

Four and a Half Million Canadians Own Life Insurance

Says President Mutual Life of Canada

Encouragement of Thrift Essential in Sound National Policy

Mutual Life Record Outstanding Example of Value of Independence Created Through Personal Effort

Reviews Outlook for Canadians

Waterloo, Ont., February 8th.

"Freedom has been experienced in widest degree in those countries where men have earned their security by their own efforts," declared Mr. Louis L. Lang, President of The Mutual Life of Canada, when addressing the 79th Annual Meeting of policyholders of the Company today. He emphasized that the results of the Company's operations for the policyholders are a very pointed example of the social and economic security which can be obtained through the initiative of free men in a free society.

When dealing with world affairs Mr. Lang expressed the opinion that, although the prospects of avoiding a third world war are becoming brighter, all nations must be well prepared. "We must protect our lives, our liberties and our possessions, and this cannot be done without paying the price in thought, effort and money," he said.

Mr. Lang foretold continued high production in Canada, the heavy backlog of orders in many lines precluding the likelihood of any serious downswing in the production trend of consumer goods; but, as production increases, the hunt for new markets for Canadian products will in time become more intensive.

A practical and humanitarian interest in world affairs, stabilization of wages and salaries, economy in government expenditures, and a continuous emphasis on the value of thrift, were some of the essentials of wise Canadian policy advocated by Mr. Lang.

Speaking specifically of the progress of The Mutual Life of Canada, he pointed out that the 11 million dollars paid to policyholders in dividends since 1939 were equivalent to 20% of the total premiums received, these refunds reducing substantially the cost of protection and constituting convincing evidence of the Company's low net cost record.

A condensation of Mr. Lang's address, and the address delivered by Mr. A. E. Pequegnat, General Manager, who commented on the Annual Statement, follow:



Mr. Louis L. Lang, President

Large Percentage of Population Owns Life Insurance

Ownership of nearly \$13 billion of life insurance by some 4½ million Canadians is convincing proof of the very important place occupied by the institution of life insurance in the social and economic structure of our nation. Basically, there are three major functions performed by a life insurance company: the gathering together of small sums from a large number of people into a common fund to provide protection against the hazards of death and to accumulate savings for old age; the husbanding of these funds through safe and nationally productive investments; and, in the needful time, their distribution to policyholders' beneficiaries or to living policyholders. The efficiency and effectiveness with which these three major functions are performed measure the contribution of the life insurance industry to the nation.

The history of The Mutual Life is truly "A Romance of Co-operation." The financial measure of the results of the Company's operations is before you today. The individual co-operative method illustrated by the successful record of the Company, Canada's largest mutual, is in sharp contrast to that envisioned by the "cradle to the grave" philosophy which involves Government financial support in huge amounts and adds to the productive workers with the dead weight of burdensome taxation.

High Returns to Policyholders

In the seventy-nine years since this Company was formed, over \$374 million has been distributed to policyholders and beneficiaries. \$112 million was paid in death benefits; the balance of \$262 million was paid to living policyholders. \$111 million consisted of dividends—refunds of portions of premium payments which served to reduce substantially the cost of protection. These dividends are equivalent to 20% of the total premiums received.

Security Attained Through Individual Effort

The size of totals presented today is a very pointed example of the social and economic security which can be obtained through the initiative of free men in a free society. To obtain security for themselves and their dependents and yet, at the same time, to remain free, is the goal of men in the greater part of the world. Wherever the individual has turned to the state for security, loss of freedom has been the result. Freedom has been experienced in widest degree in those countries where men have earned their security by their own efforts. If the state were saddled with the

high — any appreciable slowing-down which has been apparent being in consumer goods. This may result in competitive markets to a greater extent than has been experienced in the recent past—a condition which will be welcomed by people hard-pressed by prevailing high prices. The importance of maintaining production at the highest possible levels in the light of their purchasing power, have been just as greatly affected by high costs as has been the housewife. If our competitive position in world markets is to be retained, the importance of arresting unreasonable demands for higher incomes is evident. If met, they can only result in delay in the lowering of prices or even encourage the continuation of the upward trend. New buildings, machinery and the cost of finding markets and many other factors must come out of reserves and profits or progress will be diminished and, in some cases, stopped. In the long run, it is safer policy to accept reasonable wages and salaries in order to permit the accumulation of reasonable reserves to carry production enterprise through those periods when profits are low or non-existent and to diminish unemployment should markets shrink to demand and secure all earnings for present division and consumption.

Further Wage Increases Unwise

There have recently been some indications of lower prices, leading to the hope that the cost of living may be stabilizing or turning downward. The earnings of corporations and other businesses, considered in the light of their purchasing power, have been just as greatly affected by high costs as has been the housewife. If our competitive position in world markets is to be retained, the importance of arresting unreasonable demands for higher incomes is evident. If met, they can only result in delay in the lowering of prices or even encourage the continuation of the upward trend. New buildings, machinery and the cost of finding markets and many other factors must come out of reserves and profits or progress will be diminished and, in some cases, stopped. In the long run, it is safer policy to accept reasonable wages and salaries in order to permit the accumulation of reasonable reserves to carry production enterprise through those periods when profits are low or non-existent and to diminish unemployment should markets shrink to demand and secure all earnings for present division and consumption.

Encouragement of Thrift Essential

A great portion of our tax burden is the result of two factors: the interest on the national debt incurred is a definite factor in all tax bills; there is an increasing demand from citizens for increased social services and capital expenditures. Improvement in social services is commendable and should be continued so long as it is kept within bounds, but otherwise it will slowly but surely destroy our economy. In the long run the Government has no money except what it takes from the people in the form of taxes. Money diverted to unproductive, although necessary, purposes leaves so much less for investment in the expansion of enterprises in all the great fields of production which, when developed, create more employment and provide larger incomes for the people in all parts of the country. Those between approximately twenty and seventy years of age who are actually working and earning, support and provide for all others, including children, the aged and the unemployed. This is an additional reason why the ancient virtue of thrift must be encouraged in a sound national policy.

Accomplishments Through Free Enterprise

Canada, in spite of some state ownership and control, is still overwhelmingly a free enterprise country. Canadians recognize that governments have their duties in some particular fields of operation, which cannot be delegated to private citizens, but the great majority remember that free enterprise and adventure developed the British Commonwealth of Nations and the United States and wish to maintain, improve and expand the system which produced such unparalleled results in these two leading world political, economic and social organizations. It has been said, but it cannot be repeated too often, that the greatest asset of Canadians is their faith and their character. Faith and character have helped them to build the Canada of today, and will help them to prepare for and meet the problems of the future. The same may be said of The Mutual Life. A company that has the inspiration of seventy-nine years of progressive management, the benefits of which results, cannot be expected to prosper in the years to come.

Production Increases Will Require New Markets

Because of conditions existing in Asia and Eastern Europe, a great part of the world is isolated from other parts. There is great need in these curtailed areas for enormous supplies of manufactured goods, food and other necessities, but they are partly or completely closed to the producers, merchants and businessmen of other countries who could supply some of these needs. For the time being, there are such shortages in the great producing countries that there are few surplus problems at home, but as production increases this situation will be more intensive. Canadians are compelled to take a practical, as well as a humanitarian, interest in world problems.

Business Expansion in Canada

The steady growth in production, national income, trade, capital development and employment in Canada during the past three years has been remarkable. There has been an immense market during the past three years for all that we in Canada and the United States can grow and make. Nevertheless, North America cannot sustain and supply the rest of the world indefinitely, and it should be our aim to assist stricken countries to recover and to resume their natural places in the economy of the world.

Canadian Outlook for 1949

Much of our economy will be dependent upon conditions outside our own boundaries and beyond our control. Activity in important capital goods industries is still

Statements Analyzed by Mr. A. E. Pequegnat, General Manager



Mr. A. E. Pequegnat, General Manager

Mr. Pequegnat, when referring to the life insurance written in Canada, pointed out that the aggregate life insurance coverage in Canada is the equivalent of the national income for one year. He urged that Canadians consider the lower purchasing power of the dollar today as compared with 10 years ago when arranging their insurance programs.

Surplus Earnings and Reserves

The Surplus Earnings of the Company last year amounted to \$5,538,961, an increase over the previous year of \$106,500. Of this amount, \$4,728,172 was actually paid to policyholders or is being held to their credit, leaving an amount of \$810,789 to be added to the Unassigned Contingency Fund, which now stands at \$14,214,500. Additional reserves of over \$5,900,000 are maintained to provide for fluctuations in the value of investments. While these contingency funds may appear substantial, they represent but 6.21% of total assets, which is not an excessive margin of security when one considers the violent fluctuation of security values which occurred within the memory of most of us.

New Dividend Scale

Some months ago the basis of surplus distribution for 1949 was determined, and it is gratifying that the results of the year's operations since compiled, have fully justified the earlier estimates. The new scale provides slightly increased dividends, except at the higher ages and longer policy durations, but in no case will the 1949 dividend be less than that paid in 1948. The new scale should provide highly satisfactory to all policyholders, especially in comparison with the surplus distributed by our strongest competitors, and we trust that it will be possible to continue dividends to our members on this scale for some years to come.

Low Lapse Rate

Mr. Pequegnat reported that the lapse rate of The Mutual Life of Canada is outstanding on the North American continent.

Improvement in Mortality

The results of the past year indicate that the economic functions of the nation are finding definite stabilization on a new plane. While earnings on the investments of life insurance companies are no longer available at as high a rate as formerly, the actual mortality experienced among policyholders has, in recent years, shown a definite improvement, thus reducing the actual cost of such protection. In 1938 the ratio of actual death to that provided by the mortality tables used in the calculation of policy reserves was 46.15% and the savings contributed \$2,411,000 to the surplus. In 1948 the ratio was 31.2%, but the corresponding mortality saving in 1948 was \$3,347,000. The average ratio for the ten-year period, which included all war claims, was 53.37%.

Interest Earnings

This generally favorable mortality experience was offset to some extent by the actual interest earned on the Company's investments. In 1938 interest earnings exceeded the amount required to maintain the Company's policy liabilities. In 1948, however, the excess interest item stood at approximately \$2 million on investments almost 80% higher. The average rate earned on the Company's investments during the year was 4.68% in 1938, declined to 3.80% in 1948. However, the decline for the past year was but .04% as compared with 12% the previous year. In 1948 the rate increased to 3.12%, indicating that the base of the interest earning curve has been reached. This is further substantiated by the trend of average rate of earnings on new investments during the past decade. In 1938 the rate realized on the bond investments of the year was 3.55%. This declined steadily to 2.78% in 1947. Combining all types of new investments, the rates were 4.32% in 1938 and 4.25% in 1948, with the low in 1945 of 3.34%.

Mortgage Loan Investments Increase

The holding of Dominion bonds declined during the year by \$9,200,000 and now represents 50% of the Company's assets, rather than 56.6% at the beginning of the year. This decline is offset by an increase in provincial and municipal bonds of \$11,800,000 and public utility and industrial bonds

Importance of Life Underwriters

In these days of social unrest, when so much stress is being placed on security, even if it occasions some loss of freedom, what greater service can one render his country than to advise his friends and neighbours how they can provide their own personal and family security without sacrificing the heritage of democratic freedom which is theirs. Viewed from any angle—social, economic, individual contentment, family security, community or national building, life insurance is a good citizenship nation of citizens who enjoy the satisfaction and peace of mind which comes from adequate life insurance will never turn to socialism.

Tribute to Staff

The quality of service rendered our three hundred thousand members on which the Company's splendid reputation through Canada has been established, must be credited to our more than nine hundred salaried employees. The Office and in our fifty-seven Branch Offices, together with the thousand or more Field Representatives who make daily contact with our great Mutual Family. On behalf of the Executive Officers of the Company, I wish, in this public way, to pay tribute to those loyal members of our official family, Junior Officers, Branch Managers, Department Supervisors, Branch Secretaries, Senior Clerks, Stenographers and other clerks who combine to provide an administration which, for efficiency, economy and character holds an eminent place among the life insurance companies of Canada.

THE MUTUAL LIFE Assurance Company OF CANADA

HEAD OFFICE: WATERLOO, ONTARIO

79th ANNUAL STATEMENT

Year ended December 31, 1948

INCOME	
Premiums for Assurances	\$26,186,578.32
Consideration for Annuities	2,121,596.54
Interest, Dividends and Rents (after provision for possible future losses)	11,460,354.76
Consideration for Settlement Annuities arising out of assurance policies	1,063,356.63
Policy Proceeds, Dividends and Other Amounts left with the Company	6,956,357.27
Net Profit on Sale of Ledger Assets (after applying \$1,575,719.55 to reduce book value of securities to stabilize future interest yields)	213,118.06
	\$48,001,361.58
EXPENDITURES	
Death and Disability Claims	\$ 7,006,895.04
Matured Endowments and Surrender Values	5,474,594.86
Annuity Payments	508,090.21
Policy Proceeds, Dividends on Deposit and Other Amounts Withdrawn	5,397,277.68
General Expenses and Taxes	6,416,606.47
	\$24,803,464.26
Increase in Policy and Staff Pension Reserves and Amounts on Deposit with the Company	17,658,935.59
	\$42,462,399.85
SURPLUS EARNINGS FOR YEAR	\$ 5,538,961.73
Deduct:	
Dividends Paid or Allotted to Policyholders	\$ 4,428,172.09
Increase in Provision for Dividends payable in subsequent year	300,000.00
	\$ 4,728,172.09
TRANSFERRED TO UNASSIGNED CONTINGENCY FUND	\$ 810,789.64

LOUIS L. LANG, President

A. E. PEQUEGNAT, A.I.A., F.A.S., General Manager

FEATURES OF 1948 PROGRESS

Surplus Earned in 1948	\$ 5,538,962
Total Payments to Policyholders and Beneficiaries in 1948	17,417,752
New Assurances Paid in 1948 (Excluding Annuities and Reassurances)	104,251,898
Total Assets	324,579,480
Total Assurances in Force on December 31, 1948 (Excluding Annuities)	1,017,191,239

BRACKLEY POINT W.I.

The February meeting of the Brackley Point Women's Institute was held at the home of Mrs. George Hughes on Thursday evening, Feb. 3rd. Following the opening Ode and Creed, the minutes of the two previous meetings were read and approved. There were thirteen members and one visitor present. The committee in charge reported parcel of mixed groceries sent in January to the adopted English Institute. A special collection amounting to \$3.25 was taken to help defray the cost of parcel. There were no sick calls during the month. The teacher, Miss Reid, reported new window shades, a number of dictionaries, and a map of Canada purchased for the school.

Correspondence consisted of a letter requesting Federal aid for education was read, and it was decided to send in a resolution regarding same. This month being the fifty-second anniversary of organizing of the pioneer Institute at Stoney Creek, Ont., the Founder's Day program was read and discussed.

Eight members paid subscription for the "Institute News." It was decided to purchase a Santa Claus costume for use at future Christmas concert. Collection for the evening was \$3.92. Mrs. George Shaw invited the meeting to her home for March, roll call to be answered by telling Irish jokes. A delicious lunch was served by the hostess, assisted by the committee in charge. Meeting closed with the National Anthem.

MARGARINE AT HALIFAX

HALIFAX, Feb. 7 — (CP) — Margarine went on sale in Halifax and Sydney for the first time since 1918 today and sales were reported good. The butter substitute sold for 45 cents a pound in Halifax and ranged up to three cents higher at Sydney. Amherst and Springhill stores had margarine Saturday.

BABY CHICKS

Barred Rock-New Hampshire Reds, Light Sussex-New Hampshire Reds, New Hampshire Reds.

Price \$17.00 per 100 mixed sex only. Hatches each week, early March on.

If you have a warm brooder house well sheltered I would like to see you with March Chicks. They will be needed to help give sufficient volume to U. S. A. shipments.

The American buyers like our set-up here. We have several groups of aggressive poultry buyers. A large volume of healthy, good poultry concentrated in a small area. Our problem is to arrange in advance to have a large quantity of our product ready when the other fellow hollers for it.

A SHARE OF YOUR BUSINESS WOULD SURE BE APPRECIATED

S. R. Pendleton

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Chartered Accountant
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There's nothing to equal Minard's "KING OF PAIN" Liniment. Gives quick relief!

MINARD'S "KING OF PAIN" LINIMENT

—The members of the Elmsdale Women's Institute met at the home of Mrs. Robert Brennan on Tuesday evening for the regular

Elmsdale and Vicinity

Mrs. James Johnston returned to her home the early part of the week with her infant son from the Western Hospital.

Mrs. Leonard Barnett has returned to her home much improved.

Elmsdale and Vicinity

Miss Beatrice O'Brien has accepted the position as Principal of the Albany School and entered upon her duties on Tuesday.

The many friends of Mrs. Frank Dunn are pleased to know that she has fully recovered from her recent illness which necessitated treatment in the Western Hospital for a few days.

Mr. Kenneth R. Matthews and daughter Velda left for Montreal on Monday where Velda will receive further treatment from the famous plastic surgeon Dr. Baxter at the Royal Victoria Hospital.

Former friends and relatives are happy to welcome Mr. William Henry Stewart to his native and after an absence of 20 years in Saskatchewan. He is visiting with his brother, Mr. James Stewart and Mrs. Stewart.