

Subsection 4.—Life Insurance Effected through Fraternal Benefit Societies

In addition to life insurance, some fraternal benefit societies grant other insurance benefits to members, notably sickness benefits, but these are relatively unimportant. Table 19 gives statistics of life insurance effected with fraternal benefit societies by Canadian members, together with statistics of assets, liabilities, income and expenditure relating to the whole business of Canadian societies and to the business in Canada of foreign societies. The rates charged by these societies are computed to be sufficient to provide the benefits granted, having regard for actuarial principles. The benefit funds of each society must be valued annually by a qualified actuary (Fellow, by examination, of the Institute of Actuaries, London; of the Faculty of Actuaries in Scotland; of the Actuarial Society of America; or of the American Institute of Actuaries) and unless the actuary certifies to the solvency of each fund a readjustment of rates or benefits must be made. The statistics in the first part of this table relate to the 11 Canadian societies reporting to the Insurance Department of the Dominion Government, only one of which does not grant life insurance benefits.

Under an amendment to the Insurance Act, effective Jan. 1, 1920, all foreign fraternal benefit societies were required to obtain Dominion authority precedent to transacting business in Canada. However, any such societies which at that date were transacting business under provincial licences, while forbidden to accept new members, were permitted to continue all necessary transactions in respect of insurance already in force. Most of these societies have since obtained Dominion authority to transact business, also some foreign societies that had not previously been licensed by the provinces. Of both classes of society, 28 transacted business in Canada during 1940.

19.—Life Insurance in Canada of Fraternal Benefit Societies Reporting to the Dominion Insurance Department, 1936-40

Item	1936	1937	1938	1939	1940
	No.	No.	No.	No.	No.
CANADIAN SOCIETIES					
Net certificates effected.....	9,356	13,857	17,216	12,459	11,362
Net certificates become claims.....	2,946	3,113	3,100	3,326	3,361
	\$	\$	\$	\$	\$
Net amounts paid by members.....	1,802,479	1,810,873	1,931,515	1,933,470	1,946,902
Net amounts of certificates effected.....	7,343,950	10,858,832	14,445,147	9,982,175	9,140,450
Net amounts in force.....	103,673,283	108,743,852	112,698,333	109,063,645	108,810,930
Net amounts of certificates become claims.....	2,582,490	2,649,682	2,649,795	2,901,633	2,837,154
Net benefits paid.....	3,505,486	3,183,242	3,234,829	3,574,316	3,300,542
Net outstanding claims.....	232,166	258,419	233,624	270,295	280,824
Net amounts terminated by—					
Death.....	1,998,792	1,940,533	1,898,776	2,013,588	1,922,345
Surrender, expiry, lapse, etc.....	11,386,571	10,650,996	12,490,938	13,729,773	10,831,848
Totals, Terminated.....	13,385,363	12,591,579	14,389,714	15,743,361	12,754,193