

more desirable than those of the British companies. Not only do they contain fewer conditions, but they grant a number of valuable privileges, such as extended insurance and guaranteed loan and cash surrender values for each policy year.

The article in question makes three assumptions in favor of Canadian companies, illustrating them by figures and ratios, which are intended to be taken as proof. These assumptions are as follows:

1. "Lower average premium rates than either British or American companies, although having a larger percentage of endowment assurances.
2. "Larger percentage of income saved than either British or American companies.
3. "Cost of new business less than one-half of the British companies. In the case of the American companies if the amount of re-assurances and not-taken business is considered, their cost would undoubtedly be in excess of Canadian companies."

The first of these, namely, the lower premium rates of Canadian companies, is true to a moderate extent, while the second and third assumptions are entirely erroneous, and the tables purporting to prove them are palpably absurd.

The first tabulation (placed in wrong order, as it refers to the third assumption) purports to show that the cost of new business in British life companies is excessive. Ten British companies are tabulated, headed by the Equitable. The management expenses of this old company for the year are given as \$12,858, and the new premiums as \$8,431. The ratio of expenses to new premiums is, of course, very high, but that in itself proves nothing. As every insurance man knows, the Equitable employs no agents, and the relative amount of its new premiums to old is very small. The method, approved by actuaries generally, of assuming that the expenditure on account of new premiums is ten times as much per cent. as that on renewals, if applied to the old Equitable, brings out a ratio of 4.66 per cent. on renewals and 46.60 per cent. on new business. This latter ratio is very different from the ratio of 152.5 per cent. brought out by the author's fallacious tables. He overlooked entirely the fact that in 1903, the year under observation, the percentage of new premiums to total premiums in this company was only 5.16, and the further fact that there is always a percentage of expense in the collecting of renewal premiums.

The fallacy above pointed out applies to all the British companies in the list, and the ratios brought out are of no significance. To show, however, the utter absurdity of this tabulation, let us look at one other case, that of the London, Edinburgh and Glasgow Life. Applying the 10 to 1 ratio to this company, we find the cost in 1903 to be 5.90 per cent. on renewals and 59 per cent. on new business. The article brings out for cost of this company's new business the amazing ratio of 1,316.6 per cent. Was absurdity ever carried to a greater length?

The third assumption, that the percentage of income saved in Canadian companies is greater than in British companies is based on a tabulation whose misleading nature has been very often exposed. The total disbursements are deducted from the total income, and the difference is called the proportion of income saved.

In this comparison 88 British companies, having an average age of 61.82 years are pitted against 20 Canadian offices having an average age of 17 years.

It is obvious that death claims must form a very large percentage of the outgo of the much older British offices, but in the article we object to they get no credit or allowance whatever on account of that.

A statement in the article immediately following this tabulation effectively disposes of it, though that fact was doubtless overlooked by the author. He says: "Death claims for 1900 (Canadian), 97 per cent. less than British." We are surprised that a life insurance man of any experience would fall into such a palpable error as that exposed above.

The article closes with a summary of comparisons, only one of which, that of rates of interest earned, is legitimate, or of any practical value. The whole tabulation, being the bringing together of a mass of heterogeneous matter, must of necessity be misleading in its conclusions.

Taking the business all in all, Canadians have every reason to be satisfied with the excellent values offered them in the contracts of our home companies; and there is not the slightest necessity of bolstering up domestic life offices with comparative ratios which will not bear criticism.

Insurance journals have a duty to perform in seeing that only fair and legitimate matter is printed by them, and it is a pity that the interests of our life offices should be made to suffer through ill-informed publications. There is strong reason to hope that no intelligent or fair-minded Canadian manager will countenance the circulation of this misleading article.

THE REWARD OF "DOUBLE DEALING."

It may not be out of order to advise the shareholders in the Monarch Life Assurance Company other than those in the inside ring to make a point of being present at a certain trial which is set down for disposal early next month. The pending action is one to which The Monetary Times has already referred. As we intimated in our issue of October 6th last, the allegation is made by thoroughly responsible parties that some time ago Mr. T. Marshall Ostrom, the gentleman who is trying to foist his queer systems of finance and insurance on a long-suffering public, disposed of a certain interest in six so-called "copyright policies" to Mr. George Stevenson, of Toronto, who in turn subsequently assigned it to Mr. Ewen Mackenzie. A law suit is now being instituted by the last-named against Mr. Ostrom and the Monarch Life Assurance Company to set aside the alleged sale by Ostrom to that company of the plaintiff's interest in such copyrights, and to obtain an injunction restraining that company, or its officers or agents, from advertising an exclusive interest therein, or in the alternative claiming the sum of \$5,000.

Harsh names are accorded the business procedure of a man who will sell, say, a horse to one man, and then, while his back is turned, tries to sell the same animal to someone else. And horse-trading is looked on by some as a profession in which the finer shades of business ethics are apt to be lost sight of. What, then, is to be said of one who will treat high-flown patent copyrights in such derogatory fashion?

Whatever may be the immediate outcome of the trial, however, in regard to the disposal of these properties, if indeed the "copyright policies" may receive the dignity of such an appellation, the proceedings are sure to be worth watching, not only by actual shareholders in the company, but by the general public with

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