BIGGEST YEAR IN CANADA LIFE HISTORY

Huge Volume of New Business---Surplus Earnings Unprecedented

LIFE INSURANCE MEETS WITH POPULAR FAVOR IN 1919

CANADA LIFE policyholders are scattered far and wide, and it is with the desire of reaching them in the quickest and most readable form that this report is being published in the newspapers by the Company. A booklet containing even more complete particulars will be mailed upon request.

General Business of 1919

Canada Life President Reviews Canadian Affairs.

The first full year since the signing of the armistice and the virtual conclusion of peace has brought many problems, some of them as yet unsolved, and many surprises, not all of which have been unpleasant. The best minds are focused upon the former and are bringing to their solution a judgment and experience broadened by the years of warfare and tempered by the new spirit of toleration which these years have created. The readjustments, naturally difficult and tedious, are made more so by the attitude of important sections of the community who should rather facilitate them, but in spite of this some headway is being made. No opportunity should be lost of impressing upon each individual citizen of the allied countries the vital importance and necessity of the fullest conservation of our resources and the utmost production of which we are capable, if we are not to be outstripped by our recent enemies, who, we are told by the highest authorities, have already addressed themselves to the full limit of their power to regaining what they have lost through and during the war.

The great fever of unrest disturbing the world and upsetting the relations between employer and employee is perhaps a natural outcome of the recent experiences, and it has been suggested that not so much in profit-sharing as in happiness-sharing will be found the solution as between Capital and Labor. Already the creative mind has done much in evolving ways of assuring to the workman a greater share of the wealth which his industry and energy help to create, and many large employers, looking beyond the immediate present, have made through group life assurance provision for the families of their employees in the event of the death of the last named. A larger measure of personal contact and understanding between the heads and hands of our great industrial undertakings should do much to smooth out the rough places.

Allies' War Debts.

The pressing necessity and task with which the allies are presently faced is, of course, the provision for ultimately meeting the enormous obligations which have been created in carrying on the war. Many authorities favor the funding of all allied war debts, with a new schedule of taxation in each country and a new tariff to obtain between the allies, the former to be equitable in all regards, and the latter such as to encourage rather than deter trade with each other. Its supporters believe this method will finally prove to be the solution of the situation.

Conditions in Canada.

Our own country has seen a continuance of the expansion already well under way as reflected in the channels of retail trade, in further large increases in bank deposits, in the development of manufacturing industries limited only by the supply of raw materials and labor, and in the growth of live stock and other farm products. The market for our commodities abroad is wide and urgent, but is hampered by the lack of shipping, and is also unfortunately at the moment more or less dependent upon our ability to provide credit for our would-be customers. This is, of course, difficult to do in view of the enormous sums required to care for the balance of our own war expenditures and the demands for demobilization and re-establishment of soldiers, but the Government has been able to assist to some extent and will perhaps see its way to help in larger measure when the other obligations have been met. The Victory Loan of 1919 has afforded appreciable relief, and it is thought it will be the last offering of Government securities in this so-called popular way, any further necessary borrowings of the Government being made in the pre-war method, with the probable difference that much of the funds required will continue to be provided in our own country. Among the lessons taught Canada by the war are that her resources are much greater than she had realized, that she can furnish her Government with a much larger share of her money needs than had ever been thought possible, that it is good business to be our own bankers, and that the average citizen if he obligates himself to certain fixed payments for saving and investment will meet them regularly and with sureness. The frequency of the Victory Loans has provided him with a channel for thus obligating himself almost to the point of habit, and it would seem that the purchase of life assurance may offer the best means of continuing and confirming the habit.

The Field Crops.

Weather conditions in the Western Provinces were again very unfavorable for the growing crops. Lack of rain was general, and induced in some districts, which had similarly suffered the previous year, a total crop failure, but the aggregate cereal yield of the Provinces was somewhat better than in the preceding year. This condition has necessarily resulted in delay in the payment of borrowers' interest in some sections. The loaning companies seek no unfair advantage of their clients but rather give them ample time and further encouragement through additional advances for the purchase of seed grain where such are desirable and warranted. Ontario, Quebec and the Maritime Provinces had more normal conditions throughout the summer and their production compares favorably with that of 1918.

Again the fodder difficulty in Alberta is being met as largely as possible by carrying the reed to the stock or by transporting the stock to the areas where feed is available, although in some instances the rancher considers it better business to sell his stock than to endeavor to obtain fodder at present prices.

The United States produced 10 per cent. more corn than in 1918, while her wheat yield showed a decrease of the same percentage. The total value of her crops is some $700,000,000 in excess of the previous year.

The European countries involved in the war are fast recovering their productiveness, and it is said that France and Belgium have good crops, that traces of the war are being very rapidly removed, and that there is being brought under cultivation ground which had been overrun by the forces of the allies and central powers.

Increasing Immigration.

In the period from 1898 to 1918 the immigrants coming into Canada increased from 32,000 to 402,000, dwindling again in the year ending March 31, 1919, to 37,000. That the tide has again turned is indicated by the numbers coming in during the first seven months of the present fiscal year, namely, 82,000, and it is thought by those in touch with the Department of Immigration that we may now look for a steady influx, both from Great Britain and the United States. It is the policy of the Government, for the present at all events, to invite and encourage only those who have the inclination and the qualifications necessary to fit them for work on the land, as it is realized that in this rural population lies our greatest aid to higher production, with its effect, in turn, upon living costs. Our outstanding need is now, and for many years will be, "more people" to share in our development and in our success. The broadest and most liberal program possible to the Government in this regard will command a very general support, and one of our first efforts should be to retain our own young men.

There have been periods in our history when the smallness of our stature as a nation prevented the realization of the visions of these boys, and they left us to join the already full-grown Republic to the south, to the great advantage of those United States. It has been impressed upon us of late, however, that our own country has now attained its manhood and that within its borders lies not merely potential, but actual wealth. No longer is it necessary for our men to seek opportunity elsewhere. We may well ask the reason for the prosperity which abounds within the Dominion, and find the answer in the spirit of progress exhibited by her people among themselves, the internal trade which we sometimes overlook in our concentration upon exports and imports. The thrift of the people of Canada, as well as their reputed extravagance, requires some emphasis, and we have in the great volume of life insurance being transacted an evidence not only of immediate savings, but, what is even more important, a proof of unselfishness and self-denial which is beyond all praise. We may with confidence put our faith in a people who have had the desire to protect their homes to the extent of new assurances approximating six hundred millions of dollars during the past year. No pessimism as to the quality of our citizenship can stand against this solid fact. Men permanently given to extreme views as to the rights of Capital and Labor, or a people hard driven and without prosperity do not set aside their savings for so unselfish a purpose as life insurance.

Life Insurance Popular.

We are somewhat at a loss to account for the enormous and unprecedented increase in the amount of assurances sold by all the companies in the past twelve months. True, enlarged selling organizations have worked more intensively, and in ordinary circumstances would have been responsible for a normal advance in production. The perhaps natural reaction of nervousness following the epidemic of influenza is sometimes thought to have been an important factor, while a much larger demand for business and inheritance tax purposes has been apparent. None of these, however, offers a quite full explanation of the matter, and it has been suggested that for a parallel we must look to the years during and following the Civil War, when there seemed to be some relation between production of new life assurances and the prices of necessary commodities. From 1860 to 1880 the amount of life assurance issued annually in the United States followed with peculiar accuracy the rise and fall of commodity prices, and practically the same phenomenon appears both in that country and Canada for the years 1913 to 1919. If such a relation does exist, and if the corresponding movement in prices and insurance is not merely a coincidence, then we may presumably look for a continued upward trend in the latter, as there does not appear to be imminent any downward movement in the former.

If the demand persists, and we hope it may, the government and those seeking the protection will look to the properly authorized agencies to supply it. Can these agencies meet the call without leaning unduly upon their existing members? It is an open secret that a policy does not become self-sustaining until it has been in force for a period of four or five years, and that in the meantime it must rely upon assistance from the general earnings or surplus, it in turn as it becomes older contributing its share of help to the newcomer. This process can be carried on fairly and without injury to old members up to a point, but beyond that point the cure of the new entrant must be to some extent at their cost, since it entails a reduction in the amount returnable to them by way of so-called profits or dividends upon their policies. What are these profits or dividends? Simply the refund of portions of the payments made to the companies by the assured which have been found unnecessary in carrying out the contracts. It is obvious, therefore, that the companies cannot in equity to these old members go on indefinitely undertaking the large volume of business offering by curtailing these profit payments, and it is equally obvious that we must not cease to perform to the fullest extent the function required of us. In what, then, lies the solution of the difficulty? The Insurance Act of Canada contains a provision eminently adapted to meet just the situation with which we are confronted, and there appears to be no good reason why all the companies should not avail themselves of it. It is, indeed, conceivable that its use under a ruling of the department might be desirable. Many of the American States have adopted similar enabling legislation, and it is hoped the remainder will also do so.

Insurance for Soldiers.

In response to a demand from some quarters that the government should institute a means of furnishing insurance to our soldiers who are impaired as a consequence of the war, and therefore unable to obtain protection at standard rates, the matter was taken under advisement by the authorities, but the difficulties in the way were numerous and important. A method by which the companies might be of assistance has been suggested to the government, and is having consideration.

Group Insurance.

The market for group insurance, under which the employer provides protection for all his employees, has been so insistent and is becoming so wide that the Finance Minister, with the advice of the Superintendent of Insurance, has finally approved a basis upon which Canadian companies and others doing business in Canada may undertake it. A few of the larger companies, including the Canada Life, have already completed the necessary preliminaries and are now fully prepared to satisfy the requirements of those who seek this form of policy. This idea of group insurance is one of the newer developments in the relations in industrial, commercial and even financial enterprise, and will, it is thought, have a very marked bearing upon them. While it is as yet only in its infancy, it is evident that it can be sold with profit to the companies, and its benefit to the purchaser has also been demonstrated.

We must not omit mention of the visit of his Royal Highness the Prince of Wales to Canada and the United States. His intense personal charm, his alert interest in and appreciation of everything he saw, his unfailing instinctive tact and courtesy to all with whom he came in touch, his facility and aptness in expressing himself under varying and sometimes trying conditions, have made a very lasting impression not only upon the people of both these countries, but upon his countrymen in Great Britain, and cannot fail to have a profound influence upon the future of the nations over which it is his destiny to rule.

THE PRESIDENT'S ADDRESS

CANADA LIFE ASSURANCE COMPANY

Mr. Herbert C. Cox Reviews Business of 1919--Mortality Rate Much Lower--Dividends to Policyholders Maintained

In common with other companies, we have shared in the pronounced demand for insurance apparent throughout the twelve months, and before the end of the year had achieved our objective of fifty millions of new business, enabling us to report issued and revived policies of $46,380,000, an amount greatly in excess of any previous year. Ordinarily this large underwriting would involve an expense which we should have some hesitation in undertaking, but our earnings for the year to which reference will be made later have been so extremely satisfactory that we have been able to absorb it without difficulty and without change in the scale of dividends upon existing policies.

Our insurances in force now total $230,000,000, an increase of $34,000,000, which is a gratifying percentage of the new issues for the year.

While the growth in our Canadian business has been marked, we are happy to report an important improvement in Great Britain, due in varying measure to the maintaining of our dividend scale, to a wider organization and to a greater confidence in things Canadian.

Some Business Not Accepted.

Approaching every applicant with the desire to have him become a policyholder, it is most unfortunate that in some instances the impairments are such that we are unable to accept him. That the number of cases in which this is necessary is only three per cent. of the whole, indicates a consistent endeavor to perform our normal function.

War Claims Paid.

The last of our war claims are now being cared for, and we record the total from this source since the commencement of hostilities as $1,800,000. This is a very reasonable amount, being less than one per cent. of our total assurances, and in meeting it we have had no difficulty or disturbance in regard to other obligations or promises.

Largest Earnings of Surplus.

In the early months of the year we suffered rather severely from deaths resulting from the continuance of the influenza epidemic, but as this cleared away our recovery was so rapid and our normal death losses so much below the amount provided for that we have a saving or profit from this source of $938,000, as against $68,000 for the previous year. In addition to this, the other elements which contribute to surplus have been so favorable that we are able to report the largest surplus earnings in the history of the company, namely, $1,877,160.

Policyholders' Dividends Maintained.

That we have met without hesitation the wholly unlooked for demand upon us in the form of new business, and that we carry forward the above very handsome surplus, which enables us to continue without reduction our usual rate of profit distribution to those policies sharing this year, is altogether gratifying. That the advantage of our strength in this regard has had a perceptible effect upon our success in Great Britain, is already apparent on this continent, and must become of increasing value as the man in the street more fully realizes its significance. The special reserve of $500,000 accumulated during the last five years still remains as a safety valve in the event of any unforeseen demand upon us.

Cash Profits Paid.

This year marks the end of another quinquennium, or five-year period, and we have had the pleasure of allotting to policies entitled to participate dividends of which the cash value reaches the highly important total of $2,761,000. A portion of this has already been distributed, the balance to be available during the ensuing year as determined by the premium due dates of the individual policies to which they apply.

Many years ago this company adopted fixed quinquennial periods—1899, 1904, 1909, 1914 and 1919—and all policies issued prior to 1900 had their profits maturing in these years, involving at those stated times the division of a very large amount of surplus. In connection with policies issued during and since 1900 the contribution method has been employed, so that this is the last time we shall be called upon to make an unusually large distribution, the sums allotted in future being more evenly divided from year to year.

Group Insurance Available.

Anticipating the demand likely to arise for group insurance as soon as it should be sanctioned by the finance department, we prepared our policy forms and premium rates and had them approved by the superintendent of insurance. The rates we have adopted are, we believe, ample to secure us against loss while being at the same time sufficiently low to enable us to compete on reasonable terms with other institutions.

Victory Loan—$12,500,000.

The requirements of the government for war purposes have again made a heavy demand upon Canadian life assurance companies, which have responded with subscriptions totalling $51,500,000. This company was the largest individual subscriber among its fellows, and the second largest in the entire list, applying for $12,500,000, on account of which we have been allotted $7,800,000. While doing our share in this regard we have still been able to take advantage of a favorable market to purchase $1,814,000 of other government, provincial and municipal issues, and to lend $3,525,000 upon real estate mortgages. The demand for the latter has been much better than in 1918, with the result that we have invested in this way not only our principal repayments, but an additional amount, which gives us a material net increase in our mortgage loans. As we maintain a strong and aggressive loaning organization thruout the western provinces, it has been possible for us to take full and prompt advantage of any favorable change in the loan market and the service thus placed at the disposal of our clients is greatly appreciated and productive of much business.

Interest Collections.

Crop failures, total or partial, have naturally not been without effect upon interest collections but these have been considerably better than might have been expected under the circumstances. In any instance where we think the payment of arrears is doubtful the amount has not been included in the asset described as "interest outstanding."

May I repeat the statement made last year that our farm loans, covering 1,500,000 acres, average about $7 per acre on our own valuation of $20 per acre. Mixed farming is on the increase amongst our borrowers, and must ultimately have a helpful effect upon their interest-paying capacity.

Mortgage Loans.

Our mortgage loans, city and farm, now number 8,400 for somewhat over $22,000,000 and add greatly to our earning capacity. That they constitute a very active portion of our assets is indicated by the important repayments which average almost ten per cent. of the principal each year. In other words experience during the last few years has shown us that we must annually put out three million of new loans to make a net increase of one million. During the war period the high prices obtained for his wheat has enabled the western farmer to greatly reduce his mortgage indebtedness, and it is perhaps fair to assume that as these prices decline the tendency will be for his borrowings to become more permanent. Another factor contributing to the large repayments is found in our readiness to allow returned soldiers desiring to borrow from the soldiers' settlement board to discharge their loans to this company without notice or bonus. This action is in line with the general desire to facilitate the early re-establishment of homecoming soldiers.

In transactions involving such a large number of individuals and covering such an extended area there must necessarily be some casualties, but we continue to be able within reasonable time to dispose of all foreclosed properties without loss of either principal or interest.

Western Municipal Finances.

Embarrassment has come to a few western municipalities following a period of over-inflation during which large debenture issues were sold in undue anticipation of future development, but presumably under the supervision of their provincial governments. Some of these towns and cities have applied to the holders of their debentures for relief and it would seem that this must be afforded in some measure to enable the municipalities to carry on. Every effort has been made, but without avail, to persuade the provincial governments to come to the rescue of their respective municipalities in view of the bearing which these delinquencies will have upon the general credit and borrowing power of the provinces themselves and their stronger municipalities. The future will doubtless demonstrate to them the shortsightedness of their present policy of aloofness and non-responsibility.

Interest Rate Increased.

The outstanding feature of the past five years in relation to your investments is the large increase in the holdings of federal and provincial government securities, with an improvement in the interest yield upon them from 3 1-2 per cent. to 5 3-4 per cent. Concurrently we have added to our city, county, township and school debentures while reducing very materially those of towns and villages and the bonds of corporations and public utilities, following a studied and fixed policy of confining ourselves to what may be regarded as the highest class of bonds and debentures.

That our program in this regard and in relation to mortgage loans has been right is amply proven by the gradual rise in our average net interest rate, which has this year reached the highest point in the company's history, namely 6.06 per cent. With this rate of earning upon our assets while our reserves are held on a 3 and 3 1-2 per cent. basis, you will be readily seized of our unequalled ability to produce surplus.

A very instructive chart has been prepared showing the tendency in our interest rate, commencing at 5.70 per cent. in 1889 and diminishing with some fluctuations to 4.35 per cent. in 1900, when it was deemed wise to put our reserves on a 3 and 3 1-2 per cent. basis. The drop in these years was probably due in large measure to high prices obtaining for securities and the very small proportion of mortgage loans on our books. Following a decision to invest more largely in the latter form of security the necessary organization was inaugurated and the curve of our yield rate has been steadily upward until, as I have said, it reaches this year 6.06 per cent. That our ledger assets are cared for at a cost of a trifle less than 1-3 of 1 per cent. is very satisfactory and has an important bearing on this net yield.

Policyholders Repay Loans.

Having in mind the insidious effect of the policy loan upon the permanency of the original insurance, there was instituted a systematic effort to stimulate repayments and to discourage new loans, with the desirable result that during the year the one item has offset the other, leaving the total loans of this nature at the same figure as a year ago, and virtually the same as five years ago.

At the last annual meeting you were good enough to authorize the creation of a Staff Savings and Pension Fund. You will be glad to know that a large portion of the staff have already become contributors to the fund, and we anticipate that practically all of the male members will do so.

Five Years' Progress.

As this is the sixth annual statement the present management has had the honor of presenting to you, perhaps you will permit a very brief review of the progress made in the five full years of its administration:

	1914		1919
New policies issued increased from	$ 15,000,000	to	$ 45,500,000
Total policies in force increased from	137,000,000	to	230,000,000
Income from all sources increased from	8,500,000	to	12,000,000
Total assets increased from	56,000,000	to	69,000,000
Surplus earned increased from	1,500,000	to	1,900,000
Total payment to policyholders increased from	3,360,000	to	6,547,000

This development has not been accomplished without the material strengthening of our organization, both in the field and in the home office, not without the laying aside of some of the old servants of the company who had given it faithful and valuable service, not without the adoption of new methods of stimulating our own forces and the interest of their constituents, but it has been brought about, I am happy to say, by the generous and vigorous team-work of the staff at large, by the kindly acquiescence of those who have stepped aside by the bringing of trained salesmen to an aroused and receptive public and it has furthermore been brought about at a perceptibly decreased rate of cost which has enabled us to report a largely increased surplus earning.

In recording this success, may I acknowledge my own obligation to my colleagues upon the directorate, to the officials, to the solicitors and medical referees, to the agency and loan managers, to each member of our forces in the home office and in the field, for the assistance which has made it possible.

Group Insurance Sold by Canada Life

This Company has anticipated the demand arising for Group Insurance, and its policies on the term group plan are available in attractive forms and at low cost, with the further advantage of having the gross premium reduced by dividends. It is believed that these dividends will reduce the cost to an exceptionally small outlay.

In addition to this attractive plan a new form of Group Insurance is issued which combines life insurance protection with a savings fund.

Group Insurance under this plan has four-fold benefits: life insurance for bereaved families of employes, a larger financial incentive to the continuation of employment, a reserve fund for emergencies, and an accumulation for future investment.

The real object of Group Insurance is to cover these four main contingencies, and this new plan will adjust itself to the special needs of the employer and be adapted to stimulate loyalty among employees, reduce the cost of labor turnover by invoking a desire for continuity of employment, and go far toward developing esprit de corps among the staff and co-operation between employer and employes.

"Progress All Along the Line in 1919"

December 31st, 1919.		Increase.
Total Assets	$ 69,352,268	$ 3,404,693
Total Assurance in Force	229,794,267	33,813,717
Total Income	12,012,581	964,639
New Assurances Issued	46,380,774	20,608,026
New Assurances Paid for	41,641,877	17,750,209
Reserves for Protection of Policyholders	58,066,273	3,051,319
Surplus Earned	1,877,160	635,489
Payments to Policyholders	6,347,925	842,252

Above, in brief, are the results for 1919 as shown by the Financial Statement.

Below are a few other important accomplishments during the year:

THE CANADA LIFE IN 1919:—

1. Placed more additional insurance with existing policyholders than ever before.
2. Succeeded in showing a substantial increase in the amount of the average policy.
3. Greatly extended the sale of Monthly Income and Business Insurance during the year.
4. Carried out the year's operations with an important decrease in the ratio of expenditure.
5. Increased the interest rate to 6.06%, notwithstanding large purchases of 5½% Victory Bonds.
6. Issued nearly twice as many new policies as in 1918.

YORK POINT SCHOOL

The semi-annual examination of York Point Schol was held on December 18th. Considering the inclemency of the weather a good number of visitors and pupils were present. The school was tastefully decorated for the occasion with trailings and Christams bells, etc. The pupils were examined in their various branches, which they promptly answered, showing that they were carefully taught by their efficient teacher Miss Hazel White.

The programme was as follows: Welcome, by the School; Recitation, Davis Dockendorff, Christmas Shopping; Recitation, Lois Moreside, Planning Christmas Gifts; Exercise by eight pupils, Spelling Things; Recitation, Stanley Murchison, Neds Letter; Recitation, Reggie McEwen, To Market and Little Jack Horner; Recitation, Gordon McEwen, Curly Locks; Dialogue by Florence Dockendorff and Lois Moreside, Why she Left; Recitation, Bernard Dockendorff, An Impatient Waiter; Recitation, Helen McKindlay, Dollys Dilemma; Recitation, Mildred Dockendorff, Two little Stockings; Recitation, Florence Dockendorff, Playing Santa Claus; Dialogue by Florence Dockendorff, Doris Dockendorff, Bernard Dockendorff and Stanley Murchison, The Dolls Sad Fall; Recitation, Archibald, Eugene McAulay, Three Mice; Exercise by the School, Merry Christmas; Exercise by seven pupils, Santa Claus is coming. After the programme a liberal supply of candy was passed around to the visitors and pupils, while Mildred Dockendorff was appointed to unload the Christmas tree of a little remembrance for the pupils. After which some pleasing remarks were passed on the progress of the school. The singing of the National Anthem brought the successful examination to a close and the people dispersed to their home after spending a very enjoyable evening. (Patriot and Examiner please copy.)

XMAS EXAMINATION.

The semi-annual examination was held in Elliotsvale on Wednesday afternoon, December 24th. The schoolroom was beautifully and artistically decorated for the occasion with Xmas bells, streamers, etc. A large number of rate-payers were present. The pupils were examined by their teacher, Mr. Eugene Dunn, ably assisted by Miss Katie Walsh, and Messrs Frank McMillan and Harold Fraser, and by their prompt and correct answers gave evidence of careful training. After the examination a short programme consisting of recitations, dialogues, songs, etc., was rendered by the pupils. At the close of the programme the teacher presented several pupils with prizes for proficiency in certain subjects, and treated the rate-payers and pupils with apples and candy. The pupils then surprised the teacher by presenting him with a dressing case, and an excellent address, which was read by one of the pupils. In reply to the address the teacher thanked the pupils for their kind remembrance, and congratulated the rate-payers for the pains they have taken for the cause of education, and concluded his remarks by wishing one and all a Merry Xmas and a Happy New Year.

Then several of the ratepayers spoke of the efficient work which Mr. Dunn was doing and complimented him on his success as a teacher. The examination was brought to a close by singing the National Anthem.

S. S. CANADIAN SPINNER SAFE OFF ANTICOSTI

The latest reports received from the Canadian Government steamer Montcalm and the Canadian Spinner is a message sent by the Master of the Montcalm saying,

"Still held in drifting ice, off southwest point, Anticosti. Have drifted five miles since being stopped in the ice last night. All well on both vessels."

Minard's Liniment Cures Diphtheria