2.—Life Insurance.[1]

NOTE.—The tables of mortality referred to in this article are designated by the symbols ordinarily used for that purpose. The significance of these symbols may be briefly stated as follows:—Hm, Healthy Males Table of the Institute of Actuaries; Om, British Offices Males Table; Om (5), a table based on substantially the same data as the Om table, excluding the first five insurance years following medical examination of the life insured. Wherever a rate of interest is suffixed to one of these symbols to designate bases of valuation, for example, Hm 4%, the assumptions underlying the valuation are that the future mortality of the policyholders of the company will be the same as shown by the table of mortality, and that the rate of interest at which the reserve funds of the company will accumulate in the future will be the suffixed rate.

Life insurance business, introduced into Canada by companies from the British Isles and from the United States as a fairly well developed institution, and taken up almost as early along the same general lines by a native company, can hardly be said to have a distinctive Canadian history. The technique and practice show distinctly the effect of British and United States influences. Among the first companies to transact life insurance business in Canada may be mentioned:—Scottish Amicable (1846), Standard (1847), Canada (1847), Ætna (1850), Liverpool and London and Globe (1851) and Royal (1851). The late 60's and early 70's were stirring years in life insurance the world over. In England, the frenzied flotation of companies in this period gave rise to abuses which pointed to the necessity for some control over the formation and operation of companies. Statutes were passed in 1870, '71 and '72 embodying principles—"freedom and publicity"—which have, without any fundamental change, since governed in life insurance legislation in England; and in the year 1909 these same principles were extended and adapted to four kinds of insurance. In Canada no fewer than fourteen companies began business in the early 70's, including four native companies, namely:—Sun (incorporated 1865, began business 1871), Mutual of Canada (Ontario Mutual, 1870), Confederation (1871) and London (1874). By 1875 there were at least 26 companies and possibly several more, competing for the available business in Canada, as against 45 companies licensed by the Dominion and a few provincial companies in 1924. A comparison of the first and last lines in Table 79 is of interest in this connection.

The first Dominion Insurance Act was passed in 1868. It prohibited the transaction of insurance business by any company (except companies under provincial authority transacting business within the province) not licensed by the Minister of Finance. A deposit of $50,000 was required. The main provisions of this Act are traceable in the insurance legislation of the present day. Acts were passed in 1871, 1874, 1875 (consolidation, fire and inland marine and provision for appointment of Superintendent of Insurance under Minister of Finance); 1875 (extending powers of Superintendent to life and other companies); 1877 (consolidating the laws in respect of insurance; bases prescribed for computing claims of policyholders in insolvent company; superintendent to make quinquennial valuations on these bases); 1885 (dealing with commercial insurance companies transacting business on the so-called co-operative or mutual plan, being what is known as assessment companies, fraternal societies excluded); 1886 (consolidation); 1894 (life insurance in combination with any other insurance business forbidden; issue of annuities and endowment assurance by assessment companies prohibited, and new assessment companies required to procure at least 500 applications for membership before license); 1895 (exempting certain fraternal organizations granting life, accident, sickness or disability insurance to members in hazardous occupations from application of Insurance Act); 1895 (certain amendments as to foreign companies); 1899 (bases for quinquennial valuations by superintendent changed to Hm 3½%, applicable

[1] Contributed by A. D. Watson, Actuary, Department of Insurance, Ottawa.