

ence. Even our egotistical Uncle John on the other side is now willing to admit its superiority, and English insurance journals in late years have earnestly urged upon Parliament the expediency of similar legislation for their offices. But every attempt thus far made in that direction has been met and defeated by the combined opposition of close corporations. Aversion to change, of any kind is characteristic of the Anglo-Saxon temperament. Reforms, the need of which is patent and urgent, are secured by slow and painful processes, and sometimes under threats of revolution.

The London Journal of Actuaries and Assurance Magazine, in a complimentary review of Superintendent Barnes' Eighth Annual Report, expresses its conviction that the appointment of a "Government Inspector, with power to order Insurance Companies to publish Balance Sheets, would be productive of much good, and tend greatly to the protection of the public" in England. But even so intelligent an organ seems to be dazzled by the idea of a really radical change. "We are of opinion, however, that the functions of such an officer should be strictly limited to obtaining and making public a true statement of the business transactions and the financial position of each company." That is to say, the "Government Inspector," who of all men connected with the business would necessarily be best qualified to offer, annually, useful suggestions and recommendations, should have no public opinions. In America, where corporations grow and prosper by abundant light and ventilation, there is no dread of official opinion, which is accepted on its merits only.

With respect to new and peculiar modes of transacting life business, recently introduced by young American offices, such as the reduced Homœopathic premium rate, and the arbitrary modification of the average expectation of life according to supposed special laws governing individual cases of vitality, as adopted by the American Popular Life Ins. Co., and noticed in the Superintendent's Report, the Assurance Magazine says:—"The experience of this country gives no encouragement to such novelties as these; for whenever anything of the kind has been attempted, it has been invariably abandoned after a few years' trial."

In footing up the aggregate of American Life business for 1866, our contemporary is not a little surprised: "The magnitude of the American Life offices far surpass anything that this country can show. It appears to be a law of nature that everything in the New World, whether in the realm of nature or art, shall be on a larger scale than in the Old World." And the qualifying caveat is well put, and deserves the especial attention of not a few young offices, now paying 25 to 40 per cent. for business. "It seems doubtful whether the assured receive any advantage from the magnitude of the offices; for the expenses of management appear to bear as large a proportion to the premiums as in England; if indeed the proportion be not larger."—*Insurance Monitor*.

ANNUAL REPORT OF THE INSURANCE COMMISSIONER FOR MASSACHUSETTS.—Mr. Sanford, the able Commissioner of Massachusetts, comes before us with his Annual Report; one remarkable for reach of view, and vigor of statement.

The number of companies made the subject of his report is 47, showing an increase of 3 in 1867, and this year 3 more have been admitted. The growth of Life Insurance is strikingly shown. No less than 62½ million dollars were paid to the 47 companies, in all 1867, by 430,000 policy holders, of which 9½ millions were paid out for claims on death. 40,000 policies are stated to have been allowed to lapse by policy holders, involving them in a heavy loss, but the Massachusetts laws appropriate this money to the insurance of those who paid it. The Commissioner raises the question whether these 47 companies are all funding enough to meet their enormous future obligations, or whether, between the ambitious struggle to pay large dividends to the assured on the one hand, and the temptation to pay large commissions to

agents, large salaries and perquisites to officers, and large royalties to stockholders, on the other; the bottom of the fund may not be reached at a day more or less distant, with a few hundred million dollars unprovided for. In this young country no such precedent has occurred, but there are many such in England. The Commissioner points out that that the great necessity of Life Insurance is accumulation at every period of its existence, a life company must have a fund growing with its growth, increasing with its age and business, devoted to coming obligations. So long as a company can respond to the great law of accumulation and reserve, stability is secured. The legislature of Massachusetts, which recognizes the importation of an effective supervision, applies a test by an "annual valuation of policies." This valuation has been made by aid of the tables published by Elizur Wright.

The only test of stability is the reserve or accumulation fund. The fundamental laws or assumptions on which life insurance proceeds, are a rate of mortality sufficiently high, and a rate of interest sufficiently low.

The Commissioner adheres to the Actuaries' table of mortality, and 4 per cent. on the rate of interest. In the State of New York, the rate of interest established by law for the valuation of Life Insurance Companies is 5 per cent., and the mortality table used, is the combined experience or Actuaries' table. The Commissioner's next discussion is the question of assets. What is to be considered a legitimate present asset deserving to be counted as a part of the solid reserve fund? Real Estate is allowed to be good investment, and U. S. securities which form about two-thirds of the gross assets, and about four-fifths of the aggregate reserve fund. All accrued interest is admitted to be a good asset. Unpaid and deferred premiums, if including only the balances of annual premiums on policies in force, the first instalment of which fell due during the year, and that these premiums or balances not having been collected or received by the company, do not appear elsewhere among its assets, are likewise good assets, as in making the valuation of policies to which these premiums attach, it is assumed that the premiums have been all received. The premium notes and loans are next discussed as to their being good assets. They are admitted to be safe for the company, and may be, therefore, counted among its legitimate or realized assets. The note system is thus made to appear as not bad for the company, though not so apparently for the policy holders who are deluded by it. Some companies have returned "commuted commissions," loans to agents, purchase of agents' annuities, &c., as assets. These are disallowed as not being real assets.

The question of expenses is next discussed, as one of the utmost importance.

The mortality record as shown in the experience of the companies is passed over, and instead thereof, is presented Mr. Levi M. Meech's life tables of the United States, prepared at the Commissioner's request.

The last subject discussed is that of the distribution of surplus.

The old per centage system is condemned, and the new system devised by Messrs. Shepherd Homans, and D. P. Fackler, shown to be the most equitable, which secures to each insurer a return of premium according to the amount of premium he has paid.

The contribution plan recognizes the constant sources of surplus—a higher rate of interest than was assumed, a lower rate of mortality than was expected, and a less per centage of expense than was provided for in establishing the premiums and reserve of the company. These resources yield a surplus which varies with the reserve on each policy, with the age of the insured, and with all the terms and conditions of the insurance. The system adapts itself to the incidents of each policy, and returns the surplus earnings from interest, and the excess of the payments for mor-

ality and expenses which belong to it. In a word, it seeks to give to each of the insured, the surplus which his money has earned or created. It requires no other statement than this to demonstrate its theoretical equity. The actual adaptation of the plan is demonstrated by the fact, that its formulas are deduced from and harmonize with the fundamental processes of life insurance, while no mathematics either suggest or justify the percentage plan.

In the appendix to the report, are communications from various officers of the companies to whom the Commissioner had applied for information as to their opinions on the best mode of distribution.

#### PERSONAL APPLICATION.

It is a false delicacy which induces Agents to abstain from speaking to their friends and neighbours on the subject of Insurance. It is a matter of regret that too many are content to be silent on the subject, and to trust alone to the mute appeal of bills, books, boards and brass plates.

If by any ingenious method short of a direct personal application persons can be induced to propose, these agents are quite willing to adopt it. But to call on a man and explain to him that Assurance is a highly beneficial scheme which may possibly be of inestimable future value to him, or to urge upon a decision which he is more than half persuaded to, is *infra dig*. This delicacy is not justly founded. The dignity of an archbishop would in no way suffer, should he press upon a man the advantage of assuring his life or his goods.

It not unfrequently happens that the solicitation to a man to assure saves the necessity which would otherwise afterwards exist of soliciting charitable assistance on behalf of his children. Which is the more preferable? To ask a man to assure out of his own independent resources, or to beg the favour of numerous votes and the interest of the voters, on behalf of his sons and daughters? No delicacy is felt about the latter. Surely none should be felt about the former. There should be no hesitation about personal application in so good a service.

IN NO BUSINESS IS IT MORE NECESSARY.—Insurance wants explaining. To many it is a mystery of mysteries, a something which is very expensive, and which people in good circumstances indulge in, a luxury for those who eat early cucumbers and the first peas. They are not at all clear how it is obtainable. Some seem to have a faint impression that the entrance is a shadow of the rites of free masonry. As to whether it cost one pound or twenty pounds, what the conditions are, and as to the mode of procedure, there are people to be found everywhere who are perfectly ignorant. Nor are they limited to any class.

But even where a knowledge is possessed, the personal application is not the less necessary. Nine out of ten are indisposed to assure at all, or unwilling to do it without an infinite delay. It is the one transaction of all others, about which there is no hurry. Tomorrow will serve as well as to day, and next year will suit as well as the present one.

Again, so much depends in Assurance on the ability of the issuers of the contract to fulfil it at a future day. The quality of the Assurance depends, as it were upon this, and personal explanation is eminently necessary to show the value of the commodity offered. A circular will never convince a man of the soundness of an Office as fully as *viva voce* replies to all his interrogatories. If then an Agent desires to be successful, let him make up his mind for "personal application" on an extended scale. All the ways for organizing an Agency which have ever been practised pale before this.

IN NO BUSINESS IS IT MORE SUCCESSFUL.—Its success is seen every day. It is seen in every town and city, almost every hamlet. It is seen in the records of every Insurance Office. Com-