

THE BUSINESS OF INSURANCE IN CANADA.

This is the first year in which we are able to present anything like an accurate synopsis of the nature and extent of the Insurance business in Canada.

The feeling has long existed that insurance was hardly like ordinary commercial business, and that the State ought, in some way, to investigate, if not guarantee, the solvency of all Insurance Companies. The Right Hon. Mr. Gladstone seems to have been impressed with this feeling when he introduced in England the system of Government insurance for the humbler classes, transacted by the Post Office Department. In the United States, New York compels the companies to make annual valuations of their liabilities, and annual exhibits of their valuations and of their assets; while, in Massachusetts, the official commissioners go further, and themselves value all outstanding policies of every company doing business in the state—prohibiting the company from continuing to do business if its assets are not equal to the prescribed standard. In Canada, the question was forced upon the attention of the government by the failure of the Western of England Fire Insurance Company, and a sort of compromise between the system of inspection and annual valuations and that of non-interference of any kind was adopted—the more readily, as it offered a means of providing for the Dominion a considerable amount of money, deposited in large sums, and therefore not so costly to manage as other portions of the public debt. It was enacted by 31st Vic., cap. 48, that no foreign company should transact any business of insurance in Canada, except ocean marine insurance, without a license, which can only be obtained by the deposit, in the hands of the Receiver General, to bear 6 per cent interest, of at least \$50,000 for each kind of insurance business engaged in. This ensures that no company shall transact business in Canada unless it has control of a considerable sum of money; and in the case of stock companies, the money is deposited for the benefit of Canadian policy-holders, in the event of loss and refusal to pay legal claims. The \$50,000 is, moreover, to increase by the semi-annual addition of interest, and the annual addition of a sum which represents the net receipts of the company in Canada, until it reaches \$100,000. Foreign companies, which were actually transacting business in Canada, at the time of the passing of the act, can obtain a license by the provisional deposit of the amount in foreign securities, but in three years from the date of the deposit all such securities must be replaced by cash. If it had been possible to enforce an annual inspection law, government would, possibly, have preferred to ask for legislation in that direction; but in Canada the business of insurance is at present done, in great part, by English insurance companies. Now, to be of any use, the valuations must be of all the policies of a company, not of the Canadian part only; and a law, forcing the great English companies to submit to a valuation of their whole business, for the sake of retaining so small a percentage of it as is done in the Dominion, would not have been complied with, and they would have withdrawn. The whole of the business would thus have been thrown into the hands of American companies, which are already subject to annual valuations in several states, and would only have had to send on a copy of documents they were, in any case, obliged to draw up. In a few years, perhaps, the Canadian companies (which have already been much strengthened since the passage and in direct consequence of the insurance act—under the provisions of which certain deposits in the hands of the Receiver-General have to be made by them also,) will be important enough to carry the principal burden of the business of Canada—the English companies will be brought under an inspection system at home—and the writer will then be as strong an advocate of an annual inspection and official valuation *here*, as he is now an opponent thereof. With the view, probably, to learn accurately the relative magnitude of the business done by English, American, and Canadian companies, certain forms of returns, respecting Canadian business, are called for from all companies. These returns were submitted to Parliament last session—of course, without the national classification, and simply in the order of the numbers of the company's licenses.

From the quarterly return, published in October, we gather the following particulars of the deposits made by the insurance companies:—

The official returns of deposits made, published in another part of this book, shews that thirty-nine companies were licensed on the 1st of October last, and that the following securities are held by the Government on behalf of policy-holders:—

Cash—invested in Dominion Stock		\$2,115,056
Canadian Bonds, viz., 5's	\$527,546	
“ “ 6's	92,246	
		619,792
British Consols		54,993
Canada Bank Stocks		48,510
American Bonds		1,075,000
Total,		\$3,911,351

We now come to the business done by these several companies. The returns for 1868 are by no means perfect; but they are, nevertheless, valuable, and an earnest of better things for 1869—when all doubts as to whether the companies are or not bound to furnish statements for the season will have ceased to exist. Moreover, the government, which, by prosecuting the issuers of policies on behalf of unlicensed insurance companies, is showing itself equal to its responsibility under the act, will, no doubt, insist on the few companies which have not fulfilled their share of the statutory obligation doing so thoroughly. This is to be hoped, since the neglect of some must not be allowed to injure the value of statistics cheerfully furnished by the majority:—

I. Fire Insurance.—Fire Insurance is done by two classes of companies—Stock and Mutual. The business of Stock Companies, as returned to Government, and also of the only Mutual which has felt itself able to make a deposit with Government.