Preface to the Third Edition

The first and second editions of this book (as well as previous editions in mimeographed form) were the work of Arthur Pedoe, one of Canada’s best known actuaries who contributed many papers to professional journals, and who is still, in his eightieth year, a keen student of life insurance and finance.

The book is available to all persons interested in life insurance but has been used mainly as a text for the courses of the Life Underwriters Association of Canada. When the question of a new edition arose, Arthur Pedoe did not wish to undertake the labour involved. The Association invited me to undertake the revision, with his consent. He has given me complete freedom to revise the text; I thank him for his confidence and take the opportunity of recording in print the great debt which I owe to him for what I learned in twenty-three years as his junior.

It is no easy task to revise the work of another; each of us has his own modes of expression, his attitudes, and his prejudices. I have tried to avoid petty changes made simply to display mine. The main problem is to decide when to patch and when to rewrite. I have undoubtedly patched in many cases where I ought to have rewritten and vice versa, rather like the judge who said he had in his day convicted many innocent persons and acquitted many guilty ones, but hoped that, on average, justice had been done.

It may seem strange that the most complete rewriting has been in the material concerning the Family Income Plan, a subject on which Arthur Pedoe was an authority, and the development of which was undoubtedly furthered by his writings. As explained in the text, the Family Income Plan as such has largely disappeared, but it was the forerunner of ‘decreasing term,’ which now plays a very important part either as a separate policy or a rider in a large proportion of insurance programmes.

Other extensive rewriting may be found in chapters on pensions; on financial statements, largely to reflect the increasing importance therein of segregated funds; and on inflation, made necessary by changes in attitude due to the performance of the stock market since the last edition was published; it should be mentioned that the possibility of this happening was not unforeseen in the previous text.

Several references to British and U.S. practice have been deleted, particularly as regards pensions; legislation in that field differs so widely
between countries that comparisons are of little value. The final chapter on Social Insurance has been omitted, as not being altogether relevant; moreover, information on the Canada Pension Plan and the Quebec Pension Plan is available elsewhere. Some government legislation of 1977 was not, unfortunately, enacted in time to be treated in this edition.

It would be impossible to mention all of the people who have helped me in one way or another with my work. To the National Reinsurance Company of Canada are due thanks for office space and stationery, and my friends there for typing, photocopying and other little kindnesses. Many of my former colleagues at the Prudential of England and friends at the Sun Life of Canada helped me out when I needed information. Special thanks are due to the ladies in the Sun Life Library and the staff at the office of the Department of Insurance in Montreal.

Individual acknowledgments ought to be recorded for the assistance given by those who read and suggested revisions to whole chapters or to important sections, namely: Archie MacCracken and Charlie Black on Term Riders and Special Plans, Ian Leznoff on Disability Benefits, George Chalmers and Ron Till on Accident Benefits, Alan Keltie on Selection, Frank Morewood on Group Insurance, Jean Grégoire on Pensions, Bill Wilson on Statements, Doug Parkin on Investments, John Galbraith on Inflation, Claire Sheehan on the history of CREF, Donald Maier and Alex Sweeton on Industrial Insurance, and Sam Eckler on Fraternals. I should make it clear that what has finally appeared is not necessarily exactly what they proposed. I must accept responsibility for what appears in print.

Finally thanks to Louise, for typing, proof-reading, and putting up with me.

Colin E. Jack

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