lives, which in a few years would show a very heavy mortality.

For these reasons, it is evident that the ordinary "rule of thumb" methods of comparing the death rates of different companies are unfair and cannot be relied upon in the slightest degree. The result of such crude comparisons is very often to show strong, carefully-managed companies down at the foot of the list, with a death rate about four times as large as some little concern which was organized the year before last and wrote most of its business during the last six months.

The only fair method would involve an actuarial investigation of the expected mortality of both companies according to the ages of the lives insured, and a comparison of the expected mortality so ascertained with the actual death loss. This method is impracticable, of course, so that the result of our reasoning is the conclusion that fair-minded agents will do well to let death rate comparisons alone.

EXPENSE RATIOS.—We reach exactly the same conclusion when we come to deal with expense ratios, and for very much the same reasons.

The three most common methods of finding the expense rate are to take the ratio of expenses to (1) insurance in force, or (2) to total income, or (3) to premium income. Not one of these methods pays any regard to a fact which every agent knows, namely, that the cost of new business is ten or twelve times as great as the cost of renewal business. Therefore, if we use any one of these three methods of obtaining the expense rate, we are doing an injustice to one of the two companies that are being compared. The company which is writing the larger proportion of new insurance will always show the higher expense rate. For example, here is company A, with $20,000,000 insur-