

are permitted to retain profits for twenty years without any accounting, abuses may arise, and surplus really belonging to the older policyholders may be diverted to make good impairment of capital, or for other purposes. Profits may even be paid on a liberal scale to maturing policies, without proper provision being necessarily made for other members whose profits are not yet due. I do not say that this has ever been done, but the door is open. These two evils or dangers should certainly be removed. Our Canadian commissioners recommend that estimates be prohibited entirely, and I am rather inclined to accept their decision on this point without argument. Personally, I do not think that estimates can ever be abolished, for nine out of ten applicants will certainly ask the agent what their profits are likely to be, and this will be the case no matter how frequently or infrequently the profits are divided. The question is a natural and proper one, and the agent must answer it. If estimates cannot be given by the company they will be given by the agent unofficially, and the last state may be worse than the first. The remedy I, myself, would prefer, would be to require every company which issues estimates on deferred profit policies to furnish statements showing how such estimates are prepared and the amount which should be on hand to carry out the same for every form of policy and for every age at entry and duration, just as is at present done for the valuation of policies. Specimen figures for each decennial age at entry and on the three leading plans could be published with its returns. The total amount of surplus thus required to carry out the estimates should then be stated, and by its side the amount actually on hand. By comparing these figures the public could at once tell to what extent the estimates were justified by the company's position, and excessive estimates would soon be a thing of the past. The commissioners, however, have ruled otherwise, and it is perhaps not wise to quarrel with their views on every point. The cure proposed by them for the lack of accounting is, however, similarly simple and drastic. They merely advise the abolition of this entire plan of assurance. If a patient has a slight ulcer on a finger, the surgeon does not advise that the entire arm be amputated, or that the man himself be quietly put out of the way. The evils complained of may be remedied with comparative ease. The commissioners themselves have proposed a cure for the one trouble which the companies are prepared to accept. For the second, the united managers realize that effective accounting is absolutely essential, and made definite recommendations to the commission as to the best form to adopt. If the plan suggested by these gentlemen be not sufficiently searching, let it be improved upon.

That deferred profit business can be conducted without excessive estimates and with a strict system of accounting, was shown in evidence secured by the Royal Commission itself. For example, in the Canadian company which had had the largest number of matured deferred profit assurances, the results paid had actually exceeded the estimates on which the business had been secured in thirty-four per cent. of all the cases, and the total sum paid on all its matured deferred profit policies had been about ninety-seven per cent. of the total amount originally estimated. Furthermore, although the premiums now being charged are higher than those of former years, the estimates now in use are lower. It was shown, moreover,