to be fixed by the Treasury Board, and to depend on the number and nature of the additional classes of business to be undertaken but not to be less than $50,000. For the purpose of setting up this initial fund, a life company may transfer thereto any amount to the credit of the shareholders' account in excess of paid-up capital and 25 p.c. but not exceeding $100,000 of the surplus in the life insurance fund, (allowance being made for contingent allotments and accrued dividends to policyholders). If any profit should be made on the additional classes of business, the life fund is to participate therein in the proportion of the amount so transferred from the life fund to the total amount transferred. Any fund so established may be liquidated under the Winding-up Act as though the company transacted no other class of business, and the capital stock of the company subscribed (paid and unpaid) before the date of the separation of funds is liable only in respect of the business transacted before the separation of funds.

In 1927 an important amendment was made to the Act of 1917 by which entirely new policy valuation provisions were enacted. In 1877 bases were prescribed for computing the claims of policyholders against an insolvent company, and the Superintendent of Insurance was required to make valuations quinquennially on these bases, presumably with a view to ensuring that companies should always maintain their assets at least equal to the amount of claims which might be made in a winding-up. In the course of the subsequent fifty years, the business of life insurance companies had become transformed almost out of recognition, and although there had been many amendments to the valuation bases and accretions, sometimes heterogeneous, to the valuation prescriptions, the valuation provisions in the Acts had not kept pace with business developments and practices. Likewise, in the course of years, the principles and the rationale of the legislation had become overlaid, confused, misunderstood or lost. In the circumstances, a fundamental reconstruction was long over-due; the reconstruction of 1927 was incorporated in the Acts of 1932 practically without change. For present purposes a brief summary of the main principles on which the new legislation was founded, without contrast in detail against the background of the earlier legislation, will suffice.

The object of the new valuation prescriptions is the computation of policy liabilities for annual statement purposes of companies. The prescriptions extend not only to the life insurance benefits but also to benefits dependent on disability, sickness, accident or on any other contingency which may, under the Acts, be included in a life insurance policy, and also to assurances dependent on a term certain. Maximum rates of interest are prescribed, being 3½ p.c. for assurances and 4 p.c. for annuities. All of the tables of mortality commonly in use by companies for computing premiums and reserves are authorized to be used in valuations but, if a company should find none of these tables appropriate for the valuation of any particular class of policies, the Act requires the company to make application to the Superintendent of Insurance for approval of a table deemed to be appropriate. Valuation methods are prescribed, but any other method a company deems appropriate may be used, subject to compliance with the methods prescribed. For deferred annuity contracts, the prescribed method is the net level premium method; for assurance contracts, a preliminary term method. If the net level premium for the life insurance benefits does not exceed the net level premium for a whole life policy, the method is the full preliminary term method. If the net level premium is in excess of the whole life premium, the valuation premium must be so computed as to make the same expense provision as of date of issue of the policy as