

fluctuation in the money market. About 6 per cent. is loaned on collateral securities, largely of the latter class, and approximately 10 per cent. is in real estate owned. It requires no superior financial genius to understand that 27 per cent. of the total assets of the companies being in fluctuating securities might, under certain entirely possible circumstances, cause such a shrinkage as to seriously imperil the surplus held. We do not lose sight of the fact—and it is a very important one—that great care and much vigilance is exercised by the executives of the companies in the selection of these miscellaneous securities, but still no man's sagacity is sufficient to tell what the condition of a given railway or the realizable value of its bonds a year hence may be.

In this connection, it is important to notice, that during the last dozen years the item of real estate mortgages in the schedule of assets has decreased about three per cent., while that of stocks, bonds, etc., has actually doubled its percentage, or gone from 18.5 per cent. in 1880 to 36.5 in 1891. As before stated, over nine per cent. of the latter is in municipal and similar desirable securities, however. This increase has gone on steadily each year for many years, while for the last five or six years real estate loans have varied but little either way. The tendency which we have noted toward increase for a term of years of miscellaneous bonds, etc., and the decrease of real estate loans among the United States companies is also found among the British life companies, though in a less degree. Thus we find that in 1872 the item of "railway and other stocks and bonds and debentures" constituted about 13 per cent. of the assets, while in 1890 it constituted over 16 per cent. On the other hand, first mortgage loans in 1872 were 48 per cent. and in 1890 only 43 per cent. of the assets. The much less rapid accumulation of assets calling for investment among the British than among the American companies of course helps to account for the less marked increase and decrease in the holdings compared.

It is with considerable satisfaction that we note the improved condition rather than the reverse in the investments of the Canadian life companies during the past few years. Thus we find that, while in 1880 first mortgage loans constituted but 24 per cent. of the total assets, in 1886 they had grown to 33 per cent., and in 1891 to 43 per cent. Debentures and bonds and stocks of various kinds made up 47 per cent. of the assets in 1880, 34 per cent. in 1886, and 22 per cent. in 1891. The greater portion of the Canadian companies now have no investments whatever in railway or bank stocks or kindred securities, so that, with one or two exceptions, the above 22 per cent. represents very desirable holdings in first class municipal and town debentures and government securities. That securities of these latter varieties are growing in favor, and careful loans sought on real estate security, is a tendency among Canadian companies to be noted with satisfaction. Too much caution cannot be exercised by the companies in this matter of investment, for it is the bridge to carry safely over an increasing throng of widows and orphans.

COMMISSIONS AND FIRE INSURANCE.

Managers of companies and fire underwriters generally are regretfully aware of the fact that the portion of the premiums annually parted with in payment of commissions and brokerage has gradually increased for the last few years, until "the commission question" has become exceedingly troublesome. Repeated attempts to reduce this outgo have been made and are being made in various ways—a system of graded commissions being of late discussed extensively in the United States. It looks to be quite probable that under the favorable influence of better and more loyally supported board regulations in New York and the other principal cities this year, and involving the fifteen per cent. pledge, a reduction of the commission expense may be reported when the annual statements are made up. Of this much to be hoped achievement we cannot as yet be too sure, though certainly the prospect is encouraging. Meanwhile, it will be especially interesting to glance at the record of 1891 made by the business in the United States on this question. We are able to do this by availing ourselves of a carefully prepared table published some time since by the *Insurance Age*, and recapitulated below. The companies, 112 in number, reporting to the New York insurance department, are divided into five classes as follows:—Class I; fifteen companies each having a capital of \$1,000,000 or more. Class II; fifteen companies, each having a capital of from \$500,000 to \$750,000. Class III; twenty-two companies, each with a capital of \$300,000 to \$400,000. Class IV; forty-three companies, each with a capital of \$200,000 to \$250,000. Class V; twenty-six branches of foreign companies. Following is the exhibit:—

No. of Co's.	CLASSES OF COMPANIES	Premium Income.	Commission and Brokerage.	Per Cent.
15	Class I.....	\$ 37,925,746	\$ 6,842,624	18.04
15	Class II.....	12,647,283	2,604,625	21.63
22	Class III.....	10,813,436	2,232,158	21.11
43	Class IV.....	11,652,230	2,603,383	22.34
26	Class V.....	37,203,409	7,559,287	20.32
112	Totals.....	\$109,642,094	\$ 21,842,077	19.92

It will here be seen that the average rate paid for commissions and brokerage by all classes of companies in 1891 was, practically, twenty per cent. Very naturally, too, it appears that the large millionaire American companies and the foreign companies did business on a less commission than the less strong ones, the extremes between American companies being over four and a quarter per cent., and between foreign offices and the smaller American companies two per cent. If we combine the figures of Class I and Class V, the largest American and the foreign companies, we find that the average per cent. of the two classes was 19.17; while combining Classes II, III and IV we find that the average per cent. was 21.56. Taking all the American companies, 86 in number, and we find the average per cent. to have been 19.71, against the 20.32 of the foreign companies. There is manifest room for improvement therefore by all classes of companies represented, and we look with interest for the figures of 1892.