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OUR BANKING DIRECTORY.

In this issue we present our first Banking Directory of the Dominion. We have been exceedingly careful in its preparation having had the proofs corrected by all the head offices of the banks, with one or two exceptions—in which the proofs were not returned in time—and we think. therefore, that it must be as nearly absolutely correct in all its details as is possible. We hope and believe that it will fill a want which has been felt by the public. We intend to leave no stone unturned to make the Insurance and Finance Chronicle valuable to all persons connected with the insurance and financial interests of the Dominion.

CANCELLATION OF LONG-TERM INSURANCES.

A NUT FOR UNDERWRITERS TO CRACK.

An interesting question has recently been started among insurance agents as to the correct *basis* for the cancellation of long-term policies, having its origin in the following condition of facts: It is customary among fire insurance companies to write long term insurances at the following, or similar, rates, viz.:

For 3 years at 2 annual premiums.

For 5 years at 3 annual premiums.

Proposition: An insured has a policy for three years, annual premium $7.50, or $15.00 for the three years—the policy is to be cancelled after one year; will the estimate of the earned premium thereon be made on $5.00, one third of the premium paid, or on $7.50, the regular annual premium?

If the former, $5, the insured will have had his single year's insurance for $5, being a reduction of one-third from what he would have paid for a yearly policy.

If the latter, $7.50, will the insured have paid more than in equity he should under the circumstances?

This $7.50 is what he would pay for cancelling a 3-years policy at the close of one year, at short rate, (where one-third is equivalent to one-half pro-rata) had there been no question of annual premium involved.

Will it make any difference in using the annual or the term premium as the *basis* of cancellation, whether such cancellation be made by the Company or at request of the insured? That is at pro-rata or short rate?

Next? We "pass," and give place to any of our underwriters who may feel disposed to ventilate their opinions upon this delicate problem, as to which much may be said on both sides.

DISEASED LIVES.

THE PRACTICE OF THE STAR LIFE OFFICE.

Our attention has been drawn to a paragraph in a recent prospectus of the Star Life Assurance Co. of London, England, which reads as follows:

"The directors have recently introduced a new method of insuring lives which, from family history or past health, are not equal to those of healthy persons generally. Instead of charging an advanced premium to meet the extra risk, the new plan is to charge the tabular rate, and make the policy liable to a debt equal to the difference between the ordinary and advanced premium multiplied by the number of years of expectancy of such life—this debt to be reduced every year by the amount of the excess premium over the ordinary rate which would have been charged."

"By this plan the assured only pays the ordinary rate if he lives out his expectancy, and the office is protected in the event of death occurring sooner."

We wonder if the Company ever submitted this new rule to their actuary? If not, we suggest that they do so at once. The rule is one which will not bear investigation. For instance a person applies to them for a policy of £1000 (say $5000) at age 35. They decide that they cannot take him at their ordinary rate of $136, but must increase that by $20, to $156 per annum. They give him the option of paying $156 and getting a policy of $5000 clear of debt, or of paying only the regular premium of $136 and getting a policy subject to a debt not bearing interest, of $620 ($20 per annum for the expectancy of thirty-one years) which will be reduced by $20 each year until extinguished at the end of