

and due, combined, for the latter year, the accrued and overdue interest of the former year. The result compared with previous years is as below:

#### BRITISH LIFE COMPANIES.

Company	Rate 1891	Rate 1892	Rate 1893	Rate 1894	Mean amount of assets, 1896	Interest earned 1896	Rate 1896
British Empire	1.55	4.15	3.92	4.35	\$8,014,046	\$117,371	4.68
Lon. & Lanc.	1.58	4.50	4.48	4.20	4,927,815	208,261	4.23
Standard Life	1.27	4.16	4.09	4.20	30,558,360	1,015,813	3.39
Totals.....	4.40	4.40	4.40	4.44	\$53,400,280	\$2,241,445	4.19

It will be seen that the interest rate of the above companies fluctuates a little from year to year, and that the average for 1895 of the three companies is a little less than for 1894, but exactly the same as in 1892. The variation of the average is however but a small one, and indicates but little change in the investment conditions.

#### GROUPS OF BRITISH LIFE INSURANCE COMPANIES.

The British Board of Trade returns of the life assurance companies present a summary of their revenue accounts and balance sheets from which quotations are made in the FINANCE CHRONICLE that are worth examining and comparing with Canadian companies as far as available data allows. The first table relates to cost of management.

Year.	Premiums.	Expenses.	Cost of Management, Contribution.	Together.
1884....	\$60,810,000	\$5,717,000	\$2,674,500	\$8,392,100
1896....	88,188,000	7,070,000	4,953,000	12,023,000
Increase	27,369,000	2,252,400	2,278,500	4,530,900
	45 p.c.	39 p.c.	85 p.c.	54 p.c.

The general expenses, such as rent, salaries, etc., did not increase in the same ratio as the premiums, but the increase in commissions went far ahead of that of premiums, the net result being a 45 per cent. additional income from premiums since 1884, secured at an increased cost of 54 per cent. In the same term—1884 to 1896—the Canadian companies increased their premium income from \$1,032,500 to \$6,207,930, an increase of \$4,305,424, equal to an advance of over 220 per cent., while the total expenses increased in the same period from \$568,573 to \$1,723,309, an advance of 238 per cent. The very high rate of increase in the Canadian companies between 1884 and 1895 arose, of course, from the rapid growth incident to a comparatively new form of enterprise in this Dominion, and the general expansion of all forms of business in this country in that period. In this expansion the British life assurance companies shared, as in these years they increased their receipts for premiums in Canada by over 50 per cent., which exceeded their total increase by 5 per cent. As to funds and interest earnings our contemporary says the British Blue Books present the following results.

Date	Total Funds.	Interest less Tax.	Rate p.c. less Tax.
	\$	\$	%
1884....	188,000,000	28,263,500	4.12
1896....	290,000,000	36,064,000	3.77
Increase....	102,000,000	7,800,500	.....
	43 p.c.	31 p.c.	.....
Decrease....	.....	.....	35
	.....	.....	8 1/2 p.c.

\* converted at 1/4

Owing to the peculiar method adopted of reporting

the accounts of life assurance companies by the British Board of Trade, differing as it does so widely from the official returns made up in Canada, it is hardly possible to institute an exact comparison between the assets which the Board of Trade lumps into a total under the title of "Funds," and similar resources owned by our institutions. So far as the above return exhibits the changes from 1884 to 1896, it is evident that the increase in receipts of interest by the British companies did not keep pace with the increase of "Funds," which we find called "capital" by our London contemporary. This arises from the depreciation in the value of money since 1884, the drop being from \$4 12 per \$100 to \$3.77 per \$100, a decline of 35c. per \$100. How serious this is can be judged by the fact that had the same rate of interest been maintained this year as prevailed in 1884, the life assurance companies of Great Britain would have had \$3,500,000 more income from their investments than they will yield. There is not as much difference in the average rate of interest in their "Funds," or the invested assets of British companies, as might be expected from the lower value of money in the old land, but their resources are placed largely in Colonial securities which yield a higher average percentage than those of a home class, those of Canada being highly in favor. The following table shows the relative proportions of the cost of fixed charges and of commissions, and of these expenses combined, for the British companies since 1884, also the rate of interest realized yearly:—

Year	No. of companies.	Percentage of Premium Absorbed in Fixed Charges.	Commission.	Total Expenses.	Rate of Interest per cent.
		p.c.	p.c.	p.c.	%
1884....	96	9.40	4.40	13.80	4.16
1885....	95	9.27	4.45	13.72	4.12
1886....	96	9.52	4.62	14.14	4.12
1887....	94	9.80	4.72	14.52	4.10
1888....	96	9.92	4.89	14.81	4.02
1889....	96	10.13	4.95	15.08	4.00
1890....	95	10.23	5.09	15.32	4.00
1891....	91	9.58	4.77	14.35	3.98
1892....	89	9.38	4.93	14.31	3.99
1893....	90	9.16	5.16	14.32	3.99
1894....	90	9.57	5.55	15.12	3.95
1895....	88	9.42	5.43	14.85	3.89
1896....	55	9.04	5.61	14.65	3.82

The above shows a gradual reduction in such expenses as salaries, rents, and others of a more or less fixed character, while the costs incident to procuring business have steadily advanced but at a higher ratio, so the result was that while the total expenses in 1884 were 13.80 per cent. of the premium income, they were 14.65 in 1895 last year. The economies of administration were found impracticable in the work of securing business, which is becoming more and more costly as competition increases. As the rate of interest decreased while expenses were enlarging, it is manifest that the companies in later years have made less profits for distribution amongst shareholders and policyholders. As the interest earnings of the British life assurance companies pay all the costs of management, and leave a very large surplus, it is manifest that their "Funds" evidence great strength, which, in spite of the increased cost of business and lower interest rates, is progressing by leaps and bounds in each decade.