years of age, the restriction as to amount of insurance ceases. According to decisions of the United States Courts, it has been held that a parent has an insurable interest in the life of his minor child, especially where relationship is accompanied with presumptive or conclusive evidence of pecuniary interest, benefit or advantage from the continuance of the life assured. Accepting this wider view of insurable interest, the Insurance Corporations Act provides, Section 35 (6) :—

‘In respect of insurance heretofore or hereafter effected on the lives of persons under 21 years of age, where such insurance has been effected by a parent upon the life of his child, such insurance shall not be deemed to be invalid by reason only of the parent’s want of pecuniary interest in the life of the child.’

Wives and Children Acts.

The Dominion Parliament has never passed any Act similar to the Married Woman’s Property Act of England, or that of Scotland, so that for legislation on this important subject we have to look to the various provincial enactments. By far the most important of these is that in force in Ontario. It is most important as being the first passed, the most frequently amended, and the one to which most frequent reference is made and decisions given. After noting the most salient features of this Act, a few brief notes on similar Acts in other Provinces will be made.

ONTARIO.—In 1865 was passed the first law not only in Ontario but also in Canada relating to life insurance for the benefit of wives and children. This legislation was promoted by the Canada Life Assurance Company and has been the subject of such frequent extensions and amendments that it may now be supposed to have arrived at that position which some of its admirers claim for it, viz., the most

comprehensive and best working 'Wives and Children Act' passed by any legislature. This Act has been before the Ontario Legislature about fifteen times, and it will be found that many of the points which have given rise to doubt and trouble in the corresponding English and Scotch Acts are now definitely settled in the Ontario Act. The general object of the Act is for the protection of sums assured in favour of a wife or children, free from all claims of creditors.

The following are the principal sections of the Ontario 'Wives and Children Act':—

5. In case a policy of insurance effected by a man on his life is expressed upon the face of it to be for the benefit of his wife, or of his wife and children, or of any of them, or in case he has heretofore indorsed, or may hereafter indorse, or by any writing identifying the policy by its number or otherwise has made, or may hereafter make a declaration that the policy is for the benefit of his wife, or of his wife and children, or any of them, such policy shall inure and be deemed a trust for the benefit of his wife, for her separate use, and of his children, or any of them, according to the intent so expressed or declared, and so long as any object of the trust remains the money payable under the policy shall not be subject to the control of the husband or his creditors, or form part of his estate when the sum secured by the policy becomes payable, but this shall not be held to interfere with any pledge of the policy to any person prior to such declaration.

5 (α). In the case of a policy or written contract of life insurance effected before marriage, a declaration under this section shall be, and shall be deemed to have been, as valid and effectual as if such policy or contract had been effected after marriage, but nothing herein contained shall affect any action or proceeding now pending.

6 (α). The husband may, by an instrument in writing, attached to or indorsed on, or identifying the policy by its number or otherwise, vary a policy or a declaration or an apportionment previously made so as to restrict or extend, transfer or limit the benefits of the policy to the wife alone, or the children, or to one or more of them, or to the mother of the assured as a beneficiary or sole beneficiary, although the policy is expressed or declared to be for the benefit of the wife and children, or of the wife alone, or for the child or children alone, or for the benefit of the wife for life and of the children after her death, or for the benefit of the wife, and, in case of her death during the life of the insured, then for the child or children, or any of them, or although a prior declaration was so restricted; and he may also apportion the insurance money among the persons intended to be benefited, and may, from time to time, by an instrument in writing attached to or indorsed on the policy or referring to the same, alter the apportionment as he deems proper; he may also, by his will, make or alter the apportionment of the insurance money, and an apportionment made by his will shall prevail over any other made before the date of the will, except so far as such other apportionment has been acted on before notice of the apportionment by the will or for one or more of the above-mentioned persons for life and after his or their decease, for the benefit of any one or more of the survivors.

7. Where no apportionment is made, all persons entitled to be benefited by the insurance shall be held to share equally in the same; and where it is stated in the policy or declaration that the insurance is for the benefit of the wife and children generally, or of the children generally, without specifying the names of the children, the word 'children' shall be held to mean all the

children of the insured living at the maturity of the policy, whether by his then or any former wife, and the wife to benefit by the policy shall be the wife living at the maturity thereof; provided always that any such policy may be surrendered or assigned;

(a.) Where the policy is for the benefit of the children only, and the children surviving are all of the full age of twenty-one years, if the persons insured and all such surviving children agree to so surrender or assign; or

(b.) Where the policy is for the benefit of both a wife and children, and the surviving children are all of the full age of twenty-one years, if the person insured and his then wife (if any) and all such surviving children agree to so surrender or assign; or

(c.) Where the policy is for the benefit of a wife only, or of a wife and children, and there are no children living, if the person insured and his then wife agree to so surrender or assign.

8. Where an apportionment has been made, if one or more of the persons in whose favour the apportionment has been made die in the lifetime of the insured, the insured may, by any instrument in writing attached to or indorsed on or otherwise referring to and identifying the policy of insurance, declare that the share formerly apportioned to the person so dying shall be for the benefit of such other person or persons as he may name in that behalf, not being other than the wife and children of the insured, or one or more of them, and in default of any such declaration, the share of the person so dying shall be the property of the insured, and may be dealt with and disposed of by him as he may see fit, and shall at his death form part of his estate.

9. Where no apportionment has been made, if one or more of the persons entitled to the benefit of the insurance die in the lifetime of the insured, and no apportionment is subsequently made by the insured, the insurance shall be for the benefit of the survivor or of the survivors of such persons in equal shares if more than one; and if all the persons so entitled die in the lifetime of the insured, the policy and the insurance money shall form part of the estate of the insured; or after the death of all the persons entitled to such benefit, the insured may, by an instrument executed as aforesaid, make a declaration that the policy shall be for the benefit of his then or any future wife or children, or some or one of them.

10. (1) When the insurance money becomes due and payable it shall be paid according to the terms of the policy, or of any declaration or instrument as aforesaid, as the case may be, free from the claims of any creditors of the insured, except as herein provided.

11. The insured may, by the policy or by his will, or by any writing under his hand, appoint a trustee or trustees of the money payable under the policy, and may from time to time revoke such appointment in like manner and appoint a new trustee or new trustees, and make provision for the appointment of a new trustee or new trustees, and for the investment of the moneys payable under the policy. Payment made to such trustee or trustees shall discharge the Company.

12. If no trustee is named in the policy, or appointed as mentioned in section 11, to receive the shares to which infants are entitled, their shares may be paid to the executors of the last will and testament of the insured, or to a guardian of the infants duly appointed by one of the Surrogate Courts of this Province, or by the High Court of Justice, or to a trustee appointed by the last-named Court upon the application of the wife or of the infants or their guardian, and such payment shall be a good discharge to the Insurance Company.

16. If a person who has heretofore effected, or who hereafter effects an insurance for the purposes contemplated by this Act, whether the purpose appears by the terms of the policy or by indorsement thereon, or by an instrument referring to and identifying the policy, finds himself unable to continue to meet the premiums, he may surrender the policy to the Company, and accept in lieu thereof a paid-up policy for such sum as the premiums paid would represent, payable at death, or at the Endowment age, or otherwise (as the case may be), in the same manner as the money insured by the original policy, if not surrendered, would have been payable, and the Company may accept the surrender and grant the paid-up policy, notwithstanding any declaration or direction in favour of the wife and children, or any or either of them.

17. The person insured may from time to time borrow from the Company insuring or from any other Company or person, on the security of the policy, such sums as may be necessary, and shall be applied to keep the policy in force, and on such terms and conditions as may be agreed on, and the sum so borrowed, together with such lawful interest thereon as may be agreed on, shall, so long as the policy remains in force, be a first lien on the policy and on all moneys payable thereunder, notwithstanding any declaration or direction in favour of the wife and children, or any or either of them.

20. No declaration or apportionment affecting the insurance money or any portion thereof, nor any appointment or revocation of a trustee, made after the passing of this Act, shall be of any force or effect as respects the Company, until the instrument or a duplicate or copy thereof is deposited with the Company.

Where a declaration or indorsement has been heretofore made, and notice has not been given, the Company may, until they receive notice thereof, deal with the insured or his executors, administrators or assigns, in respect of the policy, in the same manner and with the like effect as if the declaration or indorsement had not been made.

21. If the policy was effected and premiums paid by the insured with intent to defraud his creditors, the creditors shall be entitled to receive, out of the sum secured, an amount equal to the premiums so paid.

23. Where all the persons entitled to be benefited, whether by original insurance, by written declaration, or by instrument of apportionment under any policy are of full age, they and the person insured may surrender the policy or assign the same, either absolutely or by way of security.

The following important provisions as to Insurance are contained in the 'Act respecting Contracts of Life Insurance,' 53 Vict. c. 39 (Ont.):—

1. Where a contract of life insurance is effected by an unmarried man, for the benefit of his future wife, or future wife and children, but the contract does not designate by name or otherwise clearly ascertain a specific person as such intended wife, the contract (not being within the intent of sub-sections 2 and 3 hereof) shall be construed as provided in section 7 of the Principal Act.

2. When a contract of life insurance is effected as in sub-section 1, but at the maturity of the contract the insured is still unmarried, or is a widower without issue, the insurance money shall fall into and become part of the estate of the insured.

3. When a contract of life insurance is effected by an unmarried man for the benefit of his future wife, or future wife and children, and the intended wife is designated by name, or is otherwise clearly ascertained in the contract of life insurance, but the intended marriage does not take place, all questions arising on such contract shall be determined as if this Act had not been passed.

4. (1) A policy or written contract of life insurance effected by any woman on her own life, and expressed to be for the benefit of her husband and children, or any of them, shall be deemed a trust in favour of the objects therein named, and the moneys payable under such policy shall not, so long as any object of the trust remains unperformed, form part of the estate of the deceased, or be subject to her debts.

(2) Whatever under the Principal Act a man may lawfully do in respect of insurance effected upon his life, may also, under the like circumstances, be done by a woman in respect of insurance effected upon her life; and the like rules of construction shall prevail.

5. Any person, either by the original contract of life insurance or by indorsement thereon or otherwise, as provided in section 6 of the Principal Act, may make his or her mother a beneficiary or the sole beneficiary under the contract, and such contract shall create a trust in favour of the mother accordingly, and the moneys payable to the mother under any such contract shall not, so long as the trust remains unperformed, form part of the estate of the insured or be subject to his or her debts.

['The Principal Act' is 'the Act to secure to wives and children the benefits of life insurance.' R.S.O. 136.]

PROVINCE OF QUEBEC.—It is lawful for any husband to insure his life or to appropriate any policy of insurance held by himself on his life for the benefit of his wife, or for the benefit of his wife and their children generally, or for the benefit of his wife and his, her, and their children generally, or for the benefit of his wife and one or more of his, her, or their children; and for any father or mother to insure his or her life and to appropriate any policy of insurance held by himself on his life or herself on her life for the benefit of his or her children, or of one or more of them. Policies effected or appropriated under this section are exempt from attachment for debts due either by the insured or by persons benefited, and shall be unassignable by either of such parties. The insurance money while in the hands of the Company shall be free from and be unattachable for the debts either of the insured or of the persons benefited, and shall be paid according to the terms of such policies. Any or all premiums paid, when insured was insolvent, in fraud of the rights of creditors, are recoverable. Provision is also made for the insured to revoke any benefit conferred in any policy on a wife or children, or to vary the apportionment.

PROVINCE OF MANITOBA.—The law of this Province on the subject is very similar to, and in great part identical with, that of Quebec, as quoted above.

NEW BRUNSWICK.—There does not appear to be any 'Wives and Children Act' in this Province.

PROVINCE OF NOVA SCOTIA.—A married woman, in her own name or that of a trustee for her, may insure for her sole benefit or for the use of her children, or of herself and her children, her

own life, or, with his consent, the life of her husband, and the amount payable under such insurance shall be receivable for the sole and separate use of such married woman or her children, or herself and her children, as the case may be, free from the claims of the representatives of her husband, or of his creditors. A policy of insurance effected by any married man on his own life, and expressed upon the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall inure and be deemed a trust for the benefit of his wife for her separate use, or of his wife and children, or any of them, according to the interest so expressed, and shall not, so long as any object of the trust remains, be subject to the control of her husband or to his creditors, or form part of his estate.

PROVINCE OF PRINCE EDWARD ISLAND.—It shall be lawful for any person to insure his life for the benefit of his wife, or of his wife and children, and of his children only, or some or one of them, and to apportion the amount thereof as he may deem proper, where the insurance is effected for the benefit of more than one of them.

Upon the death of the person whose life is insured, the insurance money due upon the policy shall be payable according to the terms of the policy, free from the claims of creditor or creditors whomsoever, notwithstanding the bankruptcy or insolvency of the person so insured.

PROVINCE OF BRITISH COLUMBIA.—The preceding extracts from the law of Prince Edward Island are incorporated in the law of British Columbia, omitting the last phrase as to bankruptcy and insolvency.

Provision is also made for the assured to borrow on the security of the policy to keep it in force, and also to surrender the policy for a Free Policy, and give a valid discharge apart from the wife and children.

Industrial Insurance.

Only one native Company is at present doing an Industrial business in Canada, while a second is allowing a small amount of Industrial business which was written some few years ago to gradually die out.

One American Industrial Insurance Company has been doing a moderate business, but the passing of the Corporations Act, 1892 (Ont.), in which a limit was placed on the amount that might be written on lives of children at various age-groups, tended to check this Company's business in Ontario.

The total amount of Industrial Assurance in force in Canada at 31st December 1892 was only about \$2,720,000.

Apart from a few of the larger cities, it is obvious that a sparsely-settled country like Canada does not form a very favourable field for this class of business, nor does it seem to meet with much popular favour when introduced.

Rebating.

The demoralising effect of rebating commissions has led in Ontario to the inclusion of an important clause in the Corporations Act, 1892, by which it is made an offence for a corporation or agent to allow a rebate of premium on sums assured of \$5000 and upwards; and a corporation which rebates is liable to have its registration cancelled, *i.e.* its authority to undertake contracts in Ontario. The utility of the above enactment is largely impaired by including only assurances of \$5000 and upwards; and it would appear that this limitation was contrary to the desire of the principal Companies and managers. It is felt that the benefit of such a legal enactment will not be fully realised until 'rebating' is entirely prohibited, irrespective of the amount of the assurance, and even then only with the co-operation of both the managers and agents of the various Companies. In 1892 a rebate Bill was introduced into the Dominion Parliament, but did not succeed in becoming law. No other province, besides Ontario, has yet passed a law prohibiting 'rebating' in life assurance.

Assignment of Policies.

The question of the assignment of policies and the effect of same is governed largely by common law, and an assignment, when made in good faith and by the assured when in solvent circumstances, would prevail. It is necessary, however, that notice of the assignment should be given to the Insurance Company to preserve priority, inasmuch as without notice the Company, upon the policy becoming a claim, might deal with the personal representatives or others claiming the policy. Where an assignment is actually made in defraud of creditors, neither in England nor here will notice avail to place the policy beyond their reach. The rule generally applies that the assignee takes subject to any equities against the assignor.

The assignment of policies to trustees for wife and children is governed by the Common Law as well as by the Statute Law, reference to which latter is made in this paper, and the general principle above outlined is emphasised in that Statute at section

20, which requires notice to be given to the Insurance Company, and a copy of the assignment deposited, and that in the absence of such the Company are at liberty to deal with the insured, or his executors, administrators, or assigns. Special attention is therefore called to the necessity of notice to the Company, but it should be mentioned that, when deeds or other documents are marked as having been intimated to a Company, it would not necessarily be intended to express any opinion on the part of the Company or its officers as to the validity or effect of such deeds, documents, or notices.

The question as to the Law governing assignments where the same are made outside the province or country of the Company issuing the policy was fully discussed in the case of the Toronto General Trusts Company *v.* Sewell, in which the learned Judge followed the rule laid down by Mr. Justice Wills in *Lee v. Abdy* (17 Q. B. D. 309), viz., that the *lex loci* must prevail; and as this case does not appear to have been overruled, it would seem to govern generally.

No bankruptcy law is at present in force in Canada, the Insolvency Act having been repealed, but a very strong feeling prevails that the Dominion should re-enact the law with some modifications. In Ontario there exists a law in reference to assignments for the benefit of creditors, which in effect takes the place of a bankruptcy law. The question as to the legal jurisdiction of a Province passing such an Act has recently been before the Privy Council. Compared with Canada, the English Law, in case of assignment of a policy during bankruptcy, is more rigid in its exactions against the debtor, and so the courts in England lay greater force on the formalities observed in connection with an alleged assignment. Notice to the Company, the delivery and possession of the policy, are consequently of more importance there than here.

Speaking generally, the principal distinction between decisions on assignments of policies in England and America is a disposition to relax here somewhat the English common-law doctrine on the subject, and to regard the policy more as a quasi-negotiable instrument in view of its assignability.

The great flexibility of the Ontario Wives and Children Act (*vide* sections 5 and 6, *ante*) opens a much wider door than do either the corresponding English or Scottish Acts for the defeating of the rights and claims of creditors. By section 5 of that Act the assured may at any time after the issue of a policy in his own name, bring his wife or children, or both, within the provisions and protection of the Act.

By original declaration or subsequent apportionment, the assured

may in Ontario now also bring his mother within the protection of the Act.

For the law governing the assignment of policies to wives and children in Provinces other than Ontario, reference may be made to the brief extracts from the Acts for those Provinces previously noted.

Points of Practice.

Following the topics adopted by Mr. H. C. Thiselton in his recent paper in the *Journal of the Institute of Actuaries* (vol. xxxi.), a few brief remarks thereon as applied to Canadian Companies may be of interest.

FREE LIMITS FOR TRAVEL AND RESIDENCE.—The oldest and largest Canadian Company prescribes the following limitations:—

‘Residence is permitted within any part of the Dominion of Canada and of the United States as far south as to include the States of Virginia, Kentucky, Missouri, Kansas, Colorado, Utah, Nevada and California (if the person on whose life the assurance depends be not engaged in mining pursuits), and also in any part of Europe.

‘Travel only—not permanent residence—is permitted in any part of the United States between 1st November and 1st June in any year. Persons may voyage as passengers in good sea-worthy vessels in time of peace from any port within the said limits of residence to any other port within the same, either in America or in Europe, excepting, however, voyages from ports on the Pacific coast to others on the Atlantic coast of America or *vice versa*; and also excepting voyages from the said Pacific coast to Europe or *vice versa*.’

The above conditions are altogether cancelled after two years.

The second largest Canadian Company has the following provision as to travel and residence:—

‘The assured may travel or reside in any part of North America or Europe within the temperate zone north of the 35th degree N.L., and may in time of peace travel in first-class vessels to or from Europe, or elsewhere, within the limits aforesaid; and from the 13th November to 1st June in time of peace, travel in any part of North America within the temperate zone, and to and from the West India Islands.

These conditions are also cancelled after two years.

This Company has recently also issued a policy ‘free from all restrictions as to residence, travel, and occupation from date of issue.’

The third largest Canadian Company issues a large number of policies in Canada at ordinary rates with the following condition :—

The assured may reside in any part of the world without extra premium.

Two other and younger Canadian Companies have the following condition :—

The insured may not, without permit, reside elsewhere than in Canada, Newfoundland, Europe, or the United States, or between the 15th days of November and June reside in any part of the United States south of the 36th degree of north latitude, or in Europe south of the 42d degree.

The above provision is cancelled in one Company after being two years in force.

Travel only beyond the limits of ordinary risk, without notice to the Company, does not invalidate these policies, but gives the Companies a lien on them for the extra premium that would have been charged.

EXTRA PREMIUMS FOR TRAVEL AND RESIDENCE.—It is difficult to obtain any schedule of extra premiums in general use. Compared with Great Britain the number of applications from policyholders in Canada for licence for foreign travel and residence is quite small, and where such cases arise it appears to be the plan of most Canadian Companies to consult the practice of leading British or American Companies that have had a wider experience in fixing these extra premiums. So that the practice of Canadian Companies follows substantially that of British Companies on this matter.

WHOLE-WORLD POLICIES.—The practice as to making policies world-wide has generally been made to apply after a policy has been two or three years in force, but the tendency, as seen in one or two cases previously noted, is towards removing restrictions as to travel, residence, and occupation from the outset.

SUICIDE.—Generally speaking, policies are voided by the suicide of the assured within two or three years of date of issue.

INDISPUTABILITY OF POLICIES.—The period after which policies usually become indisputable is two and three years, provided the age has been admitted.

RECTIFICATION OF ERRORS IN AGE.—Prior to the Insurance Corporations Act of 1892, some variety of practice existed on this point, but the above Act now lays down a rule to be followed in Ontario in all such cases, as follows :—The amount to be recovered 'shall not be more than an amount which bears the same ratio to the sum assured that such person would otherwise be

entitled to recover as the premium (net H^M $4\frac{1}{2}$ per cent.) proper to the stated age of such person bears to the premium (net H^M $4\frac{1}{2}$ per cent.) proper to the actual age of such person, as at date of contract.' It will be noted the adjustment is now by law made on the basis of the net H^M $4\frac{1}{2}$ per cent. table, whereas the prevailing practice has been to make the adjustment on corresponding gross premium rates, and the change to net premiums does not appear to meet with the approval of the Companies. This rule affects all Companies hitherto or hereafter effecting policies in Ontario.

PERIODICAL VALUATION.—As indicated in a previous part of this paper, the Dominion Insurance Department makes a valuation of the policy liabilities of each Company once in five years, according to the H^M $4\frac{1}{2}$ per cent. table. This table is also adopted as the standard of the Ontario Insurance Department for local Companies doing business in Ontario only.

DISTRIBUTION OF SURPLUS.—Excepting the prospectuses and reports of the oldest Canadian Company, the Canadian Companies do not give any details as to the principles and methods adopted in their distribution of surplus, beyond claiming in some cases 'an equitable method of dividing profits.'

For ordinary divisions of surplus the period of division is in almost all cases five years. A fact worthy of special mention is that at its division of profits in 1870, 1875, and 1880, the oldest Canadian Company declared a bonus addition upon the original sum assured of $2\frac{1}{2}$ per cent. per annum, while in 1885 the rate was $2\frac{5}{8}$ per cent. per annum, and in 1889 $2\frac{1}{2}$ per cent. per annum. Since the organisation of the Company in 1847 the bonus addition has averaged over 2 per cent. per annum. Profits in this Company may be applied either as reversionary bonus, cash, five-year temporary reduction, or permanent reduction of premium. At each of the previously mentioned dates, the unusual course (in America) has been pursued of making public the profits at *each age* on all the above options. Other Canadian Companies do not usually allow profits by way of permanent reduction of premium. A large portion of business in Canada is written on the Tontine profits system, wherein the inevitable 'estimates' play a no unimportant part. Nearly all active Companies in Canada now issue policies on the Tontine Profits System, under one name or another. Five or six of the younger Canadian Companies have not yet been enabled to declare profits of any consequence either to policyholders or stockholders, but three or four of the older Canadian Companies (in addition to the oldest Canadian Company as above noted) have been making satisfactory profit returns for the

premiums charged. It may be mentioned that, following the long-established practice of the Scottish Amicable, the system of 'Minimum Premiums' was adopted by the Canada Life Assurance Company about 1876, wherein is made an immediate allowance for future profits at the rate of $1\frac{1}{4}$ per cent. per annum upon the sum assured, and the bonus addition profits on these policies (over and above the anticipated bonus) since then have not been less than $1\frac{1}{4}$ per cent. per annum.

DAYS OF GRACE.—Most offices usually allow thirty days' grace for the payment of premium, with privilege of reinstatement (on evidence of health) in periods varying from one month to one year. In some cases hardships have arisen with foreign Companies as to non-acceptance of premiums after the anniversary or due-date, and to cover this point an amendment was made to the Insurance Corporations Act in 1893, whereby all Companies doing business in Ontario must now accept premiums within thirty days of the anniversary date, and revive the policy irrespective of evidence of health, provided the assured has not died in the interval. A fine not exceeding five cents per week per \$1000 of insurance, or twenty cents per \$100 for the whole period may be charged. This applies to foreign as well as local Companies doing business in Ontario, and any stipulation or agreement to the contrary in the policy is, as against the assured, entirely void.

NON-FORFEITURE SCHEMES.—A majority of the Canadian Companies allow a paid-up policy on limited payment policies after two or three years for as many proportionate parts of the sum assured as there have been complete annual premiums paid. Where this privilege is allowed on limited-payment life-policies it is also usually allowed on endowment assurances, although on its ordinary premium policies the oldest Canadian Company has only hitherto applied this method to ten-payment life-policies. Whether the premiums charged by some Companies warrant this privilege is an open question, which need not be discussed here. Except in one or two cases this non-forfeiture scheme does not work automatically, but demand for the free policy has to be made, in periods varying from three months to one year from lapse. The method of granting *extended insurance* for such period as the surrender value will carry the policy for its full amount has not been in vogue among Canadian Companies, although one Company has recently adopted this among other privileges in a new policy.

ENDOWMENT ASSURANCES.—This combination of insurance and investment has been making continuous growth for some years, and seems to meet the wants of many, who, with western ideas of

accumulation and speculation, do not wish to have 'to die to win.' When there is such a pronounced public demand for such a legitimate form of policy, it seems prudent and expedient to fill the demand, as all regular Canadian Companies do. The policies are nearly all on the participating scale. Usually such policies are issued for 10, 15, 20, or 25 year periods. Two of the oldest Companies also issue these policies payable at a certain age, in one of which exists the old practice of making the birthday of the life assured and not the anniversary of the policy the date of maturity. It is needless to say this latter practice has had to bear the usual unfair charge of requiring 'one more premium.' The word 'Endowment' is usually used in America as equivalent to 'Endowment Assurance.' The Government reports do not show what portion of each Company's business is on the life plan and what on the endowment, so that it is not easy to give precise data as to the growth and extent of endowment assurance in Canada.

Amendment to Insurance Corporations Act.

Before concluding, reference should be made to an important amendment, not hitherto noticed, to the Insurance Corporations Act (1892), which was passed in 1893, as it affects the policy contracts of all Companies, domestic or foreign, doing business in Ontario. This amendment is apparently also retroactive in its character. It reads as follows:—'Provided that when the subject-matter of the contract is property or an insurable interest within the jurisdiction of Ontario, or *is a person domiciled* or resident therein, any policy, certificate, interim receipt, or writing evidencing the contract shall, if signed, countersigned, issued or delivered over in Ontario, be deemed to evidence a contract made therein, and the contract *shall be construed according to the law thereof*; and *this proviso shall have effect notwithstanding any agreement or stipulation to the contrary.*'

By this amendment, for example, policies issued by a foreign Company (whose native state laws make no provision for, or prevent the assured dealing with the policy, with or without the legal consent of the wife or children), are now subject to the laws of Ontario, and the policies can be dealt with by the assured accordingly.

APPENDIX.

Table (A) showing date of commencement of business in Canada (and other data) of Life Assurance Companies.

(Canadian Companies in italics.)

Date of Entry.	Name of Company.	Date of Retirement.	Date Reinsured and Where.	Failed.	Still Licensed 31st Dec. 1892.
1846	Scottish Amicable, . .	1878			
1847	<i>Canada Life</i>, . . . .	...	...	...	Licensed.
1847	Standard Life, . . . .	...	...	...	Licensed.
1850	<i>Etna Life</i>, . . . . .	...	...	...	Licensed.
1851	Liverpool, London and Globe.	...	...	...	Licensed.
1851	Royal, . . . . .	...	...	...	Licensed.
1857	Edinburgh,	1877			
1857	Life Association of Scotland.	1878			
1859	Scottish Provincial, Queen Insurance Company.	1875	1892 Royal		
1859	Queen Insurance Company.	...	...	...	Licensed, but ceased new business.
1862	London Assurance Corporation.	...	...	...	Licensed, but ceased new business.
1862	North British and Mercantile.	...	...	...	Licensed.
1863	Commercial Union, . .	...	...	...	Licensed.
1863	London and Lancashire.	...	...	...	Licensed.
1865	Travellers, . . . . .	...	...	...	Licensed.
1866	Phoenix Mutual,	1878			
1867	Atlantic Mutual,	1877		1877	
1868	<i>Citizens</i>, . . . . .	...	1892 Sun Life		
1868	Connecticut Mutual,	1878			
1868	New York Life,	1878, but returned 1883.	...	...	Licensed.
1868	Star Life, . . . . .	...	...	...	Licensed.
1868	Union Mutual, . . . . .	...	...	...	Licensed.
1868	Equitable New York,	...	...	...	Licensed.
1868	Reliance Mutual, . . . .	...	...	...	Licensed, but ceased new business.

Date of Entry.	Name of Company.	Date of Retirement.	Date Reinsured and Where.	Failed.	Still Licensed 31st Dec. 1892.
1870	<i>Ontario Mutual,</i>	...	...	...	Licensed.
1870	<i>Briton, Medical and General Life Association.</i>	1875	...	1886	
1871	<i>Confederation,</i>	...	...	...	Licensed.
1871	<i>North-western,</i>	1878	...	...	Licensed.
1871	<i>Sun Life,</i>	...	...	...	Licensed.
1872	<i>Life Association of Canada.</i>	1888	Partially in 1886 in Confederation.	...	
1872	<i>Metropolitan,</i>	...	...	...	Licensed.
1872	<i>Toronto Life,</i>	...	1884 Federal.	...	
1873	<i>Globe Mutual U.S.,</i>	...	...	1879	
1873	<i>United States,</i>	1877 Returned 1882	...	...	Licensed.
1874	<i>London Life,</i>	...	...	...	Licensed.
1874	<i>Positive Government,</i>	1876	...	...
1875	<i>Stadacona,</i>	...	1878 Confederation.	...	
1876	<i>Briton Life Association (Limited).</i>	1887	1887 British Empire.	...	
1876	<i>National Life,</i>	1878	...	...	Licensed.
1881	<i>North American Life,</i>	...	...	...	Licensed.
1881	<i>Lion Life,</i>	...	1883 British Empire.	...	
1881	<i>Dominion Safety Fund.</i>	...	...	...	Licensed.
1882	<i>Federal,</i>	...	...	...	Licensed.
1883	<i>British Empire,</i>	...	...	...	Licensed.
1885	<i>Mutual Life N.Y.,</i>	...	...	...	Licensed.
1886	<i>Temperance and General.</i>	...	...	...	Licensed.
1887	<i>Germania,</i>	...	...	...	Licensed.
1887	<i>Manufacturers,</i>	...	...	...	Licensed.
1889	<i>Provident Savings,</i>	...	...	...	Licensed.
1889	<i>Dominion Life,</i>	...	...	...	Licensed.
1892	<i>Great West,</i>	...	...	...	Licensed.

Scottish Provident. Date of Entry not ascertained, but it had \$272,000 at risk in 1869.



icensed
Dec.
192.

ensed.

ensed.

ensed.

ensed.

ensed.

ensed.

ensed.

ensed.

icensed.

icensed.

icensed.

icensed.

icensed.

icensed.

icensed.

icensed.

\$272,000 at

