

broker, and gives as a reason therefor the delays which it claims take place in the settlement of a loss when dealing with several companies who, it says, "come to an understanding between themselves to make the settlement at one time, and those who would pay down upon the nail wait for those who are obliged to finance, so that generally the full legal delay expires before the loss is settled; whereas in having the affair in a single solid company, which afterward makes the distribution of the risk, this company is not kept waiting for the others," etc. Now this is untrue in statement and bad in logic. It is a notorious fact that, so far from all the other companies with concurrent policies on a risk waiting for one or more of their number to "finance" before payment, there is lively competition to see which shall be first to pay, and every company is equally keen to score a hit for promptness. Prompt payment is as much a characteristic of the smaller as of the largest companies, and the attitude taken by our contemporary is an impeachment, unwittingly, we trust, of both the honesty and the financial ability of the insurance companies in general. Those worthy of the name do not have to "finance" to pay their debts, but are ready, as soon as the question of liability is settled, to draw their checks with that promptitude which was so creditably illustrated by the Royal in the Asylum loss.

LIFE ASSURANCE AND INVESTMENTS.

We need not state to the intelligent reader that the income from the invested funds of a life assurance company is of essential importance to its stability. One of the fundamental principles of the business is that its funds must not merely be held safely in trust for the future benefit of the members, but that these funds must accumulate by the power of compound interest, that accumulation to be measured by a fixed minimum standard. That, as a rule, interest accumulations actually realized considerably exceed the amount called for by this fixed standard is well known, and is a very satisfactory fact. The investment in such a manner as to secure such a result, however, of the more than sixteen hundred millions of dollars, held by the various legitimate life companies of the English-speaking countries, is no child's play, as may readily be conceived. Obviously the first consideration in seeking investment is that of absolute safety, and how to invest at the minimum of risk and the maximum of profit certainly calls for management of the highest order of ability.

It is a most significant fact, and one which cannot too often be insisted upon, that the failures which have occurred among life assurance companies have mainly been brought about by managers who have ignored the prime feature of safety before all else in making investments. In this era of enterprise and bustling activity, with new ideas on every hand seeking capital to give them embodiment, added to the various lines of established industries and the wide range of landed interests, the opportunities for investment of funds are plentiful. As to wise selection from this broad field, there is doubtless room for differences of opinion among

competent and honest managers of life companies; but in this department of management it is not too much to say that rigid conservatism should be chief counsellor.

It will be remembered that in the November number of the CHRONICLE we presented an analysis of life companies' investments for 1888, in which it was shown that of the total assets about 68 per cent. consisted of real estate owned and loaned upon, government securities, loans on policies in force, debentures, and cash on hand. The balance was in collateral loans, railway and telegraph securities owned, and various miscellaneous holdings. We herewith present some results of an analysis of the United States companies, or rather of those reporting to the New York Insurance Department, for 1889, touching the investment of their funds in what may be called current securities, those having changeable values, and for the most part quotable in the financial market. There are 30 companies reporting, but 25 only are here considered, as five of the thirty have no investments to speak of in the classes of securities here named. The net or invested assets of the entire 25 companies are \$614,237,821 and the total admitted assets \$644,349,456. We base our percentages on the invested assets.

CHANGEABLE SECURITIES OWNED.		
Kind of Securities.	Total Amount.	Pct'g'e of Net assets.
Railway and Transportation Cos. stocks or bonds.....	\$157,723,442	25.91
Bank and Trust Cos. securities.....	6,242,215	01.58
Telegraph, Telephone, Gas, Express, Dock and Mfg. Cos. securities....	5,954,870	01.22
Total, 25 Cos.....	\$ 169,920,527	27.66
COLLATERAL LOANS.		
Railway and Transportation Cos.....	\$ 26,079,530	04.34
Bank and Trust Cos. securities.....	1,187,875	00.22
Telegraph, Telephone, Gas, Express, Dock and Mfg. Cos. securities....	3,218,392	00.60
Total, 25 Cos.....	\$ 30,485,797	4.96
Aggregate, Owned and Collateral.	\$200,406,324	32.62

From the above it will be seen that, practically, one third of the net assets of the companies considered are invested in securities having a fluctuating value, as compared with municipal or town or county debentures or real estate. Stocks and bonds of railway and transportation companies constitute more than nine-tenths of the above aggregate. Securities of telegraph and telephone, gaslight and express companies, and the like, make quite an item, being over nine millions, owned and held as collateral; while bank and trust companies' stock exceed seven millions, mostly owned by the companies. These railway and kindred securities have doubtless been selected with much care, and, as a rule, only those issued by companies well established and of recognized character and value are included in the investments of life companies. But is this large proportion of securities of this kind altogether wise, nevertheless? It is not very many years since the securities of the Lake Shore and Michigan Southern and of the Michigan Central railroads, for instance, were considered among the best, and the stock was sought after with perfect confidence. A great many people since then would have been glad to find buyers