THE PRESIDENT'S BOOK

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THOMAS BASSETT MACAULAY

THE PRESIDENT'S BOOK

The STORY *of the*
SUN LIFE ASSURANCE COMPANY
OF CANADA

by

GEORGE H. HARRIS

Illustrations by
S. H. MAW, A.R.I.B.A. *and* A. SHERRIFF SCOTT

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EXTRACT *from Minute of the Board of Directors* SUN LIFE ASSURANCE COMPANY OF CANADA, *October 5, 1927.*

"*The President, Mr. Thomas Bassett Macaulay, F.I.A., F.A.S., on October 2, 1927, completed fifty years of service with the Company. The Directors, on behalf of the shareholders and policyholders, and on their own behalf, extend to him their felicitations on this noteworthy anniversary, and offer him their warm and hearty congratulations.*

"*In doing so they formally record their appreciation of Mr. Macaulay's distinguished contribution to the upbuilding of the great institution with which he has been so long identified. For forty-seven years he has been an officer of the Company and for twelve years its President. Its emergence from small beginnings to its present predominant position is chiefly attributable to his leadership and his unfaltering devotion to its interests.*

"*In order that Mr. Macaulay's services may be permanently recorded, they direct that an historical record of the Company be prepared and dedicated to him under the title of 'The President's Book' . . .*"

BIOGRAPHICAL NOTE

Thomas Bassett Macaulay: born at Hamilton, Ontario, June 6, 1860. Educated at Hamilton and Montreal. Entered service of the Sun Life Assurance Company of Canada, October 2, 1877. Actuary 1880, secretary 1889, director 1896, managing director 1908; succeeded his father, Robertson Macaulay, as president October 5, 1915. Fellow, Institute of Actuaries of Great Britain. Charter member, Actuarial Society of America, and president for two terms. Represented actuaries of United States and Canada at International Congresses at Paris 1900, Berlin 1906, being elected vice-president on both occasions. Represented Actuarial Society of America as vice-president for Canada at International Congresses at London, 1903 and 1927. Fellow, Royal Statistical Society. Fellow, Royal Economical Society. Ex-president, The Canadian Life Insurance Officers' Association. President, Canadian-West Indian League. Represented Leeward Islands at Canada West Indies Trade Conference 1925. Hon. president, Navy League of Canada. Appointed Dominion Chairman of the National Committee on Food Resources 1917. Director of many financial and commercial corporations, and identified with many philanthropic movements.

What cannot art and industry perform,
When science plans the progress of their toil!

—Beattie.

THE
PRESIDENT'S
BOOK

PART I

1865–1874

Do you lay the Foundation, and
succeeding Ages may build upon it.

— DR. ASSHETON,
the Father of Life Assurance.

THE PRESIDENT'S BOOK

CHAPTER ONE

BEGINNINGS OF LIFE ASSURANCE

(1) Early Gropings

INSURANCE is a system of great antiquity. In a crude form it was practised long before it was identified by that name. When Joseph received from the Egyptian husbandmen contributions of their surplus in years of plenty, to provide against years of famine, he carried out one of the greatest insurance transactions in history. The ancient Greeks and Romans applied the principle by indemnifying against loss those ship-owners who attempted to carry supplies to the relief of beleagured garrisons or armies. There were later examples in other European lands.

Among the first instances in English-speaking countries were the old Saxon guilds in which every freeman of fourteen, being bound to find sureties to keep the peace, certain neighbours became bound for one another, either to produce any one of the number who should offend against the Norman law, or to make pecuniary satisfaction for the offence. To do this they raised a common fund. Some of these guilds specifically provided for death benefits by means of assessment of the members.

These early illustrations of the insurance principle, however, have more historical than practical interest. Many centuries elapsed before the practice of indemnifying life values had any considerable vogue. Its real inception in England dates from the sixteenth century, and it had its origin not in benevolence, but in greed. Early contracts still in existence indicate that they were inspired by the hope of gain on the part of those seeking the assurance or those granting it. The person on whose life the assurance was made frequently had no pecuniary interest in it, and often indeed did not know of the transaction.

The earliest contract extant is dated June 18, 1583; it was made at the 'Office of Insurance' 'within the Royal Exchange' in London:

> (1) 'In the name of God, Amen. Be it knowne unto all men by theise presentes, that Richard Martin, Citizen and Alderman of London, doth make assurance and causeth himself to be assured upon the naturall life of William Gybbons, Citizen and Salter, of London, for and during the space of xij monethes next ensuinge after the underwriting hearof by the assurers heareafter subscribed fullie to be complete and ended. The which assurance wee the persons heareafter named, merchantes of this Citie of London, for and in consideracion of certeine currant money of England by us received at the subscribing hereof, of the said Richard Martin, after the rate of viijli. sterling per-cent (whereof we acknowledg ourselves—and everie of us by these presentes trulie satisfied and paid) do take upon us to beare. And we do assure by thiese presentes that the said William Gibbons (by what addiceon soever he is or shall be named or called) shall by God's grace contynue in this his naturall lief for and during the space of xij monethes next ensuinge after the underwriting heareof by everie of us the assurers, or in default thereof everie of us to satisfye, content and paie, or cause to be satisfied, contented and payd unto the said Richard Martin, his executors, administrators or assignes, all such severall summes of money as we the assurers shall hereafter severally subscribe, promising and binding us eche one for his owne part, our heiers, executors

(1) Journal of the Institute of Actuaries (Vol. XVI—423 and Vol. XXV).

and administrators by these presentes, That if it happen (as God defend) the said William Gibbons to dye or decease out of this present world by any wayes or meanes whatsoevere before the full end of the said xij monethes be expired, that then we, our heirers, executors or assignes wthin two monthes next after true intimaceon thereof be to us, our heirers, executors or administrators lawfullye given, shall, will and truly content and pay, or cause to be contented and paied unto the said Richard Martin, his executors, administrators or assigns all such summe and summes of money as by us th' assurers shal be heareafter severally subscribed wthout any further delaye: It is to be understanded that this present writing is and shall bee of as much force, strength and effect as the best and most surest policy or writing of assurance which hath bene ever heretofore used to be made upon the life of any person in Lumbard Street, or nowe wthin the Roiall Exchange in London. And so the assurers be contented and doe promise and binde themselves and everie of them, theire heiers, executors, administrators and assigns for the true performance of the promises according to the use and custome of the said street or Royall Exchange: And in testimony of the truth, the assurers have heareunto severally subscribed theire names and summes of money assured. God send the said William Gibbons helth and long lief. Geven in the office of assurers wthin the Royall Exchange aforesaid the xviijth day of June 1583.'

The signatures of the assurers, written opposite the amounts each assurer bound himself to pay, immediately follow this quaint writing: (1)

> 'John Barker, 50li.; Leonard Holyday, 25li.; William Browne, 25li.; John Castelin and Anthony Marlor, 25li.; Henry Clitherowe, 25li.; Edmund Hogan, 33li. 6s. 8d.; John Stokes, 33li. 6s. 8d.; Henry Colthirst and Nicholas Stile, 25li.; John Newman, 25li.; Symon Lawrence and Oliver Stile, 25li.; the Executrix of William Towerson deceased, 33li. 6s. 8d.; William Becher, 25li.; and Robert Brooke, 33li. 6s. 8d.'

(1) It was from the practice of the guarantors signing their names at the foot of these contracts that the term 'underwriter' arose. It is now frequently used—inaccurately—to designate the agent instead of the assurer.

The total assurance was £383. 6. 8., and the rate charged (for the term of one year) 'VIII upon the hundred'—eight per cent. The age of the life assured was not stated in the document.

The pious petition, 'God send the said William Gibbons helth and long lief,' did not avail, for Gibbons died on May 29, 1584. Intimation of this sad occurrence having been made to the underwriters severally, they jointly refused to pay on the plea that the assured did live twelve full lunar months after the assurance was made! The commissioners appointed in the City of London to determine such causes, and also Richard Chandler, the Clerk of Office of Assurance by whom the contract was drawn, took the view that the contract was intended to continue in force for a full calendar year. It was not until 1587 that the issue was settled, two judges of the Court of Admiralty, to whom the question was judicially referred, ruling that the underwriters must pay—a most just verdict, it would seem.

This contract, typical of the times, was in its elements a pure wager; the underwriters bet Martin 100 to 8 that Gibbons would live a year. There is nothing to suggest that Gibbons was party to the contract, or indeed that he knew anything about it.

Trafficking of this kind developed rapidly and, as was inevitable, led to abuses of the gravest kind. The conditions of the times gave it a powerful impetus, for the fact that human life was threatened by many hazards gave a zest to the ghoulish business of betting upon it. Sanitation was unknown. Palace and hovel alike were hotbeds of disease. Plague and pestilence swept the land with terrible frequency;

Early Gropings

one visitation alone exacted a fifth of the population of London. Public affairs moreover were unsettled; war at home and abroad took heavy toll of human life. There was much lawlessness; private and civil strife were rampant and claimed many victims, while murder and persecution added their own terrors.

But while these hazards provided an incentive to the gambler, they inspired also the early efforts to compile vital statistics. In the Middle Ages, as now, there was a tendency to exaggerate public calamities. The effects of the plagues, great as they were, were much magnified, and often caused panic. It was to allay public anxiety that the first records of deaths, called Bills of Mortality, were published in London in 1603.(1) From these beginnings have been evolved the methods of recording vital statistics which, much improved and amplified, are today published by most civilized countries. In this way blessing has grown out of affliction, for vital statistics are fundamental to the practice of modern life assurance.

(II) Scientific Evolution

John Graunt, of London, a haberdasher by trade but a mathematician by inclination, deduced a theory of probabilities from the London Bills of Mortality. His book, 'Natural and Political Observations made upon the Bills of Mortality,' published in 1662, brought him enduring fame, and led to his election to Fellowship of the Royal

(1) After being discontinued for a time, the records of plague statistics were revived in 1625 and published as 'Weekly Bills of Mortality.' Their value was greatly enhanced when in 1629 they were extended to include statistics of deaths from all causes.

Society. He propounded the principle that 'men do not die in exact proportions', and computed a table showing the probability of dying, by 'decads.' This was the first attempt to devise a mortality table from recorded experience.

In 1671 Jan de Witt, Grand Pensionary of Holland, a mathematician of distinction, was commissioned by the States-General to devise a plan for making a public loan. His report, presented the following year, provided for raising the fund by means of annuities. His calculations were based largely on statistics respecting the deaths of State pensioners. It has been said of De Witt's report that 'it is entitled to be considered as the first known production treating in a formal manner the valuation of life annuities.'(1)

The interest of the Royal Society in Graunt's work seems to have been maintained, for in 1692 one of its members obtained some bills of mortality, more complete than any hitherto compiled, relating to the city of Breslau in Silesia. They were submitted to Edmund Halley,(2) the Astronomer Royal of England, who was also Assistant Secretary of the Royal Society, and a mathematician of unrivalled ability. Halley submitted a paper to the Society in the following year: 'An Estimate of the Degrees of the Mortality of Man, drawn from curious Tables of the Births and Funerals of the City of Breslau, with an attempt to ascertain the Price of Annuities upon Lives'. A later paper dealt with 'Some further Considerations

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(1) Hendricks.

(2) The famous discoverer of Halley's comet. 'His calculation in 1680 that the comet would return to its orbit in 1835—a calculation which proved true—stands as the supreme illustration of the geometrical exactitude on which the science of astronomy is built.'—Haines.

upon the Breslau Bills of Mortality.' Halley showed the varying death rate, according to age, and deduced the principle that the price of annuities should be adjusted to these variations.

These scientific researches—with perhaps some reservation in regard to de Witt's annuity plan—were not connected with any practical attempt to establish life assurance on a basis for general operation. That movement came independently, and, unlike the private speculations to which allusion has been made, it was inspired by benevolence and solicitude. Dr. Assheton, Rector of Beckenham in Kent—according to Thomas Watts 'a holy man, hospitable, and universally charitable, generously beneficent, void of all selfishness'—depressed by the 'want of the Relicts of some Churchmen' set himself to devise a plan for their relief. 'A scanted portion and a fruitful Wife, do so entangle his affairs' that his fellow clergymen were hard put to to provide for those dependent upon them. Dr. Assheton worked out an 'undertaking' under which provision should be made for dependents: 'A sum to be paid down at marriage, and then let him pay at any other time when he flourished in money.' The 'undertaking' was later amended to provide for a 'yearly subscription.'(1)

After many unsuccessful attempts to get his plan adopted, Dr. Assheton had the felicity of having it accepted by the Wardens and Commonalty of the Mystery of the Mercers at Mercers' Hall in Cheapside in 1698. We may imagine his gratification on this triumph of a project to which he

(1) Haines—'Chapters of Insurance History.'

had given his best thought for many years, for the Mercers' was a guild of great influence and reputation. After its adoption, the good Doctor continued both his interest in, and advocacy of, the plan he had fathered; in 'an excellent agreeable sermon' on his favourite theme in St. Paul's Cathedral in 1699 he begged his congregation 'not to be discouraged, tho' the first attempt may not answer expectation.' And again, 'Do you lay the Foundation, and succeeding Ages may build upon it.' These were words that deserved to live.

To Doctor Assheton must be given credit for placing life assurance on a basis above that of wagering, and of elevating it to a place superior to that of mere charity. In its essence his plan imposed upon the individual the duty of providing for his own dependents by means of personal contributions—a distinct departure from the practice of the ancient guilds, which made levies on survivors for the benefit of a deceased member's destitute family. There was an ethical value to this conception which is fundamental to the modern practice of life assurance.

The Mercers' enterprise survived only a few years, but in the meantime it had been emulated. The Amicable Society for a Perpetual Assurance Office was inaugurated in 1705, and incorporated in 1706; it continued as an independent company until 1865, when it was merged with the Norwich Union Life Insurance Society. It was founded by John Hartley, a Fleet Street bookseller, 'in order to provide for the wives and children and other relations of members, after a more certain and advantageous method than any that had hitherto been thought of by the Society.'

Scientific Evolution

Royal charters at great cost were obtained by the London Assurance Corporation and the Royal Exchange Assurance Corporation in 1721. These, with the Amicable, were for several years the only life assurance companies in the world. None of them had any scientific system to guide their practice. With all of them the age limit was 45; policies were granted at any age between 12 and 45 at the same rate, without reference to age or health. They were renewable term policies for one year, and the rate generally charged was 5 per cent. per annum. The high rates charged protected these corporations from disaster in their early years, for they operated on a basis of little more than guess-work.

In 1756 James Dodson, a mathematician, applied to the Amicable for assurance, and was refused on the ground that he had passed the age of 45. The incident turned his mind to the study of the mortality tables compiled by Halley nearly seventy years before, and from them he devised a system which would enable companies to accept risks on equitable terms at any age, and to assure for the whole duration of life. In co-operation with Thomas Simpson, another mathematician, he sought to establish a society for the practice of assurance on this basis, and as a result of these ideals and efforts, the Society for Equitable Assurance for Lives and Survivorships was founded in London in 1762. Dodson did not live to see the actual formation of the society; he died without getting his assurance after all. To him, however, must be given much of the credit for the system of life assurance as it is now practised; he brought together the ideals of Dr. Assheton, and the scientific principles evolved by the mathematicians. The 'Old Equitable,' as it is universally known, is still active and flourishing.

From this point life assurance entered upon a period of scientific development—slow at first, but gradually gaining momentum. An equitable method had been discovered for underwriting human values. It was faulty only in the degree in which the mortality records upon which it was based were unreliable. The principle having been established, it was obviously capable of great improvement and amplification. The system more and more attracted the attention of mathematicians; from the early part of the nineteenth century some of the greatest mathematical minds of the whole world have been concentrated upon it.

While these notable efforts to establish life assurance on an enduring basis were going forward, the speculations of private individuals, groups of individuals, and usurers continued unabated. Policies were frequently sold by auction, the bidding reflecting the latest report on the condition of health of the life assured. Contracts were often granted on the lives of public men at times when their activities excited public hatred. As an example, Sir Robert Walpole was assured for many thousands of pounds when his life was endangered by public tumults, and according to the measure of the danger that threatened him, the premiums were proportionately enlarged. 'Scarcely a nobleman of note went to his long account,' says a commentator, 'without an assurance being opened during his illness, by those who had no interest in his life.'(1)

(1) The following is from 'Every man his own Broker,' published early in the eighteenth century: 'A manner of spending the vacation formerly was in insuring the

All this obviously was injurious to the morals of the country. Not only was the power of taking speculative policies demoralizing, but it undoubtedly added a new terror to life. The reaction was inevitable; the minds of decent people were nauseated, and their opposition was carried to the point of denying a place for life assurance under any circumstances. This prejudice retarded the legitimate development of the business for many years.

Scientific Evolution

Life assurance gambling received its first heavy blow in 1774 when the British legislature enacted that:

> 'No insurance shall be made on the life of any person, or on any event whatsoever, where the person on whose account such policy shall be made *shall have no interest*, or by way of gaming or wagering; and that every such insurance shall be null and void.
>
> 'It shall not be lawful to make any policy on the life of any person, or on any other event, without inserting in the policy the name of the person interested therein, or for what use, or on whose account such policy is so made.
>
> 'Where the insured has an interest in such life or event, no greater sum shall be received from the insurer than the amount of the interest of the insured in such life or event.'

For a long time after this Act was passed, wagering continued—for some time indeed to an incredible degree.

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lives of such unfortunate gentlemen as might happen to stand accountable to their country for misconduct . . . A practice likewise prevailed of insuring the lives of well known personages as soon as a paragraph appeared in the newspapers announcing them to be dangerously ill. The insurance rose in proportion as intelligence could be procured from the servants or from any of the faculty attending, that the patient was in great danger. This inhuman sport affected the minds of men depressed by long sickness; for when such persons, casting an eye over a newspaper for amusement, saw their lives had been insured in the Alley at 90 per cent., they despaired of all hopes, and thus their dissolution was hastened. But to the honour of the principal merchants and underwriters, they caused an advertisement, some years since, to be fixed up at Lloyd's Coffee-House, declaring that they would not transact business with any brokers who should be engaged in such infamous transactions.'

Beginnings of Life Assurance

Gradually, however, the law asserted itself; speculators found themselves in sorry plight when their claims were repudiated by unscrupulous assurers, for they were denied legal recourse. With the diminution of abuses there was a corresponding growth in the legitimate operation of the life assurance business, and although speculation is to this day occasionally attempted, experience and long practice have taught the companies how to discern and meet it.

Following the organization of the Old Equitable, new and more reliable mortality tables began to appear, and the series has continued down to the present time. In 1771 came the Northampton Table, with which the name of Dr. Price (1) will always be associated, and in 1815 the Carlisle Table; these were founded on vital statistics of the English towns from which they derived their names. Then followed mortality tables based on the census statistics of all England. Of greater practical value were tables based on the actual experience of the companies, the earliest being compiled by Morgan,(2) for many years actuary of the Old Equitable, from the records of his company between 1762 and 1829. In 1843 came the 'Actuaries' Table,' also known as the 'Combined' or 'Seventeen Offices' Table, which until recently was the legal standard of many States of the American Union. Then followed the 'Institute of Actuaries Hm. [healthy males] Table,' based on the experience of twenty of the largest British companies down to 1862. In 1868 Mr. Sheppard Homans of New York brought out the Ameri-

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Mathew Hamilton Gault

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can Table, based largely on the experience of the Mutual Life Insurance Company of New York. This is now the legal standard in practically all the American States. In 1893 the 'British Offices Table' appeared, that portion of it which eliminated the experience of the first five years of each policy (Om (5)) being now generally used as the reserve basis in Canada.

Scientific Evolution

(III) Advent in the United States and Canada

People with a taste for simile might find one for the growth of life assurance in the acorn and the oak. The Old Equitable, introducing the scientific principles of charging uniform level premiums, and setting aside reserves against future liabilities, planted the acorn from which the great oak of modern life assurance has developed. To this day these basic principles are universally accepted, and are fundamental to the practice of what is known as legal reserve life assurance.

Progress in the early years was slow, and gave little indication of the vast development which was to take place in later years. A few companies were formed in England in the latter part of the eighteenth and the early years of the nineteenth century. The first Dutch company was formed at Amsterdam in 1807; in 1819 the first French company opened for business; in 1827 the first German company was established, while the system was first practised in Austria in 1839.

The pioneer company organized for a general life assurance business in America was the Mutual Life Insurance

Company of New York, which, incorporated in 1842, began business in 1843. Many years prior to this, however, the Presbyterian Ministers' Fund—to use the name by which it is now commonly known—had been organized. It originated as early as 1717 when the Presbyterian Synod of Philadelphia created 'The Fund for Pious Uses' for needy ministers and their families. Growing out of this, in 1755, a plan was perfected to provide annuities for the widows and children of these ministers. In 1759 the company became by charter a corporation 'for the relief of poor and distressed Presbyterian Ministers and the distressed widows and children of Presbyterian Ministers.' Although its name has been changed several times, it is still in existence as the 'Presbyterian Ministers' Fund for Life Assurance.' While its name suggests that its scope is limited to Presbyterian ministers, it has in later years practised life assurance extensively among Protestant clergy generally.

The Pennsylvania Company for Insurance on Lives and Granting Annuities was chartered in 1812,(1) and the Girard Life Insurance Annuity and Trust Company in 1836. Both of these were founded in Philadelphia and are today strong and prosperous companies. For many years, however, they have confined themselves to a trust business.

In the eighteen-forties, following the lead of the Mutual, several companies which still stand in the forefront of the business were organized. The New England Mutual Life Insurance Company, the New York Life Insurance Company, the

(1) The Pennsylvania Company for Insurance on Lives and Granting Annuities is now one of the American trustees of the Sun Life Assurance Company of Canada, holding, as depository, a large amount of securities for the protection of the Company's policyholders in the United States.

Mutual Benefit Life Insurance Company, the State Mutual Life Insurance Company, the Penn Mutual Life Insurance Company, and the National Life Insurance Company of Vermont, were among the leaders. By 1851 there were eighteen life assurance companies in the United States, and their activities were bringing the business into greater prominence.

Advent in the United States and Canada

In Canada, where the population was small and scattered, such policies as were in existence were held almost exclusively in British companies, principally in the National Loan Fund. Interest was stimulated by the activity in the United States, and presently a number of companies, both British and American, found it expedient to extend their operations into Canada. In 1845 the Scottish Amicable Life Assurance Society opened an office, to be followed in 1846 by the Colonial Life Assurance Company, a subsidiary of the Standard Life Assurance Company of Edinburgh. The Aetna Life Insurance Company (of the United States) and the Liverpool and London and Globe Insurance Company opened in Canada in 1850 and 1851 respectively. By the time of the confederation of the Canadian provinces in 1867 more British and United States companies had been established. The total assurance in force in Canada at that time was about $15,000,000, three-quarters of which was in British and United States companies.

In Canada(1) the first attempt to form a life assurance company actually antedated the incorporation of the Mutual of New York. As early as 1832 a prospectus was

(1) The name 'Canada' is here used for convenience. Prior to 1867 the Canadas formed part of British North America.

issued for a fire and life insurance company. A copy of this document is preserved in the archives of the Toronto Public Library. Its title runs: 'The Prospectus of the British America Life and Fire Institution to be specially empowered by Act of Parliament, 94 Newgate Street, York.[1] Capital £100,000.' The document sets forth the advantages of establishing a Canadian company in terms which have a familiar ring. In recommending its Life department, the promoters dwell upon life assurance as 'an important factor in modern refinement.' They refer to it as 'one of the grandest discoveries of modern times,' and cite in its support the 'universality of its adoption by the intellectual, the virtuous, and the prudent of all ranks.' Notwithstanding its elaborate appeal, and equally elaborate provisions for the transaction of business, the company has never actually entered the life assurance field. It is, however, still active as the British America Assurance Company, doing a general insurance business.

While this early attempt to found a life assurance company in Canada did not succeed, it is interesting to recall that it fell to a Canadian to establish the modern system of life assurance on the North American continent, although he found the theatre for his abilities in another country. Among those who collaborated in the creation of the Mutual Life Insurance Company of New York was Morris Robinson, a prominent banker in that city. He was active in drafting the charter of the company and was its first president, serving until his death five years later. A tablet to his memory at 56 Wall Street, erected by the Canadian Society of New York on February 1, 1903, bears this inscription:

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(1) York was the original name of Toronto.

'To the memory of Morris Robinson, a Canadian, born in Nova Scotia September 17, 1784; Cashier of the Bank of the United States, who, as the first president of the Mutual Life Insurance Company of New York, established on this spot the business of modern life insurance on the American Continent, February 1, 1843.'

Advent in the United States and Canada

The birth of the first Canadian company was in a measure a declaration of independence. Hugh C. Baker, of Hamilton, Ontario, a gentleman of considerable banking experience, desired to assure his life, and for that purpose applied to one of the American offices. There was a little hesitancy on medical grounds, and he was requested to go to New York for an examination. This was no small undertaking. Transportation southward to New York involved many forms of locomotion, including stage-coaches and saddle-horses. Four days were required for the journey, there being no facilities for travel by night. In all Canada there were not fifty miles of railway, and none was of service to Mr. Baker.

Mr. Baker was a thoughtful and studious man, and the moral of the situation was not lost upon him. His patriotism was aroused, and he decided to found an assurance company in his own town. He interested some associates and, as a result, the Canada Life Assurance Company—the first native company to dedicate itself exclusively to life assurance—came into being. It issued its first policy on October 29, 1847.

Mr. Baker faced the great difficulties inseparable from pioneer work. The present elaborate tables of policy values were non-existent, and few aids in assurance practice were available. Mr. Baker, however, although self-taught, was a competent and painstaking actuary, and he worked out his own tables.

Public apathy and ignorance were great; in one of its earlier reports the directors complained that 'the company encountered coldness where it might have expected cordiality, luke-warmness where there should have been confidence.' Lecturers were engaged to go about the country to educate the people in the value of life assurance. Mr. Baker himself shared this duty, and his addresses before the Mechanics' Institutes, (the forerunners of the present public libraries) copies of which are still extant, indicate with what thoroughness and patience he laid before the people the principles which, novel in that day, are now universally accepted.

The office of the company was in an upper room rented from the Mechanics' Institute at Hamilton. The subscribed capital was £50,000. When the company first sought incorporation it was not successful, a cynical Senator remarking that 'the only capital the petitioners possessed was their assurance.' This 'capital' joke did a great deal temporarily to defeat the Bill.

From 1847 until practically the date of Confederation, little attempt was made to launch new companies. About 1855 the Provident Life Association and Insurance Company was projected at Toronto. Its capitalization was £100,000, divided into 5,000 shares of £20 each, power being granted to increase this to £250,000. In the prospectus the promoters asked their readers to remember that 'this is not the English Provident Life office but a Canadian institution; the stock only invested in Canada; under the control of the members (the directors being elected by the shareholders) and intending to do business in the British North American provinces but more particularly in Canada.'[1] The temporary office was at 54 King Street East, Toronto, east of the Colonist office. The company, however, seems never to have functioned.

Advent in the United States and Canada

From these efforts to establish the business of life assurance in Canada prior to Confederation, it will be seen that only the Canada Life Assurance Company emerged on an enduring basis. Throughout its long history its name has been a synonym for sound and fair practice. Its record is an inspiration to companies of more recent origin; in every way it worthily sustains the honour of being Canada's oldest life assurance company.

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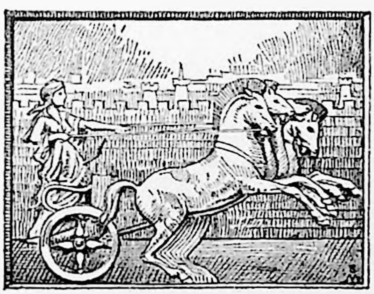
(1) 'Canada' here referred to is the Province of Canada, which prior to Confederation consisted of Upper and Lower Canada—now the Provinces of Ontario and Quebec.



CHAPTER TWO

THE FOUNDING OF THE COMPANY

(1) Preparing to Start

IN the early days of the year 1865 a group of men, prominent in the financial and commercial life of the Montreal of that time, met at the office of Mathew Hamilton Gault at 131 St. James Street, to consider the possibility of organizing an insurance association in the Province of Canada.

The practical outcome of the discussions of these pioneers was that the Legislature was petitioned to grant powers to establish a company, and on March 18, 1865, an "Act to Incorporate the Sun Insurance Company of Montreal" was assented to. Its preamble runs:

> 'WHEREAS George Stephen,(1) M. H. Gault, Thomas Gordon, Wm. Dow, James Glennon, G. H. Frothingham, A. W. Ogilvie, Henry Thomas, James Hutton, Henry Mulholland, James Ferrier the younger, and others, have petitioned the Legislature that an association, under the style and title of 'The Sun Insurance Company of Montreal', may be incorporated, to enable parties owners of or interested in property to insure the same against loss by fire, and also to carry on the business of marine and inland navigation assurance, and life assurance generally; And whereas such associations are greatly beneficial

(1) Afterwards Lord Mount Stephen.

to the interests of this Province and tend to the retaining therein a large portion of the moneys annually sent away as premiums for such assurances: Therefore, Her Majesty, by and with the advice and consent of the Legislative Council and Assembly of Canada, enacts...' etc. etc.(1)

The motives of the Incorporators in seeking to organize the Company are, in part at least, revealed by the terms employed in their petition, and quoted in the act. The question of the confederation of the Canadian provinces was at this time agitating the public mind, and it is probable that these far-seeing men anticipated the impetus that union would bring to home enterprise, and so were preparing to embrace the new opportunity.

Confederation, however, was not to be consummated without bitter strife and severe political turmoil. During the two years following the granting of the charter, and prior to the birth of the Dominion of Canada on July 1, 1867, no fewer than six governments fell. And so, while it may be supposed that the project of forming the Company was inspired by the prospect of Confederation, it is equally probable that the disturbance and uncertainty attending that great and significant event delayed its actual organization. The times were not propitious for the launching of the new enterprise; and the charter, having been granted, was put away until conditions should afford better warrant of success.

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(1) The Act of Incorporation provided that the Company 'shall be managed by a board of nine directors . . . which board. . .shall consist of George Stephen, Amable Prévost, John Caverhill, Benjamin Lyman, Théodore Doucet, Thomas Tiffin, William Darling, and George Winks, all of the City of Montreal, and which said directors shall hold their offices until the election hereinafter provided for shall take place.'

Preparing to Start

It was not, indeed, until five years later that steps were taken to implement the powers granted under the Act of Incorporation. The new Dominion was now a reality; the political tempests that had raged for years were subsiding; business men were preparing for what they hoped would be an era of ordered progress.

One of the early measures passed by the Dominion Parliament was a general act for the regulation of insurance, and the provision of mild safeguards for the protection of the public. Among the provisions of this enactment was the requirement of a deposit by life assurance companies of $50,000 with the Government.

To one company at least this provision had special significance. The Mutual Life Insurance Company of New York was at that time the dominating life company on the American continent; its prestige was so high indeed that it was regarded as one of the financial wonders of the world. Mr. Gault was its Canadian representative; the strong position which the company occupied in the regard and the confidence of the Canadian public was attributable in no small measure to his enterprising and energetic efforts. But the officers of the company regarded acquiescence to the new legislation as inconsistent with its mutual character, for it involved setting aside a portion of its assets for the special protection of Canadian policyholders, so affording them a preferential lien. It was therefore decided to withdraw from Canada altogether.(1)

(1) This withdrawal was, in the event, only temporary. For many years the Mutual of New York has conducted a highly successful business in Canada.

Mr. Gault could not be expected to accept this decision with equanimity. He did his utmost to persuade his company to conform to the new law; it was said indeed that he personally offered to make the deposit, but this suggestion naturally was declined. All his efforts were unavailing.

In this situation Mr. Gault's thoughts turned to the charter he and his associates had obtained five years before. In order to comply with the new insurance act, an amendment to the charter was sought, and on May 12, 1870 an amending act was assented to. This provided that should the promoters fully exercise the wide powers granted under the original charter, the business must be divided into two branches: the life branch to include transactions depending on the contingency of life, or accident to the person; the general branch to embrace all other forms of insurance assumed. The Provisional Directors appointed under the amending act, 'until others shall be chosen and appointed' were: George Stephen, George Winks, Thomas Gordon, Henry Mulholland, George H. Frothingham, A. W. Ogilvie, A. F. Gault, James Hutton and M. H. Gault.

The first meeting of Provisional Directors was held at Mr. Gault's office on October 5, 1870. Thomas Craig acted as Secretary, and M. H. Gault, J. Rankin, Alexander Buntin, James Hutton, A. F. Gault and C. Alexander attended. A prospectus submitted to this meeting did not meet with entire approval, and an adjournment was made until October 12, when the following amended prospectus was approved and ordered to be printed:

Preparing to Start

THE SUN
INSURANCE COMPANY
of Montreal

PROVISIONAL DIRECTORS:

Thomas Workman, M.P.	Alex. Buntin
Henry Mulholland	John Rankin
A. Fredk. Gault	T. Jas. Claxton
James Hutton	Chas. Alexander
A. W. Ogilvie, M.P.P.	M. H. Gault

A charter has been granted by the Parliament of the Dominion of Canada, authorizing the establishment of a Company under the above title, for the transaction of a general Life Insurance business, with a Capital of One Million Dollars.

It is now proposed to solicit subscriptions to the extent of FIVE HUNDRED THOUSAND DOLLARS; as soon as this amount has been allotted, and a call of ten per cent. paid thereon the Company will be put into operation. One-half the amount has already been taken by several of our leading citizens.

It may be remarked that the Premiums paid into Life Assurance Companies by the people of the Dominion of Canada have for several years back been steadily increasing, and last year amounted to nearly $1,500,000, while as yet a comparatively small number of our population have taken advantage of the benefits of Life Assurance.

The promoters of this Company have therefore a basis establishing that the Dominion opens up an extensive field for a well-managed Home Office *transacting solely a Life business*, and it is not unreasonable to expect that a fair share of patronage will be extended to it.

The statistics of the value of life, and the tables of rates made in accordance therewith, are now so perfect that, as an investment, the risk to shareholders is reduced to the minimum, while the value of stocks of this description in Great Britain and the United States, as shown by published reports, prove them to be a safe and eligible investment.

The rates of British Companies are based on an interest return on their invested receipts of three per cent., and as the Dominion Securities afford six per cent., and first-class mortgages may be readily had here bearing seven per cent., it is evident that a lower rate of premium may be charged and an equal profit obtained.

Under a management such as is proposed to be adopted the success of the Company is assured, and the Prospectus is laid before the public under the most promising auspices.

Investors will be supplied with more particular details on application to

M. H. GAULT,
No. 131 St. James Street.

At a meeting of the Provisional Board held on February 9, 1871, Mr. M. H. Gault reported that $485,000 had been subscribed. It was decided to make a call of ten per cent. to be paid by the 20th of that month, and to hold a general meeting of the subscribers on the 27th. At that meeting,(1) over which T. James Claxton presided, Mr. Gault announced that the deposit of $50,000 required by the Government had been made at the Bank of Montreal, to the credit of the Receiver General.

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(1) The meeting of February 27, 1871, the first general meeting of the shareholders of the Company, was held in Mr. Gault's office and was attended by:

Charles Alexander	A. Buntin	T. James Claxton
W. Clendinneng	Thomas Craig	R. Eaton
A. Davidson	F. W. Campbell	M. H. Gault
A. F. Gault	H. Mulholland	S. H. Moss
Henry Lyman	John McLennan	John Rankin
Edward Mackay	And. Robertson	R. Jas. Reekie
W. O'Brien	Alex. Walker	John Swanston

Preparing to Start

The following Board was elected by vote of the shareholders:

Thomas Workman	T. James Claxton
John Rankin	Alex. Buntin
Charles Alexander	Henry Mulholland
James Hutton	A. W. Ogilvie
A. F. Gault	

Owing to an informality in calling the meeting of February 27, it was found necessary to convene a second general meeting of the shareholders on March 20, 1871. The elections resulted in the displacement of A. W. Ogilvie as a Director by Charles J. Coursol, who was at that time Mayor of Montreal. The newly and legally constituted Board held a meeting on March 23, over which Henry Mulholland presided. Thomas Workman was elected President, and Mathew H. Gault Managing Director. The latter's name was not submitted to the meeting of stockholders for election to the Directorate, as the Act of Incorporation authorized the elected Directors themselves to appoint a Managing Director. A. F. Gault was elected Vice-President but, as he declined to act, T. James Claxton was appointed.

One of the early actions of the Board was to petition the Government for still further amendments to the act of incorporation. The Insurance Act required the separate capitalization of the life and general branches; it is probable that the Directors anticipated some difficulty in disposing of sufficient stock to launch both departments. However that may be, the legislature was asked to reduce the wide powers previously granted, to the practice of life and accident assurance only.

A change in the name of the Company was also sought. There has been much speculation as to why the name 'Sun' was selected. Those competent to throw light upon the question have long since passed away. Perhaps it was chosen with little serious consideration. In view of the manifold forms of insurance originally authorized, the Sun may have been chosen as the universal emblem. Whatever its origin, the name was destined to have a significance in later years which the incorporators never anticipated, for the world-wide character of the present operations of the Company give it peculiar appropriateness.

The change now sought was to alter the title from 'The Sun Insurance Company of Montreal' to 'The Sun Mutual Life Insurance Company of Montreal.' Mr. Gault was probably alive to the value of a name which would closely resemble that of the great company with which he was formerly associated; apparently he took the name 'Mutual Life Insurance Company of New York', prefaced it by the word 'Sun', changed 'New York' to 'Montreal', and so completed the appellation. As a matter of fact, the word 'Mutual' was always a misnomer, for the Company was never mutual in character. The name was again altered, several years later, to its present form.

Both petitions were granted; on April 13, 1871, the Parliament of the Dominion of Canada gave its assent to an Act incorporating the Sun Mutual Life Insurance Company of Montreal, and restricting its powers to the practice of Life and Accident insurance.

BARRON BLOCK, MONTREAL

The Naming of the Company

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Barron Block, Montreal

In the library of the Company there is a mahogany table which now bears this inscription:

Preparing to Start

At this desk, in the year 1865,
Arrangements were made to incorporate
The Sun Insurance Company of Montreal
now the
Sun Life Assurance Company of Canada
and in 1871
Details were completed for the payment of the capital stock
and the commencement of the Company's business

. . .

This desk was used by Mathew Hamilton Gault, founder of the
Company, and from here the expanding operations of the
Company were for many years directed by
Robertson Macaulay

(11) A Start Made

The Directors were now actively preparing for the commencement of business, but before a start was actually made, many important matters were considered and disposed of. A form of application was approved, and 1,000 copies ordered. The Managing Director was instructed to 'prepare form of policy and get it printed.' By-laws were drafted and published, and a design for a seal approved. Information was sought concerning the rate of interest allowed by the different banks; Mr. Gault reported that he had made an arrangement with The Molsons Bank, which would allow 5 per cent. interest on deposits.

A number of appointments were also sanctioned. Dr. R. P. Howard was invited to be consulting physician, but his connection with the Life Association of Scotland precluded his acceptance, and Dr. William Fraser was appointed. Dr. Howard, however, was able to accept the position in 1872, on the resignation of Dr. Fraser. Dr. George Wilkins, who was destined to be identified with the Company for more than forty years, was appointed medical examiner, while Dr. Hector Peltier was chosen as French medical examiner. The Hon. J. J. C. Abbott, later Prime Minister of Canada, was the first legal adviser.

Preliminary steps were taken to secure the patronage of the public and to form the nucleus of an agency organization. A circular was addressed to the shareholders informing them that the licence to do business had been obtained, and urging them to insure themselves and use their influence with their friends. Advertisements for agents were inserted in the Herald, La Minerve, Witness and Globe newspapers.

An effort was made to secure a secretary who would devote his whole time to the affairs of the new Company, but difficulties were encountered in obtaining a suitable man. The position was advertised, and a committee of the Directors was appointed to interview the applicants 'next Saturday, at fifteen minute intervals.' None of the six gentlemen who presented themselves, however, measured to the requirements of this exacting committee.

A Start Made

Mr. Thomas Craig, a brother-in-law of Mr. Gault, who supervised the details in connection with several of that gentleman's enterprises, acted as secretary of the early meetings of the new Company; when efforts to secure a full-time secretary failed, he assumed the duties, dividing his time with his other activities.

On May 11, 1871, the Board considered the first two applications for life assurance. It is interesting to record that the first offered was submitted by the Canada Life Assurance Company, being a re-assurance of $5,000 on the life of one John Lamb of Toronto. It was declined on the ground of unsatisfactory family history. The other application, for $2,000, on the life of S. Warnock, Montreal, was 'referred to the Medical Examiner.'

A week later, on May 18, the Directors approved the first group of applications. Mathew H. Gault, the Managing Director, applied for an assurance of $10,000 in policy denominations of $2,000, and was granted the first five policies issued by the Company. He was examined by Dr. Wilkins, who thus had the distinction of making the first medical examination. Dr. Wilkins himself applied for and was granted an assurance of $2,000, while other applications approved in this first group were those of T. James Claxton ($5,000 and $5,000), Wm. Reid ($5,000), J. M. Bond ($2,500), and W. J. Whitehead ($2,000 and $3,000). All the policies applied for, except those of Mr. Whitehead, were on the participating plan, a circumstance which may be interpreted as an expression of confidence in the future prosperity of the Institution. Mr. Warnock's application and two others were reported as 'not yet completed.' These first policies bore the date May 1, 1871, although they were actually issued late in that month.

The prudence which prompted the Board to decline the first application offered, was again manifested on September 2, 1871, when E. Evans asked for reconsideration of his application for an assurance of $2,000, on the ordinary life plan, which the Board had previously declined to grant. It was decided 'to give him a ten-year policy, or an ordinary life policy for $1,000.' This appears to be the first 'under-average' case accepted, and, as will be observed, the applicant was offered the alternative between a higher-priced plan and a reduction in the amount of assurance applied for. He accepted the $1,000 policy. The 'ten-year' plan was offered to another applicant for an ordinary life policy about the same time, the examining doctor having reported 'owing to the state of his lungs and bronchial tubes, the risk is a doubtful one.'

The first investment was a loan advanced on September 7, 1871, to J. Stevenson on 'property on St. Antoine Street [Montreal] consisting of a lot 45′ x 102′ French, with three houses thereon in course of erection. The lot is worth $2,000, building will cost $7,000.' The Board approved a loan of $5,000 'provided the title be perfect and clear of all claims.' Later in the year several shares of the stock of the Bank of Montreal and The Canadian Bank of Commerce were acquired, the final transaction of the year 1871 being the purchase of '1 share Bank of Montreal stock.'

A Start Made

From the time the Company actually commenced to operate, efforts were made to secure agents. The first appointee was William Hedley, whose application for the agency in Halifax, Nova Scotia, was granted on May 18, 1871. In June, J. M. Burns was appointed at Woodstock, Ontario, and J. Valiquette at St. Jerome, Quebec. A. A. Stevenson was the first agent in Montreal. Applications for agencies were received from such widely separated points as Charlottetown and London, Ontario; but contracts do not appear to have been approved until the Managing Director, by enquiry or interview, had satisfied himself of the worthiness of candidates. Often the men Mr. Gault selected as suitable representatives refused to act, probably realizing the difficulties they would experience in winning the favour of the public on behalf of a young and untried company with its reputation yet to make. Many of the earlier agents could be secured only on a salary, or partial salary, basis.

Mr. Gault made several visits to the 'West' (as a journey to Toronto was then termed) to interview possible agents. His most important capture was Thomas Gilroy, who joined as Inspector in September 1871, thus commencing a long, honourable, and useful career with the Company. Before the close of the year Mr. Gilroy had himself appointed several agents, and had apparently relieved the Managing Director of some of the work of field organization.

It was not until the later months of the year that applications came from the agents in any considerable number. During the summer months the few applications approved appear to have come through the influence or active work of the Directors or stockholders, with here and there a re-assurance offered by another company.

During the year 1871 Mr. Gault changed his office to the new Barron Block at 164 St. James Street. This building, destroyed in the 'nineties by fire, was for many years the most pretentious office block in the city; the older generation of business men in Montreal still remember it. Mr. Gault occupied a large office on the ground floor; he allotted one side of it to the use of the Sun, reserving the other for his general insurance business. A partition at the rear enclosed a space which was used as a Board room. Behind this partition the plans and projects of the Company in its early days were determined.

The first annual general meeting was held at this, the head office of the Company, on March 7, 1872. The Board, after expressing pleasure in 'meeting their constituents' congratulated them on the marked success of the Company. Reference was made to the action that had been taken to limit the powers originally granted, 'so that all the funds of the Company are invested as a sacred deposit for the widows and orphans of the policyholders, and are not imperilled by a hazardous connection with other branches of insurance.'

The fact that the preliminary organization work had delayed the actual solicitation of business until September was emphasized, and the record for the year was put forward as virtually the result of four months' activity. Under these circumstances, the 158 proposals for assurance received justified the evident pride of the Directors in announcing the figures. The acceptances numbered 148 for assurances totalling $404,000, the premiums amounting to $13,975.02.

A Start Made

By the close of the year, fifty-four meetings of the Board had been held. Every detail of operation, as well as the multitude of matters incidental to organization, had been brought under review. Notwithstanding this sacrifice of time and labour the Directors, including the Managing Director, declined to receive any remuneration for their services, desiring to give every aid to the new Company in becoming 'established on a solid and substantial basis.' No stock dividend was declared, although the deposit of $50,000 placed with the Government, and upon which interest at the rate of 6 per cent. was allowed, was contributed solely by the shareholders in the form of paid-up capital. The Directors, however, 'believed that the interests of the Company and of its shareholders would be ultimately benefited by the increased public confidence' which would be won by these evidences of careful and prudent management.

These economies enabled the Directors to say that the interest received on investments, together with the increase in the market values of the securities held, more than covered the whole expenses of the management of the Company during this period.[1] 'Few companies,' states the report, 'at their first anniversary have shown so large a balance of their receipts in hand, as frequently the whole of the first and even the second year's premium receipts are absorbed in preliminary expenses.' It is evident that the Directors felt secure from any charge of undue extravagance; and the item of $503.25 in the balance sheet for 'salary and travelling expenses' paid during the year seems to justify their complacency.

(III) Canada after Confederation

Although by the close of 1871, Canada stretched from the Atlantic to the Pacific, the new Dominion had done little more than stake her claim to her vast territories. There was not a completed mile of railway west of Georgian Bay, nor a rail connection between central Canada and the Maritimes. Only three cities, Montreal, Quebec and Toronto, had populations of 50,000 people; only three others, Halifax, St. John and Hamilton, of 25,000. There was very little intercourse between the different parts of the country, such business as existed was much less city-centred than today. Farming and lumbering were still the dominant industries. 'Each province, each community, each household,' says one writer, 'was largely sufficient unto itself.

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[1] This record has been maintained throughout the history of the Company. At the end of 1927 there had been paid out to policyholders or beneficiaries since organization and assets held:

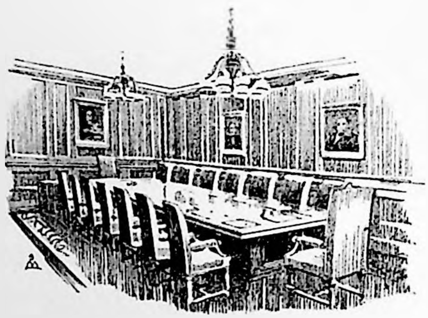
holders or beneficiaries since organization	$300,040,000
Assets held at December 31, 1927	401,305,000
Total: assets and amounts paid	$701,345,000
Total amount received from policyholders since organization	616,121,000
Excess of payments to policyholders, plus assets, over amount received from policyholders	$ 85,224,000

The country village was still a vigorous community centre; its grist mill, its blacksmith shop and implement or carriage factory, its general store and its tavern all did a thriving trade. The leach and cooler for making soap, and the tallow cakes and moulds for making candles, were still necessary for the housewife's art. Whisky was cheap and flowed freely, and a barn-raising was a lively scene . . . In the forest, square timber was lord, and pulp-wood still unsought. No building in Toronto was more than five storeys high. The elevator, the typewriter, the telephone, the filing systems, all the technical apparatus of modern office work, had not yet widened the range and quickened the pace of business.'

The population of the entire country was less than four millions. West of the Great Lakes white man, Indian, and half-breed, all told, numbered but a few more than a hundred thousand. Bison still roamed in great herds over the prairies. The palisade forts of the Hudson's Bay Company, and a few straggling settlements along the lakes and rivers, were the only evidences of civilization beyond the borders of Manitoba, then known as the Red River Settlement. Fort Garry, later named Winnipeg, could be reached over Canadian territory only by a journey of fourteen hundred miles by the Great Lakes, and then by pack and paddle route from the village of Port Arthur. The first mile of railway west of Lake Superior was not laid until 1878. The last spike of the Canadian Pacific Railway, which extended rail communication to the Pacific, was not driven until the autumn of 1885.

The Founding of the Company

It is difficult in these days to realize all the impediments to the development, on any large scale, of such a business as life assurance, whose success must largely depend upon ready facilities for reaching large numbers of people. But the founders and sponsors of the Sun Company had already succeeded in other pursuits, and were no strangers to the obstacles which stand in the way of the pioneer. The names of many of them rank high on their country's honour roll. Some of them played a part in fashioning the new Dominion; others were identified with the creation of institutions, and the development of industries, national in character and scope. The spirit of enterprise which had prompted many of them to forsake the settled and tranquil life of the old land, to seek fortune in a country in the making, was strong within them, and was the best augury of the success of any undertaking to which they put their hands.



CHAPTER THREE

BIOGRAPHICAL: PIONEERS OF THE COMPANY

TO the older generation of Montreal, and perhaps to a few beyond its boundaries, it may be interesting to recall some of the men who brought the Company into being, or were associated with its early activities.(1) The character and standing of these pioneers was a valuable aid to the Company in its initial bid for public favour.

Thomas Workman, the first President of the Company, was born in Ireland in 1813, and came to Montreal as a boy. While still continuing his studies he worked in the offices of the Daily Courant, and subsequently joined the firm of John White and Company. In 1837 he entered the employment of the hardware firm with which Mr. G. H. Frothingham(2) was associated, and within the short space of six years became a partner.

(1) Mr. T. B. Macaulay vividly recalls many of these men and has furnished interesting reminiscences concerning them and their characteristics. These recollections have been largely drawn upon for the material in this chapter. The retentive memory of Mr. C. Ernest Gault, M.L.A., who as a schoolboy frequently aided his father, Mathew Hamilton Gault, in the clerical duties of his office, has also been laid under tribute. Veteran members of the staff and old residents of Montreal have also assisted.

(2) Mr. G. H. Frothingham was one of the original Incorporators of the Company.

Biographical

As Frothingham and Workman the firm had a great and prosperous career, for a long period under Mr. Workman's presidency; in recent years it has amalgamated with Starke Seybold and Company as Frothingham Starke Seybold Ltd. Mr. Workman also became president of The Molsons Bank. He entered the new Dominion parliament in 1867 as representative for Montreal Centre, and was re-elected in 1872, 1875, and 1878. His residence, on the northwest corner of Sherbrooke and University Streets, has long been used as the McGill Conservatorium of Music.

While he never assumed executive duties for the Company, Mr. Workman took an active interest in its welfare throughout the eighteen years of his Presidency. He called daily at the office, for one of the duties he assumed was to sign the policies. "As a young fellow," says Mr. T. B. Macaulay, "I often waited upon Mr. Workman as he sat laboriously writing his signature; more than once he said: 'I look to you people to see that this Company is so managed that the signature of Thomas Workman will never be dishonoured'—a remark which reflected the proud and honourable character of the man."

Mr. Workman was a prominent Unitarian. His mode of life was simple; his manner quiet, dignified and unobtrusive. His death in 1889 brought to a close a career of great honour and usefulness.

Mathew Hamilton Gault, the Founder of the Company, came to Canada as the result of fortuitous circumstances. His father, Leslie Gault, was a merchant and ship owner of prominence and wealth in Northern Ireland. A succession of disasters, involving the total loss at sea of three of his ships and the partial loss of several cargoes, entirely reversed his fortunes, and he emigrated with his wife and family of seven children to Canada in 1842. He died nine months after his arrival, and his wife, owing to ill-health, was forced to return to Ireland shortly afterwards.

Mathew, then twenty-one years old, was the eldest member of the family, whose care now devolved upon him. The failure of a bank and a loss in his first enterprise dissipated his scant funds. In 1851, however, he secured agencies for the British America Assurance Company and the Mutual Life Insurance Company of New York. He found the insurance business much to his liking, and quickly prospered.

He presently began to engage in financial and commercial ventures. He had pronounced initiative and was distinctly a man of enterprise and vision. In addition to organizing the Sun Company he was active in the founding of the Exchange Bank of Canada, of which he was for many years President, the Montreal Loan and Mortgage Company, the Richelieu and Ontario Navigation Company, and the Windsor Hotel Company, and was a director of each of these enterprises. In addition he was for many years trustee and treasurer of the Mount Royal Cemetery Company.

For many years Mr. Gault was an officer of the Garrison Artillery. He was interested in many philanthropies, and founded the Irish Protestant Benevolent Society. An ardent Churchman, he was warden of Christ Church cathedral for many years. In politics he was a staunch Conservative, and

Biographical represented Montreal West in the Dominion parliament from 1878 to 1887. He had the unusual distinction of being a Freeman of the City of London.

Andrew Frederick Gault, brother of Mathew, was educated at the Montreal High School, and in 1854 joined the wholesale dry-goods firm controlled by Walter McFarlane. Shortly afterwards he established with J. B. Stevenson the business of Gault, Stevenson and Company. On the retirement of Mr. Stevenson in 1857 his brother R. L. Gault joined him under the firm name of Gault Brothers and Company. A. F. Gault rose to leadership in the textile industry, and became known as the Cotton King of Canada. He became president of the Dominion Cotton Mills and several other textile companies, a director of the Bank of Montreal, The Molsons Bank, and the Montreal City and District Savings Bank, and a governor of McGill University. He steadfastly refused public and political honours, preferring to devote his whole energies to business. "Well do I remember A. F. Gault," says Mr. Macaulay. "He was one of nature's gentlemen. His tall, impressive figure, and handsome appearance, gave him an air of distinction which marked him as a natural leader."

Mr. Gault was one of the leading Anglican laymen in Canada and was treasurer of the Diocesan Synod. His many benefactions are perpetuated in the Gault School at Salaberry de Valleyfield, near Montreal, where one of his cotton mills was located; the Gault chimes in St. George's Church, Montreal; and the Montreal Diocesan Theological College, which he both built and endowed.

Mr. A. F. Gault's son, Colonel A. Hamilton Gault, D.S.O., was the organizer and commander of the famous 'Princess Patricias,' the first Canadian regiment to land in France in the Great War. This regiment was almost annihilated during the early months of the conflict, but its valour brought lasting glory to Canada.

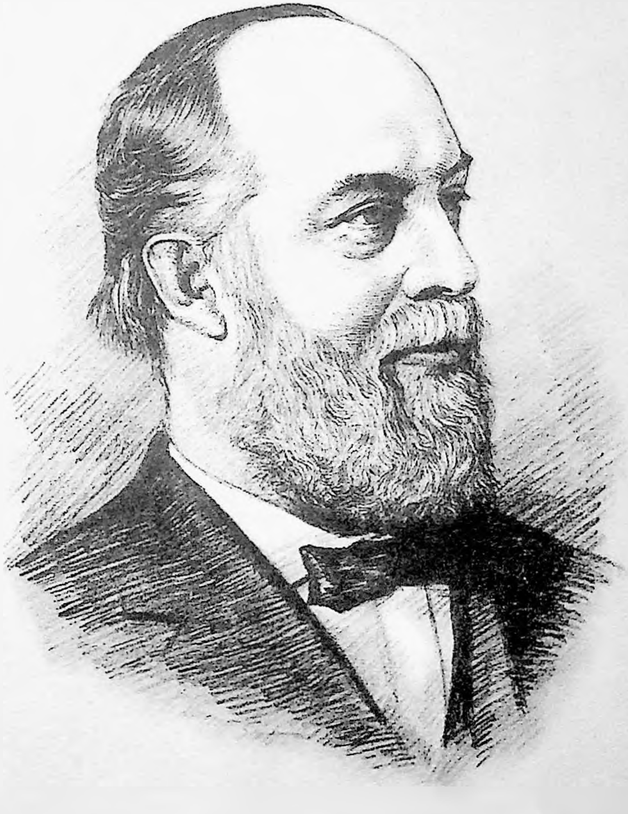
Thomas James Claxton, the first Vice-President of the Company, was a wholesale dry-goods merchant, and one of the most active and influential men of his time. He came to Montreal in 1842 and eventually became a member of the firm of Claxton, Thompson and Company, whose place of business was on Notre Dame Street, near McGill Street. He was a prominent Baptist, and was identified with many philanthropic movements. To Mr. Claxton, primarily, Montreal owes its Young Men's Christian Association. When on a business trip to England for his firm he came in contact with the religious groups, organized in the warehouses there, from which the Young Men's Christian Association was eventually developed. Notable among these was one in the warehouses of Hitchcock, Williams and Company, of which Sir George Williams, founder of the Association, was a member. On his return to Montreal, Mr. Claxton reported his observations to his fellow churchmen, with the result that the Montreal Young Men's Christian Association—the first to be formed in North America—was organized in November 1851. Mr. Claxton was its first president. He was also active in providing the Association with its first home, on the corner of Victoria Square and Craig Street. This building was partially dismantled many years ago, but the lower storeys are still intact, and have long been used by the Shedden Carting Company as a warehouse.

Another avenue for Mr. Claxton's religious zeal was Russell Hall, a mission Sunday school in the East end, near, or at, the site now occupied by the newspaper offices of La Patrie. The mission took its name from General Russell, officer in command of Her Majesty's forces in Canada, and an active Christian worker.

George Stephen, later Lord Mount Stephen, was probably the most widely known of the group identified with forming the Sun Company. He was born at Duff, Scotland, in 1829. When twenty-one years of age, he came to Canada to join his cousin, William Stephen, already established in business in Montreal. When his cousin died George Stephen acquired the business, in the conduct of which he was outstandingly successful. He subsequently became vice-president and eventually president of the Bank of Montreal.

But George Stephen's chief claim to fame rests upon his activities in connection with the construction of the Canadian Pacific Railway. Principal credit for the successful carrying out of this immense project is generally attributed to him, and he became the Railway's first president. He lived to develop it into one of the world's greatest transportation systems.

His connection with the Sun Company was brief; although one of the Incorporators, and nominated as a Director in the original charter, he never actually served on the Board.



Thomas James Claxton

Pioneers of the Company

Alexander Watson Ogilvie was one of the Incorporators, and a Director almost from the foundation of the Company. He served as Vice-President from 1889 until the time of his death in 1902. He was the last survivor of the original promoters and became the most intimate friend of Robertson Macaulay on the Board. "He was one of those rare men," said Mr. T. B. Macaulay recently, "to whom one instinctively turns as a friend. He was great in every way, great in body, great in intellect, great in vision and enterprise, and above all, great in heart. It was a common saying that Mr. Ogilvie's heart was as big as his body."

Mr. Ogilvie's father came to Canada in 1800 and took part in the war of 1812. Alexander Watson Ogilvie was born at Côte St. Michel in 1829. His first venture in business life was in partnership with his uncle, James Goudie, in flour milling. On the retirement of Mr. Goudie in 1854, Mr. Ogilvie founded the firm of A. W. Ogilvie and Company, which acquired the famous Glenora Mills and became the leading milling firm in the Dominion, and, indeed, one of the largest in the world. It is now known as the Ogilvie Flour Mills Company Limited.

In 1867 he was elected to represent Montreal West in the Quebec legislature; he declined renomination in 1871, but was again elected in 1875 and in 1878. In 1881 he was made a Senator.

Mr. Ogilvie claimed descent from the Earl of Airlie, the head of the Ogilvie clan, who was given the lands of Ogilvie in recognition of faithful services rendered by his clan in defence of the Crown.

Biographical

Although he retired from the personal direction of his own business in 1874, Mr. Ogilvie maintained an active interest in the Sun Company until his death.

James Ferrier, another of the Incorporators of the Company, was born in Scotland and spent his early years in the city of Perth. At the age of twenty-two he commenced business as a hardware merchant in Montreal, and quickly amassed a large fortune. He was one of the founders of the Bank of British North America, of which he was a director for many years. He was also associated with a number of other financial institutions. Mr. Ferrier was keenly interested in public affairs, and became Mayor of Montreal. The distinction with which he filled this office during a critical period was recognized by his appointment to the Legislative Council of the Province. He was finally called to the Senate of Canada. One of his daughters became the wife of John Torrance, of the famous old shipping firm. The houses on the east side of Beaver Hall Square, Montreal, were built by him for the married members of his family; he himself lived on Alexander Street.

James Hutton, another member of the group of Incorporators, was, at the time the Company was formed, already well advanced in years. He was a wholesale cutlery merchant, and agent for the famous firm of Rogers of Sheffield. He was known as a shrewd man of affairs. His place of business was on St. Peter Street, and comprised a portion of the building now occupied by Caverhill, Learmont and Company, Ltd. His residence, an attractive Gothic cottage, was surrounded by extensive grounds adjoining those of Mr. A. F. Gault. It occupied part of the site, on Sherbrooke Street, on which the Chateau apartments now stand.

Henry Mulholland had the distinction of presiding over the first meeting of the Board, but his active connection with the Company lasted but a short time. He was a courtly old gentleman and held in very high esteem in the community. He was the father of the wife of Dr. George Wilkins, who was for so many years the Company's chief medical officer. Mr. Mulholland was head of the hardware firm of Mulholland, Baker and Company, whose place of business was on St. Francois-Xavier Street.

Charles Alexander, a member of the original Board, was a well-known confectioner. For many years he took a prominent part in the government of the city of Montreal, and was also for some time a member of the Provincial legislature. Few men have more completely enjoyed the regard of their fellow-citizens. Although he retired from the Directorate of the Company in 1877, he faithfully attended the annual meetings up to the time of his death, to perform his chosen task of moving a vote of thanks to those responsible for the Company's progress. "I can still picture the old man," says Mr. Macaulay, "in his kind but aged voice, congratulating the Directors and officers on the progress made year after year, telling how he rejoiced in it and yet, in his own way, warning the young men connected with the Company, myself in particular, against undue pride in the achievements, and reminding us to be thankful to 'the Giver of all Good.' Coming from him the words were natural and touching. I wonder what he would say if he were with us

Biographical

today, and could compare our present achievements with those in which he formerly rejoiced." It was said that Mr. Alexander was the real heir to the supposedly extinct Earldom of Stirling, but that he would make no claim to the title since he felt he would be unable properly to sustain it.

Alexander Buntin, of the firm of Buntin, Boyd and Company, had been a sailor, spoke with a broad Scottish accent, and was somewhat proud of his wealth. He was a member of the original Board of Directors. Many stories are told about him. It is said that on one occasion someone remarked to him: 'They tell me, Mr. Buntin, that you are as rich as Croesus.' 'Weel,' was the reply, 'I dinna ken wha Croesus is, but for ivery dollar he'll pit doon, I'll pit doon anither.' He owned paper mills at Valleyfield and the exactions of this business caused him to decline re-election to the Board of the Sun at the annual meeting in 1873, when he was succeeded by Mr. Ogilvie. He, however, maintained a deep interest in the Company until the time of his death. The fine Buntin residence stood on the ground now occupied by the Royal Victoria College.

Charles J. Coursol was a lawyer, and subsequently a police magistrate. He was keenly interested in public affairs and at the time of his election to the Directorate in 1871 was Mayor of Montreal. He was elected to the Dominion parliament for Montreal East in 1878. He was widely known as a sportsman, and enjoyed great popularity. His active connection with the Company was brief, for he retired from the Board in 1873. He owned a large estate in the western part of the city, and his name is perpetuated in a street which today traverses the southern part of the property. Judge Coursol's old residence, which stood on the northern part of the estate, is now dilapidated and almost unrecognizable.

T. M. Bryson, elected to the Board in 1876, had at that time long retired from active business, but devoted a good deal of attention to other interests. He was of spare build, of studious temperament and scholarly appearance. A close student of finance, he rendered valuable service to the Company in connection with its investment problems.

William John Withal was already in his seventieth year when he joined the Board in 1883, shortly after his removal to Montreal from the city of Quebec. He had had a varied and successful experience both in business and public life. He became a director of the Canadian Rubber Company, the Guarantee Company of North America, and other enterprises. Regarded as an unusually cautious and far-seeing business man, his sagacity was an asset to the Directorate during his term of service of fourteen years.

Robert Anderson was one of the most picturesque characters in Montreal for many years. During his whole connection with the Board, which commenced in 1885, he was its oldest member, for he was eighty-four years old at the time of his election. He was a native of Scotland, and a life-time of exceptional success in business enabled him to accumulate a great fortune. He was a bachelor, and somewhat eccentric and brusque in manner. He was better known for his extreme personal parsimony than for his many benefactions, about which he was peculiarly secretive.

Biographical He rigidly distributed one-tenth of his income to charities, and did this accounting with his conscience with great exactitude. At his death in 1896, at the great age of ninety-five years, he bequeathed large sums of money to various charities, particularly to religious and philanthropic institutions.

Alexander Macpherson, a native of Canada, achieved success as a wholesale hardware merchant. He became prominent in religious and philanthropic work and was several times Commissioner to the General Assembly of the Presbyterian Church in Canada. Elected to the Board of the Company in 1885, he served for nearly twenty years, and was active in promoting the welfare of the Company throughout his long connection.

Murdoch Mackenzie was a ship's chandler and marine store dealer in a rather large way of business. He was a quiet, retiring man of strong character, with the shrewdness and thrift of the typical Scot. For many years he served as a governor of the Montreal General Hospital. He became one of the large stockholders of the Company and, in 1886, one of its Directors, serving the Board with great fidelity for eighteen years. He took his duties very seriously, calling almost daily at the office to consult with Robertson Macaulay, for whom he had a deep admiration.

James Tasker was born in Scotland in 1834, and had a distinguished career both as scholar and journalist before entering the field of business in Montreal. He was eminently successful in a number of financial ventures, and as a member of the Montreal Board of Trade for many years, was regarded as an expert in investment matters. He remained on the Board of the Company for the long term of twenty-four years, and his services, particularly on the investment committees of the Company, were highly valued. He was a close personal friend of Robertson Macaulay. In addition to his many business activities, he was identified with the governing bodies of many religious and philanthropic institutions.

J. P. Cleghorn was a native of Montreal, where he was born in 1830. He joined the well-known firm of J. G. McKenzie and Company, of which he became managing director. A prominent member of the Board of Trade, he held nearly every position in that body, including the presidency in 1889 and 1890. He was president of the Intercolonial Coal Company, director of The Molsons Bank, the Merchants Manufacturing Company, and the Canada Accident Assurance Company. He was also a governor of the Montreal General Hospital and president of the Montreal Cemetery Trust. He served on the Board of the Sun Life Assurance Company from 1889 to 1911.

Dr. R. Palmer Howard, in the early years the Company's consulting physician, is recalled by Mr. Macaulay as a rather spare man, with iron-grey hair and whiskers, and always scrupulously dressed. He had a keen, alert countenance and a quick, decided way of acting and speaking, which gave the impression of a man of brilliant intellect, who knew his own mind. He had a personality that inspired confidence and marked him as outstanding. He was Dean of the Faculty of Medicine of McGill University and was universally regarded as a most distinguished member of his profession. One of Dr. Howard's sons married the daughter of Lord Strathcona who later succeeded to the title; another is a prominent member of the medical profession.

Dr. George Wilkins was connected with the Company from its inception. He was born in Ireland in 1842, but came to Canada with his parents as an infant. He graduated in the University of Toronto in 1865. For five years he was surgeon for the Allan Steamship Line, but on his marriage in 1870, commenced practice in Montreal. He was appointed Professor of Pathology at Bishop's College, subsequently becoming Professor of Physiology also. In the latter subject he was especially interested and had a fine laboratory in his own home. In 1883 he was appointed Professor of Medical Jurisprudence at McGill University, and also assistant in Histology to the famous Professor Osler. When Professor Osler resigned he succeeded him in charge of the Department, retaining this office for many years.

In addition to these distinctions, Dr. Wilkins was attached to the Montreal General Hospital, of which he became senior physician. He was a lecturer of note on the subject of diseases of the heart and lungs.

Dr. Wilkins became chief medical officer of the Company in 1880, and continued until his death in 1916. He was honoured no less for his attainments than for a kindly and benevolent nature which made him universally beloved.

CHAPTER FOUR

THE NEW SECRETARY

(1) Early Difficulties

WHEN the Sun Company made its bow to the public, life assurance was not held in the confidence and estimation it enjoys today. Ignorance—ancient enemy of progress—manifested itself in many ways, and particularly in a common belief that to assure a life was to interfere with the ordinances of Providence. Prejudice was deep-rooted. 'A pecuniary interest in the death of any one is fearful odds against benevolent feeling,' said one writer. 'It is not in human nature to have money depending on the existence of the inmate of your home without entertaining feelings which the good man would tremble to analyze, and even the bad man would fear to avow.' Time, changes in conception and practice, the restraints of law, the education of public opinion, and other elements have brought life assurance to be accepted as an expression of love and solicitude instead of a dangerous instrument of hate or greed. But in the 'seventies these ancient prejudices persisted and were a serious hindrance to progress.

The policies commonly offered to the public were, moreover, singularly unattractive, remarkable chiefly for the limitations and restrictions they placed upon the policyholder. They have often been likened to a modern bill of lading. A trifling mis-statement of fact in the application for the assurance, even though it may have been made in good faith, was sufficient to render a contract void, and to involve the forfeiture of the premiums. Failure to pay a premium within thirty days after the date it became due involved the cancellation of the policy, and claimants were required to produce the receipt for the last premium due, as evidence that the policy was in force. Suicide, even though the policy may have been in force many years, cancelled the contract. Residence without jeopardy to the policy was commonly permitted to the assured person only within any 'organized limits of the States, Territories and Provinces of North America eastward of the Rocky Mountains and north of 38° of north latitude'; even within these limits exception was made where travel extended beyond the 'recognized range of local municipal government.' Privileges were few; no compensation was guaranteed in respect of surrendered policies, allowances depending on the favour of the company granting the assurance.

These harsh conditions, although common to all companies, naturally pressed less heavily upon those of established reputation than those newly organized. The Sun Company had to contend with the competition of companies whose record of profit paying and fair dealing gave them an assured standing; against this there was little to offer except expectations and promises. It may be assumed that the early applications were won by dint of much perseverance and eloquence.

The early documents and literature of the Company indicate that these difficulties were severely felt; they show with equal clearness, however, that measures were taken to overcome them. Testimony favourable to life assurance was published to counteract prejudice, while support of the infant Company was invoked on the grounds of patriotism, pride in native institutions, the high standing of its sponsors, and the liberality of its contracts.

Early Difficulties

The annual reports, and the addresses of Directors and shareholders at the annual meetings in the early years, strongly feature these appeals. Mr. Workman, at the first annual meeting, said he 'hoped that the desire to build up Home Institutions by prudent management would be speedily realized, so that the confidence of our people in the stability of our own institutions might be secured, and the million and a half dollars that now go out of the country to build up foreign cities may be kept at home to build up the resources of the Dominion.' Mr. M. H. Gault in the following year said that 'long prior to the organization of this Company he had felt the want of a sound well-constituted company in Montreal . . . Heavy losses were annually entailed on the country by sending out of it the large amount of premiums paid to Foreign companies. These premiums ought to be kept at home.' Again, in the annual report for the year 1873, the Directors asked 'from Canadians, wishing for the advancement and prosperity of the Dominion, their most effective help and influence towards building up a prominent corporation.'

In the year 1872 the first rates manual was issued. Up to that time the agents had used printed slips containing rates for the few plans issued by the Company. The new manual must have been of very great value, for in addition to information in regard to rates, it contained many arguments favourable to life assurance in general, and the Sun Company in particular. An attempt was made to estimate the amount of life assurance in force in the whole world at that time(1) as convincing evidence of its 'popularity, utility and security,' while the Company's own prospective clients were told that the 'Share List and Directory are an ample guarantee that every obligation which the Company assumes will be promptly and honourably met.' 'The Board of Directors,' this statement continues, 'are well-known throughout the Dominion as men of high character, standing and responsibility, and pledge themselves that the responsible interests confided to their trust shall have careful attention at their hands.'

The manual contained 'ten reasons why you should insure your life in the Sun Mutual Life Insurance Company of Montreal.' One of the reasons given was that the conditions of the policies issued by the Company were extremely liberal, in fact it was stated that 'in this respect the policy is more favourable than the policy of any other company doing business in Canada.'

This claim seems to have been well founded. The assured was 'allowed to reside in any of the settled parts of North America north of 36° 33′ north latitude, or in any

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(1) The figures quoted are those of British, German, French, Australian, American and Canadian companies 'comprising nearly all the Life companies now in existence,' at the end of 1871:

Insurance in force	$4,500,000,000
Assets	875,000,000

part of Europe, at any time of the year; or to reside in any settled part of the United States (irrespective of latitude) from the month of November to the month of April, both inclusive; or to travel in any settled parts of North America at any time in the year, without prejudice to his assurance.' This and other provisions, which must be regarded as generous for that time, marked the Company as being to the forefront in the effort to liberalize policy contracts, a movement in which it was to become distinguished among the companies of the world in later years. Three other concessions of importance were made in the year 1872:

Early Difficulties

> 'While serving in the Militia Force or Volunteers no extra charge will be made.
>
> 'Travel to and from Europe in first-class steamers or sailing vessels permitted without extra charge.
>
> 'Permits are required to travel or for residence beyond the limits assigned in the policy, and for hazardous occupations, for which application must be made to the Principal Office. Extra rates in such cases are always charged as a percentage on the amount assured and not on the amount of premium.'

It was proudly proclaimed at the annual meeting for 1872 that, by a condition now being incorporated in every policy, it was made 'truly non-forfeitable.' This referred to a privilege under which a policyholder, wishing to surrender his policy, might be granted, on application, a paid-up policy equivalent to the number of premiums paid.

Throughout this period there are evidences that the Directors dealt liberally with the policyholders. Several applications for a cash consideration in respect of surrendered policies were referred to the Managing Director, who usually made an allowance of 30 per cent. of the premiums paid. A death claim for which the Company was technically not liable was discussed at an annual meeting. It was explained that should the Directors make any allowance on their own responsibility they would be personally liable to the Company. The shareholders by ballot authorized payment of a substantial portion of the amount claimed.

The general policies of the Company are comprehensively summed up in the rather rhetorical language of the annual report for 1873: 'Leading characteristics in conducting this Office are: careful choice of lives; safe Investment of Funds; rigid economy; justice and liberality to the Insured; and prompt dispatch of their business. The object of the Directors is that the Company shall always afford the greatest advantage for the least outlay; in their opinion its past success, present standing, reputation and prospects, furnish the surest guarantee which can be given, that The Sun Mutual Life Insurance Company will continue to confer all the solid benefits of Life Insurance.'

(II) Impediments to Progress

The first three years were perhaps more remarkable for the prudence exercised in conducting the business than for the actual progress made.

An almost Spartan economy was practised. In 1872, as in 1871, the Directors and Managing Director declined to receive compensation for their services. A dividend to stockholders at the rate of 6 per cent. on their paid-up stock was declared, but it was pointed out that this payment was more than covered by the interest on paid-up capital deposited with the Dominion Government, 'consequently none of the Company's funds received from premiums from policy-holders will be used in payment of this dividend.'

Impediments to Progress

The plans of assurance were limited to standard life and endowment assurances; no attempt was made to venture along any but well-trodden paths. The rates published by the Company appear to have been calculated by the simple expedient of averaging those charged by a number of well-established companies—a safe if somewhat unscientific method.

No deaths occurred until the year 1873, when the total claims amounted to $6,000. A similar liability was reported in the year 1874, when it was noted that the entire claims since organization fell far short of the provision that had been made for that year alone. Every application, together with the report of the medical examiner, was submitted to the Board, and hard as they must have found it to reject applications so difficult to procure, the Directors did their duty thoroughly.

The favourable experience of the Company in regard to death claims was frequently commented upon and was adduced as evidence that the new Dominion was a healthy place to live in. 'The results,' says one report, 'indicate unusual care in the selection of lives and a material saving to the Company in the provision made for loss. It is also encouraging as affording evidence of the correctness of the opinions held by leading Medical men of this country, and others who have made observations in this direction, that the mortality among assured lives in Canada will prove considerably below the experience of life assurance companies in the United States or Great Britain.' And again, 'These significant facts relating to the light mortality experience, being in entire accord with the experience of other prudently managed Canadian companies, unmistakably indicate the high value of Canadian assured life . . . It will prove an important source of profit and stability in future years.' The experience of half a century affords some warrant for these ventures into prophecy.

The gratification felt by the Directors that the business had been profitably conducted in these early years is evident from frequent references in the annual reports; in regard to the progress made, however, there is a restraint which suggests that the results achieved did not quite reach anticipations. At the end of 1874, 918 policies were in force for assurances totalling $1,768,092. The assets, including capital stock, amounted to $151,484, while the income for the year, from premiums and interest, amounted to $73,161. While growth had been consistent, it had been slow.

Difficulty seems to have been experienced in the development of an agency organization. After the appointment of Mr. Gilroy, Mr. Gault's personal efforts to obtain agents appear to have slackened, and it may be assumed that other interests claimed the greater part of his attention. Many of Mr. Gilroy's excursions into Ontario and the Maritime Provinces are recorded; several agents were indeed appointed, but most of them, after a short and unsuccessful experience, resigned. Only a few agents seem to have succeeded sufficiently to win the encomiums of the Board; among these the names of Fred.

Impediments to Progress

Wheeler of Montreal, John Burnham of Brantford, and Charles G. Ritchie of Ottawa, are prominent.

During the year 1873 indications of an acute trade depression, which was to afflict the country for nearly a decade, began to manifest themselves. As time passed the situation became more and more acute, and was the subject of special comment at the annual meeting for 1874: 'It is well known that the past year was characterized by dullness in general business, and financial stringency . . . Their effect last year was very marked in the diminished amount of Life business done in Canada and in a yet more marked degree in the United States.'

Life assurance, always quickly responsive to general trade conditions, suffered in common with other forms of business. In addition, it had troubles peculiarly its own. The close of the Civil War in the United States had given the business an artificial impetus; life assurance executives, misled by an ephemeral condition, and indulging an expectation of future earnings which proved incapable of realization, failed to support their underwritings with adequate reserves. A somewhat similar situation had developed in England, where a sudden expansion of life assurance in the 'sixties led to a number of amalgamations of companies. The competition of these combines resulted in wildly extravagant terms being paid for re-assurances. With business reaction came disaster. In the United States the 'seventies not only witnessed a great number of failures of life assurance companies, but the business suffered a loss of prestige from which it took years to recover. The situation in England became such a scandal that legislation was introduced to curb the activities of the companies, and to require a greater measure of publicity in regard to their transactions.

While life assurance in Canada was free from these anxieties, the domestic companies suffered acutely from the loss of confidence that followed in their wake: 'In view of the very grave questions that are now agitating Insurance circles, both in England and the United States,' says the 1874 annual report, 'it is confidently felt that the prudent course pursued by your Directors will commend itself to the approval of both the Shareholders and the Insured.' Although the Directors drew the moral that Canadians should seek the security of their home enterprises, it can hardly be supposed that the appeal of the infant Company was improved by the troubles besetting much greater corporations.

There is one other circumstance, which although not mentioned in available documents, must have been a matter of profound concern to the Directors. The Confederation Life Association had commenced business in 1871, and by the year 1874 had considerably out-distanced the Sun. The Ontario Mutual, (later the Mutual Life Assurance Company of Canada), had commenced a year earlier, and after a slow start was preparing to challenge for the leadership among the new companies. The London Life Insurance Company was in process of organization, and indeed commenced business in 1874. In that year the business of the Sun was actually showing, month by month, a serious decrease as compared with 1873.

The cumulative result of these circumstances was to emphasize more and more the urgent need of a capable and experienced officer, who would make the affairs of the Company his sole concern. The minutes of the Directors' meeting of June 12, 1874 record that a letter was read from Robertson Macaulay of Hamilton, having reference to the offer made him by the Company to assume the secretaryship. The Managing Director was instructed to make him an offer of $2,500 per annum, and $3,000 for the second year. Mr. Macaulay accepted by telegram on June 30, 1874, and on August 2 commenced an association with the Company whose interests were to absorb his whole thought and effort for the remainder of his life.(1)

Impediments to Progress

A coincidence of dramatic import should be mentioned. The entry in the minutes recording the appointment of Robertson Macaulay is made by Mathew H. Gault; the entry immediately following it, in the same hand, records the authority for the Company's first stock purchase—an investment of $30,000 in one of Mr. Gault's enterprises, the Montreal Permanent Building Society. This investment, and other similar ones which followed it, was destined to bring these two men into conflict, and, as later pages of this book will show, to affect in the most vital way the fortunes of the Company.

(III) Robertson Macaulay

It is a common habit to idealize our heroes, and to invest our memory of them with the attributes of our own fancy.

(1) In a letter to Mr. T. B. Macaulay, dated October 13, 1927, Mr. J. K. Macdonald mentioned an interesting circumstance: 'Your father came near to becoming the Manager of the Confederation. My letter offering him the management was just a week behind his acceptance of the offer of the Sun Company.' Mr. Macdonald organized the Confederation Life Association, which commenced business in the same year as the Sun, and held the presidency until his death on July 4, 1928, at the age of ninety-one.

Robertson Macaulay, although he passed from the scene of his life's labours only thirteen brief years ago, has already become a tradition. The picture of him that abides is that of a man in the twilight of his long life; a tranquil man, who had brought his craft safely into calm waters after the storms and stresses of an earlier day; a man from whom the gentle hand of time had smoothed the last marks of past contentions. This, the traditional portrait of Robertson Macaulay, does even his old age but scant justice, for almost to his last day he preserved the alertness of body and mind that always characterized him; even the benevolence and kindliness which commanded universal affection never dimmed his taste for battle nor his joy of contest.

But as a picture of the man who in 1874 became Secretary of the Sun Mutual Life Insurance Company, this portrait is almost fantastic. To fully understand the events of the dozen years which followed his advent with the Company, and to appreciate the part he played in them, it is necessary to present him as he then was: a strong virile man in middle life, a rich colourful experience behind him, and the great task of his life before him.

Heredity, environment and circumstance all contributed to the fashioning of his character.(1) 'My ancestry was humble,' he said when he was more than seventy years old, 'nothing but hard work, strenuous effort, faithful labour, has been my lot in life ... I am thankful.' He was born at

(1) Robertson Macaulay was of the Clan Macaulay whose ancestral home was in the Island of Lewis, of the Hebrides, Scotland. The Clan was a small one, of Norse origin crossed with Celtic blood. At the head of its roll of honour stands Thomas Babington Macaulay, Lord Macaulay, statesman and historian.

Fraserburgh on the twentieth of January, 1833; his father, Captain Kenneth Macaulay, of the trading smack 'Reaper', was joint owner of the two-family house, Number 50, Shore Street, where he was born, and whose garden reached down to the open beach of the wild North Sea. Robertson Macaulay's earliest recollections were of hardship, and of contention and fierce struggle with the elements; as a child of six he watched with his mother, through anxious hours, the battle between his father's seamanship and a raging storm which claimed many a victim.

Robertson Macaulay

After his father's death he went, in his early 'teens, to live with his aunt and her husband, Captain Kenneth Robertson, at Stornoway, on the Island of Lewis in the storm-beaten Hebrides, the home of his father's forbears. It was here that he had his first taste of labour; he shouldered a grown man's task of heavy work, which in later years he musingly recollected as 'having made him ache most intolerably from head to foot.' As a youth he shouldered the responsibility of supporting his dearly loved and widowed mother. In quest of fortune he went to Aberdeen—a friendless boy, in a great city, but possessed of a spirit which difficulties only served to challenge and stimulate.

By the time he was twenty, he had reached a position of some responsibility in a wholesale dry-goods house. But now a circumstance arose which was completely to change his life and his outlook. The pioneering instinct, strongly marked in him throughout life, began to assert itself, and he determined to emigrate. The firm he served dissolved; one of the partners established himself in Australia, and wrote young Macaulay to join him there. The letter, however, did not then reach him, for it was intercepted by a loving and sorrowful mother, who could not contemplate the thought of her son going to such a distant land. So it came about that in the year 1854, on his twenty-first birthday, Robertson Macaulay sailed for Canada in a timber freighter plying between Leith and Quebec. The Sun Life of Canada at least may well thank the star of destiny that prompted the guileless deception of a devoted mother.

In the following year young Macaulay was joined by his mother and her family. Four years later, in 1859, he was followed to Hamilton, Ontario, by his affianced bride, Miss Barbara Reid of Edinburgh, and embarked upon a married life of singular felicity, to be broken only by his death fifty-six years later.

Robertson Macaulay was twenty-three years old when he entered the business in which his notable career was made. The Canada Life Assurance Company, whose head office was at Hamilton, was then nine years old, and already firmly established. In January 1856 the company advertised for an accountant, and young Macaulay was selected by Hugh C. Baker,(1) the president, and Thomas S. Simons, the secretary, from two score applicants.

From the moment he joined the Canada Life Company, Robertson Macaulay realized that in life assurance he had found scope for his enthusiasms and his abilities. The circumstances of his own life inspired a belief in it which gradually developed into an all-absorbing passion.

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(1) Robertson Macaulay entertained a profound admiration for Mr. Baker throughout his life. It is interesting to record that Mr. H. A. H. Baker, the Company's manager at Minneapolis, is a great-nephew of the founder of the Canada Life Company.

Robertson Macaulay

In 1859, on the death of Mr. Baker, the Canada Life Company appointed a new manager, Alexander Gillespie Ramsay,(1) who up to that time had been secretary of the Scottish Amicable Society of Glasgow. Robertson Macaulay, although he always entertained a high regard for Mr. Ramsay's abilities, seems never to have established entirely cordial relations with him. Perhaps it could not be expected that the temperament of the chief accountant would harmonize well with a certain unbending austerity in the manager. Their differences eventually led to Mr. Macaulay's resignation in 1872, after sixteen years of service.

After an interval of two years as secretary of the Mutual Life Association of Canada Mr. Macaulay came to the Company organized by Mr. Gault three years earlier. He was now forty-one years old,(2) and in the prime of his manhood. His tall, somewhat spare but rugged figure suggested energy; his stern and determined features bespoke conviction and strength of mind. His impressive character was marked by a deep and simple piety; a strong sense of right and duty dominated his conduct and inspired his every act. Compromise and concession were distasteful to him; an inherent fear of stooping indeed inclined him to lean backward. His independence of spirit manifested itself in an utter contempt of any material advantage that might jeopardize, however slightly, his rigid principles.

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(1) Mr. Ramsay became President of the Canada Life Company in 1875 and continued in that office until 1899, when he resigned. He died in 1915.

(2) The appointment of Robertson Macaulay marked almost exactly the half-way mark of his long life. His death occurred on September 27, 1915.

But if his temperament was unyielding, he yet had his eyes open and his heart open. He was now experienced and capable; but he brought to his new Company more than competence. He had perception, he had imagination, he had swift intuition; above all, he had an absorbing and passionate belief in the rightness of life assurance, a clear conception of its beneficent effects, and a burning enthusiasm to enlarge its influence. The humble thousand dollar policy was to him more than an entry on the books of a corporation; it was a promise of relief to a widow in destitution, or to a child who, without it, might go hungry. The assurance company was the warrant of this benevolence; the agent its instrument. These conceptions he held sincerely and without cant; they were the mainspring of his untiring energy and fearless courage.

To those who sought his services, his abilities were better known than either these fierce enthusiasms or the sturdy and unyielding character which, like the rocks of his native shore, stood four-square in fair weather or foul. But it was Robertson Macaulay's inherent qualities, rather than his attainments, that were destined to carry him to the height of authority and influence he reached. In the assertion of the things he believed he not only did not fear battle, he sought it; he fought with flashing eye and stout heart and unfailing resolution; he stepped aside for no challenger who might dispute his right of way.

Part II

1874–1889

Out of difficulties grow miracles.

—La Bruyère

CHAPTER FIVE

PROGRESS IN THE SEVENTIES

(1) Problems and Solutions

BETWEEN August 2, 1874, when he assumed his duties, and March 4, 1875, when he was introduced to the shareholders at the annual meeting, Robertson Macaulay had made a thorough survey of the Company's position, and had already laid important plans for the extension of its activities. As might have been expected of one who for many years had been chief accountant of Canada's oldest and greatest company, his first attention was directed towards analyzing his new Company's affairs. With characteristic terseness he reported at the annual meeting that 'he had given the books and position of the Company his serious attention, and was glad to be able to report that the Company had laid a very substantial foundation.' He paid 'cheerful testimony' to the economy and prudent management of the Sun's affairs.

Of the progress made he spoke with restraint: 'If its progress has not been very rapid, it has nevertheless been safe and profitable.' On December 2, 1874, he had called the attention of the Directors to the ineffective condition of the agencies, and reported having advertised for agents 'with the view of improving that service and increasing thereby our rate of new business.' He sought permission to engage several first-class men on salaries 'where that may be needful.'

These recommendations evidently formed part of a considered plan for expansion, for on the same date the Secretary sought an expression of opinion on the advisability of opening an Accident insurance branch as authorized by the Company's charter. He represented that the agents themselves believed this supplementary branch would aid them in their quest for life assurance.

Assent was given to Mr. Macaulay's suggestion, and the new venture was launched on February 10, 1875. One of the primary objects in entering the Accident field was to introduce the Company to the public through the Commercial Travellers' Association, the possible influence of whose members was regarded as important.

The effort to conserve the business already standing on the books was formulated in a number of resolutions, submitted to the Directors by Mr. Macaulay on February 24, 1875, and approved by them. The concessions confirmed and enhanced the Company's growing reputation for liberality in the treatment of its policyholders, and were favourably commented upon at the annual meeting and by the Press:

> 'Believing that the real benefits of Life Assurance can be realized by insurers only by persistence in sustaining their Policies till the full completion of the objects contemplated by them; and that persons allowing them to lapse, thereby entail on themselves needless though unavoidable loss; and with the view of encouragement to their continuance, be it resolved,— That all Policies issued by this Company be, and hereby are declared to be INDISPUTABLE on any ground whatever, after

that they shall have been full five years in force, provided always that all premiums have been and shall continue to be paid when due, and that the correct age of the insured shall have been established by satisfactory evidence.

'Also that due allowance in point of time be accorded for the revival of lapsed policies where the omission has been unavoidable and the life continues insurable.

'Also that every possible facility for the maintenance of Policies be given by way of Loans thereon, within their cash value, to be applied in payment of Premiums in cases where from temporary embarrassment or otherwise these might be allowed to lapse.'

The sanguine hopes, that these efforts to improve the practices of the Company and to enlarge its activities would find immediate response, were scarcely realized, for the effects of the general trade depression were becoming increasingly serious. In 1874 there was an actual decrease in the amount of new business secured by the Company. The year 1875 opened with the most doleful anticipations on the part of everyone competent to measure business trends. With the passing months and years conditions became more and more acute.

Following the failure of a number of large firms, credits were sharply restricted. Some of the banks were forced to reduce their capital. Many Montrealers of today recall anxious depositors, disturbed by actual or rumoured conditions, standing in queues extending along the sidewalk on St. James Street to withdraw their deposits. Railway building was entirely suspended. In shipping, lumbering and farming, the mainstays of the new nation, there was great hardship. As late as 1878, an expression of hope by Mr. T. B. Macaulay that good times might soon return elicited from a prominent Montreal business man the remark, 'Do you think there will *ever* again be good times?' Still later, in 1879, George Stephen referred to the stagnation in world business, and warned the shareholders of the Bank of Montreal that no amelioration of conditions in Canada could be expected until signs of trade revival in other parts of the world could be discerned. In that year the profits of the Bank of Montreal fell, for the first time for many years, below—and far below—a million dollars. Its Rest Fund was reduced, for the last time in the Bank's history, to offset the shrinkage in the value of securities.

In the life assurance field, rivalry for the limited amount of business available became intense. By 1875, at least twenty-five companies, including British and foreign, were active in the Canadian field. The stress of competition led to misrepresentation, and the most extravagant estimates of profits and results were given to prospective clients by the agents of many of the companies. The 'Tontine' system, then in the heyday of its popularity, lent itself particularly to this form of abuse. Some of the United States companies appointed men called 'executive specials' as direct representatives of their head offices, investing them with this authority in order to give colour to their promises; they made rapid visits to different cities, endeavouring by the offer of special terms to assure the lives of leading citizens. It was a common practice to allow a portion of the premium to the applicant as a rebate; bonuses granted to agents to stimulate their production of business were so generous that towards the close of the year it would sometimes pay them to make an allowance to their clients equal to the whole amount of the first year's premium. Echoes of the situation are to be found in the records of the annual meetings of that time, where officers and agents alike complained of the misrepresentations of their competitors.(1) The Company's own minutes record many complaints of this character. Threats of suits and counter-suits were common. Taken in conjunction with the failure of many life assurance companies in the United States and Great Britain, these conditions created public distrust which adversely affected the progress of life assurance for many years.

Notwithstanding these unprecedented difficulties, every year from 1874 onwards showed consistent increases in the new business of the Company, until in 1879 the assurances secured during the year amounted to nearly one and a half million dollars, or nearly three times the 1874 figure. By 1880 the total at risk on the books of the Company approximated four million dollars. These results were won by unflagging zeal and perseverance. The Secretary made the problem of agency building peculiarly his own; he was unsparing of himself, travelling here and there at the sacrifice of leisure and personal comfort, and often indeed taking a hand to aid the agents in actual solicitation. It was in this decade that Robertson Macaulay won so completely the affection and esteem of the agents which never, throughout his career, was withdrawn from him; in attitude and word he revealed his understanding of their problems, and his appreciation both of their difficulties and their labours.

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(1) This state of things has happily long since passed away. A number of organizations developed within life assurance ranks which, by improving the status of agents, removing the pernicious rebate system, and eliminating the baser elements of competition, went far to bring about the satisfactory situation that exists today.

Progress in the Seventies

Members of the agency organization prominent during this period were Thomas Gilroy, who, in spite of many vicissitudes, continued as Inspector, giving valuable assistance in the work of organizing; J. M. C. DelesDerniers, who had a meteoric career for a few years as a large-scale personal business producer and some time as organizer; and W. T. McIntyre of Belleville. Mr. McIntyre at the age of seventy-seven is still an active representative of the Company at Toronto, and is esteemed not only by the entire staff of the Company he has served so long and faithfully, but by everyone who knows him. His appointment as an agent was approved on November 8, 1876, and he is the oldest member, in point of service, of the Company.

One other point in connection with the methods adopted to establish the agency organization should be mentioned. Local Honorary Boards were created at Toronto, Hamilton, Quebec and other cities, and by this means the influence, and in some cases the active aid, of men of prominence was secured.

(II) An Addition to the Staff

One cannot review the records of the events of the 'seventies without being impressed by the assiduity of the Directors. In one of the annual reports of the period it is stated that their regular weekly meetings usually lasted from two to three hours; almost every detail relating to administration and operation was carefully considered.

There was, however, one event, fraught with the greatest potentialities to the Company, which apparently passed

THOMAS WORKMAN

unnoticed; at any rate it was not made the subject of record in the minutes. This was the appointment, on October 2, 1877, of Thomas Bassett Macaulay as a clerk in the office.

An Addition to the Staff

Robertson Macaulay's appointment in 1874 had been preceded by the retirement of Thomas Craig, who had acted as Secretary since the organization of the Company. When the new Secretary commenced his duties, the only other clerk in the Life department was the bookkeeper, Mr. Lowson. The staff had grown to four clerks when young Macaulay, at the age of seventeen, joined as an additional junior at a salary of $200 a year.

The Secretary's son had been cradled in life assurance, and already had that familiarity with the business and with the affairs of the Company which would naturally result from the intimate discussion of these vital topics in the home. The father indeed had long indulged the hope that his son would choose a life assurance career, and his education had been shaped towards that end. Particular emphasis had been laid on the boy's mathematical training, both at Montreal High School and afterwards by private tutors. Falling upon a mind of singular receptiveness and aptitude, this tuition sharpened the desire of young Macaulay to explore the mysterious and alluring field of actuarial science. From the day he joined the Company as a junior clerk he saw the possibility of the large service which competence would enable him to render. He set himself unremittingly to the task of gaining knowledge.

At that time the aspiring actuary in the Colonies had not the reward of actuarial degrees to stimulate him, for the

Progress in the Seventies

doors of the Institute of Actuaries of Great Britain were open only to British students, and the Actuarial Society of America was not yet born. The Colonial student, moreover, was handicapped by a paucity of information. Almost as much ingenuity was needed to discover useful instructional material, as intelligence for its assimilation. At that time too, the companies were not so ready to exchange notes of their experience or their practices as happily they are today. These were formidable obstacles to the investigator, but young Macaulay did not find them insurmountable.

There are evidences that even in his early months with the Company he was not only developing ideas, but giving effect to them. In his second year he made 'a careful investigation into the causes of death among our insured members,' making a comparison with the great Mutual of New York, which, as we have intimated, overshadowed all its contemporaries. The analysis was published with the annual report for 1878. With characteristic independence of thought, and a strong reliance on his own views, the embryo actuary says, 'We have here adopted Dr. Farr's classification, which is employed by the Mutual Life, although we do not consider it the best.' He also pointed out the effect of the Sun Company's youthfulness in explanation of variations of experience as compared with the Mutual, which of course was a much older company. In presenting the analysis to the shareholders, emphasis was laid on the value of investigations of this kind in assisting judgment in the selection of risks, and also in aiding the practice of life assurance generally. A plea was made to 'each Canadian company' to co-operate by publishing a table of this kind each year, so that the special conditions peculiar to Canadian mortality might be better understood.

An Addition to the Staff

This analysis may be regarded as the beginning of the signal work accomplished by the Company in mortality investigation. Time has emphasized the prescience of the Company's young actuarial adviser, for in these later days the great life assurance companies, almost without exception, not only make careful enquiry into the causes of death among their policyholders, but publish their experience in order that the statistics in combination may be available to all the companies to aid the true rating of applicants. An outcome of this exchange of experience is that it has been found possible to grant life assurance, on appropriate terms, to large numbers of persons whose health is in some measure impaired, and who previously were denied protection.

Until Robertson Macaulay joined the Company, its accounts had not been audited by an independent accountant, nor had its policies been valued by an actuary. At his request, the Directors on February 9, 1876, appointed Phillip S. Ross as auditor, a connection thus commencing which has continued, through the members of Mr. Ross' family, to the present time. On the same date authority was given to employ the Hon. Elizur Wright, an eminent actuary of Boston, to make a valuation of the Company's policies. The report for 1875 carries the certificates of both of these gentlemen, as do those of succeeding years. Evidence of Mr. T. B. Macaulay's growing reputation as an actuary is to be found in the fact that Mr. Wright made his last valuation in 1878, Mr. Macaulay undertaking the duty from that time. In 1880 he was appointed Actuary, so assuming official responsibilities at the early age of twenty years.

(III) The Unconditional Policy

At the time Mr. T. B. Macaulay joined the Company a matter of great anxiety to the Directors and management was a claim, arising from an Accident policy, for which the Company did not consider itself liable. The policy, in favour of a man named Wright, had been issued in June 1875 for $10,000, of which $5,000 was re-insured. Wright was killed in the following December, and Robertson Macaulay's personal investigation of the case convinced him, as it did the Directors, that not only was it a clear case of suicide, but that the insurance had been sought in contemplation of suicide. The conditions of the contract specifically absolved the Company from liability in case of death by the insured's own act, and it was decided to resist the claim.

The case went to litigation, and after more than two years came up for trial in April 1878. The jury, obviously swayed by sympathy, found for the claimant, and judgment was rendered against the Company.

Two years more elapsed before the case was finally settled. In the meantime, however, the unexpected outcome of the jury trial caused the officials of the Company furiously to think. The verdict obviously was out of accord with the evidence; apparently the sympathies of a jury towards an individual could more readily be invoked than its sense of justice towards a corporation. If a clear case could

The Unconditional Policy

be lost, how could the Company ever hope to win any case? If policy conditions were to be ignored, of what use were they? If they failed to protect the Company against fraud, and at the same time imposed a handicap on business-getting, why preserve them?

These were some of the considerations which exercised the minds of Robertson Macaulay and his son. Although the judgment had been rendered on an Accident policy, it menaced equally the Life contracts. In the light of this case the Company apparently was as safe without restrictions as with them. So far as the public was concerned, restrictions created distrust and misgiving; the most honourable applicant might fear the consequences of trifling mis-statements, even though made in good faith. If restrictions failed to protect the assurer, and at the same time menaced the assured, why have them? Why not popularize the Company by eliminating *all* conditions, and so remove once and for ever the doubts, suspicions and fears which clouded the minds of applicants? In short, why not have an Unconditional policy?

Mr. T. B. Macaulay commenced enquiries. An unconditional contract was unknown in America, or for that matter in the whole world. The nearest approach to it was a policy called 'The World Wide Policy' issued by the Standard of Edinburgh. While this was practically free of conditions, it was issued only to specially selected risks. Mr. Macaulay's view, in its essence, was that an unconditional policy, if adopted by the Sun Company, should be granted to every applicant accepted. Enquiries did not reveal any support in the practice or intentions of other companies; but the officers of the Sun, undismayed, decided to take the radical step alone.

The record appears in the minutes of the Directors' meeting of May 5, 1880, which note that it 'was felt that existing policy conditions were too restricted in regard to travel, occupation, suicide, etc.' and the resolution went forward for an 'Unconditional Policy' at the then current rates of premium.

Thus by a single stroke of the pen a world-wide unconditional policy was adopted, and all the restrictions, prohibitions and limitations which had hitherto featured the Sun contracts, in common with those of other companies, were removed. It was a long step forward; it had a tremendous influence upon the subsequent growth and prosperity of the Company. Hitherto the Sun had been at a serious disadvantage in competing with old-established institutions of superior size and profit-paying ability. It now had an individuality and a character which distinguished it from all rivals; in respect to the terms of the contracts it offered it was indeed in a class by itself. The agents were quick to apprehend this great advantage, and their response was immediate and enthusiastic. While other companies were criticizing the action as 'unsafe and foolhardy' and predicting that the Sun would have to revert to its old-time practice, its agents were busy placing before possible applicants comparisons of the conditions under which they could obtain assurance in their Company as against those imposed by competitors. One by one other companies were either compelled or chose to fall into line, and by the time, years later, when unconditional policies were made obligatory under standard provision laws in Canada and the United States, the free contract had been already generally adopted.

The Unconditional Policy

The incident is one in which the Sun takes justifiable pride, for it left an indelible impress on general underwriting practice. The circumstances were picturesquely referred to by Robertson Macaulay in acknowledging the gift of his portrait from the agency staff in 1906. He said, 'In no square stand-up fight have I ever acknowledged defeat but once. That was in the Wright case, when Wrong triumphed . . . My inner soul rebelled at the triumph of wrong over right. . . Redress came, but from a very unlooked-for quarter—the Unconditional Policy.'

(iv) Important Events

The first distribution of profits, which was made in the year 1877, was an important event. The Directors professed much gratification in the amount available for distribution, as proving the exceptionally sound position of the Company. After applying the severe test of the Government standard of reserves at 4½ per cent., (a severe test indeed for those days, for some companies had previously valued their liabilities at 5 per cent.) and setting aside the full amount of paid-up capital, there was a surplus of $55,299.51. A prudence which was to become characteristic of the Company, however, prompted its management to divide only $37,586 of this sum. Nearly $10,000 was reserved to 'act if needed as a guarantee fund against any possible depression of any securities invested in.' The profit which accrued to shareholders, chiefly from non-participating business, was paid, not as a dividend, but to add to the security of policyholders by increasing the paid-up capital, which was raised by this means from $50,000 to $62,500.

In 1877 a comprehensive Act for the regulation of life assurance was promulgated. The records indicate that some of the proposed provisions did not commend themselves to the judgment of the Secretary, and he and Mr. Claxton were appointed to visit Ottawa to place the views of the Company before the Government. They succeeded so well that the Act as eventually framed earned their warm approval.

The close of the decade was marked by two events of great importance. One of these was the venture of the Company into fields outside of Canada.

In considering the circumstances which prompted this significant departure, which was to have a great and far-reaching effect on the fortunes of the Company, it has to be remembered that the problem of expansion, which constantly occupied the attention of the management, was not one merely of securing increasing amounts of business, but of securing it at reasonable cost. The legal basis for valuing policy liabilities was at that time much more severe on a young company than those imposed by present day standards. The allowance for initial expenses now provided for in the preliminary term method of valuing, and recognized by the laws, not only of Canada, but of all the States of the American Union, was then unknown; the full reserve indeed had to be set aside for even the first policy year. This circumstance enhances the achievement of the Company in

Important Events

emerging from the strenuous days of its early history without at any time suffering any impairment of its capital, for such a test would be disastrous to many of the younger companies in North America today.

This record, however, was not maintained without difficulty. Agents could be attracted to the young Company only by the offer of a salary, or at best partial salary and commission; new business consequently was expensive to acquire. At a time when it was so greatly desired to increase business, production must needs be curbed, for too much of it would deplete the funds available for surplus and profits. In this way the problem of expansion was interwoven with that of cost.

In 1879 one of the agents introduced to the management Mr. James Skeoch, a merchant of Port of Spain, Trinidad. Mr. Skeoch had married a Montreal lady, and was spending the summer in Canada. He pictured the British West Indies as almost a virgin field for life assurance. Apart from two excellent but small local offices, very few companies were represented there, and their agents did little or no canvassing. The prospect of being able to secure considerable volumes of business at low cost in this new and almost non-competitive field was highly inviting. The only element of uncertainty seemed to be in connection with the rate of mortality which might be experienced. Mr. T. B. Macaulay, however, immediately began an investigation of all available mortality statistics, and finally prepared tables of premiums which it was thought would cover all contingencies. To make assurance doubly sure, it was decided to keep all tropical business in a special class, and to base profits on the mortality actually experienced.

Progress in the Seventies

On December 12, 1879 a letter from the Company's solicitor, Mr. Davidson, (afterwards Sir Charles Davidson) affirming that the Charter admitted of doing business in any foreign countries, was read to the Directors, but the plan of establishing the proposed agency was disapproved of. Before the close of the month, however, a change of attitude was effected, for the Directors consented to examine the rates prepared by Mr. Macaulay. These, by comparison with those charged by other companies, were 'deemed abundantly high,'—and consequently satisfactory—and it was agreed to send J. M. C. DelesDerniers to survey the situation and, if possible, to open agencies. Mr. DelesDerniers proceeded forthwith to the Eastern group of West Indian Colonies, going as far as British Guiana. The volume of business secured was very satisfactory and highly encouraging.

In the following winter Mr. DelesDerniers visited Jamaica, and in this connection an amusing note occurs in the minutes. He had experienced difficulty in moving conveniently from place to place on his first visit to the Islands, and it was 'decided to buy him a carriage here and after using it at Jamaica, to sell it again.'

In this humble way was launched the policy whose later developments have caused the Sun Life Assurance Company of Canada to be known as the world's greatest International Company. The immediate expedient of finding a field where competition would be less exacting than at home was but part of a larger conception. Robertson Macaulay and his son had long fretted at the limitations of the domestic field, so vast in area, so small in population and realized wealth. They saw even this restricted field divided by competitors from other countries; they argued that what was good for them was good for the Sun. If British and American companies could succeed in Canada, they saw no reason why a Canadian company could not succeed equally in other lands. Their courageous action has been abundantly justified. It was in harmony with the political and economical conceptions of the British Empire, and consistent with the policy followed by many of the world's great businesses. The marvel of it was not that the step was taken, but that it was taken so early, when the Company was still in its swaddling clothes.

Important Events

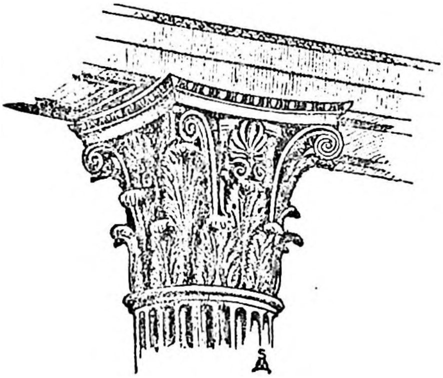
The other event was the resignation of Mathew H. Gault from the position of Managing Director.

Mr. Workman made this portentous announcement at the annual meeting held on April 2, 1879. He paid feeling tribute to the services of the Founder of the Company, and expressed the sincere regret of his fellow Directors and himself that the exactions of other interests had forced Mr. Gault to relinquish the duties of management. He moved the following resolution, which received the unanimous endorsement of the Board:

> 'That the thanks of the shareholders are due and are hereby presented to M. H. Gault, Esq., M.P., as Managing-Director, for the care and watchfulness exercised in his supervision of the Company's business, not only during the past year, but from its organization; and also for the active interest he has always taken in whatever concerned the Company; and while deeply regretting that other duties should have necessitated his resignation of the position of Managing-Director, so long held by him, a

regret shared in alike by Directors and shareholders, they are nevertheless pleased to have the assurance of his continued co-operation as Director.'

A few months later, Mr. Claxton resigned as Vice-President, and Mr. Gault succeeded him. In December 1879 Robertson Macaulay was appointed Manager and Secretary.



CHAPTER SIX

STORMY DAYS

(1) The First Phase

THE immediate cause of Mr. Gault's resignation was his acceptance of the position of manager for Canada of the Royal Insurance Company of England. The appointment not only added considerably to his already heavy business duties, but occasioned his removal to the Royal Company's offices in Montreal. Hitherto he had conducted his various enterprises from his own offices in the Barron Building, apportioning space for the accommodation of the Sun Company. The new conditions made it difficult for Mr. Gault to preserve executive responsibility for the Sun's affairs. He decided to break away altogether, and so removed his other business interests to his new quarters. Incidentally, by renting his former offices to the Sun, he provided much needed accommodation for its growing office staff.

But other reasons, apart from questions of convenience or demands upon his time, had their influence on Mr. Gault's decision. His relations with the Secretary, never very happy, had become definitely strained.

The points which divided these two men were fundamental and irreconcilable. They centred chiefly on the Company's investments. Purchases had been made of the stocks of the Montreal Permanent Building Society (from 1875 known as the Montreal Loan and Mortgage Company) and the Exchange Bank of Canada, institutions controlled by Mr. Gault and a group of his friends. The amounts involved, while not actually large, were sufficient to be very serious to a company in its childhood stage. The Secretary consistently protested against these investments, and repeatedly asked that they be disposed of. In 1878 and 1879 the stocks suffered heavy depreciation, necessitating the writing down of the Company's holdings in the latter year by $14,518. When, in 1883, complete disaster overtook the Bank, and partial disaster the Loan Company, the situation became tense. Most of the Directors supported Mr. Gault, and the issue between them and the Secretary was joined.

It is hardly necessary to enter into the details of these unfortunate incidents of nearly half a century ago. That the investments had been made in good faith was never questioned. The Secretary, however, objected in principle to the funds of the Company being invested in institutions under the same control,(1) and contended that the investments would not have been made but for the personal connections with the corporations involved. For this reason he held that the losses should not be borne by the policyholders, but by the Directors responsible for making the investments. He made this claim both on behalf of the policyholders and as chief executive officer of the Company, which he

(1) Robertson Macaulay's stand had its full justification a quarter of a century later. One of the chief recommendations of the Armstrong Commission, appointed in 1905 to report on the practices of a number of life assurance companies operating in New York State, was designed to prohibit the investment of life assurance funds in enterprises with which the Directors were connected. This recommendation was incorporated in the laws formulated as a result of the Report.

had been, *de facto*, from the time of his appointment in 1874. He also reminded the Directors that, apart from the reduction of profit earnings, the prestige of the Company had suffered greatly.

The weekly Board meetings were prolonged and stormy. On November 27, 1883, Robertson Macaulay was elected to the Board in place of Mr. Charles Cassils, who, as a recent appointee, not unnaturally resigned when the storm burst. As an outspoken critic of the Company's investment policy, it was no doubt hoped that Robertson Macaulay's election to the Board would help to allay public anxiety. He was appointed Managing Director at the same meeting.

The credit of the Company was indeed seriously injured. The surplus at the end of 1882, excluding paid-up capital stock, was $39,100. The holdings in the Exchange Bank had been carried in the 1882 statement at a market value of $8,850, and that of the Montreal Loan and Mortgage Company at $64,200. Moreover, the Company had a double liability in regard to its holdings in the Exchange Bank. With the Bank actually closed, and the affairs of the Loan and Mortgage Company in a very precarious condition, the Sun's position was desperate, for there was a danger that its surplus might be wiped out entirely and its capital impaired. Robertson Macaulay was fighting for the very existence of the Company.

When the statement at the close of 1883 was prepared the Directors agreed to write down the Loan and Mortgage holdings by 40 per cent. The item which had appeared in the 1882 report at $64,200, was entered in the statement for 1883 at $36,000. The Exchange Bank item disappeared

Stormy Days altogether, the loss up to that time having amounted in all to $10,642.50.(1) From this severe trial the Company emerged with a surplus, over capital, of but $20,841.

Although the Company had been able, after most extreme anxiety, to escape solvent, Robertson Macaulay was far from satisfied. He pressed for a discussion of his own dismissal, in view of his avowed purpose of holding the Directors responsible for the losses incurred. The Directors vainly strove to persuade him to co-operate with the Board as then constituted. A compromise was eventually reached by Mr. Mathew H. Gault resigning his seat.

Harmony was restored at the annual meeting of March 13, 1884, after the principals in this unfortunate episode had freely expressed their views. Mr. A. F. Gault averred that if the Directors had erred in not disposing of the Loan and Mortgage stock, it was purely a matter of judgment. He personally had considered the company as safe as the Bank of Montreal, and as it had paid a satisfactory rate of interest he had favoured its retention. Mr. Macaulay, on his part, said he hoped it would be understood that Mr. Mathew H. Gault's resignation did not afford him any satisfaction; for himself however he would endeavour to be wherever duty led him. His relations with the Board were now of an amicable nature and he was quite satisfied to continue his connection. Now that the losses had been faced, the Company's position was sound financially. He

(1) A further item of $5,000 in respect of double liability was written off in 1884.

ANDREW FREDERICK GAULT

predicted that the Company would progress, and that in ten years the assets would reach four million dollars.[1]

Mr. Workman paid tribute to Mr. Gault as the founder and active promoter of the Company, and to his services to it. These sentiments received the unaffected approval of the opponents of his policy, as of those who had supported it; for throughout this trying period no suggestion had found lodgment in any mind that the losses that had been sustained were attributable to anything more than an understandable over-confidence in the institutions he directed. His personal prestige stood as high in these days of trial and loss as at any time in his career.

The Hon. John McLennan summed up the feeling of this memorable annual meeting: 'It is very pleasant to find that the tempest has blown over; everything is now serene and the prospects splendid. The Company could stand the loss of investments, but it could not stand any conflict between Directors and management which would impair the confidence of the public. It is therefore satisfactory that there is now a perfect understanding.'

Mr. A. F. Gault was elected to succeed his brother as Vice-President of the Company.

(II) The Final Phase

The end, however, was not yet. At the Directors' meeting of November 30, 1886, the Managing Director read a paper, to be placed on file, informing the Board that the Vice-

(1) A remarkable instance of prescience; the figure at the end of 1893 was actually $4,001,776.

President, Mr. A. F. Gault, had inaugurated a canvass, both personal and through brokers, for securing the Company's stock and proxies; that he had waited upon Mr. Gault in the hope of getting from him an explanation of his object 'seeing that his broker and the public are imputing to him motives that might be very detrimental to both the stock and the business generally'; and that Mr. Gault declined to give any explanation, and had authorized a broker to buy all the stock he could influence at $20 per share 'for himself and two others clubbed together for that purpose.'

This was another declaration of war.

Robertson Macaulay had failed in his avowed intention of years before to force the Directors to restore to the policyholders the losses to which reference has been made. Another quinquennial division of profits was now due, and he sought to recoup those losses by other means. Under the by-laws of the Company the stockholders were at that time allowed to take 20 per cent. of the profits made on the participating business; Robertson Macaulay now proposed to reduce their share to 10 per cent., allowing the policyholders 90 per cent. instead of the 80 per cent. they had hitherto received. Mr. Gault's action was the reply to the Managing Director's move.

The information imparted to the Board does not appear to have excited its members, for the minutes record the laconic note: 'A desultory conversation ensued, but without any result, except that Mr. Gault denied having sought any proxies.'

Any doubt that may have existed as to that gentleman's intentions, however, was soon to be dispelled, for his activities in connection with the acquirement of stock could only point to the conclusion that he desired to secure control of the Company. There was to be a trial of strength before the annual meeting.

The outcome of such a contest seemed to be a foregone conclusion. Mr. Gault and his friends not only had substantial holdings of stock, but they had wealth too; moreover the interest of the stockholders would appear to be on their side. Robertson Macaulay, on the other hand, held but few shares of stock, and had no resources to support any endeavour to add to them. But a victory for the opponents of his policy would mean the triumph of conceptions of management and direction which he did not and could not share. He was now fifty-four years old, and had no fortune save his earning power. The severance of his connection with the Company could be nothing short of a disaster to him; but it is to his everlasting credit that the idea of abating the principles for which he stood, and in which he fervently believed, never occurred to him.

But aid was at hand. If Robertson Macaulay was the stormy petrel of the Board, he was the idol of the agents; their confidence in him was implicit, springing as it did not only from a thousand evidences of his understanding of their problems, but from the knowledge that every battle he had waged was for the policyholders, and consequently for them. That his advocacy of principles which would benefit them should jeopardize his position, and possibly occasion his removal, was intolerable. They rallied to him in solid support, and made his quarrel their own.

Calm consideration of the situation gave some slender ground for hope. There were some ninety stockholders; Robertson Macaulay was not without friends among them. Many of them appreciated the stand he had taken a few years before, and attributed to him chief credit for restoring the fortunes of the Company. On the Directorate itself the intrinsic soundness of his attitude had some support. The agents could render valuable aid in influencing the stockholders they knew. The battle should be fought out.

There followed one of the keenest proxy hunts in the history of Canada. The forces of the Company were lined solidly behind their manager, and veteran employees still recall the excitement as, at the close of each day, the day's successes and disappointments were balanced. It was quickly evident that the issue would be settled by a narrow margin, a circumstance which added to the zest of the contest. A proxy would be secured one day, only to be revoked in favour of the other side a day later.

It was known that the trial of strength would resolve itself at the meeting of the Board preliminary to the annual meeting. Robertson Macaulay had determined to move his resolution in connection with the reduction of the shareholders' proportion of profits, and it was on this motion that the test would come. The Managing Director, carefully estimating his strength, believed that one stockholder, whose attitude was uncertain, held the key to the situation. His proxy held by the other side would mean defeat; abstention would mean victory.

Robertson Macaulay moved his resolution, assigning as his reason 'that the serious losses from investments during the current quinquennium will greatly diminish the rate hitherto paid to assured participating members.'

Presently a resolution was moved: 'As a matter of grace and without prejudice to the rights of shareholders at the next and future divisions of surplus' that 90 per cent. of the profits of the participating branch be granted to the participating policyholders: 'this concession however to apply only to the surplus profits of the five years ending December 31, 1886.' Mr. A. F. Gault, who probably had appraised his support as accurately as the Managing Director had his, accepted the motion. The battle was over without a contest. Mr. Gault left the meeting.

There remained the question of securing permanent control, in order to ensure a permanent policy. Overtures soon were made by Mr. A. F. Gault himself. Frankly admitting that he could not deal with the Managing Director, he sent for the younger Macaulay and offered to transfer to him and his friends a thousand shares at $30 a share.(1) Mr. T. B. Macaulay accepted the offer, securing an agreement that a year should be allowed for completing the payments. The shares were disposed of, and the purchase completed, within a few months.

One incident should be mentioned. To both Mathew H. Gault and his brother their inability to work in harmony with Robertson Macaulay, whose abilities they regarded

(1) The courage and confidence needed to accept this agreement may be gauged by the fact that the market value of the stock at the time was about $18.50. Mr. Ewing and Mr. Tasker among the Directors associated themselves with the Managing Director, and made substantial purchases of stock. Among the agents, Mr. W. H. Hill and Mr. W. T. McIntyre rendered valuable aid in the sale of the stock, and in personal purchases.

highly, was a matter of keen regret. They valued equally the services of the Managing Director's son; when the fight was at its height they proposed that he assume the management, promising him their full support. Only one answer seemed to Mr. T. B. Macaulay to be possible, and he gave it.

At the annual meeting held on March 16, 1887, Mr. A. F. Gault resigned from the Directorate. He was succeeded as Vice-President by the Hon. A. W. Ogilvie.

In this way the momentous struggle was brought to an end. The differences which divided the contending parties were indeed serious, and the issues fundamental, involving as they did the very destiny of the Company. However, if the long controversy ever engendered bitterness, it never involved any question of the personal honour of the participants. Throughout their distinguished business careers the names of the brothers Gault were synonymous with the highest conceptions of integrity; they were universally and deservedly honoured, and the memory of their notable services to their community is still cherished. Mr. Ogilvie, who identified himself with the Gaults until their withdrawal, lived to serve the Company as Vice-President for fifteen years, and to support the policies of his erstwhile opponent, Robertson Macaulay, with the most complete devotion. Mr. C. Ernest Gault, M.L.A., is today a highly regarded member of the staff of the Company founded by his honoured father.

This episode has been recalled only because it is essential to the faithful recording of the Company's history. The curtain was lifted with reluctance, and is gladly dropped.

CHAPTER SEVEN

THE COMPANY BEREAVED

(1) Making Headway

ALTHOUGH the events we have recorded overshadowed all other happenings of the period, the 'eighties were rich in incident.

In October 1881, the Directors petitioned Parliament for a change in the name of the Company to 'The Sun Life Assurance Company of Canada.' This was assented to on May 17, 1882, and the Company has been known by that name ever since.

Some of the plans and practices formulated during the decade had a significent influence on the Company's later progress. While a profound respect for precedent in life assurance practice is manifest, there is evidence, no less strong, of initiative and enterprise. The Macaulays, father and son, seem to have assumed natural and congenial divisions of responsibility. Robertson Macaulay's special interests lay in the supervision of investments and the development of the field organization; in these activities he was energetic and untiring. A large proportion of the Company's funds was at that time invested in mortgage loans, and the Manager personally inspected practically every property, wherever situated, upon which money was

The Company Bereaved

advanced. His statements at the annual meetings in respect of these holdings were positive, clear and convincing. His practical co-operation with the agents has already been alluded to; he frequently travelled to the various points at which the Company was organized, and maintained close personal touch with the individual members of the field force.

Mr. T. B. Macaulay, on the other hand, made the general executive work of the Company his chief concern. He prepared the Company's valuation accounts, wrote advertising literature, formulated contracts, and generally supervised the work of the office. His rapidly developing abilities as an actuary are evidenced by many large-scale achievements. In 1883 a comprehensive rates manual, containing new and attractive plans of assurance, was issued, and had a stimulating effect on production. Mr. Macaulay's researches in connection with the practice of life assurance in foreign countries were notable; the conclusions he reached have been approved by forty years of experience.

His work in introducing innovations in underwriting practice was equally noteworthy. His alert mind, always receptive of new ideas, was constantly exercised with the problem of exploring new avenues to business, with the result that practices new to the Company, and often new to the business, were inaugurated.

The loss of business occasioned by the refusal of assurance to applicants whose health or history was below average, caused Mr. Macaulay to consider if it would not be possible for under-average lives to be accepted on terms adjusted to the applicant's condition. The conception, if not inspired, was at least supported by the Company's operations in foreign fields, where the higher mortality anticipated afforded a valuable analogy. The Actuary made comprehensive enquiries with a view to discovering a practical method which would at once amply protect the Company and also afford assurance to many who hitherto had been unable to procure it. Practically none of the companies appeared to have any statistics in regard to mortality experience on under-average lives, except one in England, which had given some attention to the problem. This company had issued a moderate number of policies on such lives and had built up some data. While this was helpful, it did not answer the question as to how any given case offered to the Sun would be classified by the English company, and the conditions it would impose. Mr. Macaulay wrote the officers of this company, frankly telling them that he would like the benefit of their judgment on under-average cases, and offering to send details of every case submitted which he might consider should be treated as under-average, in order to get their opinion and advice. As a compensation he offered to reassure in their company £100 of every assurance of this class submitted to the Sun Company and approved by them. The suggestion was declined.

Making Headway

In 1887, Mr. W. H. Hill, manager at Peterborough, submitted an application on an under-average life and suggested that it might be accepted with the imposition of a lien which would restrict the Company's liability during the early years of the policy. He said he had heard of this system being employed in at least one case by the London and Lancashire Insurance Company. This had never come to

Mr. Macaulay's attention, and he started eagerly on the new trail. He found that Morris Black had introduced the method in England, later developing it in the Australian Mutual Provident Society. In the form used, however, it had not proved popular. Nevertheless the basic idea seemed to Mr. Macaulay not only to be intrinsically sound, but the safest and fairest method yet devised. Its lack of popularity appeared to be due to certain defects and complications from which it could and should be freed. The plan was adopted, but in a more simple, equitable and practical form. The first scientifically liened policy was issued in 1887, and the underwriting of sub-standard risks on this principle soon became general in the Sun organization. This is one of the most outstanding instances of pioneer work in the Company's history. The acceptance of sub-standard risks on terms adjusted to the applicant's condition is now of course widely practised.

In 1888 a change was made in the method of distributing the profits on participating policies. Hitherto the distribution had been made at each fifth anniversary of the founding of the Company; the new plan provided for the payment of profits at the fifth anniversary of the issue of each policy. This obviously was a more equitable method. Incidentally it was more convenient for the Company to spread its profit payments over each year, than to provide for a single distribution every fifth year.

A notable decision in 1889 was to advance the amount of assurance the Company would accept on an individual life, from $10,000 to $20,000. The Actuary explained to a committee of the Board that the increasing revenue and assets of the Company fully warranted this increase.

Making Headway

Several names familiar to the present generation appear in the records of this time. Dr. George Wilkins was made medical referee in March 1880 on the retirement of Dr. Howard. The appointment of Mr. J. O. Richardson, for many years chief cashier of the Company, and now an assistant registrar, is recorded on June 30 of that year. Excepting Mr. T. B. Macaulay, Mr. Richardson is, in point of service, the oldest member of the present head office staff. Mr. George E. Cherrier actually joined the Company a few months before Mr. Richardson; after serving at head office for several years he was transferred to Paris, and later to London, England, where he has long been identified with the administration of the Company's European business. Other veterans who started in this decade are Mr. James S. Snasdell, superintendent of claims, and Mr. George E. Reid, for many years manager for Great Britain, and now living in retirement. Mr. A. G. Howell, chief of the non-forfeiture department, and ranking in length of service next to Mr. Richardson, joined as a boy; the entry recording his appointment reads 'Alfred, $108.' (per year). 'Archie,' whose name appears about the same time, was Mr. Archibald Wright, whose death in 1926 terminated a long and honourable connection with the Company.

A career of distinction and influence commenced in 1889 with the advent of Mr. F. G. Cope to the ranks of the Company. He was then a youth of eighteen, and his first position was stenographer to Mr. T. B. Macaulay. He served in capacities of ever-growing importance until his untimely death in 1923, at which time he held the office of Secretary.

In the field organization Mr. J. F. Junkin, now general manager of the British Department, is recorded as representing the Company in Eastern Ontario in 1885, and finding it a 'hard field to work.' Later he was appointed manager of the city agencies in Montreal, and was subsequently identified with the West Indian field. The name of Mr. L. A. Trudelle also appears; he has been with the Company as cashier, associate manager, and manager, at Quebec for more than forty years. Many men who rendered long and faithful service to the Company find a place in the records; among them, W. H. Hill, Thomas Gilroy, A. S. Macgregor, and E. W. Hendershot, are prominent.

By the close of this decade the office staff, which now numbered sixteen people, was outgrowing its accommodation. From time to time alterations were made with a view to improving the office conditions; in these later days it is amusing to read that 'The Managing Director mentioned the desirableness of getting the office lighted with incandescent light, gas being so faulty from continued escape into the atmosphere inhaled by the clerks.' Decision on this important matter was deferred by the Directors 'for further information as to the cost and running expenses.' At the annual meeting for 1889, Robertson Macaulay, after remarking that the building occupied by the Company since its organization had long ceased to be adequate to its needs, announced that a property had been acquired adjoining

Notre Dame, St. Alexis and Hospital Streets, on which it was proposed to erect a dignified building, appropriate to the growing requirements of the Company.

(II) Two Losses

Mathew H. Gault died on June 1, 1887. His passing showed that the distinguished services he had rendered to the business and public life of his city were deeply appreciated by his fellow citizens, for men in all walks of life paid tribute to his memory. The Directors of the Sun set on record their appreciation of his services to the Company as Founder, Vice-President, and active Member of the Board. An expression of sincere sorrow and sympathy was sent to the members of the family of their late colleague.

Two years later the Company lost its first President. Early in 1889 Mr. Workman suffered a severe blow in the death of his wife, an occasion which drew from the Directors an expression of solicitude for their 'esteemed President, in the loss of one so tenderly endeared to him.' In the months following, Mr. Workman's appearances at the weekly meetings of the Board, which he had always attended with great regularity, became less frequent. His death is recorded in the minutes of October 15, 1889, in the following terms:

> 'The Directors of the Sun Life Assurance Company desire to record their profound sorrow and deep regret at the death of their much esteemed President, Thomas Workman, and to express their deep sense of the great loss the Company has sustained thereby. At the organization of the Company in 1871, Mr. Workman received the appointment of President, and in each succeeding year was unanimously re-elected. He took a

The Company Bereaved

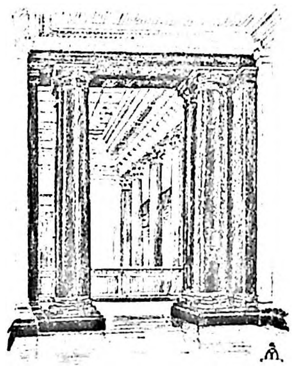
great interest in the Company's growth and welfare, and in dealing with its finances was cautious, shrewd, and thoroughly conservative. His practical knowledge, sound judgment and kind and genial manners were eminently helpful at the Council board, while his high reputation and the general esteem in which he was held by the whole community very materially assisted in raising the Company to the prominent position which it now occupies... The most sincere regard was entertained for him by all the Agents and other Officers of the Company. . .and his loss is deeply felt by all.'

If the name of Thomas Workman has not appeared in this record as frequently as that of some of his colleagues, it is because his valuable services to the Company in its formative period were quietly and unobtrusively rendered. While he never assumed practical executive duties, his sagacity in business matters was of great advantage to the Directors and officers. He visited the office practically every day, and his genial and kindly manner won the unstinted esteem and affection of everyone connected with the Company.

His addresses were a feature of the annual meetings. They disclosed a discerning and right-thinking mind. In somewhat epigrammatic style he expressed his high ideals of the functions and administrative responsibilities of a life assurance company, and some of his phrases have become treasured traditions. 'He pays twice who pays quickly,' he said in connection with his often reiterated desire that claims, especially those due to the widow and orphan, should be promptly settled. 'The Sun Life must be a synonym for security.' 'The structure we are rearing is meant to be lasting.' 'My signature on these policies must never be dishonoured.' Such phrases as these have had their influence on the character of the Company, and on the conduct of its officers, all through the years.

Two Losses

At the meeting of Directors on October 15, 1889, Robertson Macaulay was unanimously elected President, on the motion of the Vice-President, Senator A. W. Ogilvie, seconded by S. H. Ewing. He retained the office of Managing Director, but relinquished the Secretaryship. On October 29, 1889, Mr. T. B. Macaulay was unanimously elected Secretary, retaining the position of Actuary.



ROBERTSON MACAULAY

Part III

1889–1915

He builded better than he knew—
The conscious stone to beauty grew.

—Emerson

CHAPTER EIGHT

THE NEW REGIME

(1) New Fields

WHEN Robertson Macaulay became President of the Company in 1889 he was in his fifty-seventh year. His views on life assurance management were clean-cut and positive, and he had a background of experience which gave him confidence in his ability to give effect to his convictions. So far as the Company was concerned, its position was stronger than it had been at any time in its history. Its affairs were orderly; its policies were safe and sane; it was deserving and winning a constantly growing public approval. The portents were promising for a period of substantial development and solid up-building.

An ambitious programme was embarked upon. Its goal was to place the Company in a leading position among the life assurance institutions of its own country. As the quickest means of realizing this aspiration, the potentialities of fields outside of Canada were particularly alluring. Investigation of business possibilities, health conditions and mortality experiences in every corner of the world became Mr. T. B. Macaulay's constant and absorbing problem. It was felt that success could be achieved more speedily and in greater measure in places where life assurance was yet comparatively unknown, for the splendid success of the West Indies venture had created complete confidence, and developed a strong spirit of enterprise and enthusiasm.

Men of high calibre were needed to give effect to this project, and they were forthcoming. One of the most distinguished contributions made by Robertson Macaulay to the development of the Company is to be found in the quality of the men he attracted to its ranks. He had a pronounced faculty for discerning character and ability. G. F. Johnston joined the Company in 1888; William A. Higinbotham, who was to play an important part in the development of the Company's organization abroad for nearly forty years, was introduced in 1889. Ira B. Thayer, a gentleman of impressive personality, high character and long experience, came to the Sun from the Citizens' Insurance Company in May 1890, and was made Superintendent of Agencies a few months later. In 1891 Mr. James C. Tory joined as an agent; he was destined for a brilliant career with the Company.

Mr. Thayer was the Company's first 'around the world' emissary. The terms under which he essayed his somewhat adventurous trip were a partial travelling allowance and commissions on business he might procure. His instructions were to explore the business possibilities of the Far East, and to establish agencies at strategic points.

He left Montreal on September 1, 1891, taking with him Mrs. Thayer and their young son. His first halt was at Vancouver; a stay of a few weeks yielded an encouraging volume of business, and incidentally heartened the Company's two agents there. After a call at Victoria, he crossed the

New Fields

Pacific. At Yokohama he spent some three months. The Equitable of New York,(1) the New York Life Company,(1) and the Standard of Edinburgh were already established in that thriving city. The Company had equipped Mr. Thayer with a large number of letters of introduction and recommendation from men prominent in business and public life, and these proved of great value in establishing desirable connections.

A further month was spent in Japan, Mr. Thayer visiting a number of cities in an endeavour to interest established fire and marine insurance agencies in life assurance. He then proceeded to China, thence to the Straits Settlements, India and Ceylon, appointing agents at Singapore, Colombo and Bombay. An excursion to Egypt did not satisfy Mr. Thayer as to the advisability of opening there immediately, but a flying visit to Jerusalem resulted in the appointment of the late Herbert J. Clark as agent for Palestine.

Mr. Thayer returned via the Mediterranean, and after a short visit to England, crossed the Atlantic to Montreal. His notable trip had occupied nearly a year, and had produced practical results in the form of a sound volume of business and the appointment of a number of agents. Moreover his observations as to the reaction of the Oriental mind to the appeal of life assurance formed a valuable guide to the Company in regard to the forms of policy best suited to the needs of the Eastern peoples.

(1) The Japanese business of the Equitable and New York Life was re-assured by the Sun Company in 1922 and 1926 on the withdrawal of those companies from the Far East.

A few months later Mr. James S. Snasdell undertook a trip to the Far East. He consolidated much of the work done by Mr. Thayer, appointed a number of agents, and secured a good deal of business, particularly in Japan. He established an agency in Java, the appointee being Mr. James A. D. McBain, who subsequently was manager for India for many years, and is now manager for Scotland.

While this pioneer work was being accomplished in the Far East, a corresponding effort was under way to establish the Company in Spanish America. The British West Indies formed a natural base from which to extend operations, and incidentally proved valuable as a training ground. Mr. James C. Tory made his debut as a life assurance agent in this scattered territory. After a preliminary excursion to the Islands in 1891, he was a year later made Superintendent for the West Indies. He recalls with much relish his initial efforts to spread the fame of his Company, and to interest the people in life assurance—a gospel new to many of them. He would call public meetings in churches, schools or public halls, and address his audience for an hour or more, securing what applications he could when he had finished his fervid exhortations. "I had more temerity then than I have now," he said thirty-five years later. "I had the courage that sometimes springs from abysmal ignorance; I was lucky however in having audiences who knew even less of what I was talking about than I knew myself."

It was in the West Indies too that W. A. Higinbotham commenced his life assurance career. His success was immediate. In 1891 he went further afield to Nicaragua, Ecuador and Peru. In the year following he reached Valparaiso, Chile, where he developed a permanent agency, staying there as manager for five years. He appointed agents at Santiago, Concepcion, Iquique, Antofagasta and Caldera; indeed, he established the Sun Company at Puntas Arenas, on the Straits of Magellan, the most southerly town in the world.

New Fields

In 1893 the Company opened an office in Great Britain. The desirability of taking this step had appealed to the management for some time. In the course of his world tour, Mr. Thayer had observed that the most cordial response to his overtures came from Britishers established in Eastern countries, and who, as is not uncommon, expected some day to return to their native land. They almost invariably enquired the address of the Company's London office. While the Bank of Scotland had acted as collecting agents for the Company in Great Britain for some time, it was felt that the setting up of a permanent organization in the heart of the Empire would greatly aid the development of business abroad. As attractive as this consideration, was the challenge of a trial of strength with the powerful institutions of the Motherland.

Looking back, one cannot but marvel at the temerity of the management in embarking on this courageous development. England was the birthplace and cradle of modern life assurance. There were British companies with a century of experience and tradition behind them; many had a history of fifty to seventy-five years. They were firmly entrenched in public favour. The advent of the small and comparatively insignificant 'Colonial' company was a challenge to the giants on their own ground.(1)

On May 16, 1893, Messrs. Ira B. Thayer, R. Junkin, H. A. White, and E. Willans(2) sailed for England on the 'Labrador.' An office was secured near the Bank of England, and preparations made to commence business. Before a start could be made, however, a letter was received from the Sun Life Assurance Society (of England) protesting against the use by the Company of its emblem, which, it was alleged, resembled its own. This was the famous device representing Phoebus driving the chariot of the Sun, which appeared on the policies issued by the Company in its early years. Before the end of July the Directors received a cablegram from Mr. Thayer informing them that the Sun Society had applied for a writ of injunction to restrain the Company from doing business in England on account of the similarity of the names of the two institutions, which it was alleged would act to the detriment of the Society. The Directors cabled a laconic, 'Fight it' to Mr. Thayer. To a further enquiry, 'Whom shall I retain?' was sent the prompt reply, 'The best counsel in England.' Robertson Macaulay immediately sailed for England to direct the Company's case.

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(1) At the end of 1892 the assurances in force on the books of the Company amounted to twenty-four million dollars. The new assurances for that year totalled eight million dollars, while the premium income amounted to $986,000. At the end of Mr. T. B. Macaulay's Jubilee year (1927) the figures for the British department alone were: Assurances in force, $146,473,000; new assurances for 1927, $24,308,000; premium income, $8,202,000; annuities, $3,725,000.

(2) Formerly Managing Director, Imperial Guarantee and Accident Assurance Company of Canada, and now Consulting Director, Imperial Guarantee and Accident Underwriters of the British America Assurance Company and Western Assurance Company.

Sir Horace Davey, Q.C., afterwards Lord Davey of Fernhurst, who as an equity counsel ranked among the most able and subtle pleaders of the English Bar, was retained. In the midst of the preliminaries Sir Horace was appointed a Lord of Appeal, and Mr. Robert B. Finlay (afterwards Sir Robert, and subsequently Viscount Finlay, Lord High Chancellor) was selected to represent the Company.

The case came before Mr. Justice Stirling in the form of a motion in November 1893. It was stated on behalf of the Company that it was prepared to discontinue the use of the emblem, and had so advised the Society on receiving its complaint. This undertaking drew from the Judge the comment, 'It is much to their [the Company's] credit that they gave way so readily on this point, it now appearing that the Defendant company's device was used by it in America for a considerable time before the English company began to use its device in this country.'(1)

The Company, while insisting on the right to use its name 'Sun', had undertaken to refrain from using it except in connection with the words 'of Canada,' and to use those words as prominently as the words of the title. The judge held that the Company was 'entitled to use in this country its full corporate name,' but expressed the opinion that the right did not extend to the use of the name of 'The Sun' or 'The Sun Life' without the addition of the important words 'of Canada.' He directed that that part of the motion involving the use of the name stand to trial unless the parties to the action were now able, having regard to his views, to put an end to it.

(1) The Sun Society appears never to have used the device extensively.

On March 17, 1894, the case was again mentioned in Chancery, when it was stated that it had been agreed by the contestants to accept the expressed views of Mr. Justice Stirling, and to treat the motion as the trial. The case therefore was settled on terms in every way acceptable to the Company, who indeed had offered settlement on these generous lines before the matter came before the courts.

Thus the advent of the Company into the Mother Country was marked by a fight for its very name. The incident, besides causing great anxiety to the management, delayed the work of organizing and the commencement of business operations. It was also feared that the difficulties of obtaining representatives would be greatly accentuated by the action, but, curiously enough, the opposite effect resulted. The sturdy fight of the Colonial company appealed to the chivalrous Englishman, and its case was widely championed by the Press, with the consequence that a good deal of gratuitous and favourable advertising was secured.

The Sun Society and the Sun Life of Canada have long buried their differences. For many years they have worked out their individual destinies in Great Britain without trespass or misunderstanding, holding each other in mutual esteem.

Mr. Robert Junkin was the first manager for Great Britain, and was presently followed by Mr. S. J. Eyre Hartley, it being thought that the appointment of an Englishman with local experience might be helpful. Mr. George E. Reid was appointed cashier, and later resident secretary. He succeeded to the management in 1899, continuing until 1908, when he returned to assume important duties at head office. One of the early appointees was Mr. L. W. Zimmerman of Manchester, a gentleman of fine character and high scholastic attainments; he rendered valuable service to the Company up to the time of his retirement in 1926.

New Fields

The year 1895 marked another bold departure in agency expansion. This was the entry of the Company into the United States.

It was fully realized that this enterprise would present great difficulties. Life assurance had developed in the United States at a greater rate than in any other country in the world. A curious circumstance was that while British companies had always found the United States a favourable field for fire and marine insurance, (and this is still true) life assurance seemed to be the special preserve of its own native institutions. Its great life companies indeed had secured world leadership.

The United States companies, on the other hand, had long found Canada a productive field. While the relative amount of business secured by them from year to year was gradually yielding to the aggressive tactics of the young and vigorous Canadian companies, they still did a large, and, in an absolute sense, an increasing business.(1) It was argued that the competition of a Canadian company on their own ground would be in the nature of a *quid pro quo*. The

(1) At the annual meeting for 1895 Robertson Macaulay said, 'The Government Blue Books show that in 1878 the total Canadian business in force in foreign companies was $56,095,381; in home companies, $28,656,556; while in 1895 the figures stood: in foreign companies, $131,320,862; in home companies, $188,461,077.'

Company felt equal to the challenge. It was now leading the Canadian companies in current underwritings; its strength was beyond question, its policies were liberal, and the high character of its management a by-word. It was felt that these advantages would have a powerful appeal.

The State of Michigan was selected as a natural base. Its central location, its proximity to the Company's most prolific domestic territory, and the considerable British and Canadian sentiment to be found among its people, were all favourable elements. It was therefore decided to open an office in Detroit.

Mr. James C. Tory had returned from a trip through the West Indian Islands in 1894. His abilities had long commanded the attention of the management, and Mr. T. B. Macaulay had suggested that he assume the supervision of the Company's interests in the Far East. This did not appeal to him, but when the task of organizing the Michigan agency was proffered, he readily accepted it. His strong and vigorous personality soon made an impression in the new field; from the outset he obtained a surprising volume of business, and in addition secured a splendid and energetic group of agents. Within two or three years several subsidiary offices had been opened.

In July 1897 Mr. Tory returned to head office and was succeeded by his younger brother. Mr. John A. Tory had started as an agent at Canso, Nova Scotia, and on Mr. James C. Tory's withdrawal from the West Indies had followed him there. Like his distinguished brother, Mr. John A. Tory was destined for a career of outstanding success, and he was not long in giving unmistakable signs of his talent. His robust mentality, irrepressible optimism and untiring activity formed a combination that would prevail against almost any difficulty or opposition. Under his management the Michigan agency eventually reached the premier place among the Company's divisions.

New Fields

Following the Company's advent into Michigan the United States organization was gradually extended. Virginia, Maryland, Pennsylvania, the Carolinas, Georgia, and New Jersey were entered in turn. Mr. W. A. Higinbotham, who returned from Chile in 1897, rendered valuable aid in the work of organization; he subsequently took charge of the Richmond office and later assumed the management of the Eastern Pennsylvania division at Philadelphia, where he remained several years.

The management, looking back over the work of the decade, had abundant reason for gratification in the progress made. The Company had assumed leadership among the Canadian companies in new business in the middle nineties, and was now looking forward to the time when it would have the greatest amount of business in force. The ventures into distant fields had been fully justified. While at some of the outposts the work accomplished consisted of little more than occasional visits from itinerant representatives or officials, many appointments had been made at strategic points, and the work of welding these scattered interests into a coherent organization was definitely under way.

Among the men who aided in this pioneer work should be mentioned Dr. E. H. Horsey of Shanghai, who supervised the Company's affairs in the Far East with marked ability until his retirement in 1899; Mr. E. E. White who, appointed manager of the Philippine Islands in 1898, served in that position for more than twenty-five years; and his brother W. A. White, for several years manager of the Straits Settlements and the Federated Malay States. Dr. H. R. Macaulay, the President's second son, was appointed medical referee for the Far East in 1898, and succeeded to the management on the retirement of Dr. Horsey.(1) In South America Mr. P. Parry Jones had succeeded Mr. W. A. Higinbotham as manager for Chile. In the Canadian field, Mr. Thomas Gilroy, the oldest surviving agency official at that time, was manager at Winnipeg; Mr. John R. Reid had commenced his long career as manager for Eastern Ontario, and Mr. C. S. V. Branch, now assistant secretary, was manager at Vancouver.

At home, Robertson Macaulay continued to make the affairs of the field his chief concern. He was aided in turn by Mr. Ira B. Thayer, Mr. G. F. Johnston, and Mr. J. C. Tory, as superintendents of agencies. Mr. Thayer joined another company in 1895; after a life of great honour and usefulness he died in 1926. Mr. Johnston left to become associated with the State Insurance Company of Philadelphia, who acted as the Company's agents in Pennsylvania. Of the career of Mr. Tory, more will be told.

The *Insurance Times*, of New York, in an article published in 1900 said, 'The Sun Life of Canada is the international

(1) Dr. Horsey was a Canadian, and distinguished alike in business and public life. At the time of his tragic death by accident in 1902, at the early age of thirty-five, he was managing director of an important manufacturing corporation, and a member of the Dominion Parliament.

company of the Dominion, for its agencies extend far beyond the limits of Canada, into several states of the Union, down to the West Indies, across to England, France and Belgium, and then, following the course of British commerce, eastward, home again by way of the Hawaiian Islands. The business of the Company has been not only extensive, but highly profitable, and it is with good reason that it so often heads its reports and advertisements with the phrase, "Prosperous and Progressive."

New Fields

(11) Problems Incidental to Progress

These years, remarkable for agency expansion, were no less noteworthy for progress in other directions. The final decade of the nineteenth century indeed was foundational both to the Company's later growth and to its general upbuilding. It was marked by a great amplification of the plans of assurance made available to the public, by many innovations and refinements in general underwriting practice, and by a gradual but consistent strengthening of resources.

The Company's business abroad, particularly in the Far East, involved many problems. Sociological and psychological factors asserted themselves. Differences in race, language, religion, custom, and culture were encountered and could not be ignored. Plans of assurance, sales appeals and literature had to be reconciled with the outlook and genius of the peoples whose patronage was sought.

There were other and even more important elements. The mortality variations anticipated in the different areas had to be provided for. That mortality is higher in tropical than in temperate countries is a matter of common knowledge, but it was not sufficient to base premium adjustments and contract terms merely on arbitrary determinations of latitude. Questions of elevation, climatic variations, sanitary conditions and other influences had to be taken into account, as well as the significance of race on the general question of longevity.

The legal requirements of the countries and states it was proposed to enter had to be studied. These involved questions of licence, of deposit and investment, and taxation. Variations in currencies and currency values, and fluctuations in exchange demanded close attention. Language and translation difficulties presented themselves. And over and above all, the economical and effective administration of a widely-scattered business involved a formidable problem.

The difficulties incidental to these perplexing details were accentuated by poverty of experience and information. Such data as could be obtained was not sufficiently comprehensive to be entirely reliable.

The solution of these varied problems demanded qualities of initiative and judgment, as well as technical knowledge. As a fundamental principle it was laid down that foreign business must be entirely self-supporting; it must not be in any way financed or supported by domestic premiums. Mortality tables to provide for the higher mortality anticipated in tropical and semi-tropical countries were calculated; each area in which the Company proposed to do business was considered in the light of every condition, and placed in its appropriate classification. The premiums were suffi-

CANADA HOUSE, BOMBAY

Problems Incidental to Progress

ently loaded to provide for wider fluctuations of experience an in temperate countries. The accounts for each group-g were separately kept, in order that the profit accruing each could be distributed to the classes earning it, thus ving each policyholder his own fair return, and ensuring him an equitable net assurance cost.

Arrangements were made to keep careful record of the ompany's own experience. With the passing years this as become so extensive as to enable risks in tropical semi-tropical areas to be assumed with the practical ccuracy that has long obtained in temperate zones. While ie original classifications are still basic to the Company's ractice, experience has warranted the setting up of sub-diary groupings, and a more considerable graduation of cales in the allotment of profits.

In addition to the special problems arising from these iternational operations, matters of equal complexity arose n connection with general practice. This was a time of reat activity in the life assurance world, particularly in egard to improvements in underwriting methods. Far-eeing company executives, discerning possibilities of great usiness development, concentrated on the task of adapting olicies and plans to the enlarging needs of the public.

In 1892 it was resolved to close the Accident department o enable closer concentration on the Life branch. An rrangement was made with the Canada Accident Assurance Company to assume the outstanding risks, amounting to $4,055,081.72, from January 1, 1893. "Although the Company embarked upon Accident insurance," says Mr.

T. B. Macaulay, "with the idea that it would be a good introduction to other insurance activities, the results never justified that hope. I became increasingly impressed with the fact that the energy and ability devoted to the development of the Accident branch was simply robbing the Life department of that intensive thought and effort necessary to make it a great success. I said to our officials, 'Let us concentrate on the better of these two branches. Our experience shows that those of our agents who become first-class 'Accident' men, become second-class 'Life' men. Let us develop life assurance.'"

In 1895 a new plan of assurance of the semi-industrial class was inaugurated. As early as January 15, 1879 Mr. Grant, one of the Company's agents, had urged to be allowed to take business 'on the Society or Industrial plan, as he thought he could complete $200,000 on it.' This suggestion was dismissed with a terse: 'Read, and decided that he be instructed to take no business on that plan.' Years later, however, the substantial amounts of business written by Industrial companies caused Mr. T. B. Macaulay to wonder if something could not be done to secure some of the assurances available in that field. In its essence the Industrial system involves a weekly premium basis and weekly premium collections, for which the Company was not organized and did not desire to organize; it was considered, however, that there were possibilities of developing a clientele from the more thrifty sections of the industrial classes for small assurances with annual or half-yearly premiums.

The Actuary's proposals were submitted to the Board on September 18, 1894: 'Small Policy Scheme: In view of the marked success of those companies which transact Industrial Life assurance both in Great Britain and on this Continent, would the Board approve of this Company issuing small policies, in its Ordinary branch, resembling the Industrial companies' policies as regards system, but requiring premiums to be paid either yearly or half-yearly in each case.' Specimen policies and tables of rates were submitted for consideration. The Board approved assuring lives on the plan up to $500 without medical examination, but 'publishing $300 as the maximum in the meantime.' The plan was actually extended to provide for assurances up to $500 and for premium payments on the quarter-yearly basis.

Problems Incidental to Progress

The project was launched in 1895 as the 'Thrift' plan of assurance, and at once found a considerable patronage. The Company regarded it as a modification of the Ordinary plan of assurance rather than a development of Industrial assurance; the policies indeed embodied most of the privileges included in the Ordinary contracts. As time went on, however, it became apparent that the business more closely resembled Industrial assurance, involving much house-to-house canvassing, and a good deal of labour in making premium collections. Eventually it was realized that to give this branch full development, substantial organization along Industrial lines would be required, leading to a virtual separation of the agency organization, as well as the general supervision of the business, from the Ordinary branch. In addition, it had become evident that the agent seeking this business did not, as a rule—although there were some notable exceptions—develop as an underwriter of Ordinary business. The same considerations which years before had resulted in the closing of the Accident branch, decided the officials in 1910 to terminate the Thrift department and to concentrate on Ordinary assurance. The policies at risk at this time stood at $2,000,000.

A departure new to life assurance practice in North America was initiated by the Company in the middle nineties, with the introduction of what is known as the 'non-forfeiture' provision. The conservation of assurances has always been, and still is, a vital problem to life companies, and previous pages show that the Sun even in its earliest days provided facilities to help its clients to maintain their policies. Provision had been made for granting loans to policyholders who experienced difficulty in meeting premium payments, but many failed to make the request that would safeguard their assurance. Non-payment of premiums is often attributable to neglect; those who would neglect to pay a premium would be equally likely to neglect to apply for a loan to provide for it. In other cases, where failure to pay is caused by misfortune, or circumstances outside the power of the assured to control, the policyholder may be unaware of a clause designed to assist him, or may have forgotten it.

Consideration of the problem convinced Mr. T. B. Macaulay that to be of maximum value a non-forfeiture clause should be automatic. In Australia, a practice was in vogue known as the Australian Non-Forfeiture System. It provided for the automatic advance of an overdue premium as a debt against the policy, when sufficient value had been created by previous premium payments to support it. The effect was to maintain the full amount of the assurance, subject to the deduction of the loan and interest at the death of the assured, or at the maturity of the policy. The provision commended itself to the management and it was decided to adopt it. The feature, embodying adjustments to suit it to the Company's practice, was first incorporated in its policies in 1894.[1] It has proved wonderfully effective in maintaining policies in force which otherwise would have lapsed, and bringing benefits to many who might have been deprived of protection. Except in the United States, where the law now requires automatic protection of policies under an extended assurance arrangement, the non-forfeiture privilege is provided for in all policies issued by the Company.

Problems Incidental to Progress

[1] The following is a copy of one of the early tables of values incorporated in the Company's policies. It will be observed that protection was afforded under the non-forfeiture provision to the full amount of the reserve. A clause in the policy guaranteed a percentage of the reserve as a cash surrender value. See also p. 132.

(Age 35. 20-payment life policy, participating, $1,000)

TABLE OF RESERVES, LOANS AND PAID-UP ASSURANCE

At end of	RESERVE Amount which will be advanced under Nonforfeiture Privileges	Cash Loans	Paid-up Assurance
2nd Year	$ 34.04		
3rd "	51.96	$ 31.75	$ 150
4th "	70.56	56.65	200
5th "	89.92	69.39	250
6th "	110.15	82.75	300
7th "	131.35	96.72	350
8th "	153.53	111.28	400
9th "	176.63	126.44	450
10th "	200.70	162.47	500
11th "	225.65	181.06	550
12th "	251.47	200.34	600
13th "	278.25	220.40	650
14th "	306.11	241.29	700
15th "	335.12	296.01	750
16th "	365.44	321.72	800
17th "	397.19	348.64	850
18th "	430.42	376.81	900
19th "	465.20	406.34	950
20th "	501.66	416.35	1000

The New Regime

One more important development should be mentioned. The Company had always made liberal allowances to policyholders who, having maintained their contracts in force for several years, decided to surrender them. The amounts of cash to be allowed as a surrender value were determined by the management, who set up standards for the various classes of policies. In 1895, however, when the Company entered the United States, a table, embodying guarantees in respect of reserves, cash loan and paid-up assurance values, was embodied in each policy, a clause also being incorporated guaranteeing to the policyholder a cash payment, based on the reserve, in case of surrender.(1) This consideration was extended to Canada in 1900, and then rapidly to other parts of the Company's world-wide field. Since 1901 every policy issued has contained these guarantees, which subsequent legislation has made obligatory on all Canadian and United States companies.

The final large-scale undertaking of the 'nineties was the preparation of new rates manuals. This was made necessary by the provisions of the Dominion Insurance Act of 1899, which required Canadian life assurance companies to place their reserves on a higher basis. The opportunity was taken to extend and amplify the information previously placed in the hands of the field force. One cannot but appreciate that the new manuals added greatly to the equipment of the agents, and aided them materially in the quest for business.

It is instructive to summarize the progress made.

The new business for 1900 totalled ten and a half million dollars, nearly three times the figure for 1889. The assur-

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(1) See table p. 131.

ances in force had quadrupled in the same period, and now reached fifty-eight million dollars. A severe trade depression in the middle nineties had temporarily halted progress, and the South African War, which broke out in 1899, had had a modifying effect on production abroad; yet even under the most favourable conditions these figures must have been regarded as eminently satisfactory.

The policyholders had received generous consideration. Satisfactory profit scales had been maintained. The concession of 1887, increasing the policyholders' proportion of profits accruing to the participating branch from 80 per cent. to 90 per cent., had been followed by two others. The annual report of 1891 announced an increase in this proportion of profit to 93⅓ per cent.; in 1897 an advance to 95 per cent. was granted. As one of the reports stated, 'The policyholders thus receive the protection of a large capital stock for a merely nominal sum . . . Your Directors have provided the safety of a Stock company with the profits of a Mutual one.'

The reserves had been substantially strengthened, affording greatly enhanced security to the policyholders. The policy liabilities were now being carried on a considerably higher basis than that required under the Government standard. The experience tables employed for these calculations, moreover, were more exacting than the law required.

Great as was the multiplication in business, the multiplication in figures relating to resources was greater still, for assets now stood at ten and a half million dollars—six times the 1889 figure. The subscribed capital stock had been raised to $700,000, on which $105,000 was paid up, thus providing an additional margin of safety. The premium of $60,000 realized on the stock had been put into general surplus, so that 95 per cent. of the amount went to the policyholders. Excluding capital stock, the surplus now approached half a million dollars.

This indeed was a record, both of enterprise and retrenchment, which must have brought much gratification to the management, and particularly to its two principal officers. 'The Company's success', said Mr. T. B. Macaulay at an annual meeting, 'is attributable to the introduction of modern improvements into its plans and policies; the vigorous extension of its business; and the adoption of conservative methods for the consolidation and strengthening of its position.' In these measures he himself played an important part—in some a dominating part; for in his dual capacity as Secretary and Actuary he was chiefly responsible for both the technical and general administrative work of the Company. The results achieved are a sufficient commentary on his adequacy for his every task.

(III) The Rise of Mr. T. B. Macaulay

We have reviewed some of the practical achievements to which Mr. T. B. Macaulay contributed with ever-growing ability and acceptance during the final decade of the nineteenth century. It is opportune now to review his academic career, for during these years he attained eminence in the field of actuarial science, besides winning a high reputation as a life assurance administrator.

Mr. T. B. Macaulay

At the age of twenty-one, shortly after his appointment as Actuary of the Company, he had been granted an Honorary Associateship of the Institute of Actuaries of Great Britain, the parent actuarial body of the world. The Institute did not at that time offer facilities to Colonial students to secure membership by examination.(1) As yet there was no society on the American continent corresponding to the British Institute, so that there were no means by which the Canadian actuary could win professional degrees. In 1889, however, the Actuarial Society of America was formed, and in recognition of Mr. Macaulay's reputation, and his practical aid in bringing the Society into existence, he was made a Charter Member and awarded an Honorary Fellowship.

In the early nineties the British Institute opened its doors to the Colonies and Dependencies.(1) Arrangements were made for examinations to be held simultaneously in England, Canada, Australia, New Zealand and Cape Colony. The papers were written under the supervision of local appointees, who sealed them and submitted them to the examining committee in London for marking and award.

In 1895 Mr. Macaulay determined to prepare for the Associateship examinations.(2) Only in this way could he

(1) In 1879 Mr. T. B. Macaulay applied to the Institute for its examination facilities to be extended to Canadian students. He suggested that the papers be sent to Professor Cherriman, then Superintendent of Insurance, who could supervise the examinations at Ottawa and submit the candidates' papers to the Institute. This application was refused; but when, in 1891, the Institute eventually extended its privileges to the Colonies, it was on the general lines suggested by Mr. Macaulay a dozen years before.

(2) Mr. Macaulay did not enter for the Institute examinations immediately Colonial students were given the privilege of sitting for them. He tells with much relish that it was only when Mr. Wood had passed the first examination for the Associateship that he realized that presently he (Mr. Macaulay) might have an assistant with academic distinctions superior to his own. "This," he says, "was a possibility I could not be expected to accept with equanimity!"

qualify to take the examinations for the much coveted Fellowship degree, for the Honorary Associateship he held did not exempt him from any of the examinations.

Both Associateship and Fellowship in the Institute were won within the brief span of three years. This achievement has rarely been equalled, and never surpassed, in the long history of the Institute. It is the more remarkable when it is considered that Mr. Macaulay had been away from the classroom for many years, and that family and business responsibilities were now pressing heavily upon him.

In 1895 the Actuarial Society of America appointed Mr. Macaulay a member of a deputation of four to represent the Society at an International Congress of Actuaries at Brussels. This recognition drew from the Directors an appreciation of his services both to the Company and to the actuarial profession. Mr. Tasker emphasized 'the great advantage to a large and expanding Company like the Sun Life of Canada in having a thoroughly skilled Actuary' and expressed the gratification of himself and his fellow Directors that 'the high esteem in which he is held is shared by his brother actuaries.' This estimate received practical endorsement by the election of Mr. T. B. Macaulay to the Directorate of the Company on March 31, 1896, the vacancy having been created by the death of Mr. Robert Anderson a few weeks earlier.

Again in 1898 Mr. Macaulay represented the Actuarial Society of America at the International Congress of Actuaries, this time in London.

In 1899 Mr. Macaulay was elected President of the Actuarial Society of America. He was then thirty-nine years old, and besides being the first Canadian to hold the highest office in the gift of the Society, was the youngest President it has ever had. The congratulations of the Directors were extended to the new incumbent, and the event was made a matter of record in the minutes.

Mr. T. B. Macaulay

In 1900 Mr. Macaulay was elected President for a second term. In that year he represented the Society at the Third International Congress of Actuaries at Paris, and was elected Vice-President of the Congress.

Mr. Macaulay's address, on relinquishing the chair of the Actuarial Society, dealt with the investment problems of life assurance companies. Intrinsically it formed a notable contribution on a matter of special interest to all companies; but to the Sun Life of Canada it has profound historical significance, for it provides the key to the policy which, pursued for a quarter of a century, has contributed much toward establishing the Company in the powerful position it has attained.

The purpose of Mr. Macaulay's address was to indicate future fields for remunerative investment.(1) 'The entire benefit,' he said, 'which an institution may derive from the good management and prosperity of every other department of its business will be nullified unless good judgment be exercised in connection with its investments. Further, it must be remembered that even if funds be so invested as to be absolutely safe, that fact alone does not prove that the management has complied fully with the trust it has assumed on behalf of the policyholders.' He emphasized

(1) This address was of course delivered some years before the Armstrong Law placed severe restraints on the investment powers of life assurance companies operating in the State of New York.

the duty of securing as high a rate of interest as was consistent with complete safety. 'There are few departments of our work which demand greater thought and sounder judgment than the investment departments,' he continued, 'but there are fewer still that will give better results for the time and study spent on the problems they present.'

Railway bonds had been increasingly favoured as a field for life assurance investment in the past, and this fact caused Mr. Macaulay to remark: 'The latter half of the nineteenth century has been termed the age of steam, but the indications are that the first half of the new century will be the age of electricity. We shall do well to ask ourselves whether the securities of some of the corporations which depend upon this new and rising power may not be just as desirable as those which depend upon the power which has already reached its zenith.'

After discussing the inevitable development of electric street railways, Mr. Macaulay reviewed the field presented by telegraph, telephone and cable corporations. When it is considered that Mr. Macaulay's views were expressed before the telephone, both as a business and domestic convenience, had attained a tithe of its present-day popularity and usefulness, his anticipations were remarkable for their accuracy. He was speaking at a time when the telephone services were maintained by almost numberless private corporations, and he foretold the large movement towards monopolistic and centralized control which actually came about in later years. He predicted also a great development in the electric power industries, and a vast increase in the domestic uses both of gas and electricity.

Mr. T. B. Macaulay

From these analyses and anticipations Mr. Macaulay deduced that those corporations which perform indispensable services to the public would offer a favourable field for the investment of life assurance funds in the future. He reminded his hearers that long term bonds and stocks in corporations of great strength, and greater potentialities, and producing immediately a fair rate of interest, were available. 'The problem for the management of any life company to decide,' he said, 'is whether a possibly higher temporary rate of interest accruing to short term investments is a sufficient compensation for the brevity of the term for which the higher rate is likely to be paid.'

'I have spoken,' Mr. Macaulay said in conclusion, 'not as a financial authority, but as one student to fellow students, in the hope of stimulating thought on matters very important to the well-being of our companies.' Events have proved not only that his views were soundly based, but that his courageous application of them to the financial policy of the Sun Company has been a prime factor in its upbuilding.

(iv) Mostly Domestic

May 1, 1891, was a red-letter day, for it marked the removal of the head office staff from the office in the Barron Block, which had been the home of the Company for twenty years, to the 'substantial and beautiful' building on Notre Dame Street.

The new headquarters building, although modest in size, was a notable addition to the business section of Montreal. Its design and the details of its construction had occupied the close attention of Directors and officers alike for two years. The architect was chosen in open competition, the candidates submitting their drawings under marks which did not reveal their names. These were submitted to Mr. Knox of Toronto, an architect of widely recognized ability, and his award was given to the design prepared by Mr. Robert Findlay, the well-known Montreal architect. The Directors confirmed this selection, and Mr. Findlay's plans, after the incorporation of some amendments, were accepted. The construction contract was given to Mr. Peter Lyall, of Montreal.

The Notre Dame Street building was the first in Montreal to be constructed on the modern steel frame principle. Its fireproof floors were supported directly from the framework instead of by the masonry, this being an innovation in construction at that time. The building also boasted the first, and for some time the only, electric elevator in the city.

The head office staff, including the officers, numbered twenty-two people. The names of many of them have already appeared in this record. Of the others, several served the Company for many years; among them the late J. R. Wright, in turn chief accountant, office manager, and travelling auditor, and R. O. Thicke, whose death in 1925 terminated a long connection with the claims department. Mr. William Kennedy, assistant registrar, Mr. C. W. Johnston, supervisor of applications, and Mr. James Butler, manager of one of the Montreal agencies, still render valuable service. Mr. J. H. A. Mackay, assistant registrar, joined the Company as a youth just about the time the new offices were occupied.

Mostly Domestic

The first lady employed by the Company was Miss Kate Andrews, who was appointed on February 12, 1895, and resigned only a few years ago. Miss E. R. Thicke, now living in retirement, joined shortly afterwards. Miss Maud Wilson and Miss Marion Wright, who joined in 1897, are still with the Company.

The family spirit which is so apparent among the head office staff even today, when it has grown to such great dimensions, was a very real element in those earlier days. The President and the Secretary not only knew every employee individually, but showed a practical and kindly interest in them in a multitude of ways. A splendid spirit of camaraderie was engendered, and contributed much to the carrying out of the heavy work involved in the Company's manifold activities.

As a means of developing an equal fellowship with the agents, annual outings were inaugurated, to which the principal clerks at head office, as well as the more successful agents, were invited.(1) These gatherings were of necessity limited to the Canadian and United States fields, but group meetings of agents were held, as circumstances warranted, in the more distant areas, when officers of the Company made their periodical visits. The gatherings have been continued through the years, and have proved profitable alike to agents and Company.

(1) Hitherto the agents had occasionally been invited to head office for conference. The Sun was the first company to hold agency conferences in rural places or, indeed, away from its home office city—hence the term 'Agency Outing.' While on a fishing holiday on the Ontario lakes with the late W. H. Hill of Peterborough, it occurred to Mr. T. B. Macaulay that it would be admirable to bring the agents together under conditions which afforded him and his companion so much delight; removed from the distractions of a great city they would be thrown together in a real community of friendship and pleasure sharing. The first 'Outing' was held at Bobcaygeon, Ontario, in 1896; it so fully justified everything hoped of it that the principle has been followed ever since, and has been largely emulated by other companies.

In some measure these happy relationships extended also to the policyholders, many of whom manifested an interest in the Company quite superior to that arising from a purely business connection. In the desire to engender this feeling of co-operation and good-will, a policyholders' publication called 'Sunshine' was launched in 1896. Its bright articles and illustrations won wide appreciation. The first editor was J. Macdonald Oxley, LL.B., B.A., who served the Company in many useful capacities until his retirement in 1897, when the late A. M. Mackay succeeded him. 'Sunshine' had a life of twenty years, and affords a valuable commentary on the events of the period it covered. The agents found it of practical aid in developing good relations with their clients.

In the later nineties the Company erected office buildings in Sherbrooke, Hamilton and Ottawa, to serve as divisional headquarters for the staffs in those cities. This did much to promote the reputation and interests both of the Company and the agents in these important cities.

The records indicate that the Company fully participated in the universal celebrations in connection with the Diamond Jubilee of Queen Victoria in 1897. The Directors obtained permission of the Montreal City Council to erect a drinking fountain(1) in Dominion Square, the most central park of

(1) The fountain bears the following inscription:

'1837 – 1897
A tribute to Her Majesty Queen Victoria,
our revered and beloved Sovereign.
Presented to the City of Montreal by the
Sun Life Assurance Company of Canada
on the occasion of Her Majesty's Jubilee
1897'

Shields in the panels of the fountain reproduce the Royal Arms, and record the outstanding achievements and events of Queen Victoria's reign, as well as some of the great names of the Victorian era.

OLD SUN LIFE BUILDING, MONTREAL

the city, as a permanent memento of the occasion. It is a coincidence that the present head office building faces upon this noble square, so that the memorial fountain, erected years before this site was acquired, stands directly opposite the main entrance of the Company's home.

Mostly Domestic

The growth of business was reflected by a corresponding growth in the head office staff. Before the end of the decade the question of accommodation again demanded consideration. Although the head office(1) was sufficiently commodious to provide for considerable additions to the existing staff, it was not desired to terminate tenancies which had been granted on advantageous terms. The Waddell building, adjoining the head office property, came into the market in 1897 and was secured by the Company, while in 1899 the Trafalgar building, to the rear, was acquired. This was connected with the Notre Dame Street building by a bridge over Hospital Street. By the acquisition of these two buildings, provision for growth was made for several years.

Of the seventy members who at the close of the century comprised the head office staff, the name of Arthur Barton Wood stands out with special prominence. He rounded out a brilliant scholastic career at McGill University in 1892 by winning the gold medal of his year for Mathematics and Natural Philosophy. In 1893 Mr. T. B. Macaulay, feeling the need of an assistant to aid him in his exacting actuarial

(1) The Notre Dame Street building is now occupied by the Company's Montreal City Agency.

duties, asked Mr. H. M. Tory,(1) himself a gold medallist of McGill in Mathematics, and then on the professorial staff of that University, if he could make a recommendation. Mr. Tory's choice fell upon the outstanding young scholar who had graduated a year previously, and for whom he entertained a high regard, no less for his personal qualities than for his educational achievements. Mr. Wood had taken up a teaching appointment at St. John's, a small town in the Province of Quebec; he was introduced to Mr. Macaulay, and capitulated to that gentleman's offer of an appointment at $700 a year, on the understanding that the arrangement should be terminated if at the end of twelve months either felt dissatisfied.

Mr. Wood joined the Company in July 1893. He presently commenced the long and arduous course of study which is the lot of the aspiring actuary, and in course of time won the coveted Fellowship degrees of both the Institute of Actuaries of Great Britain and the Actuarial Society of America. In the meantime his growing usefulness to the Company is evidenced by his selection as chief clerk of the actuarial department, followed in 1900 by his appointment as an officer of the Company, with the title of Assistant Actuary.

(v) Robertson Macaulay in the Nineties

The passing years, paying unfailing tribute to the Company's progress, were adding count to the age of its principal

(1) Dr. Henry Marshall Tory, D.Sc., LL.D., F.R.S.C., President of the University of Alberta, 1908-1928, appointed President National Research Council of Canada June 1928, a position he had held in an honorary capacity since 1923. Dr. Tory is a brother of the Hon. James C. Tory and Mr. John A. Tory.

officer. That Robertson Macaulay was conscious of the encroachment of age is apparent from the frequent references to his growing years in his letters and addresses. He had the curious habit, rare in forward-looking men, of alluding to the imminence of old age. Mr. L. W. Zimmerman, recording a pilgrimage he made with the President to the birthplace of Gladstone in 1898, observed this as a characteristic also of the great statesman, who had retired from public life twenty-five years before on the ground of his growing infirmities, when, as events proved, the greatest work of his life was yet to be accomplished. In Robertson Macaulay's correspondence, at a time when he had yet to serve his Company a full twenty years, references to 'younger hands than mine' and the expression 'I am getting older' are frequent. An article from his pen in 1900 referred to 'those of us who are consciously nearing the river of great separations.' Commentators were influenced by, and accepted his own habit; thus the *Policyholder* of Manchester in 1896: 'Mr. Macaulay may, in the evening of his days, contemplate with honourable serenity the institution to whose prosperity he has contributed all the best qualities of his strenuous nature.'

Robertson Macaulay in the Nineties

These allusions, considered by themselves, would entirely mislead one trying to estimate the real Robertson Macaulay. They arose from a contemplative and reflective habit of mind which, although indulged freely, did not in any way impede an eager and forthright temperament. All through this decade Robertson Macaulay was visibly growing, not only in grace, but in experience and practical knowledge; his ability and his influence were indeed at their zenith. The positive side of his nature was essentially uppermost; he was strong, and vigorous, and assertive; this part of his life indeed was crowded with activity, as it was rich in achievement.

His accession to the Presidency had been a triumph not of his personal ambitions, but of the principles he stood for. He was carried to his position because he had both stability of purpose and sense of direction. 'Be sure you are right,' he said in one of his early letters as President to a subordinate, 'then go ahead although the Heavens should fall.' A deep moral purpose directed his every thought and action, and was the source of his strength.

The influence of his sheer single-mindedness was enormous. Perhaps it is best illustrated in his relations with the Vice-President. Senator Ogilvie was downright and thorough-going, and rather overwhelming; a man of great candour and directness, impatient of dialectics and prevarications. He had not seen eye to eye with Robertson Macaulay in the old days, and had often joined battle with him. But the President's intense beliefs and deep-rooted convictions commanded first Mr. Ogilvie's respect, and then his judgment, and finally his strong adherence and fast personal friendship. The Company's annals contain no finer story than the abiding regard of these two wilful and independent-minded men.

During the 'nineties Robertson Macaulay made many long excursions; to Scotland for a holiday in 1890, several times to England and the Continent, through the West Indies, a tour of the world in 1897-8, and, at the close of the century, again to the Far East. It was hoped, in the words of the annual reports of the period, that these trips 'would effect great good for the Company. Mr. Macaulay would return better informed as to the character and needs of the work and the personnel of the agencies; they on their part could not fail to form a higher idea of the Company they served through meeting and consulting with its chief officer.' These practical expectations were realized; wherever he went he was honoured; he was garlanded with flowers in India and banqueted in London, and carried the key to every door he wished to open. He stimulated action and invoked worthiness without conscious effort, and everywhere left both the impression and the impress of his own elevated character.

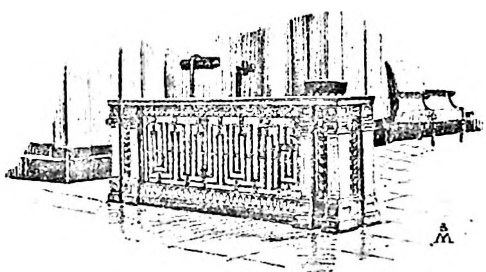
At home and abroad he was an untiring letter-writer. His business correspondence reveals a refreshing if almost terse candour; he had a singular faculty for stating issues crystal-clear. The unique electric elevator in the new head office building was a source of great pride, but some inconvenience, for often it would not work. The engineers sought a clean bill so that the account could be settled. 'You ask us,' wrote Robertson Macaulay, 'to take over the elevator as in first-class condition. Before doing so I desire to know that it is in first-class condition, such as to warrant our taking it over.' As a statement of the issue involved, this surely is a model of clarity. To a ruffled agent threatening proceedings on the grounds of an imaginary grievance he wrote: '...don't be in a hurry spending money uselessly; it is hard to get, and once parted with does not return... keep cool and act wisely.' A manager, seeking his judgment of an applicant for a position, got the reply, '——— seems a very nice young fellow, ...but he may have the Commandments to both learn and obey!'

He was stern in his judgments, but did not lack compassion for the sinner. He had a wholesome detestation of subterfuge, but his protection was secure to the man who made frank avowal of error. He was perhaps happiest when he had a client or a policy to defend; certainly he preferred the role of advocate to that of judge. The spectacle of wrong at once saddened him and invoked his wrath, and he was bitter and uncompromising in its condemnation.

His definite and clear-cut attitude on matters of business ethics and morality was balanced by a reticent humility in regard to his religious convictions. He was essentially and deeply religious, but he was widely tolerant and completely free of dogmatism. He placed character as the eventual and only test of worthiness. He was solemn in the presence of the deep things of life; the contemplation of the eternal verities called forth a curious speculative philosophy. As he embarked for the Far East in the closing hours of the old century, he wrote out of the thoughts conjured by that great reminder of the passing of time into eternity: 'The nineteenth century, the birthtime of you and me, goes out; the new century is ushered in, which neither you nor I will live to see go out . . . the event is fraught with solemn reminders.' He discusses the philosophies of Herbert Spencer, John Stuart Mill, and Goldwin Smith, and finds them unsatisfying: '. . . we cannot thus be done with the great theme; the manifest handiwork of a kindly over-ruling power within and without us is vocal with suggestive reflections of an Eternal and kindly Power. . . one finds it very hard calmly to dethrone The Eternal, or to discard human responsibility, or the yearnings after immortality. . . Be the constitution of things what it may, there is no denying that righteousness is the only compensative line of human conduct.'

Robertson Macaulay in the Nineties

This simple rugged man, peculiarly reminiscent of Thomas Carlyle in physical aspect and outlook and honest striving for the essence of things, won the many and abiding friendships he treasured in natural response of his own merits. The graceful act of the Directors in journeying to Ottawa to meet him on his return from his world tour; the address of appreciation they presented to him; their repeated and kindly importunities to take rest and holiday; the almost idolatrous affection of the staff;—these were but collective manifestations of a regard individually and personally held by everyone who knew him.



CHAPTER NINE

THE NEW CENTURY

(1) Business Growth

THE student of life assurance, bringing the history of the business under review, is led to observe three distinct phases in its evolution: (i) the speculative period, which persisted for two centuries or more, dying a natural but reluctant death in the early years of the nineteenth century; (ii) the scientific period, having its beginnings in the eighteenth century, and its great expression in the nineteenth; (iii) the period of expansion, definitely marked from the early days of the present century, and having its most remarkable manifestation in the past dozen years.

Reflection suggests this order to have almost the inevitableness of a natural law. All great movements have their origin in the minds or hearts of men. The instinctive desire to express what they feel or believe throws them, in the absence of scientific laws, upon the recourse of speculation and experiment. Speculation, with often the concomitant of abuse, is checked in its turn by science; science, in its early application, imposes restraint, and so tends to check rather than foster progress. It is when the original impulse has found general acceptance in principle, and science has answered the exactions of prudence in detail, that the way is open to large development.

The effort of actuaries, during the greater part of the nineteenth century, was directed towards placing the practice of life assurance on a basis that would inspire confidence. The obvious means was to develop a contract whose conditions and obligations a well-managed company could undoubtedly discharge. The basic scientific principles propounded by early investigators, and applied by Dodson and Simpson, were now universally accepted; their value, however, was dependent upon the accuracy of the mortality statistics to which they were applied. Hence the main task was to bring a sufficient number of lives under review to correctly reflect the incidence of death among the general population. Patient endeavour, sustained over a long period of years, resulted in millions of lives being brought under actual observation. Out of this monumental undertaking mortality tables were built up whose reliability has stood the test of years of practice.

The aid of the lawyer was invoked to assist in the preparation of a contract whose conditions would safeguard the assuring companies; the doctor was requisitioned to guard the door of admission, and, jointly with the actuaries, to protect the companies from the machinations of the unhealthy and the speculator.

Out of these efforts emerged policies which, by giving reasonable expectation to the assured that their terms would be carried out, to that extent commanded confidence. This fact, however, of itself, did not materially increase patronage. Conditions designed primarily to protect the companies often imposed hardship on the policyholder; the contract repelled rather than attracted the potential assurer. It is not in this way that sales are stimulated.

The later years of the nineteenth century saw the dawn of a new conception. 'What can we, consistently with safety and good practice, do for the public?' This was the question which actuaries now resolved to answer. They have been answering it ever since.

By 1900 the life assurance contract on this Continent had lost almost all resemblance to its predecessor of a generation earlier. Conditions and restrictions had given way to guarantees, options and privileges. The range of its application had been broadened, so that its possible constituency was enlarged; it had ceased to threaten, and promised to help. People were becoming more and more interested in it, beginning to regard it not only as a safe contract to hold, but a desirable contract to procure. The life assurance business stood on the threshold of a period of expansion.

The new opportunity invested the problem of agency organization with new importance. Sales methods generally were confused and haphazard. With the gradual growth of the business, expedients appearing to be appropriate to individual conditions had been adopted, with the consequence that widely divergent systems of organization, management, and remuneration were to be found, not only as between companies, but often in the practice of the same company.

Even so, marketing methods had already undergone a process of evolution. Originally the representation most favoured by the companies had been fire or marine insurance or financial firms, which accepted agencies for life companies as subsidiary to their main business. As these were in the main established agencies, remuneration generally was based on a small commission allowance on each premium, so that the sale represented a more or less consistent source of revenue. As the idea of full-time representation developed, there was a reaction to the other extreme—a large commission on the initial premium, with little or no allowance on subsequent premiums, later commissions, in effect, being discounted and paid in the form of an immediate allowance. This method lent itself to rebating and other abuses—malpractices which received the severe condemnation of the Armstrong Commission(1) in New York in 1905, and which inspired legislation for the regulation of the methods of remunerating agents.

In the meantime however the method of organization known as the 'general agency' system was finding increasing acceptance. It provided for the appointment to a defined territory of a general agent who was responsible to his company for the production of business from the area allotted to him; he employed his own agents and assumed the costs of administration. This system still has a wide vogue.

The Sun Company, in common with its contemporaries, went through these many phases of experience. It had the part-time agent or agency, and the full-time representative. Individual contracts provided for salaries, salaries and commissions, commissions and bonuses, and commissions alone; some granted low commissions to be continued

(1) See p. 167 et seq.

through the life-time of a policy, others, high commissions limited to the first premium. Broadly, a modification of the general agency system predominated.

Business Growth

This was the kind of problem to appeal to the analytical mind of Mr. T. B. Macaulay. Time after time he revised the system of remunerating agents, each revision effecting an improvement. Many points, affecting the interests of the Company, district managers, agents, and policyholders, were involved, and great difficulty was experienced in formulating a plan which would be completely satisfactory. The efforts of other companies to solve similar problems were closely watched, and in this connection a method introduced by the New York Life Company came under review.

This commended itself strongly to Mr. Macaulay, by virtue of a principle which he regarded as inherently sound: that of making the agent a direct employee of the company. Associated with this conception were the further principles: that the manager should be a salaried employee of the company, responsible to it for the administration of the territory allotted to him; that the agent should be approved and accepted by the company itself; that for administrative purposes the manager should supervise the agent and act as intermediary between agent and company. It was also of the essence of this plan that the agent should have a sufficient immediate remuneration from sales to afford him a fair income for fair achievement; that small subsequent allowances should be made in order to sustain his active interest in the business he had secured, and reward him for continuity of service. This arrangement, besides being satisfactory to the agent, would secure centralized control, with delegation of authority through salaried field officers. Mr. Macaulay finally evolved a plan embodying these general principles, although with many modifications.

In the late 'nineties Mr. James C. Tory was superintendent of agencies, but a long and serious illness occasioned his temporary retirement. Mr. F. G. Cope, his assistant, succeeded him in 1901, and to him fell the duty of giving effect to Mr. Macaulay's project. This was indeed a formidable task, as success hinged on the willingness of managers and representatives voluntarily to surrender the contracts they held. Mr. James W. Simpson, who had joined the Company in 1902, actively assisted in the work, which was so successfully carried out that within a year the change was completed in both the United States and Canadian fields. The system, improved and refined in the light of further experience, is fundamental to the Company's agency organization to this day, and to it the great success that has been achieved must in large measure be attributed.

One notable exception was made to the general rule. When Mr. Tory resumed duty he entered into a contract with the Company personally to supervise and administer the business arising from Central and South America and the West Indian Islands, taking the title of General Manager of the Western Foreign Department. This arrangement continued until 1914, when the Western Foreign Department was merged with the general agency organization.

However perfect a machine may be, it needs motive power before it will work. A life assurance agent is an intensely human individual, quickly responsive to praise

Business Growth

or blame, encouragement or neglect. It is not sufficient to give him a contract and leave him to work out his own destiny; he must be informed, and aided, and directed, and stimulated. He must be made conscious of his importance to the institution to which he belongs, and made to feel that he is an integral part of the organization.

Robertson Macaulay never overlooked that the agents were supplying the life-blood of the Company. He knew equally well that their labours were carried out under conditions of difficulty and frequent disappointment. Because he understood them, and appreciated their problems, his influence over them was profound, and it is not an overstatement to say that they, on their part, idolized him. His directness compelled their respect; his unvarying consideration won their deep affection. For years he maintained a personal correspondence with practically every established agent. Many of these letters, written in his fine legible hand, are still treasured by veteran agents. Perhaps the letters most valued are those (and they were many) which administered a deserved rebuke; he had a curious habit of castigating a man in five lines of a half-dozen line letter, and not only squaring the dispute, but compelling the recipient's admiration and devotion, in the sixth.

He was happiest when he was among the agents, and he prized their friendship. The annual gatherings, affording several days of contact with them, were to him delightful events. Illness prevented his attendance at the convention in 1905, but his absence enabled the agents to formulate a plan for a presentation which would express their regard for their beloved chief.

The gift took the form of a portrait of the President(1) in oils, by Mr. J. W. L. Foster, the noted portrait painter, and was accompanied by an address engrossed on vellum, in book form, prepared by Mr. A. H. Hammond, R.C.A. The presentation was made by a committee of the agents on January 9, 1906 in the Board room, in the presence of the Directors and the head office staff. Mr. A. S. Macgregor, who had been identified with the field force for many years, introduced the delegation, and Mr. W. T. McIntyre, who then, as now, was the senior member of the agency organization,(2) made the presentation. He was supported by two other veterans, Mr. W. H. Hill and Mr. T. R. Raitt.

Robertson Macaulay's address in acknowledging this gift illustrates some of those characteristics to which allusion has already been made. After referring to himself as an 'old man' (with more reason than formerly, for he was now seventy-three years old) he said: '...the exuberant, kindly remarks of my friend Macgregor are more than pleasing. If there is one thing on earth that I have coveted, and striven for these many years, it is to merit the friendship of the staff of the Company...this address, this portrait, are but durable evidences of a friendship that may perhaps—who knows?—survive the crack of doom.' He humorously referred to his incurable love of a fight: 'I admit having plenty of faults. By nature I have been largely a man of work and war; I have had lots of knocks, but never a knock-down nor a knock-out. Our clan motto is 'Danger is sweet;' I have been tempted

(1) Now the treasured possession of Mr. T. B. Macaulay.

(2) Mr. Thomas Gilroy, who had been with the Company since the year it was founded, died in 1905 after a career of devoted service and public usefulness.

at times to make a thrust, and once or twice did reach the solar plexus, but, being soft-hearted, never did much harm...

> 'Best men are moulded out of faults
> And, for the most, become much more the better
> For being a little bad.'

...It is a great fight to tuck on much of the angel!' Referring to the growth of the Company, he remarked that it had but four agents when he joined it. 'It has grown by inches. A manager needed to have great and abiding faith.' He spoke of the high character of the members of the organization: 'Now that my own relation to the Company is rapidly on the wane, one of my chief delights is that it has a competent and honourable management, at the home office and in the field.' And of his friendships: 'The society of the great or wealthy I have never sought. Outside my little family circle and my books, my friends are of the staff of the Sun Life of Canada. You here are of my oldest—my most intimate and my most trusted personal friends. Your confidence and friendship I have cultivated as I have had opportunity. And for many years it has been my nightly prayer that every member of our staffs might be enrolled as friends of God, sharing bountifully from Him in the blessing that maketh rich and addeth no sorrow.'

This event has been related in some detail not only for its intrinsic historical interest, but as revealing one of the great impulses of the agency organization. Robertson Macaulay's own personality was a constant incentive and a constant challenge.

Practical methods were adopted to inspire and stimulate the agents. During Mr. Tory's superintendency, he published, in the form of a monthly letter, the names of the agents whose success warranted special acknowledgment. This letter was circulated among the entire agency force, and had the effect of engendering healthy competition for pride of place in the list. The letter was presently amplified to embrace the records of the division offices. In 1902 the tables began to appear in printed form as a three-page folder under the title 'Agency Bulletin.' With the passing of years this publication has developed into a review of the whole of the activities of the field, called 'The Monthly Agency Review,' often comprehending sixty or eighty pages.

The qualification for 'special mention' was the production within the month of assurance amounting to ten thousand dollars. It is interesting to look over the early records; they contain names of many still doing valuable work for the Company. The names of Dr. D. H. Rogers, J. O. Peck, J. H. Poff, and J. A. Drapeau appear in the first printed list, while in other early numbers are to be found the names of C. F. Tett, R. J. Stuart, Ad. Tremblay, J. W. Gordon, G. C. Jordan, A. Lecavalier, W. Marsden, W. T. Oversby, C. J. Beland, S. Marshall, J. M. Lago, J. Kauffman, C. A. Neuhaus, and R. R. Elliott. Of those now in retirement, who served the Company for many years, the names of W. D. McCallum, C. E. Kregloe, T. J. Parkes, E. V. Dyer, and J. J. Cramer appear.

A natural development of the 'special mention' list was the formation of a 'production' club which, in honour of Robertson Macaulay, was named the Macaulay Club. It was founded in 1910 as the result of suggestions made at the agency outing in that year, some of those invited feeling that a club composed of leading field representatives would not only promote the general interests of the Company by creating an incentive to the agents, but would also, by affording facilities for intercourse between its members, prove to their common interests, and engender a spirit of loyalty to each other and to the Company.

Business Growth

Membership in the initial instance was restricted to the Canadian and United States departments, the qualification for membership being the production of assurances totalling not less than $100,000 during the year. In 1915 the scope of the club was extended to embrace the whole field, while from time to time grades have been introduced, requiring higher qualifications in business production.

In the first year thirty-two agents qualified for membership, Mr. Albert Lecavalier of Montreal, as premier salesman of the year, winning the presidency. (1) Unfortunately Robertson Macaulay was unable, owing to indisposition, to attend the outing at which the club was consummated, but he wrote a characteristic letter; '...I feel a sense of mortification that I cannot earn the honourable distinction of membership for myself, nor be present at the founding of the institution. None the less, I appreciate very highly the honour in the choice of name, and the kindly thought that suggested it . . . The Macaulay name has been for the past

(1) The following gentlemen, as leading salesmen of the years shown, have held the office of President of the Macaulay Club: A. Lecavalier 1911 and 1925, W. C. Gaden 1912, A. O. Miron 1913, T. Hendry 1914, J. W. Gordon 1915 and 1927, W. Araki 1916 (Honorary President 1917), E. Lord 1917 and 1923, Y. Hashimoto 1918, E. de Marchena 1919 and 1926, M. Alcalde 1920, S. Nakano 1921, and F. V. Fairbrass 1924.

thirty-seven years intimately linked and bound up with both the name and the progress of the Sun Life of Canada, and if effect be given to my fervent prayer, the same close association will be continued for the next quarter of a century, or even longer.... Let me wish success to the Macaulay Club, and may its honours be shared in by very many representatives both at home and abroad.'

The Macaulay Club has proved a potent factor in the development of the Company's business, and has done much to promote the individual fortunes of the agents.[1]

The progress made by the Company between 1901 and 1915 naturally involved many additions and adjustments in the field organization. It was a period of consolidation rather than expansion, the only substantial addition of territory being that of South Africa. It had been proposed to enter that great country in 1899, but the project was abandoned owing to the outbreak of the Boer War. When an office was eventually opened in 1913, Major W. H. Brown was appointed manager, and still supervises operations in that corner of the Empire.

Outstanding among the new-comers were Mr. J. C. Stanton and Mr. Phiroze C. Sethna. Both of these gentlemen joined in 1901, Mr. Stanton being appointed manager at Pittsburgh, and Mr. Sethna resident secretary at Bombay. After a short time Mr. Stanton was transferred to Montreal, where his able leadership quickly placed the agency in the Company's home city in the position of prom-

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[1] In Mr. T. B. Macaulay's Jubilee year (1927), the Club had six hundred and fifty-eight members, whose average production fell little short of $200,000. Their total business represented fifty-seven per cent. of the aggregate assurances secured by the Company from all sources during that year.

inence which it has steadily maintained. Mr. Sethna, in addition to the administrative duties of his position, cooperated with Mr. McBain in the upbuilding of the organization in India, and in 1921 succeeded that gentleman in the management. He is now General Manager for India. His career, alike in business and public life, has been brilliantly successful, and in 1925 he was invested by His Majesty King George V with the honour of Knighthood.

Business Growth

In 1905 Mr. John A. Tory was transferred to Toronto as manager of the Western Ontario division, retaining, for a while, the supervision of the Michigan territory, the practical administration of which, however, was placed in the hands of managers at three convenient points. As in his previous field, Mr. Tory rapidly developed his agency into a position of leadership. Mr. J. F. Junkin, after an absence of a few years, returned to the Company in 1908 to become General Manager of the British department, which under his direction has grown to the size of an important company in itself. Others prominent in this period are Mr. W. Lyle Reid, who became joint manager with his father in Eastern Ontario, Mr. Neil D. Sills, who has completed twenty-five years as manager at Richmond, Virginia, and Mr. H. B. Higinbotham, who after supervising the agency in Egypt and the Levant for some time, was appointed manager for Japan.

The Agency department at head office was strengthened in 1907 by the appointment of Mr. W. A. Higinbotham as Inspector of American and Foreign Agencies, Mr. Simpson being placed in a similar position of supervision over the Canadian divisions. Mr. Branch succeeded Mr. Higinbotham in the management at Pittsburgh.

The growth of the business of the Company between 1900 and 1915, as indicated by figures, is simply a record of yearly increases of fifteen per cent. or so, with temporary halts in 1906 and 1914 occasioned by the inevitable cycles of bad trade. Of more interest is a comparison of the progress made with that of its contemporaries.

In this period of fifteen years the life assurance companies of the United States and Canada in combination doubled their annual underwritings, while assurances in force were multiplied by two and two-thirds. The figures of the Sun Company show a multiplication by three and a third in annual underwritings, and by nearly four and a half in assurances in force.

In 1908 one of the great ambitions of Robertson Macaulay's life was realized when the total assurances in force exceeded, for the first time, the total of any other Canadian company. In 1915, with assurances in force amounting to more than a quarter of a billion dollars, and new assurances reaching thirty-five million dollars a year, the Company had definitely emerged from the day of small things, and was taking a place among the world's great life assurance companies.

(11) Legislation

The Dominion Insurance Act of 1899, to which passing reference was made in an earlier chapter, embodied important amendments to the existing law.

One of these had to do with the rate of interest assumed in the calculation of reserves. Previously the Canadian companies had been allowed to base their reserves on the assumption that a rate of 4½ per cent. per annum would be earned. The amendment provided that in respect of policies issued on and after January 1, 1900, a rate of 3½ per cent. only might be assumed. It was also required that assurances already in force be gradually placed on this higher reserve basis. The companies were allowed until 1910 to raise the reserves on policies issued prior to 1900 to a 4 per cent. basis, and until 1915 to complete the change to 3½ per cent.

So far as new assurances were concerned, the higher reserves could be provided by premium adjustments. The retroactive clauses, however, required the setting aside of substantial sums as liabilities, which could not be collected from the assured, for the premiums on existing contracts of course could not be raised. This meant that the necessary amounts must be withdrawn from surplus, so depleting the funds available for profits.

In 1894 the Sun Company had voluntarily raised the reserves on the whole of the assurances in force to a 4 per cent. interest basis, and was therefore in a position to meet the demands of the new legislation with a minimum of inconvenience. The retroactive clauses, however, brought Robertson Macaulay, characteristically, to the outspoken defence of the smaller companies, by whom they would be most severely felt. At the Company's annual meeting for 1899 he warned the Government against the exaction of an unnecessarily high standard as a test of solvency, pointing out the danger of seeking to strengthen companies by converting profit surplus into liability—a procedure which might have a result opposite to that intended.

This protest having been made, however, the Company prepared to comply with the terms of the new legislation. By 1905, ten years in advance of the time allowed, every life assurance reserve had been placed on the Hm 3½ per cent. basis. The total amount required to effect the change in respect of policies issued prior to 1900 was $1,186,000. After making this large appropriation, the net surplus over all liabilities and capital stock, stood, at the end of 1905, at $1,735,000. Meanwhile the scales of dividends allowed to policyholders had been thrice increased, and now stood on an almost unexcelled basis.

When this position is contrasted with that obtaining at the end of 1900, when with lower reserves and lower dividend scales the surplus stood at $423,000, it will readily be realized that great progress had been made in the upbuilding of the Company, and in its general financial policy.[1] This was in some measure attributable to, or at least assisted by, enabling clauses of the Act of 1899, which, if it imposed a burden on the companies by requiring them to raise their reserves, compensated them in some degree by enlarging their investment powers. The annual report of 1899 says: 'The desirability, and in fact the necessity of enlarging the field within which the Canadian life companies might invest their rapidly accumulating funds, has become very evident, and the portions of the Act which deal with this question meet with hearty approval.' Mr. T. B. Macaulay had in fact

(1) The investment policy pursued by the Company is reviewed in detail in Chapter Ten.

been active in representing to the Government the need of liberal investment provisions in the new legislation.

Legislation

In 1905 a joint committee of the Legislature of the State of New York was appointed to 'investigate and examine into the business and affairs of life insurance companies doing business in the State of New York.' It was empowered to enquire into the investments, contractual relations with policyholders, costs of administration and other practices of the companies concerned; and to make recommendations for new laws for the regulation of the business of life assurance in the State of New York. Senator William W. Armstrong was appointed chairman of this committee, which became famous as the 'Armstrong Commission.'

As the Sun Company was not and is not licensed in the State of New York, and has never done business there, this history has no interest in that monumental enquiry, except in so far as the practices it revealed, and the legislation it inspired, affected the administration of the business of life assurance in Canada. The investigation was the outcome of alleged abuses on the part of a number of companies in the management and investment of funds, the conduct of directors and officers being brought into question. It resulted in the adoption of legislation which placed the companies affected under severe restraints in connection with their investment policies and expenses of administration.

The enquiry excited public interest almost as much in Canada as in the United States. While there was no general belief that the affairs of the Canadian companies were conducted in any but a proper manner, or that the abuses brought to light by the Armstrong investigation had crept into the administration of the life assurance business in this country, it was deemed expedient by the Parliament of Canada to appoint a Royal Commission to ascertain the practices of the companies, with a view to formulating legislation for their regulation. This was on February 28, 1906. The terms of reference authorized enquiry into: 'The general subject of life insurance and life insurance systems in Canada,' and 'The operations of various companies . . . licensed under the Insurance Act, . . . including expenses of management, investment of funds and other allied questions.'

The investigation was thorough and protracted. The practices of the companies were examined in detail, the report of the evidence submitted by the Commission running to some four thousand printed pages. While the enquiry involved the companies in a great deal of labour, the Commission freely acknowledged the readiness with which their requirements were met, and the aid that had been given by the companies in easing its great task.

While most of the companies came under some criticism in regard to individual practices, the examination was singularly free of serious revelation of misdemeanour, and it may safely be affirmed that so far from suffering any impairment of credit, the life assurance business in Canada emerged with enhanced prestige.(1) So far as the Sun Com-

(1) It is a matter of profound satisfaction that not one dollar guaranteed by any life assurance company operating under Dominion licence has ever failed to be paid when it became due. While one or two companies have got into difficulties, re-assurance arrangements have been made which enabled their obligations to policyholders to be fully met. See p. 216 *et seq.*

pany was concerned, the effect of the enquiry may be gauged by the reference contained in the annual report for 1906: *Legislation*

'The most noteworthy feature of the past year in Canadian insurance circles has been the investigation of our life companies by a Royal Commission. The public are already so thoroughly informed in regard to this matter that any detailed reference is unnecessary. Speaking of our own Company, while the Commission unquestionably gave the officers an immense amount of additional labor, the results of the enquiry have been very beneficial. The great strength of the Company, its profitable investments, the large dividends paid by it to its policyholders, the ample provision for profits on policies not yet participating, and, if we may be pardoned for saying so, the honesty and cleanness in all its business methods, have been brought into the light as never before. Possibly the most striking fact brought out was that the Company is really much stronger than it has ever claimed to be, having a contingent fund outside its published list of assets, composed largely of bonus stocks obtained in connection with purchases of bonds. This fund is already worth a large sum, and not only adds to the strength of the Office but will in time materially increase the payments of profits as the various items are converted into cash.'

By the end of the following year the question of amending the existing insurance law, in the light of the report and recommendations of the Royal Commission, was engaging the attention of Parliament, and the Company's annual report for 1907 had this to say:

'The points involved are certainly of the utmost importance, for legislation may do much to either improve or diminish the safety of the companies and to either increase or decrease the profits to be paid to policyholders. The calamitous results which have already followed the passage of the crude and dangerous law of New York certainly emphasize the need of caution, and the recent depression in the market value of all stock exchange securities should also teach some much needed lessons. Parliament is, however, devoting its earnest consideration to the problem, and we therefore hope that the result will yet be an act which will be beneficial to all policyholders, and to which we may even point as a model.'

The hope that the new Act would be one 'to which we may even point as a model' was eventually realized; in its ultimate form, however, it bore but little resemblance to the original draft prepared by the Commissioners. The terms of the Bill presented to the consideration of Parliament in the initial instance proposed restrictions and restraints on the companies which would have severely hampered the progress of the business generally. The companies, however, were particularly active, through the Canadian Life Insurance Officers' Association, in opposing the objectionable clauses, and in co-operating with the Government in the production of an Act which would command general approval. Many of the provisions of the Bill as finally approved were suggested by Mr. T. B. Macaulay,(1) who throughout was prominent in asserting the views of the companies. When the Act was sanctioned in 1910, it commended itself both to the public and to the life assurance world as being essentially safe, sane and reasonable. The limitations imposed upon the companies were eminently fair, while sufficient latitude was allowed for them to work out their individual and distinctive

(1) Mr. Herbert C. Cox, president of the Canada Life Assurance Company, in a tribute to Mr. Macaulay in 1927, said: 'For the people, and of the people, Life Assurance is the most democratic undertaking of our time, and because of its widespread adoption is necessarily subject to a measure of government supervision which must be reasonably protective and protectively reasonable. In the making and revision of governing statutes, the companies have been glad to co-operate with the authorities, and in the evolution of the present very excellent Canadian Insurance Act, Mr. Macaulay has been unsparing of his time and effort in the desire to be helpful.'

policies. The duties and responsibilities of the Government Insurance Department were defined, and powers were granted for inspection and supervision in order to secure conformity with the terms of the new legislation.

Legislation

Among the notable provisions of the Act might be mentioned: the adoption of the British Offices Life Tables, 1893 (Om (5)) as the basis for the valuation of premiums and reserves; the requirement to declare profits, contingently allotted to policies whose dividends were reserved for more than five years, as a liability; the requirement to publish standard guarantees and provisions in policies; and the prohibition, under severe penalties, of allowances to applicants in the form of rebates. Of greater interest still was the provision for the representation of participating policyholders on the directorate of companies having a capital stock, and the clauses regulating the investments of the companies. The last named were welcomed as giving scope for the development of a financial policy, particularly in connection with industrial investments, along lines at once conservative and offering possibilities of substantial profit earnings. The provisions relating to licence, deposit, and investment in securities outside of Canada, were also of particular interest to the Company in view of the international character of its business.

In order to comply with those requirements of the Act relating to the composition of the Board, a by-law was passed prior to the annual meeting for 1910 increasing the number of the Company's Directors from nine to twelve. This was the first enlargement of the Directorate since the formation of the Company. The Hon. R. Dandurand, and Messrs.

W. M. Birks, C. R. Hosmer and H. Warren K. Hale, had the honour of being elected as the first representatives of the policyholders on the Board.

(III) Passing Years Bring Changes

On March 31, 1902 the Company suffered a severe loss by the death of its Vice-President. The sad event was recorded in the minutes in the form of a resolution:

> 'The Board of Directors of the Sun Life Assurance Company of Canada have learned with profound sorrow of the death of their friend and colleague, the Honourable Alexander Walker Ogilvie, the greatly esteemed Vice-President of the Board. Having been one of the original promoters, whose names are set forth in the Company's Act of Incorporation, and being at the time of his death the last survivor in office of the Provisional Board of Directors mentioned in the preliminary prospectus, Senator Ogilvie has been most closely identified with the foundation and subsequent development of the Company, and in his lamented death a gap has been made which it will be difficult to fill. The Company has lost a Director who was intensely devoted to its interests, and whose valued counsel and co-operation were always at its service, while the Directors and Officers have personally lost a faithful and tried friend whom they sincerely mourn....'

It is curious that Senator Ogilvie, who undoubtedly ranked as one of the great business builders of Canada, retired from active participation in the milling industry, with which his name was and is still identified, while yet in his forties. He later became associated as director with many other enterprises, and these manifold interests claimed much of his time and attention; among them all, however, the Sun was paramount, and held first place in his affections

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and interest. It is an open secret that he had been ambitious for the Presidency following the death of Mr. Workman. So fully however did he accede to the view, then a novel one in British countries, that the new President should be also the principal executive officer of the Company, that he himself, in his own words 'after great consideration,' proposed Robertson Macaulay for the office. That surrender of his personal aspirations marked Senator Ogilvie's complete and cordial acceptance of the principles for which Robertson Macaulay stood, and the President never had the aid of a more devoted counsellor.

It was fitting that Mr. Samuel H. Ewing should succeed to the Vice-Presidency, for apart from the fact that he was now the senior member of the Board, he, like his predecessor, had an interest in the Company superior to that suggested by the mere fact that he was a Director. He was a cousin of the founder, Mathew H. Gault; was associated with him in the work of organization, and was one of the original stock subscribers. During the twenty years he had served on the Board he had evinced an ever-increasing pride in the development of the Company.

The passing years brought other changes. On May 12, 1908, Robertson Macaulay was advised by his fellow Directors that they had unanimously resolved to increase his salary 'in view of the President's distinguished services in the building of the Company.' The President feelingly acknowledged this recognition, but said that 'in view of his advancing years he would prefer his salary to remain as at present.'(1) He remarked that 'the Secretary has been carrying, and carrying successfully, the burden of the strenuous management of the Company.' He suggested that, as he had now attained the age of seventy-five years, his own official designation be limited to that of President, and that Mr. T. B. Macaulay be appointed Managing Director and Secretary. This suggestion was endorsed by the Board.

Mr. T. B. Macaulay's promotion had little more effect than to confirm him in duties which already, in a practical way, he had performed for some years. Robertson Macaulay, solemnly mindful of the encroachments of age, showed an increasing disposition to defer to his son's judgment on broad questions of policy and administration, realizing that in all human likelihood the task of carrying out the Company's projects would resolve itself upon the younger man.

It must not be imagined that the harmony with which these two men jointly worked out the destinies of the Company for so many years was never jarred by a discordant note. Differences of opinion between them were not infrequent; both were tenacious of views deliberately formed. 'There is no use of a man having an opinion and not following it,' Robertson Macaulay said on one occasion when under examination as a witness. But as he grew older he became

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(1) This incident did not stand by itself. Years before, when as Managing Director he received the munificent salary of $3,500 a year, he asked the Directors to reduce it by 10 per cent. in view of the low surplus available for distribution among policy-holders. He worked on the lower salary for several years. Some years later, in a letter to a clergyman who had acknowledged a contribution to a charity, Robertson Macaulay said: 'It is a great pleasure to have command of the means that help; all these things are under the control of the great and good One, and should be administered to His liking.'

ALEXANDER WATSON OGILVIE

more disposed to give right of way to his son, for whose abilities and judgment he had profound admiration.

Passing Years Bring Changes

On the day Mr. T. B. Macaulay was made Managing Director, he, 'with the hearty concurrence of the President,' proposed the appointment of Mr. Arthur B. Wood as Actuary. In agreeing to this recommendation the Directors placed on record their appreciation of Mr. Wood's services as Assistant Actuary, affirming that he had fully merited his new appointment, and paying tribute to his 'competency and loyalty.'

On May 19, 1908 Mr. F. G. Cope was appointed Assistant Secretary, retaining also the position of Superintendent of Agencies. Thus with Mr. E. A. Macnutt, who had been appointed Treasurer in January 1906, the Company now had five senior executive officers—a delegation of duty and authority made desirable not only by the growth of the Company, but by its plans for future development.

The consideration which prompted the enlargement of the Company's official family now began to present another problem. The available office accommodation was being rapidly taken up by the increasing staff, and the fact that the various departments were scattered through three buildings added to the difficulties of supervision. The management strongly held the view that in any plans for a new head office building, both the site and the general design should lend themselves to later expansion, thus enabling extensions as occasion might warrant.

Available sites in the already crowded financial district of Montreal did not satisfy these requirements. Moreover, the rapid development of the city itself was most pronounced to the north and west, so that it seemed both expedient and convenient to seek a position nearer its future centre. A commanding site was favoured facing on Dominion Square, on part of which stood the building of the Young Men's Christian Association. When the property was offered in December 1909 it was at once acquired. Two years later the Knox Church property, immediately to the rear, was purchased, the Company undertaking that the trustees should have the use of their church for a period of seven years. This arrangement was convenient to both parties, as the site of the Young Men's Christian Association building sufficed for the first office unit contemplated by the Company. An opportunity to dispose of this estate at a large profit was rejected by the Directors in 1912. A few months later, a committee of the Board was appointed to co-operate with the management in having suitable designs for a new head office building prepared, and authority was given for building operations to be started when convenient.

Further reference to the Company's headquarters building will be made; it is mentioned here chiefly because the project formed the last absorbing interest of Robertson Macaulay's life. Although he had passed his eightieth birthday when the work was commenced, he was imbued with a strong hope that he might be spared to see the completion of the initial unit. Probably no incident of his long career gave him more gratification than the invitation of his fellow Directors to lay the cornerstone, which they resolved should bear an inscription perpetuating his name and services. Serious illness, involving a severe operation, threatened for a time to

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deny him this privilege. From this however he happily recovered, and his first act in convalescence was to perform the ceremony in which he had so earnestly desired to participate. This was on May 13, 1914.

It was peculiarly fitting that the man who had laid the foundations of the Company's great development should have the felicity of laying the cornerstone of this new structure, the monument of his own successful labours. It was equally appropriate that the duty of tracing the story of the past should fall to the son who for twenty-seven years had shared his father's every burden, and who now, when his sire was feeling the weight of years, was taking the greater load on his stronger shoulders. But even the aged President, visionary as he was, could hardly be supposed to realize, as he declared the stone which commemorated his own achievements to be well and truly laid, that he was founding a structure which within the span of a generation would house the population of a town.(1)

The stone bears the inscription:

THIS STONE WAS LAID
ON MAY 13, 1914, BY
ROBERTSON MACAULAY
EXECUTIVE HEAD OF THE
COMPANY SINCE 1874

(1) The head office staff at this time numbered 200 clerks. At Mr. T. B. Macaulay's Jubilee (October 2, 1927) it numbered 1,450, and extensions for the ultimate accommodation of between 10,000 and 12,000 employees had actually been commenced. The building of which Robertson Macaulay laid the cornerstone is but a unit of the eventual structure contemplated.

Underneath the cornerstone was placed a casket containing current coins, stamps, newspapers, forms in use by the Company, and a list of the members of the head office staff at that time, together with an historical sketch of the Company prepared by Robertson Macaulay.

Although Robertson Macaulay made a complete recovery from his illness, and resumed his accustomed duties with unimpaired alertness of mind and scarcely any abatement of his former activity, he was destined not to realize the hope, expressed at the stone-laying, that he might live to see the new building completed and tenanted. In September 1915 he contracted a chill; pneumonia supervened, and on the twenty-seventh day of that month, in the presence of the family that loved him, he passed to his rest.

References to Robertson Macaulay in this narrative have been confined to his business life; but it may not be inappropriate to make a brief allusion to his home life, and to pay homage to the faithful wife who had shared his every joy and sorrow for fifty-six years.

In Mrs. Macaulay, as in her husband, there was a pronounced strain of Covenanter blood, which had its manifestation in a high sense of duty, strong tenacity of purpose, and deep religious conviction. She had the austerity which scorned indolence and indulgence. She had much of the primness and regard for propriety characteristic of good women of her race and generation; she was stately, conventional, and always in full command of herself, "I never saw her," says one who knew her for many years, "sit otherwise than bolt upright in pew or chair." These characteristics might have been somewhat forbidding but for their alliance with a singular sweetness of disposition, and a heart of unfailing kindness. Her every thought was of others; the major concerns of her life were her plans for the indulgence and consideration of those around her, but which for herself she renounced.

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She was in the truest sense her husband's helpmeet and companion. His unfaltering affection for her was repaid by an equal devotion and fidelity. He was essentially a controversialist; his opinions were asserted with energy, and often with impetuosity. She alone had the power to soothe him when he tended to generate too much heat in argument, or to press his strongly held views to the embarrassment of the other party to the discussion. Her mild corrections never failed to mollify him, and to recall the good humour and the smile which for the moment had been dispelled by over-earnestness.

Up to the last month of his life Robertson Macaulay preserved unusual physical activity. Always somewhat spare in figure, he had a rapid, eager gait and a remarkably agile bearing. He was rarely seen on an elevator, preferring, in the interests of speed, to take the steps two-at-a-time. These characteristics gave the impression of exuberant health, but he was in fact a somewhat frail man. He had many illnesses of long duration, and was afflicted with a painful malady for many years. For a long period he spent part of each winter abroad. His wife was his invariable companion on these excursions, and indeed accompanied him on the long and arduous business trips which took him to the distant places of the world.

Mrs. Macaulay shed a benediction over her husband's life, and left behind her a fragrant memory.(1)

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(1) Mrs. Macaulay died on November 7, 1918, in her eighty-ninth year, and was laid to rest with her husband on the slopes of Mount Royal.

The loss sustained by the Company by the death of its President was recorded in the minutes in the following terms:

> 'The Board records the death of Robertson Macaulay, the honoured and beloved President of the Company, with a sense that everyone connected with the Company has lost a friend, and that Canada has lost a great citizen. For over forty-one years Mr. Macaulay was the executive head of the Company, presiding over its destinies with ever-increasing success, and proving himself a chief whom all delighted to honour and serve under. His energy and ability, still more, his determined rectitude and his absolute and self-forgetting faithfulness to what he regarded as a sacred trust, have been the foundation stones on which the Company and its vast operations have rested. His character has permeated the entire structure, and in truth the Sun Life Assurance Company of Canada is his monument. We mourn his loss, but are grateful that he who fostered the institution in its infancy was spared to see its present magnitude and prosperity.'

There was something distinctive in the tributes paid to Robertson Macaulay.(1) He was known in a great many countries of the world, and a certain picturesqueness both in his appearance and in his way of saying things made a lasting impression on those he met. One got an unfailing conviction, even on brief acquaintance, of his native goodness, and of his dedication to good causes; practically every eulogy inspired by his demise emphasized his elevation of character and his deep morality. These tributes therefore were remarkable at once for their wide range and for their unanimity of sentiment.

(1) At the time of his death, Robertson Macaulay was the oldest active life assurance executive in America, and possibly in the world. Tributes were paid him by the Press, insurance departments, life assurance officers and representatives, and public and business men, of more than forty countries. The homage of the field force of the Sun Company reflected the sincere place he held in their affections.

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In attempting to measure dispassionately his contribution to his calling and his Company, one cannot but feel that Robertson Macaulay belonged essentially to the time in which he lived, and that the circumstances under which his work was done afforded the greatest scope for his peculiar genius. He was eminently qualified for pioneer work. He had a curious mixture of caution and shrewdness on the one hand, and ardour on the other; the former qualities led him to safe ground, the latter inspired the unrestrained advocacy of the position he had taken. He belonged to a generation which won its victories by hard fighting, and he was pre-eminently a fighter. One may perhaps doubt if his leadership was of the kind to carry his Company to the heights it has climbed in the past dozen years; one however cannot doubt that his work made these achievements possible—nay, more, that they would not have been possible without it. He gave his Company universal prestige; he won for it a reputation for rightness; he imparted to it the character by which it is known. These are basic and fundamental things.

It might be said of Robertson Macaulay, as it has been nobly written of Lord Bryce:(1) 'His...was a happy and successful life. Everything good...which life has to give, came to him. He was happy in his wife...his whole family circle, fortunate in the number of his devoted friends, in his strong and serviceable brains . . . Though he had ambition, as all wholesome vigorous men should have, it was ambition of the best kind, and for ends within his natural compass. For the vanities and luxuries of the world he cared nothing . . .

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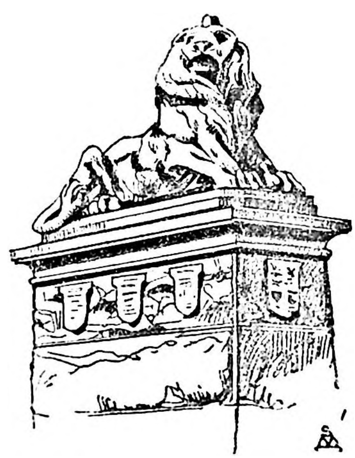
(1) 'James Bryce': By H. A. L. Fisher, Vol. 2.—pp. 311, 312.

a book, a walk or better still a stiff climb, a plunge into any water, salt or fresh, which might be available, these were his chief pleasures—these and the unending pursuit of knowledge. Behaving always as if there were no time to be lost, and extracting out of every day as much pleasure and useful knowledge as it could be made to yield, he would recall...those heroes of antiquity whose happy diligence was maintained to the point of death . . . There was in him to the end, mingled with spaces of quiet thought and contemplation, the eagerness and rushing activity of youth.'

On October 5, 1915 Mr. T. B. Macaulay was elected President and Managing Director, and Mr. F. G. Cope was appointed Secretary. A month later Dr. H. R. Macaulay was elected to his father's vacant place on the Board.



PART IV

1915–1927

That generation busied itself with institutions; this generation is bent rather upon the purposes which institutions may be made to serve.

—BRYCE.

CHAPTER TEN

THE COMPANY'S INVESTMENT POLICY

(1) The Investment of Funds

AN eminent life assurance executive recently defined the three main functions of a life assurance company as being: the collection of funds from the public; the investment of the funds so collected; the distribution of these accumulated funds to the public in the form of benefits.

While this definition may lack something in comprehensiveness, it at least places a proper emphasis on the significance, alike to company and policyholder, of the investment of life assurance funds. To illustrate: the Sun Company's assets at the end of 1927 exceeded four hundred million dollars; a difference of a quarter of one per cent. in earning power means a difference of a million dollars a year in the amounts available for benefit. The story of the Company's investment policy consequently becomes one of the most important, and perhaps one of the most interesting, chapters in its history.

It has been deemed more convenient to bring the financial policy pursued by the Sun under one general survey, than to note its chronological progress, in order that the several phases in its evolution may be more exactly noted. More-

The Company's Investment Policy

over, it perhaps is not inappropriate that it should be reviewed in the portion of this book which records the events of Mr. T. B. Macaulay's presidency, for the investment policy which has placed the Company in its pre-eminent position was his conception, and has been his personal and perhaps his chief concern for more than a quarter of a century.

In the early days mortgages formed almost the exclusive avenue for the investment of funds, and these were mostly held on Montreal properties. Municipal bonds presently became a favoured field. In the early nineties about seventy per cent. of the net invested assets were in mortgages, real estate, and municipal bonds.

While these classes of investments proved reasonably remunerative and safe, the management gradually became convinced that they would not bring to the Company the degree of prosperity aspired to. By far the greater portion of municipal bonds held were those of small towns and municipalities, often depending on the prosperity of a few industries or even a single company; trade depression might, and sometimes did, lead to delay or default in the payment of interest. So far as mortgages were concerned, the best and safest were those of small principal amount on dwelling houses. For the large investor these were expensive both to obtain and maintain, while the detail and supervision entailed were out of relation to the amounts involved. The net return was naturally reduced by the cost of administration. Also mortgages, while presenting exposure to loss through foreclosure, especially in times of depression, offered no possibility of profit by increased market values in times

The Investment of Funds

of prosperity. Added to these considerations was the fact that mortgages were for short terms, generally for five years, so that there was a recurring problem of re-investment.

As Mr. Macaulay made clear in his presidential address to the Actuarial Society of America, it was his growing conviction that great benefit would accrue from a larger identification with industrial development, and particularly with those industries associated with what he termed the 'new and rising power'—electricity—and providing essential services to large numbers of the population. The investment clauses even of the Act of 1899 permitted investments of this character; the time too was propitious, for by 1900 an era of general industrial activity and expansion had definitely set in, and in the event lasted a full half-dozen years.(1) Another favourable circumstance was that the Company now had command of impressive sums of money for investment, for its income had become the largest among the Canadian companies. This was an added reason for modifying the old financial policy, with its mass of detail, and developing the new; for the availability of large amounts of money opens markets denied to small investors, and often favourably influences purchase terms.

The Company for a great many years has been noted for its relatively high income, and in view of the significance of

(1) The trade depression of the middle nineties was followed by an era of industrial prosperity which continued for several years. At the annual meeting for 1900 Robertson Macaulay said: 'The reading of the business horoscope indicates the imminence of a vast movement towards the utilization of our immense water-power, water-ways, mineral wealth, agricultural lands, pulp-wood forests, and almost unlimited pastoral prairies; and in the development of inland and maritime shipping and commercial and industrial pursuits. That would mean the investment of vast sums of money in industrial improvements, and a correspondingly large borrowing and lending at paying rates of interest.'

The Company's Investment Policy

income to the general financial policy adopted, a digression might be permitted to make some observations upon it.

Two important contributing factors are the higher rates accruing from tropical and semi-tropical business, and the amounts received in consideration of annuities. In contrast with a life assurance policy, under which the company receives a small annual premium in consideration of a large eventual cash payment, an annuity contract involves the payment of a cash sum by the annuitant, in consideration of which the company makes payments for a period of years or for life. The advantage of receiving large cash payments appealed to the management very early in the Company's career. The first annuity contracts were written in 1880, the cash consideration received for that year amounting to $6,184. For a full decade following that time the business was trifling, but after Great Britain was entered in 1893, it began to figure more prominently. The Annuity receipts rose consistently, on several occasions in the early part of the present century amounting to eight or ten per cent. of the amount received in premiums from the Life business, and actually on two or three occasions reaching as high as twenty-five per cent.

A few investments in public utility and industrial bonds were made in 1899 and 1900. Reference to this was made in the annual report for the latter year:

> 'The industrial activity and expansion which have characterized recent years to such a remarkable extent are still with us, and the demand for capital is insatiable. As a result, the opportunities for making choice long-term investments at highly remunerative rates of interest are probably better today than at

any period in the last quarter of a century. Your Directors are fully alive to the fact that the natural and inevitable reaction from the present state of affairs must be guarded against by the selection of securities which are not likely to shrink when the time for testing comes. They nevertheless believe that the investments they are at present making will be of material assistance to the Company in enabling it to earn a good rate of interest for many years to come. The effect which this must have on future profits does not need to be enlarged upon.'

The Investment of Funds

In the later months of 1902 the Directors authorized the management to investigate the possibilities of large-scale investment in the public utility field. Mr. T. B. Macaulay's enquiries brought him into contact with Mr. W. B. McKinley, afterwards United States senator for the State of Illinois. This gentleman had been eminently successful in the administration of a number of gas, electric light, street railway and inter-urban railway properties, many located in the smaller cities and larger towns in the heart of the State of Illinois—a rich territory, having the wonderful black soil of the Corn Belt on the surface, and great coal deposits beneath.

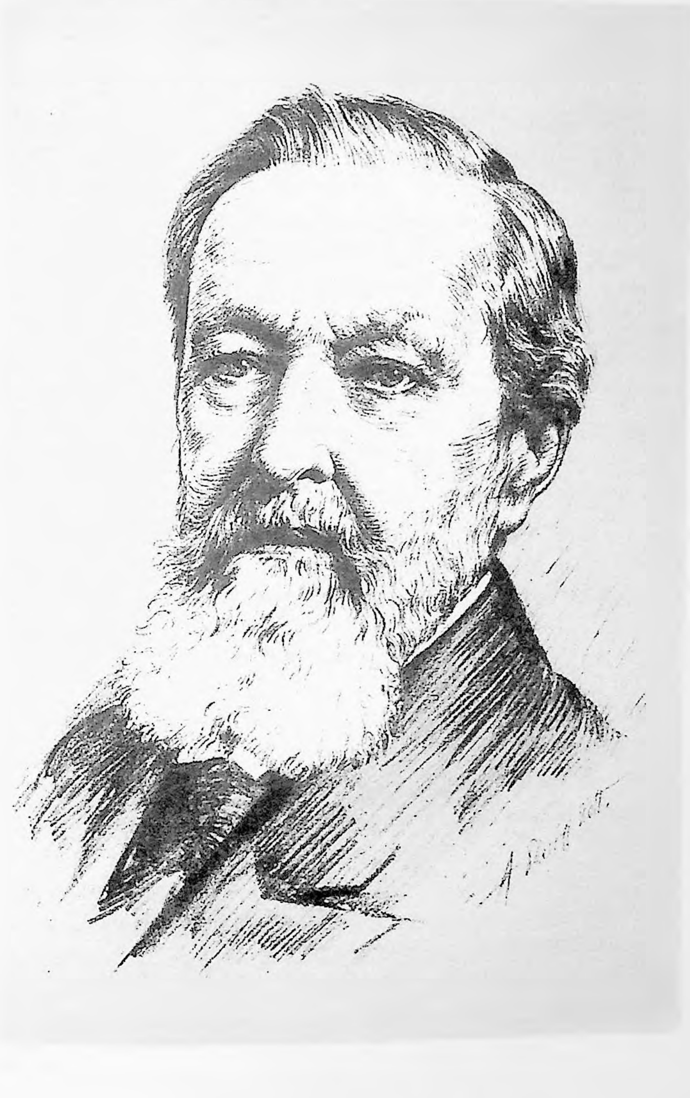
Purchases, at prices which eliminated the charges of distributing brokers or middlemen, were made of blocks of the bonds of these various companies. For the additional protection of these acquisitions Mr. Macaulay suggested the formation of a holding company, to which the common stocks of all the corporations controlled by Mr. McKinley could be transferred, so that the holding company, by guaranteeing the bonds of the constituent companies, would greatly increase their security. This suggestion was acted on, and the Illinois Traction Company came into being.

The Company's Investment Policy

The name 'Illinois Traction Company' was rather a misnomer, for its subsidiaries were principally light, power and gas companies; while, as their number was gradually added to, their combined operations extended over the States of Missouri, Iowa, Kansas and Nebraska, as well as Illinois. While nominally but a single corporation, the Illinois Traction Company was really a confederacy of many public utility companies, furnishing not only street railway and inter-urban traction service, but also electric light, power, gas, and even steam heating. At the time the Sun Company sold out its interests in 1923, the Illinois Traction Company actually owned and operated fifty-five companies in the States named.

The connection with Senator McKinley's enterprises lasted more than twenty years, and proved eminently successful and profitable. Throughout the whole association there was never a delay of one day in the payment of principal or interest on any of the securities held; and when the Company's holdings were eventually disposed of, a very large profit was made. The cheque for $30,903,881.17 received in satisfaction of this sale is said to be the largest ever drawn in favour of a Canadian corporation. Hardly less interesting is the fact that the arrangements made for its reception were so perfected that the whole vast sum was re-invested without the loss of one day's interest on any portion of the amount.

One of the most important results of the Sun's long connection with the Illinois Traction Company and its associated enterprises, was the practical experience and



Samuel Hamilton Ewing

The Investment of Funds

valuable insight it afforded its Directors and officers into the public utility business as a whole.

During the period of the Great War every dollar which could be spared was invested in the loans required by the Dominion of Canada, Great Britain, and the Allied Powers. The Company's total subscriptions to these various flotations amounted to nearly fifty million dollars. The contributions to the loans issued by the Dominion set a high standard for Canadian corporations, and had an enormously stimulating effect on the public. The Government made no secret of the fact that it looked to the Sun for leadership when the various issues were offered for subscription. Prevailing rates of interest in the industrial field were at that time extraordinarily high, but the Company, in common with other great institutions, naturally subordinated advantage to duty to aid the Government's war effort. This very proper action, however, considerably reduced the Company's earning power.

At the close of the war it was apparent to the management that the abnormally high rates of interest then prevailing could not continue indefinitely, and it was anticipated that the interest earning power of money would gradually decline until normal conditions should be restored. Long-term bonds were consequently favoured—provincial, municipal, public utility, and industrial—in order to project the prevailing high interest rates into the future. An obvious advantage of this policy was that any general decline in interest rates would have the effect of appreciating the market values of these high interest bearing securities. Enormous profits have in fact been realized from the sale of bonds which had risen to such high premiums that it became no longer profitable to hold them.(1)

The position at this time was that mortgages had lost their old ascendancy, and had gradually dwindled until they represented but a comparatively small percentage of the total investments. The dominating position had been taken by long-term bonds, but this too was but a stage in the evolution of the Company's investment policy. Preferred stocks now began to command attention. It was reasoned that there was no magic in a name, and that the preferred stocks of great corporations, so prosperous that they did not even require to have any funded debt outstanding, were at least as secure as most bonds, and that they could be bought to yield a higher rate of interest. Substantial purchases of preferred stocks of the highest grade were consequently made.

From preferred stocks to the common shares of corporations of the same class was not a long step. The steady but rapid growth of the Company's investments in the common stocks of the great industries of North America has become an outstanding development of recent years.

The Company was one of the first large investors on the continent to realize the intrinsic value of the common stocks

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(1) 'I would not have you suppose that we ever speculate. We do not. We of course do not hesitate to sell bonds or other fixed interest securities when they rise to such premiums that the yield is no longer satisfactory. But when we buy a stock we buy for permanent investment; we buy to keep, and we never sell merely because the market value may have risen to a high figure.'—Mr. Macaulay at the annual meeting of the Company, 1927.

of great and prosperous corporations. These securities represent the true and actual ownership of a company. They share in the general prosperity. If they have been well chosen the holder should from time to time benefit from increased dividends and new subscription rights. Unlike fixed interest securities, the amount of possible return is unlimited. There is no restriction as to term, so that a perpetual investment is offered and the problem of periodical investment overcome.

The Investment of Funds

Another important consideration is that the position and merits of the stocks of really great corporations can be easily ascertained. In North America it is customary for companies to publish full details of their operations and affairs, and there are other important avenues through which desired information can be elicited. Transcending in value even these advantages are the confidences extended to the Company by virtue of its position and reputation in the investment field.

It is perhaps appropriate to emphasize that the investment clauses of the Dominion Insurance Act impose definite restrictions on the stock purchases of Canadian life assurance companies. Investments in preferred stocks are limited to the securities of companies which have paid dividends regularly, on either the preferred or common shares, for at least the five years immediately preceding the purchase; while investments in common stocks are restricted to those upon which dividends of at least 4 per cent. per annum—or alternatively $500,000 in amount—have been regularly paid for not less than the seven years immediately preceding the date of purchase.

The Company's Investment Policy

The Company, however, is by no means content simply to conform to the terms of the Insurance Act. Its self-imposed rules are altogether more stringent. Purchases of common stocks are confined to corporations which have had a long and successful career, which provide only the necessities or conveniences of life, which have accumulated large reserves out of the earnings of past years, which have made heavy provision against depreciation and possible contingencies, and which dominate their respective fields. No common stocks are purchased for early sale or for the purpose of making an immediate profit. Only securities in corporations which pursue a very conservative dividend policy, and which pay out only a reasonable proportion of their earnings, are approved. 'In making our selections, we always have in mind the distant future,' said Mr. Macaulay in an address to the agents of the Company in 1926. 'We choose only those companies whose past record, strong position, and large, stable, and steadily increasing earnings, make it almost a foregone conclusion that the position of the company, and the value of its stock, will in ten years be higher than at present, and in twenty years higher still. We are extremely cautious and conservative in making our selections; once we have bought, however, we retain our holdings indefinitely, regardless of market fluctuations; looking for our profit not on the stock exchange but in the steady growth and gradually increasing prosperity of the corporation. If, for example, a company occupies an outstanding position in some necessary and stable line of business, and year after year is earning ten per cent. or more on its capital, but paying only six per cent., then we reason that not merely is the dividend reasonably secure, but at some time in the future the stockholders will benefit from those excess earnings.'

Mr. Macaulay confesses a predilection for the common stocks of public utility corporations, particularly light and power companies: 'They furnish a service that is a necessity. Their earnings are remarkably stable, but grow steadily with the increase of population. They are subject to governmental commissions, whose duty it is to see that they do not charge excessive rates, but whose duty is also to see that the rates are sufficient to yield a fair return on the investment. There is a great safeguard in the fact that if they were not allowed earnings of sufficient amount to maintain their dividends, they could not finance the extensions required by the continual growth of the territories in which they operate, and would thus be prevented from properly serving the public. A further safeguard consists in the fact that they now have hundreds of thousands of customer shareholders, who are voters and would strenuously object to any regulations that would injure the value of their investments. There has been a very considerable increase in the market value of the common stocks of the high-grade public utility companies, due not only to the declining rate of interest, but also to the steadily improving position of the securities themselves. In addition to this, these companies must every two or three years offer new stock to their shareholders, at prices well under the current market value, in order to raise quickly and easily the huge sums they will have to expend if they are to keep pace with the growth of the country.'

Arising out of its long connection with the Illinois Traction Company, the Sun Company came to the conclusion,

The Company's Investment Policy

particularly in view of the great growth in the funds available for investment, that it would be unwise in future to assume any responsibility for the management of any corporation in whose securities it might have invested. It was considered that the time and energies of the officers should be concentrated on the development of the business of their own Company, instead of being dissipated by attending to the affairs of other corporations. It was therefore adopted as a fixed principle not to acquire more than ten per cent. of the common stock of any one company, no matter how strong or prosperous it might be. Mr. Macaulay has put this point succinctly in his addresses. Thus in 1926 to a conference of agents: 'We are investors, and only investors, and we do not wish to get into a position where we might be expected to assume any of the responsibilities of management. Unless we have confidence in those who are in control we will not buy; if we have that confidence, we propose to leave the management to them.' And again at the annual meeting of 1927: 'We have enlisted many large groups of the brainiest, most experienced, most energetic, and most successful men on the continent to work for us to maintain our interest earnings. We get their co-operation by becoming stockholders in the outstanding basic corporations they direct, so that we share in all the profits they make.'

So far from the Company sharing the common experience of gradually declining interest rates during the past seven years, the policy followed has enabled it to turn the situation to actual advantage. As rates generally have declined, the rates earned by the Company have steadily risen. In 1921 the average rate earned on the mean invested assets was 6.07

per cent; in 1923, 6.2 per cent; in 1924, 6.38 per cent; in 1925, 6.41 per cent; in 1926, 6.69 per cent. At the annual meeting for 1927 Mr. Macaulay said: 'If, for 1927, we were to use the same basis of calculation as in previous years, the rate would be 6.81 per cent. We, however, do not wish to show such a high rate, and as we always make a charge of 5 per cent. against our interest earnings for investment expenses, we are quoting only the net rate, 6.47 per cent., after deducting that investment expense. . . The falling interest rate has no terrors for us.'(1) These remarkable results were contributed to by the increased dividends and bonuses accruing from many of the great corporations whose stocks were held by the Company.

It is apparent that had the principal avenue of investment been in mortgages during this period, the shortness of their terms would have involved renewal at a progressively declining rate of return. The same weakness obtains in a lesser degree in the case of bonds, which, however, run for much longer periods than mortgages. Nevertheless they can generally be redeemed at a premium, and refunded at substantially lower rates of interest. It is usually possible to call even preferred stocks at a fixed premium. Thus the general decline in interest rates in the past few years would inevitably have involved the Company in a lower and lower interest return on its mean invested assets had its financial policy been limited to investments in fixed interest securities.

(1) The high rates of interest earned have not been won at any sacrifice of quality in the securities acquired. The annual report for 1927 contains the following statement: 'The quality of the investments listed in the assets is testified by the fact that on both bonds and preferred stocks not one dollar, due either as interest or dividend, is in arrear for even one day, while the dividends accruing to common stocks are greatly in excess of the dividends payable on the same stocks at the time of purchase.'

The Company's Investment Policy

It must not be imagined, however, that forms of investment other than the securities of public utility and industrial corporations have found no place in the Company's financial programme. The advantage of broad distribution of financial interest, both as regards the class of security invested in and its location, must always appeal with force to a life assurance company, which knows so well the importance of spread in assuming its life risks. Although, as we have pointed out, mortgages have long lost the dominating place they once held, a considerable investment is still made in this form of security. At the end of 1927 mortgage loans amounted to about ten per cent. of the Company's total assets. This ten per cent. represents the great sum of forty million dollars—a larger amount than the total funds of the majority of Canadian companies.

The Company's international character at once imposes the duty and affords the opportunity of investing in securities of the highest class in the many countries in which it operates. Outstanding among these holdings are substantial investments in Great Britain, her Dominions and Dependencies. Except in Australasia, the Company has investments in practically every corner of the British Empire. Other countries which pay substantial tribute of business to the Company have also afforded a favourable field for the investment of its funds. While government and municipal bonds have been especially favoured in these distant lands, a substantial identity has also been established with outstanding public service and industrial corporations.

To review a detailed list of the Company's assets is to be taken in imagination for a tour around the world. The world traveller indeed may not only find an office of the Sun Company at practically every port of call on his long itinerary, but may also see the Company's funds at work. In London as in Rio de Janeiro; in Tokyo as in Bombay; in Capetown as in Havana; in Chile or Peru as in Singapore; the investments of the Sun Life Assurance Company of Canada are playing their part in supporting the enterprises of ordered government, and contributing to the security and prosperity of these widely scattered peoples.

(II) Organization of the Investment Department

In the early days, when the Company's investments were principally in mortgages and fixed interest bonds, Robertson Macaulay personally supervised them. He received the aid of a financial committee of the Board, who discussed and sanctioned the securities selected and also reported to the Board each year upon the standing of the securities held.

With the change of the financial policy of the Company, introduced gradually about the beginning of the century, Mr. T. B. Macaulay assumed the practical oversight of the investments. The need presently arose for skilled assistance in this work, and in 1904 Mr. E. A. Macnutt joined the Company as chief clerk in the Bond department.

Mr. Macnutt was born in England, and was educated at St. Edmunds School, London, and Scotch College, Melbourne, Australia. He came to Canada in 1899 as secretary to the general manager of the Royal Bank of Canada. He had practical experience in the several departments of the

Bank before commencing his outstandingly successful career with the Company.

In January 1906 the Investment department was formally established, Mr. Macnutt being appointed Treasurer. As the financial operations of the Company have expanded, this department has developed into one of the best equipped and most efficient of its kind on the Continent. Mr. Macaulay has long held the view that a technically trained staff is as essential to the efficient handling of an assurance company's finances as an actuarial department is to its underwriting practices. In conformity with this firmly held view, a large staff of analytical and statistical experts has been developed.

The Investment department was substantially strengthened in 1923 by the appointment of Mr. H. P. Thornhill as Assistant Treasurer, and Mr. J. W. Brown as Secretary of the Investment department. Mr. Thornhill was formerly sales manager for Montreal of the National City Company of New York; he has unusual ability and wide experience in financial matters. Mr. J. W. Brown has been connected with the Investment department since its inception. His extensive knowledge of investment principles, his familiarity with Company practice, and his sound judgment, have combined to establish his high reputation as an investment officer.

The Investment department supervises the purchase and sale of all bonds, debentures, preferred and common stocks. The procedure followed was described by Mr. Macaulay in a recent address: 'All securities considered by us are first investigated with extreme care by our Treasurer's department,' he said. 'If a security passes their scrutiny, Mr. Macnutt and Mr. Thornhill then come to me. I wish them both to come. At the very beginning I laid down the principle that the making of investments is too important for us to stand on any ceremony about it. I do not wish the assistant treasurer to report to the treasurer and then the treasurer alone to report to me. The three of us thresh the matter out and come to a decision. If we all agree as to the desirability of the investment we then bring it before the finance committee of our Board, which in turn considers the matter carefully. If this committee also approves, the security is placed on the authorized list, and the management is allowed to acquire it as favourable opportunity arises. The decisions of the finance committee are later approved and adopted by the whole Board.'

The Investment Department

While one of the duties of the analytical department is to make an exhaustive study of the investments offered, an essential and important duty is the careful supervision of all securities owned. Periodical surveys are made and an annual report prepared in connection with every security held. These reports are compared with those of previous years. Weak points are carefully investigated, and should unsatisfactory conditions be revealed, the securities in question are disposed of.

An additional function of the department is the constant study of industrial trends. Individual industries are carefully analyzed and their trends charted. This goes quite beyond the merits or records of individual companies, and involves a close examination of all the facts and influences pertaining to the experience and prospects of particular industries. The price quotations of the stocks owned are also carefully charted.

The Company's Investment Policy

As an illustration of the efficiency of the individual members of the analytical department, the following incident may be mentioned. In 1925 one of the largest bond firms in New York[1] offered a prize of $5,000 for the best thesis on the development of the electrical industry between the years 1920 and 1930. Each competitor was required to survey all conditions surrounding the industry during the five years which had already elapsed, and to forecast developments for the five years to follow. It was required that the subject should be dealt with from all the angles presented, including the technical and engineering as well as the financial, social, and development problems involved. The prize was sufficiently attractive to induce many well-known engineers and operating officers of public utility companies, as well as corporation statisticians, and professors and students of economics of the universities, to compete. Nearly five hundred papers were submitted. Two members of the Investment department of the Company submitted papers; one of them[2] won the first prize, while the other[3] was very highly placed.

In order that the members of the investment staff may be kept abreast of all developments in their field of interest, it has been the policy of the Company for many years to send selected members, at intervals of a few months, to the chief financial centres of the continent, to study conditions among the large banks, assurance companies, investment houses and industrial organizations. They also visit some of the great public utility and industrial manufacturing plants in order to become familiar with some of the technical conditions connected with these enterprises.

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(1) The Bombright Company.
(2) Mr. David M. Cowan.
(3) Mr. C. W. McLean.

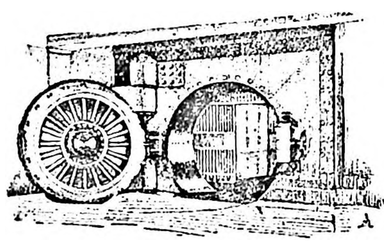
Before making any substantial common stock investment, it is customary for the President, accompanied by the Vice-President and the investment officials, to visit the chief officers of the company whose stock is under consideration. By this means, close personal relations are established with those in authority; frequently vitally important information is elicited, which could not be obtained by the mere study of investment manuals or annual reports. Mr. Macaulay places a high value on these personal contacts. "We like to get in touch with the actual managements of the various corporations," he says. "We visit them periodically, and endeavour to establish cordial and intimate relations. We appeal at first to these people in this way: 'Gentlemen, we are one of the largest investors on this continent, and as our assets are doubling every five years or so, we have command of enormous sums for present and future investment... We buy to keep; what we buy we take off the stock market. If we become interested in your stock, we become permanent partners with you; you may feel safe to take us into your confidence.' When we have completely gained the confidence of these friends, we are able to secure the judgment of the most outstanding authorities in business or finance. We are able to say, 'If you were one of our Directors and we were to ask you about this or the other stock, what would you advise?' . . . I cannot over-estimate the value of these personal connections."

The custody of securities is one of the most carefully organized parts of the Company's internal machinery. The vault, which is described in another chapter, is administered in a most vigilant manner, and a complete system for the

The Company's Investment Policy

custody and supervision of securities is in effect. Not a single security can be removed without the joint action of three principal officers of the Company—the Vice-President, Treasurer and Secretary—or deputies acting for them. Even then removal can be effected only on an order signed by the Treasurer or his deputies, and countersigned by the chief accountant, stating the reason for withdrawal, and the destination of the security.

The supervision of mortgages is vested in the Secretary, Mr. H. Warren K. Hale. Mortgage offices, in charge of district inspectors, are maintained at convenient points. Applications for mortgage loans are dealt with by a special department in charge of Mr. E. S. Ball. This department is under the jurisdiction of a committee, of which Mr. Hale is chairman and Mr. Wood, Mr. Macnutt, Mr. Thornhill and Mr. Branch are members. The recommendations of this committee are considered by the general committee of the Board, whose decisions in turn are ratified by the full Directorate.



CHAPTER ELEVEN

INNOVATIONS IN UNDERWRITING PRACTICE

THE Actuarial department of a life assurance company must always be its cornerstone. While the actual incidence of life and death is the bedrock on which the fabric of life assurance rests, it is the actuary who gives meaning to the bald records of mortality, by applying science to experience. He appraises present and potential life values by the application of the laws of probability; he devises plans of assurance by bringing life values and money values together; he sets up bases for the measurement of risks; he determines the standards of safety in underwriting practice. As he is sound, so is his company sound; as he is enterprising, so is his company enterprising.

The Sun Company's principal executive officer, himself an actuary of distinction, has, not unnaturally, taken an absorbed interest in the development of the Actuarial department. As we have seen, the study of actuarial science formed Mr. Macaulay's initial interest when he joined the infant organization in 1877. For twenty-eight years he was the Company's Actuary, and although in 1908 he handed over the direction of the Actuarial department to Mr. Wood, he has never ceased to take a strong interest in its activities.

Underwriting Practices

It has been the custom of the Company to develop its own actuaries, taking young mathematicians of distinction from the universities, and preparing them for actuarial examinations while affording them practical experience in the office. Probably no company in North America, at least in relation to its size, has had more success than the Sun Company in producing actuaries. Of the eight Fellows of the Institute of Actuaries of Great Britain in Canada, four are members of the Company's staff,(1) while two other of its members have but one examination to negotiate to attain this much-coveted degree. Eight members of the staff are Fellows of the Actuarial Society of America,(2) while a number of others hold Associateships in the Institute or the Society, or in both.

Mr. Arthur B. Wood's career as an actuary has been outstanding. In 1923 he was elected President of the Actuarial Society of America, holding office, as Mr. Macaulay had done twenty-four years before, for two terms. Thus of three Canadians who have held this distinction, two were officers of the Sun Life Assurance Company.

Mr. Wood, who has now completed twenty years as chief Actuary, is supported by three assistants—Messrs. J. J. Cooper, J. B. Mabon, and C. D. Rutherford—each of whom supervises distinct branches of actuarial activity. Arrangements are set up for co-ordinating and harmonizing the work of the actuarial, legal, medical and secretarial departments.

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(1) Mr. T. B. Macaulay, Mr. Arthur B. Wood, Mr. J. B. Mabon, Mr. C. D. Rutherford.

(2) Mr. T. B. Macaulay, Mr. Arthur B. Wood, Mr. J. J. Cooper, Mr. J. B. Mabon, Mr. C. D. Rutherford, Mr. I. A. Miller, Mr. W. C. White, Mr. G. W. Bourke.

ARTHUR BARTON WOOD

Modern Innovations

Noteworthy work has been done in the classification of past experience as a guide to future practice. Added to this, the Company has always been eagerly receptive of new ideas. To these circumstances must be attributed, in large measure, the immense enlargement of the Company's activities, for a substantial proportion of the business secured today results from the innovations which have, from time to time, been introduced.

Reference has been made to the pioneer work of the Company in the assurance of under-average lives. The venture was inaugurated in 1889. In 1896 a United States company entered this field, to be followed a few years later by another. Gradually the Canadian companies also adopted the plan. In course of time considerable data was accumulated as to the effect upon mortality of various forms of impairment, so enabling a more accurate classification of sub-standard risks. Within the past few years the information accumulated by individual companies from their actual experience, and generously exchanged, together with the reports following a comprehensive investigation made under the joint auspices of the Association of Life Insurance Medical Directors and the Actuarial Society of America, have enabled the scientific selection of sub-standard risks to the point that many classes of these lives can now be rated with as great a degree of confidence as standard lives. These refinements in practice have naturally led to a large extension of sub-standard underwriting.

When the Company first began to assure under-average lives, it employed the lien system almost exclusively. In course of time, as experience increased, practice was enlarged to embrace many classes of risks which could be more satisfactorily provided for by other methods. Today several systems are employed, according with the nature of the impairment. These consist of liens, rating risks at higher ages, modification of the plan of assurance applied for, or, in some localities, an extra premium imposed for a limited period. These several methods are also frequently used in combination. The selection of risks is a matter, indeed, to which consistent and close attention has been given. The medical and other history of every applicant is measured against numerical standards, the findings serving as a basis in determining the acceptability or otherwise of lives offered for assurance, or indicating the terms upon which risks may safely be assumed.

Notable developments have also been made in granting annuities on sub-standard lives. Adjustments in these cases are made by increasing the amount of annuity to accord with the significance of the impairment on the probable duration of life. The Company's liability in cases of this kind is valued, however, on the actual age of the annuitant.

Closely allied to the general question of the selection of risks is that of accepting lives for assurance without medical examination. This practice has come very much to the forefront in recent years.(1)

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(1) The following interesting item appears in the Company's minutes: 'April 9, 1880. Question of doing business in North West without medical examination where such cannot be had, and altering application form and policy conditions to suit: After discussion, agreed to, premiums being loaded not less than 20 per cent. on present Table.' Apropos of this, Mr. T. B. Macaulay says: 'I recall a claim on a policyholder named Ross. The papers were attested by one Roderick McFarlane, Hudson Bay Company's factor at Fort Chipewyan, Athabasca, N.W.T. It took a year to exchange a letter with these distant outposts in those days. My father recognized the

Modern Innovations

From time to time cases arose, particularly in the experience of the Canadian companies, where the difficulty of bringing the doctor to the applicant, or the applicant to the doctor, proved a deterrent to the consummation of the assurance contemplated. Instances were not rare where a doctor would drive many miles, often over bad roads, to examine an applicant, only to discover that he was away from home; in other cases the agent, at great inconvenience, would drive his client to the doctor's office, to find that he was not available to make the required examination. In towns and cities, while these difficulties did not exist, it was a matter of experience that the small assurer was often reluctant to undergo medical examination, regarding this formality as an ordeal.

The situation caused actuaries to consider if means could not be devised to dispense with medical examination in some cases. While the requirement of the report of a medical man on the life of applicants had become so deeply entrenched as to be generally regarded as indispensable, it was recalled by those interested in the problem that medical examination was really of relatively recent introduction. Although life assurance has been practised by established companies in Great Britain since 1705, and since 1762 has been conducted on scientific principles, it was not until about 1850 that applicants generally were required to satisfy a medical test. Formerly the applicant was asked to appear in person before

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name of this witness as that of an old school-boy friend in Stornoway. Correspondence established that it was indeed the same Roderick McFarlane. Years later the two met and the old friendship was renewed. The resolution to write non-medical risks arose out of this incident; its object was to develop business with the factors. We, however, wrote but few risks on the plan.'

Scarcely less interesting than this note is the fact that when the old papers were referred to, it was found that the administrator of Ross' estate was Donald Alexander Smith, who afterwards became Lord Strathcona.

a committee of the directors of the assurance company or, alternatively, to produce references from two persons of good repute, one of whom must be a member of the medical profession; the purpose being to ascertain some details of the applicant's position, mode of life, and present and general state of health. Failing a reference from a medical man, however, the testimony of three laymen of good standing was accepted.(1)

The chief purpose served by a medical examination is to determine the physical condition of the applicant at the moment of applying for assurance. In the selection of a risk, however, many other considerations enter: personal history, family history, build, habits, occupation, habitat, and moral hazard. Obviously an assuring company could be satisfied on many of these points as well by other forms of enquiry as by the report of a doctor, while the declaration of the applicant himself in regard to his condition of health, it was considered, might be accepted, providing the assurance granted was of small amount. The saving of the medical fees, it was thought, would more than compensate for any additional mortality resulting from the experiment.

After thorough consideration, a number of the Canadian companies determined to write small assurances without medical examination, requiring instead reports from their representatives and other agencies.

The Confederation Life Association had taken a deep interest in the matter from the outset, and it was appropriate that they should have the distinction of making the first

(1) Quoted from the address of Mr. Arthur B. Wood before the Association of Life Insurance Presidents at New York, December 4, 1925.

announcement of the plan on January 1, 1921.(1) Several other Canadian companies followed almost immediately. The maximum adopted in most cases was an assurance of $1,000. The Sun Company announced the plan on May 5, 1922, at first accepting risks up to $2,000. This was afterwards raised to $5,000, with provision for increases, over a period of years, to an ultimate maximum of $10,000. Definite age limits have been fixed from the outset. It was not until 1924 that United States companies introduced the plan, but today it is employed by practically all of the Canadian and most of the American companies for risks of small amount. The growing experience of the companies has been entirely favourable, and the plan has greatly facilitated the writing of assurance on certain classes of people who otherwise might not have become policyholders.

Modern Innovations

An innovation which has added much to the attractiveness and appeal of life assurance is the feature known as the 'Total Disability' benefit. In earlier days many hesitated to take adequate amounts of assurance, feeling that should they encounter the misfortune of ill-health, their earning power would be diminished and they would be unable to maintain the premiums, with the consequence that the assurance would be jeopardized. The Insurance Act of 1910 embodied clauses permitting the companies to waive premiums falling

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(1) Mr. V. R. Smith, actuary of the Confederation Life Association, whose work in connection with the introduction of non-medical assurance is beyond praise, gives the following account of this important innovation: 'The original conversations took place in 1919 between Mr. Reid of the London Life Company and myself, and subsequently the London, the Manufacturers and ourselves discussed the basis at length... The Confederation Life Association announced on January 1, 1921, that it would accept applications without medical examination, between the age limits of 20 and 45, for amounts of $1,000. The London and the Manufacturers made their announcements immediately afterwards.'

due during a period of total and permanent disability occasioned by ill-health or accident; or, alternatively, to pay the amount of assurance in cash or instalments immediately, in lieu of death benefit. This was a long step forward, and the Company immediately offered this provision. Later amendments to the Insurance Act authorized an amplification of these benefits. In 1918 the Company announced a total and permanent disability feature providing for both waiver of premium and an income of 10 per cent. of the amount of assurance per annum during the period of disability, without impairment or reduction of the amount of assurance. Later again, in 1922, the income feature was amended to provide for a monthly income of 1 per cent. of the amount of assurance, instead of an annual income of 10 per cent. Today the Company offers the choice of this benefit and a more restricted one providing only for waiver of premium.

A Double Indemnity Accident benefit has been offered since 1922. This provides for the payment of double the amount of assurance in case of death by accident. The double indemnity and total disability benefits are granted only in conjunction with life assurance policies, and for amounts bearing strict relation to the life risk; also, to avoid possible exploitation, the amounts accepted are limited to relatively small sums.

An important departure in underwriting practice in recent years is the granting of life assurance on the Group plan.

Modern Innovations

Group assurance is of recent origin. In 1910 a Chicago firm, wishing to grant a death benefit to its employees, prepared a plan which they proposed to operate themselves; after consultation with actuaries, however, they concluded that the risk should be vested in an assurance company. Several companies were approached and eventually, some two years later, a policy was issued by the Equitable Life Assurance Society, this being the first life assurance contract definitely embodying the group principle issued on the North American continent. Several other United States companies subsequently adopted the plan.

The adoption of group assurance in Canada was delayed for several years as a result of a ruling by the Superintendent of Insurance, who took the view that the terms of the Canadian Insurance Act did not permit it. Following some discussion by The Canadian Life Insurance Officers' Association, an attempt was made to formulate definite proposals, but the intervention of the war caused the abandonment of the project for the time. In 1919, however, interest was revived by the activities of United States companies in soliciting group assurance in Canada. The Superintendent then altered his position and ruled that the practice was permissible. The Sun immediately entered this new field, being the first Canadian company to do so.

Group assurance provides for the assurance, under one policy, of an entire group of employees, usually at term rates, medical examination being dispensed with. The earlier policies issued by the Company required employers to assume the whole cost of the assurance, but the method now favoured is for employer and employee to contribute jointly. The plan is not intended as a substitute for individual life assurance, but rather as a supplement to it. It reaches a class who, notwithstanding their great need of protection, would often be unable or unwilling to procure it. Its economic advantages are evident. It creates a bond of sympathy between employer and employee, tends to reduce labour turnover, and rewards faithful and efficient service.

It was soon found that if group assurance were to be developed in an important way, it would be necessary to train selected representatives, who would devote their whole time to this specialized class of business. This was accordingly done, and group assurance salesmen have been appointed to the principal cities served by the Canadian and United States departments. A group assurance organization has recently been established also in Great Britain, while other fields are under investigation with a view to the possible introduction of the plan.

Progress has been rapid; the current annual underwritings amount to about forty million dollars, while the total group assurance at risk at the end of 1927 amounted to $125,000,000.

An interesting phase of the Company's practice is that relating to re-assurance. This term applies both to business acquired in bulk from other life assurance companies, and to assurances offered by companies for amounts in excess of those they are prepared to accept at risk.

The first acquisition of assurance in bulk was in 1890, when the business of the Citizen's Insurance Company of

Canada, amounting to $1,800,000, was acquired. As this was a new departure, the results were carefully observed. Twenty years later the Company absorbed the business, amounting to $4,600,000, of the Royal Victoria Life Insurance Company. The policyholders in that company had never received any profits on their policies up to the time of the transfer, but the economies immediately instituted enabled the Sun Company to grant its own high scale of profits from the inception of the re-assurance, notwithstanding a provision in the agreement that five years might elapse before this standard of profit paying was reached.

Modern Innovations

In 1913 the Home Life Association of Canada became embarrassed, and it became necessary either for its outstanding risks to be re-assured, or for the Association to be wound up. In this difficulty the Government Insurance Department asked the Company if it could do anything to protect the policyholders, and an arrangement was eventually effected to re-assure its policies, amounting to $5,100,000. This was an outstanding instance of an action of the Company saving policyholders from apparently inevitable loss.

In 1914 a special department was established to deal with the question of re-assurance in all its various forms, and was placed under the supervision of Mr. C. S. V. Branch, later assistant secretary.

In 1915 the business of the Federal Life Assurance Company of Canada, amounting to $28,000,000, was taken over. Later in the same year the participating business of the Security Life Insurance Company of Canada, amounting to $1,300,000, was also acquired. In 1916 an agreement was made for the transfer of the business of the Prudential Life Insurance Company of Canada; this amounted to $4,100,000. In 1917 the business of the British Columbia Life Assurance Company, amounting to $2,500,000, was re-assured. In 1918 the participating business of the Provincial Life Assurance Company, and in 1919 the non-participating business of the same company, was acquired, the whole amounting to $5,400,000.

For a number of years following these transactions there were no further developments, but in 1924 the Superintendent of Insurance again appealed for the aid of the Company on behalf of the policyholders of The Northwestern Life Assurance Company of Winnipeg, which was in difficulties. The outstanding assurances, amounting to $6,500,000, were taken over, bringing the total of Canadian business re-assured by the Company to $58,500,000.

It is a matter of pride that no policyholder in a Canadian life assurance company has ever been deprived of the protection of his policy through the failure of a company. This record could not have been preserved but for the willingness of a strong company to come to the rescue of policyholders in companies whose affairs had become involved. Thus a great service has been rendered by the Company both to the public and to the life assurance business. Every policy re-assured by the Sun Company has been guaranteed in its entirety. The transactions have been effected to the advantage alike of the policyholders, the re-assured companies, and the Sun. With the exception of the policies issued by the Northwestern Company, all the contracts re-assured are already being credited with profits on the scales granted to Sun policyholders.

Modern Innovations

The Company has also re-assured the business of the Mutual of New York, the New York Life Company and the Equitable of New York in certain countries where these companies had ceased soliciting new business, and where the Sun had active agencies. The assurances covered by these transactions reached $134,000,000. The 'Armstrong law' set limits on the amount of new assurances which companies operating in the state of New York might write in any given year, and as these companies were able to secure the maximum allowed within the United States, they gradually withdrew from other countries, as the expense of maintaining local offices was out of relation to the business involved. The Sun was able to absorb this business conveniently, and to administer it economically, through its established agencies; at the same time increasing its own volume of new business from its new clientele, enhancing its prestige, and generally strengthening its position. The companies disposing of the business were also benefited, while their policyholders not only received a minimum guarantee of the benefits and privileges they would have enjoyed had their assurance continued in their original company, but had the advantage of a prompt local service which otherwise might have been difficult to maintain.

Two other contracts of importance in the development of the Company's business in the Far East were entered into in 1924, when the business of the China Mutual Life Insurance Company and its associated company, the Shanghai Life, was acquired. The China Mutual had been organized by a former official of the Sun, Mr. J. A. Wattie; when he decided to retire from the active direction of his companies, a merger with his old Company was a natural and reasonable development. These two transactions brought $42,000,000 of desirable business on to the books of the Company.

The re-assurance of the business of the Cleveland Life Insurance Company in 1926 was especially interesting, for it was the first occasion on which a Canadian life company had absorbed a United States company.(1) As the Sun had recently established a division office in Cleveland, the acquisition of this business was of particular value in affording the Company a splendid organization in the important State of Ohio. The assurances affected by the transfer amounted to $36,000,000.

The Company places re-assured business in a separate account. It is administered as if it were a separate company; the Sun, as the purchaser, receiving a small percentage of the premium income each year for managing the business. Under this favourable arrangement the surplus earnings in a few years suffice to balance the initial deficit; when that point is reached, the re-assured business is merged with the general business of the Company.

Under the provisions of the Canadian Insurance Act, no re-assurance contract may be entered into without the written approval of the Superintendent of Insurance and the Minister of Finance, to whom detailed and complete information must be furnished.

(1) This precedent was followed on January 23, 1928 by the acquisition of the business, amounting to eighty-seven million dollars, of the Western Union Life Insurance Company, of Spokane, Washington.

The amount of re-assured business in force at the end of 1927 was $170,000,000, or about 11½ per cent. of the total assurances on the books of the Company.

Modern Innovations

As regards what is known as surplus re-assurance, it may be explained that the amount of assurance which a company is able to carry on any individual life is of necessity limited, for care must be taken that, in case of a claim accruing, the loss occasioned will not unduly affect its position. The maximum assurance accepted by the Sun on any one life has been increased with its growth. By 1910 the maximum had been set at $50,000; in 1918 it was increased to $100,000, and in 1926 to $150,000. Cases regarded as first class in every way are now accepted for as much as $250,000, or even more.

Until a few years ago the Company did not make a practice of offering to other companies the excess of any assurance over the amount it was itself prepared to underwrite, nor of accepting similar surplus assurances from other companies. In 1919, however, negotiations were entered into for assuming the business of a company which had specialized in surplus re-assurance, and although the transaction was not completed, it quickened interest in the general question. It was decided, in 1922, to develop surplus re-assurance intensively. In 1925 this innovation received a fillip from the acquisition of surplus assurances amounting to $30,000,000 from the First Reinsurance Company of Hartford, on the decision of that company to restrict its underwritings to classes of insurance other than life. At the end of 1927 surplus re-assurances in force amounted to

$142,000,000, more than seventy companies having contributed to this total.

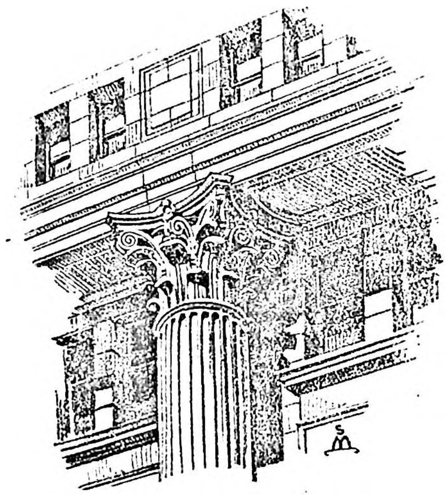
Surplus re-assurance arises chiefly from the increasing demand for large policies for estate and business purposes, and to provide for succession duties and other forms of taxation. Most applicants naturally prefer to complete their assurances with one company, so avoiding a multiplicity of transactions. Only a limited number of companies are willing to retain more than $100,000 on a single life, but re-assurance arrangements between the companies have been developed to the point that huge risks can now be underwritten without difficulty or delay. The bulk of the Company's surplus re-assurance business is secured from United States companies, and has proved very profitable.

One other development of recent years is the amplification of the methods of settlement offered to beneficiaries under policies. The primary function of life assurance is to provide for dependents; it is often desirable that the settlement should be made in the form of an income rather than by a single cash payment. Options are offered under which, at the choice of the assured or the beneficiary, the settlement moneys may be left with the Company on deposit at interest, or converted to a monthly income for a period of years or for life. In view of the high rate of interest allowed by the Company, and made possible by its own high interest earning power, this service affords an investment at once safe and remunerative. This most important development was referred to by Mr. Macaulay at the annual meeting of 1926:

'The high earning power of our investments not only enables us to pay large profits to our policyholders, but promises to have far-reaching results in another direction. It has been a sad fact in connection with life assurance, that in too many cases the thoughtfulness of the husband or father has been nullified by the inexperience of the widow in investing the assurance money. I remember the case of one widow who was in this way left $14,000. As the result of an unwise investment, made on the advice of a friend, all except $800 was lost within a year. We endeavour to prevent such tragedies by recommending policies that provide annual incomes; but this is not enough. In our modern activities we no longer limit our service to our policyholders to the period of their lifetime. We place ourselves at the disposal of the beneficiaries. If the whole or any part of the sum payable under a death claim or matured endowment be left with us on more or less permanent deposit we allow on it the same rate of interest as we allow to our living policyholders in our calculation of their profits. That rate is at present 5½ per cent. In other words, we guarantee 3½ per cent. and allow an additional 2 per cent. as their share of the profits. We go further. As such a large proportion of our earnings comes from long-term investments, it is but right that money which has been left with us for a long time, either in the form of reserves during the currency of the policies or in the form of deposits after their maturity, should be specially favoured. In the readjustment of our profit scale for next year, it is proposed to allow a slightly higher rate than even 5½ per cent. between the fifth and tenth years, yet a little more between the tenth and fifteenth, and still a little more afterwards. These payments are, of course, strictly dependent on the profit earnings of the Company, but considering our position and prospects, I confidently hope that these rates will be maintained for many years at least. Reserves on current policies, and assurance money left with us, are placed on exactly the same footing; and we are thus able to solve for our policyholders and their beneficiaries the problem of how to invest the assurance money. This is a very important service, and we can only hope that it will have beneficial results.'

Modern Innovations

The innovations we have reviewed sufficiently indicate the position of leadership the Company has long held in the movement to broaden the scope of life assurance, to extend its benefits, and to enlarge its service. This conception of duty and responsibility has re-acted on the Company itself, for its ability to apprehend opportunities for extending the legitimate field of its operations, while at all times jealously guarding the fundamental principles of good underwriting practice, has had a profound influence on its growth and development.



CHAPTER TWELVE

MODERN DEVELOPMENT

(1) General Progress in Life Assurance

THE phenomenal development of life assurance during the present century has evoked comment not only in life assurance circles but among the public generally. It has been said that, with the possible exception of industries arising from modern discovery or invention, there is no parallel for the remarkable progress recorded in life assurance in recent years.

This development has had its most marked manifestation on the North American continent. Within the span of twenty-seven years, the business of all the companies in combination has been multiplied between nine and ten times. It is estimated that the number of policies of all kinds in force has increased from about ten millions to about one hundred and twenty millions. Probably three-quarters of the population of North America hold life assurance policies. Per capita assurance in force is now about $750—a protection of $3,000 for a family of four, and $3,750 for a family of five. The average person on this continent—man, woman and child—pays about $25 a year in life assurance premiums, as compared with less than $4 twenty-seven years ago.

Modern Development

The forward movement of general business, increased national wealth, and the improvement in the buying capacity of the people, have been important factors in this extraordinary development. It is obvious, however, that the tremendous broadening of the scope of life assurance, and its adaptation to changing conditions, combined with an increasing appreciation of its efficacy and a more complete acceptance of its merits, have been important contributing elements.

The change in social conditions has also been a big factor. During the past half-century, and more particularly in the past generation, there has been an increasing migration to the cities. The development in large-scale business, and the growing tendency towards mass production, largely account for these concentrations of population. Improved transportation facilities have contributed by making it easier for people to leave the neighbourhood in which their early life was spent, to seek fortune in the cities. This, of course, has had its corollary in the loss of friends and a corresponding reduction in the sources of relief in times of bereavement or distress. Often, indeed, it has led to a virtual loss of identity, for it is not uncommon for people living in congested neighbourhoods to be unacquainted with even their near neighbours. The consequence of these changed conditions is to enlarge the responsibility of the bread-winner; the absence of others to rely upon, forces greater self-reliance. In an earlier day, when garden and livestock contributed significantly to the support of the family, it was easy for neighbour or relative to give practical aid to the widow or orphan left destitute. Today little provision is available except such as can be bought and paid for in cash. Money has taken on an added value.

General Progress in Life Assurance

Concurrently with these changes there has been a great multiplication of the conveniences and comforts of life. Yesterday's luxuries have become today's necessities. Life is not simple as it was years ago; to carry on in even the humblest way requires a great deal more money than was needed a generation ago.

Currency values have gradually depreciated, necessitating the provision of more money to provide for minimum necessities.

The great expansion of business, leading to the upbuilding of giant corporations, has put a new, or at least a hitherto unrealized, value on the lives of business executives or men of special skill. An important demand has thus been presented for corporation assurance, partnership assurance, assurance for business credit, for sinking funds, replacements, and the protection of business interests generally. This is a new and vast field for life assurance activity.

But transcending all these influences is the effect of the Great War, and of the influenza epidemic which followed it. These two great human tragedies gave life assurance an enormous impetus. (1)

Even in countries not directly involved in the war, and in those involved only in its later phases, some, at least, of its lessons were not lost. Day after day, for months and years, stories of violent death, and of disease and wounding that could only culminate in death, were being seared into

(1) The Sun paid in war claims $2,735,000; in claims arising from the influenza epidemic $2,143,000.

the consciousness of the people of the whole world, emphasizing in frightful and compelling terms the brittle hold that even the strongest have on life. Towards the end of the war there was hardly a home unaffected by the death or disability of someone near and dear. Dependents came to realize the value of the life that had been sacrificed, or whose earning power had been impaired, in terms of their own privation. Government allowances and pensions taught the public that the economic value of human life could be measured.

The influenza epidemic gave the terrible lessons of the war additional emphasis, for its victims were chosen from the flower of all races. The young, the strong and the vigorous were most frequently stricken. The appalling mortality experienced by practically all nations, with its concomitant of millions of widows and children, provided either a striking example of life assurance doing the work for which it was designed, or—more often alas!—of the distress and destitution occasioned by its lack. These happenings made people particularly amenable to the appeal of life assurance. There was a time when many companies were actually embarrassed by the demand for their services.

An outcrop of the war was the tremendous increase in taxation. This again opened up a wide field for life assurance effort. Policies for amounts undreamed of a few years earlier have been written in the past decade to provide for inheritance and succession duties. It came to be realized that life assurance can be used to extinguish these debts at the moment they arise.

General Progress in Life Assurance

These conditions, potent in their effect on progress, were outside the power of the life assurance companies either to influence or control. They presented an equal challenge, and an equal opportunity, to all. That some accepted the opportunity in fuller measure than others simply indicates that they were better equipped to do so.

During the decade 1915–1925, in which the influences we have mentioned were most fully felt, the rate of progress recorded by the Sun Company was substantially greater than that of the companies in combination. In the past few years, as their immediate effects have worn off, there has naturally been a slackening in the general rate of progress. In 1927 the new underwritings of all the companies barely exceeded those of 1926. It is in this more recent period, however, that the Sun Company has made its greatest advances. Between 1924 and 1926 the new underwritings actually doubled; in the four years ending 1927, they have trebled. This is evidence that the Company has not only been equal to its opportunities, but that by its own merits and actions, as distinct from extraneous influences, it has forced its own development, and shaped its own destiny.

While, as we have said, the figures of the companies in combination have multiplied nine or ten times since 1900, the Sun Company shows increases: in assurances in force, twenty-five times; in annual underwritings, thirty-one times; in income, thirty-seven times, and in assets, forty times. Mr. Macaulay said at the annual meeting for 1927: 'People sometimes say when speaking of our progress; "Yes, life assurance is growing wonderfully." So it is; but the Sun is not content to grow only at the rate of life assurance generally—we set our own pace.'

(11) Agency Department Administration

'The Company itself is the greatest asset our salesmen have,' said the President in an address to the agents of the Company in 1926. 'The better you know your Company—its traditions, its record, its resources, its liberal practices—the more enthusiastic you will become; the better the public know it, the more impressed they will be.'

This indeed is true; no one who studies the financial policy and underwriting practices of the Company can fail to appreciate their great influence on its development. The problem of marketing, however, is not solved by the production of a good article, or by the reputation or resources of the company producing it. This is especially true of life assurance, which essentially depends for sales on personal solicitation. The business production of a life assurance company, however high its standing, would soon dwindle if it waited for its customers.

The development of the agency organization of the Company in the past dozen years has not been less notable than that of the other departments we have reviewed. When Mr. James C. Tory became general manager of agencies in 1915, he quickly realized that an effective sales force could be developed just in the degree in which the problems of organization, education, and stimulation could be solved.

Agency Department Administration

So far as organization was concerned, he regarded the principles laid down years before by Mr. Macaulay as basic to any large-scale plan of development, and his effort was concentrated on giving them fuller effect. Commencing with head office, he divided the staff of the Agency department into two territorial divisions, in order to place the administration of field affairs on a logical basis. One of these embraced Canada and the United States, and the other the European, Eastern, and Latin American fields. Mr. W. A. Higinbotham took charge of the latter territories and Mr. James W. Simpson the former. Each had the aid of a secretary, responsible for the general supervision of the details arising from these areas.

As a means of stimulating the agents, a secretary was appointed to the Macaulay Club.(1) It was his duty to encourage agents to aspire to membership, to stimulate and inform them by correspondence and literature, and to supervise Agency department publications.

So far as the organization of the field was concerned, the agent, rather than the manager, was regarded as the hub of the problem. The status of agents generally has been lowered by men who, without aptitude or qualification for the work, have attempted life assurance salesmanship as a temporary expedient. The agent's contract was therefore adjusted to yield increasing benefits with continued service, so affording special attractions to men who would make life

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(1) The qualification for membership of the Macaulay Club is still a yearly production of $100,000 of new assurances. A Senior Division with a qualification of $250,000 was instituted in 1926. 'Special Mention' of agents is still made on a monthly production of $10,000, but a new 'Honour Roll' qualification ($25,000) was introduced when the senior division of the Macaulay Club was created.

assurance salesmanship their life work. Added to this, arrangements were made to grant a small regular income, on qualifications of service and consistent production of business. Finally, guaranteed life pensions were made available to men who, on reaching the age of sixty, had completed twenty years of service. It was hoped that by these measures a permanent sales organization might be developed.

In 1925 the provision of a death benefit to dependents of agents, under qualifications of service and production, was announced.

That these considerations have proved advantageous alike to agent and Company, as well as to the Company's clientele, is abundantly manifest. They form an inducement to men of high calibre to adopt life assurance salesmanship as a permanent career; the cumulative benefit accruing to continued and successful service becomes in the course of a few years too considerable to be lightly sacrificed. The Company thus profits by being able to retain its most valuable and valued representatives; the public by receiving the advice and service of trustworthy and experienced men. (1)

The principle enunciated years before, that the manager should be the representative of the head office in the territory assigned to him, was adhered to. His main duty was defined as that of assisting and training the agents under his supervision, and he was prohibited from competing with them. In this way the interest of the manager resolved itself

(1) At the agency convention of 1927 the Vice-President said: 'Ten years ago, the total membership of the Macaulay Club was 147; today we have in the Club 122 men who were with us at that time, most of them being even then Club members. From this we may infer that once an agent has developed to the point where he can be regarded as a real 'Sun' man, he remains permanently in the service of the Company.'

into that of developing an adequate sales force in his area. This indeed was laid down as the Company's test of successful management.

Agency Department Administration

The problem of education was met by establishing, in 1921, a Field Service bureau. The function of this department is to keep the salesmen informed as to the Company's practices, to aid them with instructional material, and to assist them by exposition, advice and literature. This innovation has had its corollary in the appointment of agency assistants at the more important division offices, responsible for instructing and co-operating with the agents.

The plan of organization adopted at head office for the administration of the affairs of the field lent itself readily to expansion with growing needs. Mr. F. D. Macorquodale was appointed an additional superintendent of agencies in 1920, to take charge of Group assurance. In 1922 the vast territories allotted to Mr. Higinbotham were divided, that gentleman retaining the superintendency for Great Britain and the Far East, and Mr. Macorquodale taking the direction of the divisions of Central and South America and the West Indies. The Group Assurance department was supervised in turn by Mr. D. L. Macaulay, Mr. J. S. Ireland, and, since 1925, by Mr. C. E. Reid.

Further adjustments, occasioned by the rapid growth of business, were made in 1923. In order to co-ordinate the work of the several branches of agency activity, an Agency Executive committee was established, under the chairmanship of Mr. Tory, and composed of the agency superintendents and supervisors, with the President and Vice-President as ex-officio members.

A few months later Mr. H. O. Leach was made superintendent of agencies for the United States department, Mr. Simpson retaining supervision of the Canadian and Newfoundland agencies. Up to this time only seven division offices, in six States of the Union, had been maintained. It had been considered inappropriate to adopt an aggressive business policy in competition with the great American companies on their own ground until the Company should have attained an outstandingly impressive record. The assets, however, had now passed the two hundred million dollar mark, while annual underwritings were in excess of a hundred millions. It was felt that the Company's record, position and prospects would now appeal with force to the shrewd American buyer. Moreover, the Company's rapidly increasing investment interests in the United States warranted an effort to increase its business in that country to a corresponding basis.

Mr. Leach had the assistance of Mr. J. S. Ireland as inspector, and later as assistant superintendent. They were so eminently successful that by the end of 1927 the Company was organized in twenty-five States of the Union, and maintained thirty-six division offices, while within the brief span of five years the annual business had been multiplied eight and a half times. The total assurances placed in the United States in 1927, including group and surplus re-assurance, amounted to one hundred and twenty million dollars—substantially more than the total secured by the Company as a whole four years earlier. The extension of the Company's activities in the United States is being continued with unabated vigour.

Agency Department Administration

An equal effort was inaugurated in Canada. The conditions, however, were fundamentally different. Here the Company was already organized in every Province, and had for many years procured a large share of the life assurance accruing from the Canadian public. The problem was one of intensive development of the existing organization, rather than of territorial expansion. The results achieved have been notable, for the Company has not only established a long lead over its competitors, but has materially increased its percentage of the total business secured by the companies in combination. The new underwritings for 1927 were approximately 250 per cent. of those for 1923. Mr. Simpson (1) had the valuable aid of Mr. W. S. Penny in building up this impressive record.

In other fields a corresponding effort has been made to extend the Company's interests. Perhaps the most striking feature of the great development of the past few years is that it has been contributed to by every area of operation. In Great Britain and the Irish Free State an organization, patterned on the general plan of the Canadian and United States departments, has been established. Four district offices in Scotland, and eighteen in England and the Irish Free State, report respectively to Mr. McBain, division manager at Glasgow, and Mr. Junkin, general manager of the British Department at London. Since 1922 Mr. Junkin has had the valuable co-operation of Mr. H. B. Higinbotham as supervisor of agencies. Other great divisions which have shown remarkable development are India and Japan.

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(1) In February 1928 Mr. Simpson was appointed chairman of the Agency Executive committee. Mr. Penny became superintendent of agencies for Canada, Mr. P. W. Ward for Europe and South Africa, and Mr. Ireland for Asia.

Modern Development

One of the effects of the plan of organization laid down by Mr. Tory is that the division offices are more frequently visited than formerly. The appointment of additional superintendents, with a corresponding reduction of the territory under the supervision of each, has naturally led to an intensification of effort. Each superintendent has assistants who share his travelling and inspection duties; as a general rule at least one head office representative is constantly travelling in each territory. This has led to a better understanding of practical problems, while the Agency Executive committee provides a medium through which these problems can be considered and solved.

In 1925 a signal honour to Mr. James C. Tory occasioned his retirement. For many years he had been prominent in public life, more particularly in his native Province of Nova Scotia. From 1911 to 1924 he was a member of the Legislative Assembly, for several years holding cabinet rank. The crowning acknowledgment of a career brilliant alike in business and in public service now came to him by his appointment as Lieutenant-Governor of the Province of Nova Scotia.

His outstanding contribution to the development of the Sun Company makes his place among its builders secure. Starting in a humble capacity in a day of small things, he rose to a position of influence by virtue of his own sheer merit. His boundless enthusiasm, independence of thought, and robust mentality, allied with a virile and impressive personality, won universal respect and esteem. His interest in the Company happily remains unabated, for he was elected a member of the Board of Directors in 1927.

Agency Department Administration

Mr. Arthur B. Wood succeeded Mr. Tory as chairman of the Agency Executive committee. The position of general manager of agencies was abolished, the duties pertaining to that office being vested in the Committee itself.

In June 1927 the Company suffered a severe loss by the death of Mr. William A. Higinbotham. During the thirty-eight years of his connection with the agency organization, he rendered valuable service in the extension of its operations abroad. His duties took him to many lands. He knew the highways and byways of four continents; wherever he was known he was honoured. He had a high conception of duty, and was unsparing in its performance. The Directors made official record of their appreciation of his work and character.

Perhaps no single factor of the many that have contributed to the Company's growth has been more potent than that of the improved calibre and competence of its agents. During the past few years a great deal of educational material has been put into their hands. Conventions have been held, not only in the Canadian and United States areas, but also in other countries, at which officers of the Company have given expositions of its policies and its programme. Regional educational meetings have been held for the discussion and elucidation of practical problems. The response of the agents to these efforts to improve their competence has been remarkable.

One of the speakers at a recent agency gathering said: 'Thought and concentrated study have not been the monopoly of the scientist or the actuary. There are men in the field who have laboured day in and day out for years, who have laboured unsparingly, to bring a consciousness of the benefits of life assurance to the mind of the public . . . It has been my privilege from time to time to listen to the simple but effective and powerful appeal of the country salesman to the humble citizen. I have seen him and heard him expound and persuade and prevail . . . I have heard great salesmen reveal the need for a six-figure policy, and I pay tribute to their high and convincing ability.

'The mainspring of this enormously improved skill of the salesman is his clearer faculty for apprehending fundamental issues. If I were asked what is the quality which most distinguishes the great salesman, I would say it is just this: that in his own way—whatever that way may be—he has the ability to arouse a prospect to a real sense of his responsibility, and to cause him to face vital issues . . . I do not think any organization in this land has developed that particular sense in greater measure than ours. It is one of the great factors in the progress we have made.'

It remains to pay tribute to the division managers. But for their enthusiastic response to the call of the Company, the unparalleled record of the past few years could not have been made. In the last analysis they are directly responsible for bringing into the service of the Company the splendid staff of agents by whom it is represented. These managers, with few exceptions, have themselves graduated from the

Agency Department Administration

sales organization, for the principle of promotion from the ranks has long been followed.(1) A substantial majority of them indeed were agents a brief half-dozen years ago; they have been chosen for their positions because of their loyalty and competence. This principle of promotion, combined with the opportunities presented by the rapid expansion of the field organization, has at once inspired the best effort of the representatives, and enabled the Company to select men of proved ability for these administrative positions. It is the aspiration of the management that the division manager shall be in every way a worthy officer in the territory assigned to him; that his character, conduct, and social standing shall be such as to win the esteem of his fellow citizens; and that his business abilities shall command the respect alike of colleagues, competitors, and the public. No higher tribute can be paid to the Company's division managers than to say that they satisfy these exacting tests.

Four managers reported in 1927 a greater volume of business from their respective divisions than was secured by the Company as a whole in the first year of the century: Messrs. J. F. Junkin of London, John A. Tory, Toronto, J. C. Stanton, Montreal, and W. D. Cameron, Japan. These achievements are recorded simply because of their magnitude; other managers, according to the possibilities

(1) The following managers had served the Company fifteen years or more at Mr. Macaulay's Jubilee: Sir Phiroze Sethna; Messrs. E. G. Bagot, W. H. Brown, Jas. Butler, D. A. Cameron, W. D. Cameron, P. Davalos, David T. Diplock, W. Merrill Eastcott, S. E. Harris, A. F. Harwood, W. Scott Heim, H. B. Higinbotham, W. W. Hutton, D. Johnston, P. M. Jost, J. F. Junkin, J. M. Lago, J. A. Macfadyen, M. MacIntyre, J. A. D. McBain, W. E. G. McLagan, Archibald McTeer, A. O. Miron, I. J. Mizrahi, F. Morgan, Carl F. New, Ernest W. Owen, W. J. Palmer, J. H. Poff, W. Lyle Reid, R. S. Rowland, D. J. Scott, Neil D. Sills, R. E. Sliger, J. C. Stanton, John A. Tory, L. A. Trudelle, A. Wever, Jr., J. N. Willis.

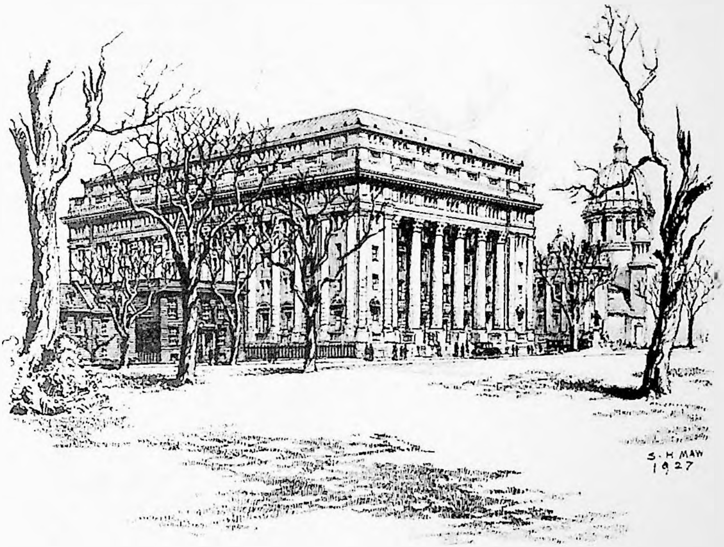
of their territories, did equally well. None gave less than their best.

The reputation of the Company is ultimately in the hands of those who are interpreting it to the public. The field officers and representatives of the Company are alive to their trust, and worthily discharge it.

(III) THE POSITION OF THE COMPANY; 1927

The results of the financial, underwriting, agency, and general policies pursued by the Company can best be summarized by quotations from the address of Mr. Macaulay in moving the adoption of the annual report for 1927, his Jubilee year:

> 'The new assurances completed amounted to $328,000,000, an increase of over $62,500,000.
>
> 'The amount in force at the close of the year had risen to $1,487,000,000, and at the present moment is well over $1,500,000,000.
>
> 'The income exceeded $102,000,000, an increase over the previous year of $23,800,000. To me, this is very impressive. Not only has this item passed the one hundred million mark, but the increase alone is equal to the total income of eight years ago, which had been accumulated by forty-nine years of strenuous effort. A life company with a total income no greater than our increase would be an important corporation.
>
> 'The assets have increased by $56,000,000, and now exceed $400,000,000.
>
> 'But the most wonderful of all these figures is the amount earned as profit—$38,000,000. How great this figure is may be judged from the fact that the earnings of the previous year, in which we so rejoiced, were $20,500,000. It would be hardly reasonable to assume that the earnings of future years will continue on such a tremendous scale, and we have therefore set aside a large part of this sum to provide for future contingencies.



HEAD OFFICE BUILDING, MONTREAL

The Position of the Company; 1927

'Our securities have been valued on a very conservative basis, but from even those moderate values we have set aside another $5,000,000 to provide for market fluctuations, making the total deduction under this heading $10,000,000.

'We have also set aside the following amounts: A further $1,500,000 for unforeseen contingencies, raising that fund to $12,500,000; $500,000 to provide for possible greater longevity of annuitants, raising that item to $2,000,000; and $1,300,000 to increase our reserves on tropical business; besides writing off another $1,000,000 on our head office and other buildings.

'We have distributed $11,100,000 in profits to our policyholders, and have also set aside $6,200,000 to cover profits accrued on policies.

'After providing for all these amounts, we have added $11,000,000 to our undivided surplus, raising that sum from $34,000,000 to $45,000,000.(1)

'For the eighth consecutive year we have increased the scale of profit payments to our policyholders. The distribution for 1928 will call for approximately $14,000,000.

'We can already say that in profitableness to our policyholders, we are not excelled by any life company in the world; but we are not satisfied and will not be satisfied until we can make an even stronger statement than that. Years ago, I told our field force that we hoped to be able to announce an increase in our profit scale for ten years, but the ninth and tenth years have yet to come, and their story has yet to be told. Our huge undivided surplus and our great contingency funds are the best guarantee our policyholders can have as to their future dividends.

'How are we able to make these huge profits? The $38,000,000 earned may be divided as coming approximately: $14,000,000

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(1) The capital stock of the Company, representing an additional safeguard to its policyholders, stood in 1897: authorized $2,000,000, subscribed $700,000, paid-up $100,500 (pp. 133, 134). In 1910 the subscribed capital was raised to $1,000,000, of which $250,000 was paid. In 1915 the paid-up capital was raised to $350,000. In 1921 a new subscription of $1,000,000 was raised, of which $350,000 was paid; at the same time an additional amount of $15 per share was paid on the old stock. A further call on the new issue, making it uniform with the old, was made in 1925, when the stock account stood: authorized $2,000,000, subscribed $2,000,000, paid-up $1,000,000. In February 1926 the paid-up capital was raised to $1,500,000, and on January 1, 1928 to $2,000,000, so that the authorized capital is now fully subscribed and paid.

from the regular life assurance operations of the Company, \$5,000,000 from profits actually realized by the redemption or sale of securities, and \$19,000,000 from increase in market values. And, of all the profits made in the participating branch, the policyholders get ninety-five per cent . . .

'The position we have attained justifies enthusiasm, but we must always look on the present as a mere vantage ground from which to plan for the future. What is that future to be? Year after year we have been confidently predicting the glorious future yet to come, and that promised future is now unrolling itself before our eyes in all its greatness and strength. But what of today's future? I have just been reading my own remarks of two years ago, and already the figures of which we were then so proud look small and outgrown. We have doubled in size every five and a half years since the Company began, but our last doubling has taken only four years, and we are today growing more rapidly than ever before in our history. I predict that the figures of two years hence will make even the figures of today look small and outgrown in their turn . . .

'In 1927 the aggregate new business of all the companies operating in the United States exceeded the total for 1926 only by one or two per cent. and in Canada by about seven per cent. But the new business of the Sun Life of Canada shows an increase of twenty-three per cent. Our prosperity and popularity, and the enthusiastic support of our policyholders, make our growth both rapid and certain. The future will, I am convinced, be more wonderful than anything we can now imagine. And it is indeed a happy thought that all that growth in size and all that growth in prosperity mean increased service to humanity, and service at steadily lowering cost to our policyholders.'

The figures analyzed by the President confirmed the infant Company he had joined fifty years before in first place among the non-industrial companies of the British Empire, and further enhanced its high rank among the great life assurance companies of the whole world.

CHAPTER THIRTEEN

THE COMPANY'S BUILDINGS

(1) The Head Office

THE head office of the Company presents a massive and imposing appearance, which is enhanced by its admirable situation on Dominion Square. This fine open space is in the heart of the uptown section of Montreal, and is flanked by many noble buildings: among them Windsor Station, worthy headquarters of the Canadian Pacific Railway; St. James' Cathedral, modelled after St. Peter's, Rome; St. George's Church; and the handsome Windsor Hotel, of which Mathew H. Gault was one of the founders. The Company's building stands on the east side of the Square; the area to the north, substantially greater than that upon which the present structure stands, is the site of further extensions actually commenced in Mr. Macaulay's Jubilee year.

The portion of the structure of which Robertson Macaulay laid the corner-stone in 1914 was not completed until 1918, for the Company's building programme was retarded to enable the fullest possible command of funds to support the Government war loans. It carried the building about two-thirds of the distance between Metcalfe and Mansfield streets, and provided accommodation for some seven hundred and fifty clerks. In a few years the problem of providing for staff additions again became pressing. Knox Church, to the rear of the existing structure, was demolished, and on July 27, 1923, Mr. T. B. Macaulay laid the foundation stone of an extension carrying the building through to Mansfield Street. This addition was contemplated in the original design.

The head office as it stands today cannot fail to impress the spectator with its stately beauty, and the perfect harmony of its classic design. Six fluted Corinthian columns, set in a recess in the central portion of the main façade, impart an appearance of richness to the building, and accentuate the stability of the square pylons at the corners. The second frontage on Mansfield Street is a modification of the general design of the main façade, the salient features being faithfully preserved. The general impression conveyed is that of dignity simply expressed; of strength without austerity.

Within, the promise of the exterior is fully maintained. The entrance hall leads directly into the Great Hall, which occupies practically the entire ground floor. The central space extends through two storeys, and is flanked by Corinthian columns of syenite—a dark green stone of great beauty, seldom used on account of its rarity and hardness. The bases of these columns are of black Belgian marble; their capitals are of terra-cotta finished in dull gold. The cornice above the capitals is of striking design and proportions, and the rich colouring employed being in harmony with the dominant colour tones of the room, a beautiful effect is secured. The ceiling of the central portion of the great hall consists of a great light in opaque glass, with decorative border in leaded glazing. The wall surfaces of the room are of specially selected Italian Rose Tavernelle marble, while the counter surrounding the central working space is in Levanto marble, with doors, railings and grilles of bronze. Every detail in the great hall contributes to the impressive and beautiful effect of the whole.

The office of the President, the principal executive offices, the Board room and committee rooms, are on the first floor, which is approached by two stairways from the entrance hall. These stairways are of marble, the balustrades being of Grecian design pierced out of the solid block. A reception hall, enclosed by a bronze rail, is found at the head of the stairways. The executive offices are approached from a corridor, which continues along the sides to the mezzanine floor flanking the great hall.

In the executive offices and the Board room the prevailing characteristics are dignity and simplicity. The walls are oak-panelled; the furniture of special design to conform to practical requirements. There is an entire absence of ornamentation, and the effect reached is one of quiet elegance.

The general offices on the upper floors surround a light-well. The departments are so arranged that corridors and partitions have been practically eliminated, securing large, open, well-lighted spaces. Locker rooms are distributed throughout the building.

The head office staff is provided with luncheon daily by the Company's own commissariat department. The sixth and part of the seventh floors are taken up with cafeterias, dining rooms, kitchens, bakery, etc., the whole being appointed with modern equipment and up-to-date devices, making for expedition and economy in the task of providing meals for fifteen hundred people within a strictly limited time. A hospital, in charge of nurse and matron, is also established on the sixth floor.

A feature of great interest is the security vault—one of the most modern in type in the world. This is the repository of the great bulk of the Company's assets, and elaborate arrangements are made for their safe custody. The safe itself weighs over 425 tons, and stands within a strong-room, entered through two doors, one of solid steel and the other of steel bars. The door of the safe proper weighs 46 tons. Separate but co-operating combination locks, time clocks, and automatic alarm signals, complete the elaborate mechanical system by which the Company's funds are safeguarded.

The prevailing idea in the internal arrangements of the whole building has been to make the whole structure an effective workshop. Modern labour-saving devices have been instituted, and the fullest effort made to give the utmost value to the work of the staff.

The building is heated directly by hot water radiation; fresh air is supplied by circulating fans, and is thoroughly washed, cleansed and heated before being distributed.

The different floors are reached by six main elevators established in the entrance halls, supplemented by a number of subsidiary elevators.

Excluding the basement floors, the available space is 135,000 square feet, and provides accommodation for 1500 clerks. The whole of this space is occupied by the Company.

The building in its entirety is of the most up-to-date fireproof construction, the framework being of steel, and the outer walls of granite and brick. Terra-cotta hollow tile is used for partitions.

The completion of the second portion of the structure happily synchronized with the accession of the Company into the small group of the life assurance companies of the world having assurances in force of a billion dollars. A dedication ceremony was held on February 9, 1926, immediately following the annual meeting at which the President had made this momentous announcement.

The formal declaration that the completed building was open for the transaction of business was made by the Honourable Narcisse Perodeau, Lieutenant-Governor of the Province of Quebec, who was supported by a distinguished and representative gathering. Mr. John A. Pearson, F.R.I.B.A., architect of the building, after acknowledging the work and co-operation of all who had been associated with the construction of the building,(1) said: 'Mr. President, your building has been well and truly built. Your Honour, it gives me pleasure to hand you the key, a symbol of the building completed.'

Having taken the golden key, the Lieutenant-Governor said: 'It gives me great pleasure, in the capacity of Lieutenant Governor of the Province of Quebec, formally to declare this building open for the transaction of business.

(1) Architects for present and proposed head office building: Darling and Pearson, Toronto; staff architect and associate architect for new extension, Mr. A. J. C. Paine, B.Arch., A.M.E.I.C. Contractors: first portion, P. Lyall and Sons Construction Co. Ltd.; second and subsequent portions, Cook and Leitch. J. H. Mencke, Consulting Engineer; E. A. Ryan, Engineer heating and ventilating.

'This magnificent and imposing building testifies to the growth and prosperity of the Sun Life Assurance Company of Canada, of which we are all so proud, it being perhaps the most beneficent institution of its kind in this country.' Turning to Mr. Macaulay, His Honour went on: 'Here is the key of the edifice of your Company, Mr. President, to the prosperity of which, following in the steps of your father, you have so greatly contributed.'

Mr. Macaulay expressed appreciation that the ceremony of opening should have been performed by the honoured head of the Province in which the Company was born, and from which its great operations were conducted. He paid eloquent tribute to Mr. Pearson: 'The visitor to St. Paul's, vainly seeking a monument to its creator, Sir Christopher Wren, finds but a simple tablet; whereon is inscribed in Latin, 'If you would see his monument, look around you.'(1) The testimony to Mr. Pearson's work is around us here.' And on the significance of the ceremony: 'This building is now, in a full sense, consecrated not merely to the business of the Sun Life Assurance Company of Canada, but to the service of humanity. Our Company exists to serve humanity; the work done here will have a great influence on the uplifting of our people.'

Sir Lomer Gouin, for many years Prime Minister of the Province of Quebec, and for some time Minister of Justice of Canada, added his compliments and good wishes: 'This building, grand as it is, beautiful as it is, marks a date in the history of the Province of Quebec, and in the history of our country. I congratulate Mr. Macaulay and his colleagues

(1) Si monumentum requiris circumspice.

on what they have done . . . may they live long for the good of the citizens of the communities served by the Company.'

The accommodation of the present head office building is already severely taxed to provide for the ever-increasing staff. Plans have been prepared for additions to extend over the entire site owned by the Company; these have been evolved as the result of years of careful thought. The building projected will accommodate between 10,000 and 12,000 clerks, and its construction will be timed to keep in advance of the growth of business and staff. The present offices will form but a unit of the eventual structure, whose central tower will reach to a height of more than twenty storeys. The designs provide for a floor area of a million and a quarter square feet.

The Company's home, however, as it at present stands, commands general admiration, not only for its impressive size, but for the intrinsic beauty of its design. It was discussed in an article in the Journal of the Royal Institute of British Architects by Mr. Ronald P. Jones, M.A., F.R.I.B.A., who described it as one of the finest modern office buildings in America.

The architects indeed succeeded in designing a veritable temple of modern commerce. They showed that beauty is not incompatible with the practical requirements of industry, and that artistry and utilitarianism may go hand in hand.

(11) Other Buildings

The Company has not followed the practice of acquiring branch office buildings at its many centres of operation, acquisitions of this character having been limited to such places and circumstances as seemed to offer special advantages. In 1915, the home office of the Federal Company at Hamilton, Ontario, was taken over on the absorption of the business of that company. Under similar circumstances the head office of the Home Life Association at Toronto was acquired in 1914, and that of the China Mutual Insurance Company at Shanghai in 1924. These buildings now serve as divisional headquarters of the Company for their respective areas.

It has been considered both expedient and appropriate to maintain offices at London for the administration of the British business, and also at Bombay, as an important Empire centre. The building at Bombay was completed in 1905. The *Times of India*, in commenting upon it, said: 'Bombay has long been noted for its beautiful buildings . . . no part of the city has done more to beautify its thoroughfares than the busy neighbourhood of Hornby Road. One of the recent buildings erected in that district is the 'Canada Building,' Indian headquarters of the Sun Life Assurance Company of Canada . . . Not a building in the street surpasses it in architectural beauty or originality of design.'

The architects were Gostley, Chambers and Fritchley, a firm which has designed many of Bombay's most handsome buildings. 'Canada Building,' definitely Oriental in conception and appearance, is built of yellow Coorla stone, with a liberal use of white stone for enrichments. Artistic use has been made of the emblems of Canada and of the Company—the maple leaf, the beaver, and the rising sun—

in the scheme of decoration. It is particularly well adapted to the needs of the Company, and also accommodates the staffs of a number of important financial firms.

Other Buildings

In London the Company originally rented offices on Queen Victoria Street; later the larger demands for space were met by the leasing of offices in Norfolk Street, Strand. In 1922, however, a remarkable purchase, of unusual historical interest, was made. This was the famous Astor House, home for many years of John Jacob Astor. Standing adjacent to the Embankment, near the Temple and Inns of Court, Astor House has long been a point of interest to the sightseer. Mr. Astor searched the earth for the special marbles, woods, and objets d'art that found a place in the eventual ensemble. The entrance doors are of heavy bronze, decorated with brass and lead. The rooms are oak-panelled; the floors mosaic. Carved statues in selected woods are placed at each stairway level. At the top of the stairs is the gallery, whose stained glass roof is supported by ten ebony pillars. Carved representations of scenes from the works of Shakespere, Hawthorne, Cooper and Irving are introduced. The walls of the spacious hall are lined with cedar-wood panelling; above is a row of fifty-six carved panels, edging fourteen groups—fifty-four in all—of silver-gilt cameos representing famous characters. The ceilings are of mahogany; the beams are carved to portray important historical episodes. Astor House, known latterly as Sun of Canada House, is one of the most exquisite in London.

Already, however, its accommodation is far outgrown[1], and a new administrative office for Great Britain is in course of

(1) Sun of Canada House was sold in 1928 to the Society of Incorporated Accountants and Auditors.

erection. A commanding site, particularly appropriate from the fact that it adjoins the Canadian Government buildings, was acquired from the Crown under a ninety-nine year lease. It presents a frontage of one hundred and eight feet on Cockspur Street, and one hundred and five feet on Pall Mall, adjacent to the famous Trafalgar Square.

Plans for the building, which will rank among the finest office buildings in the Metropolis, were prepared by Mr. Septimus Warwick, F.R.I.B.A., of London, in association with the Company's staff architect, Mr. Paine. The elevations accord with the adjoining Canadian Government buildings, and are of Grecian design. On Pall Mall pilasters will be used, while the Cockspur Street façade will have Ionic columns. The entrance halls, stairways and main passageways will be of marble of the same class as that used in the head office at Montreal. The building will be fireproof, and modern in every respect; and the latest innovations to secure the convenience and expeditious work of the staff will be introduced. The President laid the foundation stone on Dominion Day, July 1, 1927, in the presence of a distinguished company.

The acquisition of the site of the new building was made possible through the good offices of the Honourable Peter Larkin, High Commissioner of Canada in London.

The general supervision of buildings is undertaken by Mr. D. L. Macaulay, Assistant Secretary, who is also the officer in charge of the construction programmes of the Company.

CHAPTER FOURTEEN

THE STAFF

(1) Staff Organization

AT the time of the outbreak of war in 1914 the head office staff, exclusive of officers, numbered some 200 people, divided about equally between men and lady clerks. Many of the most promising of the younger men immediately enlisted; presently every eligible single man, as well as many married men, had joined the forces.(1) The President very properly ruled that no man eligible for military service should be employed to fill vacancies created by the enlistment of men who had obeyed the call of patriotism. The few who were engaged during the war period were consequently unfit or too old for service. In the later years, many war casualties were employed.

The general supervision of the head office staff is vested in the Secretary. In 1920 Mr. E. E. Duckworth was appointed Assistant Secretary in charge of personnel. He had served as head of one of the actuarial divisions between 1913 and 1918, when he left, with the consent of the Company, to become Superintendent of Insurance for the Province of Quebec. On returning to take up his new duties, he planned

(1) A list of the employees of the Company who served in the Great War appears on page 10 of the Appendix.

to introduce scientific methods for the selection of the staff, and to promote the competence of its members.

There were many difficulties. The Company felt severely the lack of the young men who, under normal conditions, would have been brought on to the staff, and gradually qualifying for positions of responsibility. The men returning from the war had lost years of business experience at the most receptive period of their lives. The post-war boom put a premium on labour; applications for employment were few, and the field of selection limited.

This period moreover synchronized with a large accession of re-assured business, as well as the sudden expansion in general underwritings following the war. The rapid growth of the Company at this time is reflected in the fact that when normal conditions were restored, the staff had grown to 740 people, of whom sixty-three per cent. had been with the Company less than three years.

Improved principles of selection were gradually introduced. The Company has always treated sick members of its staff with liberality and generosity; as a protection against exploitation, a physical examination was imposed on applicants. A high standard of education was insisted on, and mental tests were set up as a pre-requisite of employment. Employees were encouraged to enter for examinations in the principles of life assurance, and lecture courses were organized to assist them. This and other means did much to improve and develop the calibre of the staff.

In 1924 the salaried staffs of the division offices were transferred from the supervision of the Agency department

Staff Organization

to the Secretarial department. These employees now enjoy the same general privileges and advantages as their confreres at head office. This unification has assisted the conception that all, wherever situated, are members of one family, and has led to the freer exchange of personnel between head office and division offices, as well as between departments. This in turn has its corollary in enabling the closer adjustment of a clerk's duties to his talents, so promoting all-round efficiency. A house organ called the 'Sun Dial,' devoted to the interests of the salaried staff, has done much to foster loyalty, to engender ambition, and to encourage the feeling that the employees at even the most distant points are identified with the central organization.

As with the agents, the essential motive of the management is that the service shall be especially attractive to men who seek a permanent and progressive career. As the staff doubles in number on an average every six or seven years, it is obvious that no clerk of proved ability lacks opportunity. In a rapidly growing corporation it is indeed a more exacting problem to find a man for a position, than a position for a man.

The staff enjoys many privileges. In 1910 a plan was introduced to provide an assurance of $2,000 on the life of each employee, the Company assuming the premium for $1,000 on the ordinary life plan. This concession was extended to division office employees in 1915. In 1921 the plan was enlarged to provide an assurance bearing relation to salary, and with a maximum of $5,000, for married male members of the staff; of which the premium on one-half, on the ordinary life plan, was undertaken by the Company.

In 1915 it was announced that the salary of married male employees who might die in the service of the Company would be continued to their widows for a number of months corresponding with the years of completed service, with a maximum of twelve months.

To encourage the members of the staff to carry adequate amounts of assurance, permission was granted later in the same year for premiums, on policies taken personally by the salaried staff, to be deducted by equal instalments from salary cheques. This concession had the effect of doubling the assurance on the lives of the employees within a few months.

In 1917 a non-contributory retirement plan was extended to the staff, operative in the case of men at age 65, and of women at 60. Allowances are based on salary and service. Provision is made for proportionate amounts of the pension potentially earned, to be granted to employees who might become permanently disabled. A modified pension is also allowed to the widow of an employee who might die before attaining pension age.

These and other privileges, while granted only at the option of the Company, have been faithfully honoured, and indeed exceeded, for aid is not withheld from deserving employees afflicted with misfortune. The generous treatment of those who, according to their endowments, give their best to the Company, has been greatly appreciated, and is reflected in the enthusiastic loyalty of its staff.

Facilities are provided for the social, recreational, and educational pursuits of the staff through an organization

Company's New Building, London

Staff Organization

known as the Sun Life Club. A men's club house was provided several years ago. Its main hall, with seating capacity for some five hundred people, is used for musical, dramatic and like performances, and serves also as a gymnasium, and for indoor baseball, basketball, badminton, and other games. Bowling alleys and billiard tables are provided in the basement, while on the second floor there are reading and card rooms. The lady members of the staff are accorded the privileges of this club house at stated times, and in addition have a club house of their own, with a resident matron in charge.

A large playing field in the suburbs of Montreal provides for tennis, cricket, football and other outdoor sports. Some of the teams in connection with both outdoor and indoor activities are members of city leagues; the many trophies exhibited in the club house bear witness to their prowess.

The Sun Life Club is controlled by a governing committee elected by its members. Mr. J. O. Richardson has been president since its inception; his interest in its many activities has been unfaltering, and he has done much to enlarge its scope and promote its practical usefulness. Mr. H. M. Maclachlan, a veteran member of the staff, is secretary-treasurer. A number of the officers of the Company hold honorary offices, but the practical management is assumed by the members.

The head office staff at the end of Mr. Macaulay's Jubilee year numbered 1,456 people. The supervision of the various departments is vested in seventy chief clerks, who have been promoted from the ranks in acknowledgment of outstanding

The Staff merit. Their ability is attested by the high standard of efficiency which has been consistently maintained through all the perplexities and difficulties incidental to the Company's rapid growth.

(11) Changes in the Official Family

In May 1915 the rule under which, for forty-four years, the Directors had met every week to discuss the affairs of the Company, was changed. An investment committee of the Board was appointed, to meet as it might by its own rules decide, or at the call of the management. A general committee of the Board was appointed at the same time, to deal with all questions arising out of the business of the Company apart from investments. It was decided that the full Board should meet monthly, to receive the reports of these committees and to discuss the affairs of the Company generally.

These resolutions were adopted as a natural means of disposing of the increasing work of the Board with expedition and thoroughness. With the passing of time there has been a greater delegation of executive responsibility to committees, composed generally of the officers or chief clerks of the interested departments, and presided over by the various executive officers.(1) By these means provision is made for the expression of qualified opinion, while co-ordination of purpose and practice is secured. The recommendations of the several committees are recorded and submitted to the President for final approval. In this way

(1) The following is a list of the committees at the end of 1927, excluding the committees of the Board: Officers' Advisory Committee, Agency Executive Committee, Mortgage Committee, Claims Committee, Claims Sub-Committee, Re-assurance Committee, Group Committee, Forms Committee, Library Committee, Conservation Committee, Office Routine Committee, Advertising Committee.

the Company's chief executive officer is kept conversant with every matter involving questions of principle or practice.

Changes in the Official Family

During the twelve years that have passed since Mr. T. B. Macaulay became President many changes have occurred in the composition and personnel of the Company's official family. Dr. George Wilkins, who had been associated with the organization since its inception, and was, in point of service, its senior officer for nearly thirty years, died on August 7, 1916. His services were acknowledged and recorded by the Board. On November 14, 1916, W. F. Hamilton, M.D., an outstanding figure in the medical profession in Montreal, and who had been assistant medical referee for a number of years, was appointed consulting medical referee, while C. C. Birchard, M.B., M.R.C.P. (London), was appointed chief medical officer. In 1924 J. Keith Gordon, M.D., was made assistant medical officer.

Since 1905, when Mr. J. Armitage Ewing, K.C., was appointed legal adviser of the Company, a fully equipped legal department has been maintained. Mr. Arthur B. Colville, K.C., joined as general counsel in 1919.

In 1918 Mr. H. Warren K. Hale resigned from the Directorate to become Comptroller. By education, training and experience he was eminently qualified for high office, and his appointment was a source of added strength to the executive. Under his direction, head office routine, in connection with both accounting and auditing systems, was completely remodelled; currency compartments were established, banking arrangements improved, and the printed forms of the Company standardized.

In the early days of the year 1923 the Company suffered a heavy loss by the death of its Secretary, Mr. Frederick G. Cope. His untimely demise, at the age of fifty-two, came as a painful shock to the whole organization, for he was at the very zenith of his powers and usefulness. He had risen from humble rank to a position of great responsibility, and was esteemed alike for his unusual abilities, for his integrity and dependability, and for his native charm. His diversified talents found large scope in the important position he occupied. 'There was no phase of the Company's operations,' it was written of him at the time of his death, 'in which he was not deeply interested. He brought to the discussion of its complex problems the contribution of profound wisdom and wide experience. As his influence permeated our entire organization, so will his loss be felt in every branch of our activities.'

The Board paid high tribute to his character and services: ' . . . The Board records its deep appreciation of his wise counsels, his unusual gifts of organization and administration, his self-forgetting devotion to the interests of the Company, his untiring zeal in its service, his keen sense of honour, his sterling character, and kindly, generous disposition. He had in striking measure the esteem, confidence and friendship of his associates . . . '

Within the same month—January 1923—the Company suffered another bereavement in the death of its Vice-President. Mr. Samuel Hamilton Ewing was the last link with the group of men who organized the institution which, in his lifetime, attained such impressive dimensions. While he was never an executive officer of the Company, he took an abiding interest in its welfare.

Changes in the Official Family

He was one of the last of the notable figures of the older generation of Canada's business men. The many directorates he held revealed at once the breadth of his interests and the high regard in which his abilities were held. In a tribute to his memory published by the Company it was said of him: 'He had a kindly and encouraging word for every one, and was a sturdy champion of the clerical and field staffs, to whose services he never failed to pay generous tribute at our annual meetings. . . His uprightness and strength of character commanded universal respect; his modesty and natural charm won all hearts; his wonderful memory and richly reminiscent habit of mind made his companionship a delight. The deep sorrow that all who knew him feel in his loss will be mitigated by the reflection that his useful life was spared to the fulness of years, and that death touched him easily and kindly, so that the burden of his years slipped easily from his shoulders.'

In February 1924 Mr. Arthur B. Wood was elected to the Directorate in succession to Mr. Ewing, and was subsequently appointed Vice-President. He retained his position as Actuary. Mr. H. Warren K. Hale succeeded Mr. Cope as Secretary.

Mr. Wood's appointment as Vice-President marked a new departure, for hitherto the position had not been held by an executive officer of the Company. It was a fitting acknowledgment of devoted and distinguished service, and gave great satisfaction to every member of the organization. During his lengthening career Mr. Wood has assumed constantly increasing responsibilities, and discharged them with ever-growing competence. 'It makes a tremendous difference to a man in my position,' said the President in a recent address to the members of the field force, ' . . .what kind of man he has as chief assistant. I am one of the most fortunate of presidents in having such a man as my friend Mr. Wood as my right hand fellow officer—a man of such high character, such broad and thorough knowledge, such good judgment, such energy—such everything that he ought to be, and inspired by such loyal friendship—that it makes what might be, and is in many companies, a difficult position, just everything that one can desire.'

The Vice-President's interest in every activity of the Company is keen and practical. Following the death of Mr. Cope, he became chairman of the Mortgage committee, holding this important position until 1925, when he relinquished it to Mr. Hale. Particular reference should be made to Mr. Wood's services to the agency organization during the past few years. On Mr. Tory's retirement he assumed the chairmanship of the Agency Executive committee. He has brought to bear on the many and diverse problems of the field the full force of his trained and intuitive mind. His term of office has synchronized with the period of the Company's most rapid expansion, and his judgment in connection with the problems incidental to the adjustment of the field organization to its larger tasks has been of great value. Unlike many actuaries, Mr. Wood has a profound and lively interest in everything pertaining to the field and the agents, by whom he has long been held in high estimation.

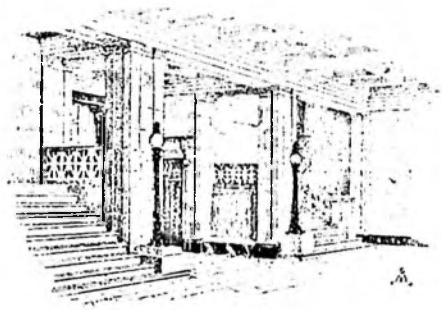
Changes in the Official Family

Mr. Wood's abilities in the field of actuarial science received high recognition by his election, in March 1924, as President of the Actuarial Society of America. The meeting at which his inaugural address was delivered was noteworthy for the fact that, for the first time, the Actuarial Society of America and the American Institute of Actuaries(1) met in joint conference. Mr. Wood, like Mr. Macaulay twenty-five years before, held the presidency of the Society for two terms. The Society paid tribute to its presiding officer in 1925 by holding its autumn meeting in Montreal. Of the many papers and addresses on actuarial principles and practice delivered by Mr. Wood, his paper on the 'Influence of the Medical Examination on Life Underwriting,' read before the Association of Life Insurance Presidents at New York in 1925, merits special mention, for it probably stands as the most authoritative exposition of this important development in underwriting practice that has yet been delivered.

The official staff of the Company has been built up with great discrimination. Merit is the first test: 'The appointee must be the best man for the position,' says the President. The second test, again to use Mr. Macaulay's own words, is: 'Do we like him? . . . Is he the kind of man we would choose as friend?' That these simple but searching tests have been effective can be evidenced again by the President: 'There is no such thing as friction or faction in the Company. We all pull together in the most enthusiastic way; no jealousies—everybody co-operating for the best . . . there

(1) The American Institute of Actuaries was incorporated in 1909. Mr. Wood was elected a Fellow of the Institute in 1925.

is one thing I take credit for—I think I have been a good picker!' And again, 'What shall I say of my associates? The tie binding us has ever been unusually strong, close and warm. We continually refer to our organization as the 'Sun Life Family.' Everybody is interested in everybody else, and I myself have always been favoured and blest by the overflowing loyalty, confidence and affection which have at all times been mine.'



CHAPTER FIFTEEN

THE TRUE MISSION OF THE COMPANY

THE story of life assurance can never be fully told. Its immediate effects are important beyond measure. Its moral, social and economic influences cannot be estimated. The actuary is more than a mysterious manipulator of mortality tables. He is the pilot of life assurance. He is ever discovering new channels through which its benevolent effects can be expressed. He is a moral preceptor; his statistics reveal the rewards that attend right living, and the penalties that threaten the vicious and the careless. The agent is more than a mere solicitor; he too is a powerful moral force. He invokes worthiness; he appeals to prudence, to right conduct, to human consideration, and to love. He asks men to take thought for the morrow; to make present sacrifices for future comfort—for the comfort of others. In an extravagant age, his call is to thrift; the life assurance policy in millions of homes is the only bulwark against disaster. The investor too has his role. The huge sums he deals in are the aggregate savings of policyholders. They are invested in public works and organized enterprises. They assist the development of industry; they provide roads and schools and farms and homes. They do things that the individual alone could not do. They come back to the public in benefit; they promote prosperity; they provide work and wages.

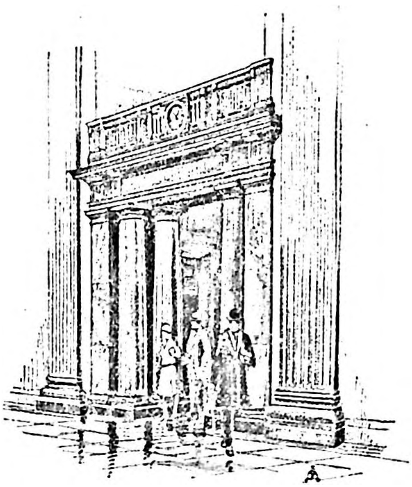
But these effects, vast and far-reaching as they are, are merely incidental. The essential purpose for which life assurance was devised, and for which it is sought, is the promised settlement. Life assurance payments are made when someone is old, or when someone is dead. Always they are made when they are needed.

It is for this reason that the complete story of life assurance can never be told. The sequel essentially belongs to the future. The Sun Life Assurance Company of Canada has paid out to its policyholders and their beneficiaries, during the fifty-seven years of its life, more than three hundred million dollars. That sum is equal to the entire amount of assurance in force fourteen years ago. At the end of 1927 a billion and a half of life assurance stood on its books; that almost incalculable sum will be paid, and much more, within the next generation. Chiefly it will be paid in humble items of a thousand, and two thousand, and five and ten thousand dollars. Chiefly it will be used for food, and clothing, and shelter, when other sources of income fail.

If there is one thing more than another to which the success of the Sun Company is attributable, it is that this conception of its essential mission has been its mainspring. It has inspired its leaders, and permeated its organization. Thomas Workman held it; Robertson Macaulay held it. T. B. Macaulay holds it. He never makes an address without emphasizing it. 'I do not think of a country as so much territory, or even so many people,' he said recently. 'I think of it rather as a vast group of homes...over each hangs, by a constantly fraying thread, a sword of Damocles . . . It falls here, it falls there . . . The one shield that can protect the family from that falling sword is the life assurance policy.'

The True Mission of the Company

Life assurance is not born to die. So long as the eyes of its leaders hold to its true purposes, so long as its emissaries realize its true effects, it will continue to flourish, enriching future generations with larger opportunities, and making possible their greater achievements.



Part V

Man was born for two things—
thinking and acting.

—Cicero

CHAPTER SIXTEEN

THE PRESIDENT

(1) Public Tributes

TWO celebrations—one in February 1926 to mark the completion of head office extensions and to commemorate the attainment of a thousand million dollars of life assurance in force; the other in honour of Mr. Macaulay on his completion of fifty years of service—have given opportunity to men of high place to pay tribute to the achievements of the Company and its chief executive officer.

Although the first of these occasions was inspired by the desire of the Company's own officers to rejoice with its friends, the character of the eulogies it prompted bore a strong resemblance to those of the second celebration, the avowed purpose of which was to appreciate the President's outstanding contribution to the development of the Company. The speakers obviously found difficulty in dissociating the name of Macaulay from that of the Company. 'It was an evening of triumph for the Sun Life Assurance Company,' said an editorial in the Montreal *Gazette*; 'but it was also the opportunity for a rare personal tribute to its President.'

Congratulatory messages came from leaders in the public, religious, professional, business and social life of many countries. Sir George Foster, veteran Canadian statesman, whose active interest in public life antedates Confederation, eloquently eulogized the part played by the Sun Company in the upbuilding of the Dominion; Mr. E. W. Beatty, President of the Canadian Pacific Railway, and Sir Frederick Williams-Taylor, General Manager of the Bank of Montreal, added the support of their weighty testimony. All identified the achievements of the Company with the leadership of its President.

The responsibility of paying public tribute to an outstanding institution or a notable citizen may, and does, involve the employment of formal and complimentary language. It does not follow, however, that measured phrases imply any sacrifice of sincerity or of truth. Those closest to Mr. Macaulay know the extent of his influence on the every activity of the Company; they know that for forty-seven years no important operation has been conceived or carried out but on his initiation or with his approval. That this knowledge of his practical administrative powers should have reached beyond the immediate ranks of the Company is no matter of surprise; it indeed is knowledge widely shared. 'Mr. Macaulay,' said Sir Frederick Williams-Taylor, 'can look back upon a great achievement, largely of his own creation . . . Were he for once to stifle his characteristic modesty, and give way to the sin of pride, who could blame him?'

At the more personal celebration, men of eminence eulogized the President's work. Mr. Herbert C. Cox, President of the Canada Life Assurance Company, speaking 'as the Representative of Canada's oldest Company of the Chief

PROJECTED HEAD OFFICE BUILDING, MONTREAL

Executive of Canada's largest Company,' reviewed Mr. Macaulay's services to the business of life assurance. 'I have named but a few of the many things Mr. Macaulay has accomplished for the great undertaking with which he is identified,' he said after this enumeration. 'All these are important, but there remains his greatest contribution—himself. Born upon the very altar of Life Assurance, nurtured in a home dedicated to its uses, he has devoted to it a capacious intellect, an energy inexhaustible, an enthusiasm unquenchable, a personality charming and disarming, approachable and irreproachable, keen but generous, independent but dependable, an imagination which, reaching almost to inspiration, has enabled him to carry his own institution to dizzy heights and dazzling proportions, and to set, withal, an arresting example and ideal before his fellows the wide world over.'

Public Tributes

Lofty tribute was paid to Mr. Macaulay's public services by Sir Arthur W. Currie, G.C.M.G., K.C.B., Commander-in-Chief of the Canadian Forces in the Great War, and now Principal of McGill University. Expressing 'the pride with which we regard a fellow citizen who has accomplished a great work,' he fitted the guest to the definition of 'one of the greatest teachers of ancient days,' who described a good citizen as a man 'who honours his own soul, obeys the laws, and meets the just demands of the State with endurance; who holds virtue above all other good; and teaches children reverence, rather than bestows riches upon them; who sets a good example, believes in the sanctity of contracts, aids the suffering; who is trusted because of his truthfulness; does no injustice, exerts good influence, is ambitious without envy;

who is gentle; forgives the penitent and loves not self unduly; who is cheerful and hopeful in misfortune, and wise, moderate and courageous in spirit.'(1)

Sir Arthur proceeded: '. . . We Canadians have a way of honouring the leaders in our national development. We believe that no more notable work has been done for Canada than the work of the builders of great undertakings. The makers of our railways, our banks, our trading companies, have a high place on our roll of honour. They share with our statesmen and our teachers the credit for Canada's place in the world—the place of which we are so proud. And when that roll has been fully written, few names will stand in a higher place than the name of him whom we now honour... We Canadians may well be proud and may well be thankful that we have among us such servants of their day and generation as Thomas Bassett Macaulay.'

With equal eloquence the Honourable Rodolphe Lemieux, Speaker of the House of Commons of the Dominion Parliament, added his testimony: 'The long and honourable career of our guest is an object lesson of what constitutes true citizenship. It tells us of life's abiding happiness and enduring satisfactions; that they lie not in greed of gold and vain display, but in simple and elemental things; in the love that glorifies the home; in health of body and mind; in labour that is of service to our fellowmen; and in the joy of work well done . . . I am proud to say of him that in all things he has been steadfast and true, tolerant, of open mind, and just; that in all those long years of strenuous work, he has been of courage and good cheer, proclaiming faith in the

(1) Plato's 'Republic.'

power of truth, faith in his country and faith in God... That was the gift of sire to son.'

Public Tributes

The Honourable James C. Tory, who presided over this function, tendered these tributes to the guest in spacious terms: 'You are to be congratulated on the nature of the gathering which has met here to do honour to you. It is representative of the public, business, professional and social life, not only of our own country, but of other countries; and it must be greatly gratifying to you that your labours have so commended themselves to general admiration as to command such important testimony . . . You succeeded to great traditions largely shaped by your own father, and which were placed in your hands by him for safe keeping. You have held these traditions inviolate; you have held them sacred; so that you, in your turn, will hand them on to others unsullied as you received them, but greatly enriched by your own activities and talents and by the imprint of your own character. This, indeed, is a great privilege, to perpetuate a family tradition; to serve posterity through an institution which your father and yourself in turn have largely fashioned and developed. These things, we know, fill your heart with thankfulness. Our hearts, too, are filled with gratitude and pride as we reflect that you have so splendidly and nobly accepted the opportunities that have been granted to you. Your work will live long after you, and will bring succour and comfort and happiness to generations yet unborn.'

(II) Tributes from Office and Field

At the banquet of February 9, 1926, Mr. John A. Tory, on behalf of the Field Officers of the Company, presented to

Mr. Macaulay his portrait in oils, and read the following address, an illuminated copy of which was also given to him:

'The occasion which has brought us together is the formal dedication of the completed head office building of the Sun Life Assurance Company of Canada to the use of its staff and the service of humanity. The event synchronizes with the attainment of records which firmly entrench the Company amongst the leading life assurance companies of the world. Assurances amounting to more than a thousand millions of dollars stand upon its books, and are pledged to be paid to people of many lands at their time of need. These vast promises are supported and secured by assets exceeding three hundred millions of dollars.

'It has been deemed fitting by the field officers of the Company to commemorate these achievements by acknowledging your signal contribution to their accomplishment. You have been associated with the Company for forty-eight of its fifty-five years of active life; you have held a place on its executive for forty-five years, and for more than ten years have been its chief executive officer. Throughout your long connection you have powerfully influenced the policies of the Company, and its every activity reflects your lofty conceptions and prescience.

'Your high academic attainments, universally recognized, invest your counsels with wisdom; your long executive experience lends weight to your judgments; your unfaltering loyalty to the highest standards of business morality has established traditions which posterity will honour. These merits, fortified with unremitting zeal and implemented by unusual powers of leadership, have been dedicated without stint to the services of your beloved Company, and are testified by its success.

'Your business life has been marked by exalted ideals and an ever-increasing benevolence. Your highest satisfactions are found not in the measure of material progress, but rather in the contemplation of the purposes and effects of the great business in whose interests you have laboured. We know that you are humbly thankful for the privilege that has been vouchsafed to you, to be identified with an institution which stretches its protecting arm to the defence of the stricken home, bringing guard-

Tributes from Office and Field

ianship to the orphan, succour to the destitute, and hope to the despairing. These are your life's gratifications.

'But not your achievements alone prompt our desire to express our feeling to you; they merely afford the opportunity. We have felt, with the passing of the years, a deepening of that affection with which you have ever inspired us. We are conscious that the love we have for you is the natural response of our hearts to the call of yours; we know these sacred feelings will endure.

'Twenty years ago the field officers of that day, some of whom are here with you now, acknowledged their regard for your revered father. The feelings of affection he inspired in those associated with him, gave to our organization the character of a family.

'This was one of the cherished traditions transmitted by him to you for safekeeping; we know that your fidelity to that trust would give him more happiness, were he here with us, than even the great material proportions which the Company, under your guidance, has assumed.

'With great admiration for your achievements; with high respect for your attainments; above all, in acknowledgment of the affection you bear to us, and in expression of our love for you, we ask your acceptance of your portrait in oils. It is limned by the inspired hand that wrought the living likeness of your honoured father. It is a work of art; it depicts you as we see you. Posterity will gaze upon it, and will obey its silent call to worthiness in thought and action. For us, we have your own benign countenance, and your living example and precepts. We devoutly pray Almighty God that He may continue to bless you, and long preserve you to us.'

The occasion of the President's Jubilee called forth many evidences of regard from both clerical and field staffs. When Mr. Macaulay visited London in 1927 to lay the cornerstone of the new building, he was the recipient of handsome gifts at a banquet tendered in his honour. Mr. Junkin, general manager of the British Department, 'on behalf of our district managers and representatives throughout the United Kingdom, the complete staffs of the administrative offices in London, and all the branch offices including those in Ireland and Malta' presented an address richly illuminated on parchment, and in album form, together with an exquisitely wrought gold cabinet.

At the Montreal celebration, Mr. W. Lyle Reid, manager for Eastern Ontario, presented a mahogany grandfather clock on behalf of the Company's field officers. 'These men are with us tonight,' he said, 'some of them in person—all of them in spirit; their hearts are touched with undying affection as they think of all you have meant to them.' And Mr. John A. Tory, presenting a bound book of letters of felicitation, written by the field officers in their own hand, told how the agents of the Company, during Mr. Macaulay's Jubilee month, had produced in his honour a volume of business three million dollars in excess of the total business for the year 1915, when he assumed the Presidency. 'This great volume of business,' he said, 'is an expression of loyalty and regard to you by the men and women agents of the Sun Life of Canada the world over.'

At the head office a simple ceremony was held at the close of a business day, fourteen hundred employees assembling in the great hall to do honour to their Chief and to make a presentation. The gift was a replica of the famous Warwick vase,(1) the original of which stands in the grounds

(1) Mr. H. Warren K. Hale, Secretary of the Company, and an antiquary of distinction, has prepared a note from which the following is extracted: 'The original vase stands in the grounds of Warwick Castle, one of the very few feudal castles in England which are still tenanted. This original is made of white marble. In the year 1770 the Lake of Pantanello at Tivoli, not far from Rome, was drained. This lake was within the precincts of the wonderful villa of the Roman Emperor Hadrian, who

of Warwick Castle, England. Mr. Wood presided, and was supported by Mr. Macnutt and Mr. Hale, while the President was accompanied by six senior members of the staff: Messrs. J. O. Richardson, A. G. Howell, J. S. Snasdell, W. Kennedy, C. W. Johnston and J. Butler. Mr. Howell read the following address:

'The growth of our Company under your direction, and the increase of the staff, have been so great that there are few opportunities for most of us to come into that personal contact with you which, in our early history, was so much valued. But today we have the privilege of extending to you in person our congratulations on completing half a century in the service of the Company, and of conveying to you our best wishes.

'A few of us recall those distant years when the Company was but an infant, and struggling even for existence. Only the fidelity, industry, faith and courage of a small group of men made it possible to lay the foundations on which has been built the great institution of today. You are the visible link with those days of humble beginnings and modest hopes. In your own personality you have preserved the ideals in which the Company was nurtured. You have been the constant and consistent custodian of its traditions, and the principal agency in trans-

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reigned fom A.D. 117 to 138. The vase was discovered broken in many pieces at the bottom of the lake. Sir William Hamilton, diplomat and antiquarian, was at the time British Ambassador to the Court of Ferdinand IV, King of Naples and Sicily. He purchased the vase and had it restored by an artist in Rome. It was subsequently sold to the Earl of Warwick, who set it up in the grounds of his castle where it has remained ever since. It stands about 5½ feet high and is about 8 feet in diameter.

'The design is extremely attractive and artistic. It is of Bacchic composition, reflecting the classic festive art of the period.

'Soon after its arrival in England many requests were made to the Earl to permit a model of the vase to be taken . . . Eventually, after many negotiations, the vase was successfully reproduced in bronze by Sir E. Thomason . . . Soon after this smaller models were reproduced in Sheffield Plate. The vase we have is one of these. It is most beautifully and ingeniously made. The smaller ornamental parts are in solid silver and are easily detachable, being held in place by thumbscrews. This vase is made of seventy-five separate pieces, yet so contrived that not one of the screw attachments is visible. . . It is said that had the Emperor Napoleon been successful in conquering England, the first note entered in his pocketbook was to remind him to take possession of the marble vase at Warwick Castle, no other vase, its equal in size and workmanship, being known to exist.'

mitting them to us and to the field. You have to a great extent moulded the policies on which this Company has grown to greatness.

'We assure you that the deep pleasure with which you must recall the achievements of the last fifty years is felt by us all. We share your natural pride in these achievements, and to our deep admiration for your skill and sagacity as the principal Executive Officer of the Company we add our affection for you as our Chief. Throughout these years the unvarying interest you have shown in the individual members of the staff has been marked by tangible evidence of your kindness of heart.

'The officers and head office staff wish us to convey to you their hearty congratulations and to ask you to accept as a memento of your Jubilee year, and as a token of their regard, this Warwick vase. Like our own Company, it expresses in its design and workmanship the inspiration of the craftsman, and we trust you will experience to a degree the same pleasure and satisfaction, in viewing this replica of a masterpiece by an artist of an older day, that has been yours in moulding the great institution with which your name will always be inseparably associated. And please picture the vase as being filled to overflowing with goodwill from the entire staff, every member of which claimed a part in this unanimous tribute of affectionate esteem.'

It fell to Mr. Arthur B. Wood to appraise Mr. Macaulay's services to the Company during the fifty years of his connection. 'I recall the hours spent in his office when as a student, eager for knowledge, I benefited by his lucid and convincing expositions of the principles of actuarial science. This daily contact, extending down through the years, has afforded me singular opportunities to estimate his qualities, and to realize the value of his work for the Company.

'A comprehensive account of the part Mr. Macaulay has played in the upbuilding of our Institution would involve a review of the history of the Company, for if we search for the origins of the practices and policies that have most notably contributed to its development, we inevitably discover evidences of his powerful influence. . .

'His business career may be divided into two distinct periods, corresponding to a natural division of the story of the Company's development. The first may be termed the scientific period, extending over about a quarter of a century; the second represents the period of development and expansion. During the first period Mr. Macaulay's services to the Company were most strikingly revealed in the science of life assurance. As an actuary he has a distinguished record in his profession. . . In the second period his great powers of leadership and administration asserted themselves. . .

'It is a high privilege to participate in a tribute to the ability, achievements and devotion of an honoured chief; it is a still greater privilege to attest those benevolent qualities which compel the affection and esteem as well as the respect of those who, in high or humble capacity, are associated with him . . . There is not a man associated with Mr. Macaulay who is not intrinsically a sounder man, a broader man, and an abler man because of the challenge of his outstanding qualities. His concern for the welfare of the staff, moreover, has won for him a warm place in their affections.

'There is no member of the staff who does not from the depth of his heart wish him length of days and the abundance of all things that can make him happy; and we fervently hope that we may long be privileged to serve under his distinguished leadership.'

The story of the Sun Life Assurance Company of Canada has, in some measure at least, told the story of its President. But a portrait of him drawn from the mere record of his academic and business achievements would needs be unsatisfying, for it would be incomplete.

To know the Company's President is to understand its progress; for in his person he reveals the chief reason for the success of the Institution with which he has so long been associated. To meet him is to be at once impressed with his inherent and intrinsic strength. The suggestion of strength is conveyed equally by his large and active body, and by his alert and expressive face. The idea that he could possibly be less than equal to the exactions of the problem submitted to him could not possibly occur to one, any more than one could imagine that, having arrived at a solution, he would fear to give effect to it. There is about him a spaciousness, an adequacy, and a fearlessness that bespeaks at once the man of thought and the man of action.

Mr. Macaulay has neither sought nor found an easy way to position. He has many natural advantages: marked intuitive powers, unusual intelligence, great capacity for study, and the faculty of concentration. But his real secret is in keeping these qualities exercised by industry. He is, and always was, a vast worker. His nights, as well as his days, are often taken up with labour. He works twice as hard and twice as long as many men half his age.

These attributes would have carried him to leadership in any sphere of activity. But he was fortunate in entering a business which commanded his enthusiasm; enthusiasm for life assurance is his driving force, and has made his leadership notable. 'Life assurance,' he said recently, 'offers scope for all the initiative, the executive powers, and the good judgment that can be brought to bear on it. But it also offers opportunities such as cannot be found in other lines of activity. It can be expanded almost indefinitely, and every expansion is an expansion of service and of blessing to humanity . . . It is the noblest business in the whole world, without any exception. If I had my life to live again, it would be life assurance and life assurance only that I would choose as my occupation. My enthusiasm has grown and deepened every year.'

Fast as the Company has grown, it has not grown as fast as its President. It has never caught him up; it can never catch him up. In his sixty-eighth year he is busy with the problems of five years hence, when the Company will be double its present size, or ten years hence, when it will have quadrupled. That the tasks of today fall within his easy compass is because they were anticipated and provided for years ago. It is characteristic of him that his judgment of every case he considers takes into account its effect on the future.

His powers of analysis are remarkable. His capacious mind readily absorbs details; his trained mentality quickly discerns their significance. His expositions, for this reason, are at once lucid and illuminating; his conclusions convincing. Many readers of this book will recall his analyses of the Company's annual statements, when, frequently without aid of notes, he has threaded his easy way through a labyrinth of figures, taking his hearers, unconfused, to an appreciation of his conclusions.

But it is not upon Mr. Macaulay's business qualities that those associated with him like most to dwell. His achievements and his abilities compel their admiration; but their feeling for him is warmer than that. Like his father, Mr. Macaulay has sought few friendships outside the ranks of the Company; like his father, his friendships within the Company are many and sincere. He has an ingrained belief that a man or woman who serves the Company, in whatever capacity, has satisfied the first condition of worthiness. He holds every member of its scattered staffs in real esteem. To see him on a social occasion—at a gathering of the agents, the annual dance of the head office staff, a picnic at his own country home—surrounded by his own people, is to see him at his best. He beams with pleasure; he radiates happiness. He is mightily concerned for the enjoyment of everyone; he shares every diversion with unrestrained and buoyant enthusiasm. And he is loved for it.

Until very recent years he personally greeted every new member of the staff, and unfailingly offered a word of compliment and cheer to each clerk at the close of the year. While the growth of the staff has made these pleasant practices no longer possible, Mr. Macaulay maintains an extraordinary knowledge of its individual members, and accepts every possible opportunity of meeting them.

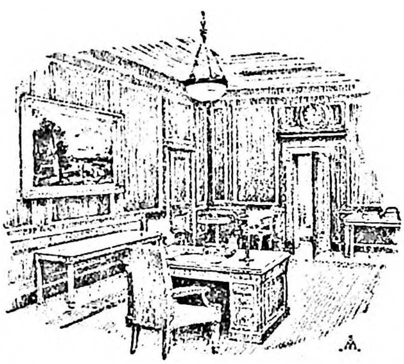
His generous nature expresses itself in a multitude of benevolences. Perhaps those that afford him most gratification are the considerations he is ever ready to extend to members of the staff overtaken by misfortune. To every case of this kind he gives personal and sympathetic attention. Underlying all his benefactions is a spirit of humble thankfulness for his privilege in being able to make them.

Mr. Macaulay has reached the age his father had attained at the dawn of the century; like his sire he is prone to talk of his advancing years. There is this difference however: that while Robertson Macaulay's references to the passing of time were associated with the thought of surrendering responsibility to younger hands, his son's references are tinged with a wistful regret that his remaining years of service to the Company are lessening. Those who heard him acknowledge the tributes paid to him at his Jubilee celebration will long remember his simple and artless words after reviewing the work of fifty years. Characteristically, he had summed up the past only as a basis for estimating the future. He concluded, in tones in which sorrow and hope were intermingled: 'But when I talk of the position the Company will have attained twenty-five, forty or fifty years from now, my thoughts are pulled back with a jerk. I remember that while the Company has within its breast the fountain of perpetual youth, that is not true of its President... Those fifty years are past, and cannot be re-lived . . . We say reverently and sadly, 'The past is past' . . . But we turn again to the future and resolutely take up our tasks... I cannot look forward to another fifty years, nor even to another twenty-five years; but I can perhaps look forward to another ten . . . If God spares us we can have another ten years of work together—ten years to extend the blessing of Life Assurance through the medium of our grand old

The President

Company . . . The Fiftieth Anniversary is past and gone; but, please God, the Sixtieth is yet to come.'

To the President's humble petition for length of days is joined that of the thousands who, in large or humble capacity, share his aspirations and his labours, and acknowledge him with pride as their honoured and beloved Chief.



APPENDIX

Directors[1] and Officers, 1927

T. B. Macaulay, F.I.A., F.A.S.,
President and Managing Director

Arthur B. Wood, F.I.A., F.A.S.,
Vice-President and Actuary

Robert Adair
William M. Birks
Hon. Raoul Dandurand
J. Redpath Dougall
Sir Herbert S. Holt
Abner Kingman

J. W. McConnell
C. E. Neill
Carl Riordon
John W. Ross
Hon. James C. Tory
Hon. Lorne C. Webster

E. A. Macnutt,
Treasurer

H. Warren K. Hale, C.I.S.,
Secretary

Assistant Actuaries:
J. J. Cooper, A.I.A., F.A.S.
J. B. Mabon, F.I.A., F.A.S.
C. D. Rutherford, F.I.A., F.A.S.

Assistant Secretaries:
C. S. V. Branch
E. E. Duckworth, C.I.S.
D. L. Macaulay, C.I.S.

Assistant Treasurer:
H. P. Thornhill

Investment Secretary:
J. W. Brown

Superintendents of Agencies:
James W. Simpson[2]
F. D. Macorquodale
H. O. Leach

Supervisors:
Geo. H. Harris,
Field Service Bureau
John Nelson,
Public Relations
C. E. Reid,
Group Department

Ass't Superintendents of Agencies:[2]
W. S. Penny
J. S. Ireland
P. W. Ward

J. Armitage Ewing, K.C.,
Legal Adviser

Arthur B. Colville, K.C.,
Counsel

C. C. Birchard, M.B., M.R.C.P.,
Chief Medical Officer

J. K. Gordon, M.D.,
Assistant Medical Officer

W. F. Hamilton, M.D., *Consulting Medical Referee*

J. S. Snasdell,
Superintendent of Claims

J. A. Clague, C.A.,
Chief Accountant

E. S. Ball,
Superintendent Mortgage Dept.

C. A. Sutton,
Auditor of Disbursements

A. J. C. Paine, B.Sc., A.M.E.I.C.,
Staff Architect

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(1) The Hon. L. A. Taschereau, and Messrs. Ross H. McMaster and C. B. McNaught joined the Board in February, 1928.

(2) Mr. Simpson was appointed Chairman of the Agency Executive Committee, and Messrs. Penny, Ireland and Ward Superintendents of Agencies, in February, 1928.

Directors
Who Have Served The Company
Since Organization

Adair, Robert	from	1919	to	
Alexander, Charles	"	1871	"	1876
Anderson, Robert	"	1885	"	1896
Barbeau, E. J.	"	1879	"	1885
Birks, W. M.	"	1910		
Boyd, Hon. John	"	1881	"	1883
Bryson, T. M.	"	1876	"	1883
Buntin, Alex.	"	1871	"	1873
Cassils, C.	"	1882	"	1883
Claxton, T. James	"	1871	"	1883
Cleghorn, J. P.	"	1889	"	1911
Coursol, C. J.	"	1871	"	1873
Cushing, Charles	"	1904	"	1910
Dandurand, Hon. Raoul	"	1910		
Dougall, John Redpath	"	1897		
Drummond, George E.	"	1912	"	1919
Ewing, S. H.	"	1882	"	1923
Gault, A. F.	"	1871	"	1887
Gault, M. H.	"	1871	"	1884
Hale, H. Warren K.	"	1910	"	1918
Holt, Sir Herbert S.	"	1910		
Hosmer, Charles R.	"	1910	"	1927
Hutton, James	"	1871	"	1881
Kingman, Abner	"	1902		
Macaulay, H. R. (M.D.)	"	1915	"	1923
Macaulay, Robertson	"	1883	"	1915
Macaulay, T. B.	"	1896		
MacPherson, Alex.	"	1885	"	1904
McConnell, J. W.	"	1927		
McKenzie, Murdoch	"	1886	"	1904
McKergow, J.	"	1904	"	1920
McLachlan, J. S.	"	1884	"	1887
McLennan, Hugh	"	1876	"	1877
McLennan, John	"	1878	"	1880
McMaster, Ross H.	"	1928		
McNaught, C. B.	"	1928		
Morrice, David	"	1879	"	1885
Mulholland, Henry	"	1871	"	1878
Neill, C. E.	"	1927		
Ogilvy, A. W.	"	1873	"	1902
Rankin, John	"	1871	"	1874
Riordon, Carl	"	1920		
Ross, Jno. W.	"	1918		
Taschereau, Hon. L. A.	"	1928		
Tasker, James	"	1886	"	1910
Tory, Hon. James C.	"	1926		
Webster, Hon. Lorne C.	"	1923		
Withal, W. J.	"	1883	"	1898
Wood, Arthur B.	"	1923		
Workman, Thomas	"	1871	"	1889

Head Office Employees Who At The End Of 1927 Had Been With The Company Fifteen Years Or More

Balfour, Miss A.
Bell, F. H.*
Bickley, H. P.
Boyd, W.
Branch, C. S. V.
Brown, J. W.
Buckley, C. B.
Cole, E. A.
Cole, P. H.
Cooper, J. J.
Cregeen, J.
Cunningham, Miss L. G.
Curtis, F. W.
Devey, Miss T. G.*
Duckworth, E. E.
Dyson, W. A.
Earl, E. L.
Ewing, J. Armitage
Finnie, Mrs. M. B.
French, A.
Grant, R. C.
Hardiman, C. H.
Hartley, C.
Hickey, M. A.
Hole, C. C.
Hosking, F. S.
Howell, A. G.
Huguenin, N.
Ireland, J. S.
Jardine, R.
Johnston, C. W. A.
Jones, H. L.
Kennedy, W.
Kinnell, Miss J.
Labelle, A.
Labrish, F. E.
Lightbourn, J. H.
Macaulay, T. B.
Mackay, J. H. A.
Mackenzie, Miss M. C.
Maclachan, H. M.
Macnutt, E. A.
Macorquodale, F. D.
MacIntosh, W. G.
Maguire, Miss M. L.
Mander, J.*
McDiarmid, Miss J. W.
Marsh, J.*
Menard, M.
Milburne, F. W.
Murray, J.
Nourse, C. A.
Patton, Miss A. M.
Paulsen, O.
Petinto, E. P.*
Porteous, Miss A.*
Reid, Miss L. H.
Reid, G. E.*
Richardson, J. O.
Richardson, R. A.
Rimington, A. B. L.
Rochead, S. P.
Rutherford, C. D.
Scott, Mrs. G.
Scott, J. W.
Sharpe, C. F.
Simpson, J. W.
Sleeth, C. H.
Smart, F. A.
Smart, W. A.
Snasdell, J. S.
Stephen, Miss F. V.
Stewart, J.
Sutherland, Miss F. A.
Thicke, Miss E. R.*
Tory, Hon. James C.*
Trudeau, Miss G.
Walker, W. G.
Warriner, H. T.
Wells, D.*
White, W. C.
Wilson, Miss E. A. M.
Wood, Arthur B.
Wright, Miss M. S.
Wright, W. A.

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*Retired.

Agency Organization, 1927.

Canadian Department

Division	*Manager*
Brandon	Irving, A. J.
Calgary	McTeer, Archibald
Charlottetown	Moore, J. A.
Edmonton	Wright, A. L.
Fort William	Sutton, R. F.
Halifax	Barry, W. W.
Montreal, City	Stanton, J. C. Moreland, W. R., *Asst. Mgr.*
Montreal, East End	Baillargeon, J. O.
Montreal, Uptown	King, W. W.
Montreal, West End	Butler, Jas.
Newfoundland	Johnston, D.
North Bay	Wootten, N. J.
Ottawa	Reid, W. Lyle
Peterborough	Wallace, J. F. H.
Quebec	Trudelle, L. A.
Regina	Mertz, J. N.
Saint John	Hodgson, F. J.
Saskatoon	Loynes, G. J. S.
Sherbrooke	Diplock, David T.
Three Rivers	Miron, A. O.
Toronto	Tory, J. A., *Supervisor* May, Wm., jr., *Asst. Mgr.*
Vancouver	Hutton, W. W.
Victoria	McLagan, W. E. G.
Winnipeg	Rowland, R. S.

United States Department

Division	*Manager*
Alton, Ill.	Drury, L. V.
Atlanta, Ga.	Wilson, J. T.
Baltimore, Md.	New, Carl F.
Boston, Mass	Cameron, D. A.
Chicago, Ill.	Scott, D. J.
Cleveland, Ohio	Willis, J. N.
Columbus, Ohio	Moore, H. M.
Detroit, Mich.	Owen, Ernest W.
Evansville, Ind.	Atteberry, W. H.
Grand Rapids, Mich.	Eastcott, W. Merrill
Greensboro, N.C.	Laughon, W. G.
Honolulu	Macintyre, M.
Indianapolis, Ind.	Cantelon, H. L.
Jersey City, N.J.	Cowan, David M.
Los Angeles, Cal.	Standish, H. S.
Portland, Maine	Owen, E. D.
Marquette, Mich.	Heim, W. Scott

UNITED STATES DEPARTMENT

Division	*Manager*
Minneapolis, Minn.	Baker, H. A. H.
Newark, N.J.	Hoy, E. C.
Portland, Ore.	Creed, E. V.
Philadelphia, Pa.	Jordan, Eugene
Pittsburgh, Pa.	Finger, Ray H.
Richmond, Va.	Sills, N. D.
Saginaw, Mich.	Harwood, A. F.
San Francisco, Cal.	Jost, P. M.
Seattle, Wash.	Macfadyen, J. A.
Spokane, Wash.	Smith, Arthur
St. Louis, Mo.	Sutherland, W. S.
Washington, D.C.	Carpenter, A. D.
Wheeling, W.Va.	Sliger, R. E.
Wilmington, Del.	Yarnell, L. R.

EUROPEAN DEPARTMENT

GREAT BRITAIN

Junkin, J. F.—*General Manager*, London.
Higinbotham, H. B.—*Supervisor of Agencies*, London.

District	*Manager*
Birmingham	Hewett, R. C.
Bradford	Porter, J. E.
Bristol	Teet, C. F.
Eastern Counties	Lester, A. M.
Hull	Kershaw, C. A. (*Acting*)
Leicester	Westerby, V.
London Central	Bazell, H.
London South	Wadsworth, E.
London West End	Shepherd, B. B.
Liverpool	Wicks, H. W.
Manchester	Wadsworth, E.
Newcastle	Southey, A. F.
Plymouth	Marshall, F. J.
Sheffield	Hill, F. D. B.
Southampton	Parker, S. G. B.
Surrey and Sussex	Wallace, J. H.
Irish Free State	Rose, W.
Malta	

SCOTLAND

McBain, J. A. D., C.I.E., *Manager*, Glasgow.

District	*Manager*
Aberdeen	Leatham, W. E.
Dundee	Black, D. J.
Edinburgh	Ferguson, J. M.
Glasgow	May, J. S.

European Department—*continued*

South Africa

Brown, W. H., *Manager*, Capetown.

District	*Manager*
Johannesburg	Fairbrass, F. V.

Division	*Manager*
Egypt	Mizrahi, I. J., Cairo.

Eastern Department

India

Hon. Sir Phiroze Sethna, O.B.E., *General Manager*, Bombay.

District	*Manager*
Bombay	Chamberlain, H.
Calcutta	Lewis, H. F.
Colombo	Barlow, S. H.
Dacca	Mitchell, J. H. F.
Madras	Eley, W. Allan
Lahore	Gowardhan Dass

Division	*Manager*
Japan	Cameron, W. D.
North China	Harris, E. F.
Philippine Islands	Peters, A. F.
South China	Tape, B. W. (*Sec'y*)
Southeastern Asia	McCallum, A. W.

Western Department

Division	*Manager*
Argentina	Morgan, F.
Chile	Harris, S. E.
Colombia	Poff, J. H.

Cuba

Chisholm, H. A. *Manager*, Havana.

District	*Manager*
Moron	Rubio, O. E.
Santiago de Cuba	Romero, J. E.

Agency Organization—*continued*

Western Department

Division	*Manager*
Haiti	Brandt, L. A.
Jamaica	Palmer, W. J.
Mexico	Massie, W. P.
Nicaragua	Gamble, R. N.
Northern Central America	Wever, jr., A.
Northern & Central British West Indies	Directed from Head Office.
Peru	Davalos, P.

Porto Rico & Santo Domingo

	Manager
San Juan	Lago, J. M.

District	*Manager*
Santo Domingo City	Dalmau, E.
Southern B.W.I.	Bagot, E. G.
Southern Central America	Royal Bank of Canada, *Collecting Agents.*

Employees Of The Sun Life Assurance Company Of Canada Who Served With The Allied And Associated Forces In The European War

1914-1918

Head Office

° Wounded   g Gassed   x Killed in Action

Lieut. W. A. Barclay
Lieut. Fred Bayne
Gnr. Bertram Burdon, M.M.
Sgt. Herbert P. Bickley
Capt. C. C. Birchard
Gnr. B. E. Chadwick
Corp. Eric A. Cole
Gnr. J. C. Cookson°
Capt. Phillip V. Cornish^x
Bdr. K. A. Courser
E. Laurence Earl,
Sgt. Alex. French, M.M.
Corp. Roy C. Grant
Pte. C. H. Hardiman°
Capt. Alfred T. Howell, M.C.
Gnr. N. Huguenin
Bdr. E. M. Hulbert
Capt. J. G. Ireland, D.F.C.
Capt. J. S. Ireland°
Corp. W. Ernest Jones°
Pte. C. H. Knowles
Lieut. R. M. Lawton
Lieut. Douglas Macaulay
Sgt. G. Robley Mackay
Pte. George Manhire
Lieut. J. V. McLean^x
Bdr. W. L. Murray
Corp. John Murray
Lieut. H. A. Newmark
Lieut. W. Stewart Penny
Miss B. R. Reay
Capt. S. Lewis Rohr
Sgt. Percy Ross
Sgt. C. D. Rutherford
Gnr. W. A. Smart
Corp. Fred A. Smart
Sgt. J. Cooper Smeaton, M.M.
Bdr. J. C. Snowdon
Pte. C. LeRoy Spencer
Corp. W. F. Steedman
Gnr. Raymond Taylor
Bdr. H. T. Warriner
Gnr. Wilson A. Wright

Division Offices

Sgt.-Maj. G. W. Abraham, Central Ontario
Lieut. W. W. Armstrong,° Central Ontario
Sgt. S. Arnason, Manitoba
Pte. G. F. I. Ascott^x, Great Britain
Pte. M. M. Axelrood, Detroit
F. W. Berry, W. O. Montreal
Sgt. Bert Bessant, M.M., Western Ontario
Lieut. W. Drayton Bird,° Great Britain
Capt. C. A. Bleecker, Central Ontario
Pte. Alan W. Bloomfield,° Great Britain
Pte. T. H. Bond, Saskatchewan
Lieut. William Francis Boylin, South Africa
Gnr. Louis Brace, Western Ontario
Sgt. Wm. Wallis Brown,^g South Africa
Pte. D. G. Buckley, Mons Star, Western Ontario

Pte. E. E. Burnham,
Nova Scotia
Dr. L. F. Bushell,
Great Britain
Sgt. W. G. Baird,
Western Ontario
Pte. George Barnett, Mons Star°,
Great Britain
Lance-Corp. Walter Barnett, Mons Star°
Great Britain
Lieut. Richard Bazell, M.C.,
Great Britain
Pte. H. S. Bell,
Central Ontario
Lieut. H. Belton,
Western Ontario
Sgt. R. C. Bennett,°
British Columbia
Lieut. V. E. Bennett, Mons Star,°
British Columbia
Lance-Corp. D. S. Carmichael,
Nova Scotia
Sgt. J. St. C. Clark,
Manitoba
Sgt. K. D. Clark,
Nova Scotia
Capt. W. A. Clark,
Manitoba
Lieut. M. E. Clubine,
Western Ontario
Corp. A. Colville,ˣ
Western Ontario
Lieut. W. E. Collins,
Great Britain
Sgt. E. V. Creed,
Detroit
Lieut. R. Macaulay Cushing,ˣ
Montreal
Gnr. W. T. Dick,
Eastern Ontario
Lance-Corp. Hamilton Druitt,ˣ
Great Britain
Capt. W. F. Dry,
Great Britain
Capt. R. A. Duckworth-Ford,ˣ
Philippines
Lieut. C. V. Earl,
Western Ontario

Capt. J. J. Ferry,
Eastern Ontario
Lance-Corp. Digby Alfred Filer,ˣ
South Africa
Pte. James Fraser,
Western Ontario
Staff-Sgt. W. T. Freeman,
Western Ontario
Lieut.-Col. Gardner,
Manitoba
Pte. Herbert E. Gentles,
Saskatchewan
Corp. J. K. Gibbs,
Great Britain
Capt. R. S. Gilbert,°
India
Major A. Gillies,°
Western Ontario
Sgt. Otis W. Gilman,
Virginia
Flt.-Lieut. D. M. Gowan,
Alberta
Cadet J. O. H. Gravel,
Montreal
Major R. Seymour Harger,
Great Britain
Lieut. Ernest Harris,
Great Britain
Capt. S. E. Harris,
Chile
Sgt. P. W. Harrison,
Central Ontario
Sgt. T. Hartley,
India
Corp. F. Hechter,ˣ
Manitoba
Pte. Alfred Henfrey,ˣ
Western Ontario
Lieut. T. Hilton Hesketh,
South Eastern Asia
Lieut. Harry M. Hickey,
North Eastern Michigan
Corp. J. H. Howard, Mons Star,
Western Ontario
Lieut. K. D'O Husbandˣ
Eastern Townships
Lieut. A. F. LaRouche,
Detroit

Lieut. Ernest W. Lewis°, (3 mentions)
Great Britain
Lieut. Reg. H. Stanley Livingstone,
Jamaica
Capt. Harry C. Long,°
Great Britain
Capt. J. W. MacDonald,
Nova Scotia
Sgt. G. H. MacKenzie,
Nova Scotia
Major Thomas Edgar MacNutt,
Prince Edward Island
Pte. H. E. Magwood,
Western Ontario
Capt. Edgar Maturin,
Great Britain
Lieut. Vincent Maxted,°
Manitoba
Lieut. B. H. May,
Alberta
Pte. J. S. May, M.M. & Bar
(4 mentions),°
Great Britain
Dvr. C. J. Megaffin,
Western Ontario
Gnr. Willard P. Moore,
Nova Scotia
Pte. H. B. G. Morfee,
Great Britain
Pte. C. F. Morrison,
Western Ontario
Lieut. Stephen B. Myers,
Jamaica
Lieut. A. W. McCallum,°
North China
Sgt. Jno. McFadyen, Mons Star,°
Western Ontario
Pte. A. McIntosh,
Nova Scotia
Major W. G. McIntosh, M.C.°,
British Columbia
Pte. C. A. McKennon,
Western Ontario
Sgt. M. F. McLeod,
Nova Scotia
Lieut. Stanley McNeilly,
Western Ontario

Gnr. D. McTiernan,
Eastern Ontario
Lieut.-Col. R. H. Neeland, D.S.O.,
Eastern Ontario
Col. S. B. Nelles,
Saskatchewan
Messman Fernanco Tuason O'Farrell,
Philippines
E. W. Owen,
Detroit
Lance-Corp. Robert Peel,
Newfoundland
Major A. C. D. Pigott,
Manitoba
Capt. Victor B. Powis,
Great Britain
Lieut. H. G. Raney,
Eastern Ontario
Gnr. W. O. Relyea,
Eastern Ontario
Lieut. Stanley J. Risk,
Western Michigan
Lieut. Wilfred Rosen, M.C.,
Great Britain
Pte. L. Saperia,
Western Ontario
Pte. John Scott,
Western Ontario
Capt. F. F. Sewell,
Manitoba
Lance-Corp. Charles Seymour,°
Great Britain
Charles F. Sharp, Sec. Y.M.C.A.,
Detroit
Lieut. S. G. Shaw,
Western Ontario
Pte. Derek Shaw,
Manitoba
Pte. Charles J. Sparkes,
Detroit
Lieut. H. B. Steadman,×
Alberta
Pte. A. H. Stevens,
Saskatchewan
Capt. J. T. Stirling, M.C.,
Manitoba

Division Offices—*continued*

Pte. John Storey,
Western Ontario

Lieut.-Col. R. J. Stuart,
Western Ontario

Lieut J. K. Swanson,°
Nova Scotia

Corp. Earl S. Taylor,
Montreal

Pte. W. A. Tebb,
Manitoba

Lieut. David Thomas,
Western Ontario

Lieut. Lionel Charles Henry Vincent,[x]
Japan

Lieut. T. T. Waddington, D.C.M.,
South Eastern Asia

Lieut. Edwin Wadsworth, M.S.M.,
Great Britain

Pte. Fred Wadsworth,
Great Britain

Lieut. S. Damon Wagar,°
Central Ontario

Lieut. C. A. J. Ward,
India

Pte. C. G. Webb,
Manitoba

Sgt. R. W. White,
Manitoba

Lieut.-Col. H. Gordon Wilkinson,°
Great Britain

Pte. J. T. Wilson,
Saskatchewan

Corp. Gordon Woods,
Eastern Ontario

Sgt. Fred P. Woodside,
Western Michigan

Corp. A. L. Wright,°
British Columbia

Bankers

Canada

Bank of Montreal
Bank of Nova Scotia
Banque Canadienne Nationale
Canadian Bank of Commerce
Dominion Bank
Royal Bank of Canada

United States

Alton National Bank
Atlantic Bank and Trust Company
Bankers Trust Company
Bank of California, National Association
Bank of Commerce and Trusts
Bank of Hawaii, Ltd
Bank of Italy National Trust and Savings Association
Chemical National Bank
Citizens and Southern National Bank
Citizens Union National Bank
Cleveland Trust Company
Federal Commercial and Savings Bank
Fidelity Trust Company
Fidelity Union Trust Company
First Citizens Trust Company
First National Bank of Birmingham
First National Bank, Columbus
First National Bank of Baltimore
First National Bank and Trust Company, Marquette
First National Bank of Boston
First National Bank of Denver
Fletcher American National Bank
Grand Rapids Savings Bank
Guarantee Trust and Safe Deposit Company
Guardian Trust Company
Illinois Merchants Trust Company
J. P. Morgan & Company
Los Angeles First National Trust & Savings Bank
Mellon National Bank
National Bank of Commerce in St. Louis
National City Bank, Evansville
National City Bank of New York
National Metropolitan Bank of Washington
Northwestern National Bank
Old Colony Trust Company
Old National Bank in Evansville
Old National Bank & Union Trust Co., of Spokane
Pennsylvania Company for Insurances on Lives and Granting Annuities
Peoples Wayne County Bank
Second National Bank of Saginaw
Spokane and Eastern Trust Company
Trust Company of New Jersey
Union and New Haven Trust Company
Union Trust Company, Cleveland
Union Trust Company of Pittsburgh
Wheeling Bank and Trust Company
Wilmington Trust Company
Yakima National Bank

West Indies

Bank of N. T. Butterfield and Sons, Ltd
Bank of Nova Scotia
Royal Bank of Canada

Central America

Anglo-Central American Commercial Bank, Limited
Anglo-South American Bank, Ltd
Bank of Montreal
Canadian Bank of Commerce
Royal Bank of Canada

South America

Anglo-South American Bank, Ltd
Banco de Chile
Banco del Peru y Londres
Banque de la Guayane
Caja de Ahorros de Santiago
Royal Bank of Canada

British Isles

Bank of England
Bank of Ireland
Bank of Scotland
Barclay's Bank, Limited
Lloyd's Bank, Limited
Midland Bank, Limited
National Bank, Limited, Dublin
National Provincial Bank, Limited

CONTINENTAL EUROPE

Credit Lyonnais
Comptoir Nationale d'Escompte de Paris

ASIA

Bank of Mysore, Ltd
Banque de l'Indo Chine
Chartered Bank of India, Australia and China
Furikae Chokin, P.O. Savings Bank
Hong Kong & Shanghai Banking Corporation
Imperial Bank of India
Mitsui Bank, Limited
Nagoya Bank, Limited
National Bank of India, Ltd
Nederlandsche Handel-Maatschappij
Nederlandsche Indische Handelsbank
Yokohama Specie Bank, Limited

AFRICA

Barclays Bank (Dominion, Colonial and Overseas)
Standard Bank of South Africa, Limited

MALTA

Barclays Bank (Dominion, Colonial and Overseas)

MAURITIUS

Barclays Bank (Dominion, Colonial and Overseas)

PALESTINE

Barclays Bank (Dominion, Colonial and Overseas)

PHILIPPINE ISLANDS

Hong Kong & Shanghai Banking Corporation

COLLECTING BANKS

Anglo South American Bank, Ltd, Colombia
Banco Aleman, Colombia
Banco Atlantida, Spanish Honduras
Banco Dugand, Colombia
Banco Espagnol de Chile
Banco de Pamplona, Colombia
Banco del Ruiz, Colombia
Banco de Bogota, Colombia
Banco de Colombia
Banco de Santander, Colombia
Banco de Tacna, Chile
Banco de Talca, Chile
Bank of New South Wales, Fiji
Hurtado Bros, Colombia
Killick, Nixon & Company, Portuguese India
Maduro's Bank, Curacao
National Bank of India, Ltd
Nederlandsche Handel-Maatschappij, Holland
Royal Bank of Canada

Trustees For The United Kingdom

The Rt. Hon. The Earl of Albemarle
The Rt. Hon. Reginald McKenna, P.C.

Trust Depositories

Canada

Department of Finance, Ottawa
Department of Insurance, Ontario
*Montreal Trust Company
*National Trust Company, Limited
Royal Bank of Canada

China

Hong Kong and Shanghai Banking Corporation

Cuba

Government of Cuba
Royal Bank of Canada

England

Bank of Scotland
Brazilian Treasury Delegation
Paymaster General
Public Trustee

France

Caisse de Depots et Consignations
Credit Lyonnais

India

National Bank of India, Ltd

Irish Free State

Accountant General of the Supreme Court of Justice

Japan

Government of Japan
Yokohama Specie Bank, Limited

Mexico

Banco de Mexico
Government of Mexico

Newfoundland

Government of Newfoundland

Government of Palestine

Barclays Bank (Dominion, Colonial and Overseas), Jerusalem

Philippine Islands

Hong Kong and Shanghai Banking Corporation

Porto Rico

Government of Porto Rico

Scotland

Bank of Scotland

South America

Anglo-South American Bank, Ltd
Government of Argentine
Government of Chile
Government of Peru
Royal Bank of Canada

Straits Settlements

Hong Kong and Shanghai Banking Corporation

Union of South Africa

Standard Bank of South Africa, Limited
Union Government of South Africa

United States

Bankers Trust Company
Fidelity Union Trust Company
†Guaranty Trust Company, New York
Guardian Trust Company, Cleveland
National City Bank
Old Colony Trust Company
Pennsylvania Company for Insurances on Lives and Granting Annuities
Royal Bank of Canada
State of Michigan
State of Ohio
State of Virginia
State of Washington
Union Trust Company, Cleveland

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*Securities deposited in Montreal under re-assurance agreements, for protection of policyholders outside of Canada.

†Securities deposited in New York for the protection of policyholders in the Philippine Islands.

Independent Auditors

Brig.-Gen. J. G. Ross, C.A., Montreal
Deloitte, Plender, Griffiths & Co., Argentine
Duncan MacDonald, Colombia
A. F. Ferguson & Co., Bombay
Price, Waterhouse, Peat & Company, Egypt and Calcutta
Young, Lamberton & Pearson, Hawaii
Linstead & Davis, Hong Kong
Pearson, Mackie & Company, Japan
J. M. Henderson & Company, England
Henry Hunter Bayne & Company, Philippine Islands
Deloitte, Plender, Sydney-Merritt & Company, Peru and Chile
French and Cowan, Scotland
Thomson and Company, Shanghai
Evatt & Company, Singapore
Sprigg, Abbott & Crawford, South Africa

Names Mentioned in the Text

Names Mentioned in the Text—*continued*

Institutions Mentioned in the Text

Progress Of The Company From Year To Year Since Organization

Year	New Assurance	Assurance in Force	Assets	Total Income
1872	$727,350	$1,064,350	$96,461	$98,210
1873	724,550	1,514,300	129,959	51,574
1874	562,842	1,786,092	171,362	64,073
1875	582,219	1,921,211	214,963	76,158
1876	952,594	2,414,063	265,944	114,376
1877	1,264,342	2,990,058	302,499	114,093
1878	1,338,301	3,369,683	349,525	126,229
1879	1,491,861	3,615,124	397,777	129,214
1880	1,319,617	3,907,139	473,632	140,310
1881	1,955,010	5,010,156	536,960	181,792
1882	1,598,169	5,849,889	636,077	252,908
1883	1,968,360	6,779,565	735,940	273,759
1884	1,616,803	6,844,404	836,897	276,009
1885	2,328,149	7,930,878	973,504	316,443
1886	3,114,788	9,413,358	1,135,527	373,500
1887	3,250,100	10,873,777	1,312,504	495,831
1888	3,030,515	11,931,300	1,536,816	525,273
1889	3,732,331	13,337,983	1,795,822	563,140
1890	4,046,979	16,759,355	2,473,514	701,172
1891	5,343,883	19,436,961	2,885,571	841,560
1892	7,991,196	23,901,046	3,403,700	1,134,867
1893	8,791,902	27,799,756	4,001,776	1,240,483
1894	9,624,773	31,528,569	4,616,419	1,373,596
1895	6,864,092	34,754,840	5,365,770	1,528,054
1896	7,468,281	38,196,890	6,388,144	1,886,258
1897	10,561,269	44,983,796	7,322,371	2,239,159
1898	10,680,957	49,693,405	8,231,911	2,327,913
1899	9,746,308	52,806,035	9,247,664	2,596,207

Progress Of The Company From Year To Year Since Organization—*continued*

Year	New Assurance	Assurance in Force	Assets	Total Income
1900	$10,423,445	$57,980,634	$10,486,891	$2,789,226
1901	10,834,298	62,400,931	11,773,032	3,095,666
1902	11,030,690	67,181,601	13,480,272	3,561,509
1903	14,167,205	75,681,188	15,505,776	3,986,139
1904	15,911,904	85,327,662	17,851,760	4,561,936
1905	18,612,056	95,290,895	21,309,384	5,717,492
1906	17,410,054	102,566,398	24,292,692	6,212,615
1907	17,879,793	111,135,694	26,488,595	6,249,288
1908	19,783,671	119,517,740	29,238,525	6,949,601
1909	21,509,273	129,913,669	32,804,996	7,778,132
1910	23,512,377	143,549,276	38,164,790	9,710,453
1911	26,436,781	164,572,073	43,900,885	10,557,335
1912	30,814,409	182,732,420	49,605,616	12,333,081
1913	34,290,917	202,363,996	55,726,347	13,996,401
1914	32,167,339	218,299,835	64,187,656	15,052,275
1915	34,873,851	257,404,160	74,326,423	15,972,672
1916	42,772,296	281,434,699	82,948,996	18,499,131
1917	47,811,567	311,870,945	90,160,174	19,288,997
1918	51,591,392	340,809,656	97,620,378	21,651,099
1919	86,548,849	416,358,462	105,711,468	25,704,201
1920	106,891,266	486,641,235	114,839,444	28,751,578
1921	90,030,035	536,718,130	129,372,127	31,107,149
1922	90,798,648	631,404,869	174,088,858	36,251,322
1923	107,391,255	703,765,243	209,257,313	46,965,639
1924	133,975,073	871,636,457	274,130,407	62,245,681
1925	193,477,057	1,021,097,101	303,056,145	69,147,413
1926	265,889,546	1,256,490,115	345,251,714	78,972,906
1927	328,408,038	1,487,990,680	401,305,884	102,774,503

The Year 1927

New assurances applied for		$394,117,835
New assurances paid for		328,408,038
Total assurances in force, December 31, 1927		1,487,990,680
Premium income		74,241,856
Interest and rents received		21,397,755
Total income		102,774,503
Payments to policyholders and beneficiaries:		
To living policyholders	$28,991,551	
For death claims	13,232,698	
Total payments for the year		42,224,249
Total payments to policyholders since organization		300,040,423
Assets at December 31, 1927		401,305,884
Set aside for unforeseen contingencies		12,500,000
Surplus		45,280,896

Average rate of interest earned on invested assets, 6.81% (Net 6.47%)

Number of policies and group assurance certificates in force, 627,303