

adopt this recommendation which has now been made both by the Armstrong Committee, and by the Massachusetts Commission. The plea of Practical Politics, only emphasizes the need of more perfect methods of accounting in life insurance offices. New companies, instead of being started with all modern improvements, so to speak, are often started without any expert actuarial and accounting aid whatever. Witness the fact brought out in evidence, in the course of the examination of the Crown Life, that the premium rates of that company were simply a result of finding a mean between the rates of various other companies. The expert accountants employed to examine the accounts of the Equitable and Mutual Life, took occasion to report as one of the most striking results of their work, that the book forms of the companies, and also the forms of annual reports employed by the states, were not exhaustive, and in accordance with modern bookkeeping requirements, used in the case of large commercial or mercantile enterprises. They confirmed what I have been for some time calling attention to in my private practice, as a consulting actuary and examiner, that there can be no such thing in good bookkeeping, as *non-ledger* assets and liabilities. They rightly called attention to the fact that a valuation of policies is analagous to an *inventory*, and that such items of assets as accrued interest, which some companies have kept no account of hitherto, except on memorandum sheets, are closing accounts, and should appear with due reference to the record of the details of their determination, under the proper account titles in a company's general journal and ledger. But these accountants not being also experienced actuaries, did not make any suggestions, such as would have been perfectly possible, showing how a valuation can and should be made, and other suitable accounts kept so as to determine all the figures which are important to display in a gain and loss exhibit, with all necessary accuracy, and as promptly as any part of the financial statement for the close of the fiscal year of a company. I may say that it is within my positive knowledge that this is done in the case of the New England Mutual Life Insurance Company of Boston, with which I was formerly connected.

If the Royal Commission may recommend the use of the gain and loss exhibit in the reports of the Superintendent of Insurance of the Dominion of Canada, they will set in motion the mainspring of practically all the genuine reform which Canadian companies stand in need of, without the aid of any arbitrary and restrictive legislation. I, of course, mean all the reform in methods; not reform in financial responsibility, which may need different safeguards. The light which the persistent requirements of the gain and loss exhibit will shed

on the nature of the business, which is really not complicated, except owing to the fact that it is a combination of the investment of trust funds, with risk carrying, to a greater degree and in more varieties as to the former, than any other branch of insurance, will tend to lead to the correction of what is still at fault in life insurance management. As the Massachusetts Commission declares, this will naturally lead to directing attention to uniform and correct comparisons, and discrediting false ones, and will show what are the true requirements of loading premiums to provide for expenses, and what are the true limits of economical and equitable allowance for expense, with respect especially to the compensation of agents. It is usually foolish to make predictions, but it seems to me not too sanguine to say that if the recommendations of the Royal Commission may be as generally judicious as those of that in Massachusetts, thirty years more, if not less, ought to be enough to place life insurance voluntarily on a basis which will be generally admitted to be scientific and just in all substantial respects.

WALTER C. WRIGHT.

July 2, 1906.

MONTREAL-CANADA FIRE INSURANCE COMPANY.

The re-construction of the Board of Directors of the Montreal-Canada Fire Insurance Company is now complete.

The directors are J. B. Lafleur, president; A. Champagne, vice-president; Fred. C. Lariviere, N. Leclair, E. Lariviere, D. Weismiller, H. H. Beck, H. Blachford, L. J. McGhee, managing director.

Mr. Weismiller is managing director of the London Mutual Fire Insurance Company; Mr. Blachford is general agent for the Province of Quebec of the London Mutual. Mr. Beck is manager of the Anglo-American Fire Insurance Company, and Mr. McGhee was formerly senior member of the firm of McGhee & Beer, Halifax, N.S., which firm represents several of the leading fire insurance companies, and transacts a large business in the maritime provinces.

We are officially informed that there is no connection, whatever, between the Montreal-Canada, and any other company. The election as directors, of Mr. Weismiller and Mr. Beck, connected respectively with the London Mutual and Anglo-American is stated to be good policy having for its object the support and sympathy of one company with the other, in the securing of business.

MUTUALS SWING INTO LINE.

At a special meeting of the Massachusetts Mutual Fire Insurance Union, held last Saturday, the subject of increasing premium rates was discussed, and it was unanimously voted to adopt the advances promulgated by the New England Insurance Exchange.