

## Section 4.—Insurance as it Affects the Balance of International Payments\*

A brief explanation of the effects of insurance company operations upon international payments, summarized from the publication mentioned in the footnote below, appears at pp. 952-953 of the 1940 Year Book.

It has already been indicated in the preceding sections of this Chapter that there are a large number of British and foreign companies registered to transact the business of fire, life or miscellaneous insurance in Canada. The volume of their transactions is shown in the respective tables. Similarly, Canadian life insurance companies do a large volume of business outside of Canada, as shown at pp. 865-868. There are also some Canadian fire and casualty insurance companies that carry on foreign business.

In the cases of both the non-Canadian companies in Canada and Canadian companies abroad, the business is carried on by branches within the respective countries, these branches having many of the characteristics of domestic corporations in such matters as holding assets and control of receipts and expenditures. Under these circumstances, their operations do not give rise to so great an international movement of funds as the volume of their business would suggest. However, there is some movement both of funds and securities between external branches and head offices.

The movements of funds between Canada and other countries, by groups of companies and the movements of such funds by classes of companies are shown in the tables below. Movements of funds in connection with international purchases or sales of securities that have been executed through the medium of brokers, investment dealers, or other agencies resident in Canada are not included, since they are taken account of in the record of international trade in securities.

The figures shown demonstrate how unpredictable, in the main, these transactions are. There has been no consistent trend or total net movement that may be considered typical, although in the case of Canadian companies in Table 26 the net inward movement is emphasized as compared with the net outward movement for foreign companies.

\*A much more detailed treatment of this subject will be found in Chapter XX of the publication "The Canadian Balance of International Payments—A Study of Methods and Results", by Herbert Marshall, B.A., F.S.S., Chief of the Internal Trade Branch, Dominion Bureau of Statistics. Price, \$1. The subject of international balance of payments as a whole is dealt with at pp. 471-474 in the External Trade Chapter.

### 26.—Movement of Funds Between Canada and All Other Countries, by Groups of Companies, 1927-38

(In millions of dollars)

Group	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
<b>CANADIAN COMPANIES—</b>												
Inward.....	3.7	3.5	18.4	8.9	28.3	9.6	17.7	20.0	13.1	14.6	20.1	13.2
Outward.....	9.8	6.6	1.7	1.7	1.3	1.2	4.2	5.1	11.1	17.5	12.5	21.6
Net Inward.....	—	—	16.7	7.2	27.0	8.4	13.5	14.9	2.0	—	7.6	—
Net Outward.....	6.1	3.1	—	—	—	—	—	—	—	2.9	—	8.4
<b>BRITISH, UNITED STATES, AND OTHER COM- PANIES—</b>												
Inward.....	6.3	4.5	11.6	12.1	12.7	4.4	2.3	7.0	6.9	4.4	3.9	3.9
Outward.....	15.2	13.4	9.3	10.3	5.7	13.8	16.8	18.9	26.9	27.5	21.5	17.9
Net Inward.....	—	—	2.3	1.8	7.0	—	—	—	—	—	—	—
Net Outward.....	8.9	8.9	—	—	—	9.4	14.5	11.9	20.0	23.1	17.6	14.0
<b>ALL COMPANIES—</b>												
Inward.....	10.0	8.0	30.0	21.0	41.0	14.0	20.0	27.0	20.0	19.0	24.0	17.1
Outward.....	25.0	20.0	11.0	12.0	7.0	15.0	21.0	24.0	38.0	45.0	34.0	39.5
Net Inward.....	—	—	19.0	9.0	34.0	—	—	3.0	—	—	—	—
Net Outward.....	15.0	12.0	—	—	—	1.0	1.0	—	18.0	26.0	10.0	22.4