

untruthful, or misleading the object of the Royal Commission is not being fulfilled.

It will not be advisable to place too great reliance upon the advice of actuaries, who are not always the best judges of practical matters. There is in life insurance a practical side and an actuarial which are not necessarily in agreement.

Take for example the case of one of the ablest actuaries on this continent who was respected and looked up to by the profession. He started the Provident Life on pure actuarial principles. Many of our readers will remember a very lively discussion which was carried on in THE CHRONICLE with this expert on the practicability of carrying out his scheme, which, while correct from an actuarial standpoint was found to be impracticable in working for various reasons, a leading one being that sufficient new business to keep the mortality at a normal rate could not be obtained without greater cost than anticipated. This company now works on old line methods and the Homan's plan originated by a very eminent actuary has been abandon-

#### ROYAL COMMISSION ON INSURANCE.

ENQUIRY RESUMED AT TORONTO ON 25TH INST.

The Royal Commissioners reopened proceedings at Toronto on 25th inst.

When it was announced that the Manufacturers' Life would engage their attention Mr. Hellmuth, K.C. representing the Ontario Government, objected to this course. He contended that the examination of Mr. Fitzgerald ought to be concluded before the Commissioners branched off into an examination of individual companies. This view was not shared by Mr. Shepley, and Judge McTavish decided to proceed with the examination of the Manufacturers' Life.

Mr. Junkin, managing director, explained his position and testified regarding the re-organizing of the company when it was amalgamated with the Temperance and General.

He detailed the arrangements made with Mr. H. Sutherland, who was manager of the Temperance and General up to its being absorbed by the Manufacturers. He was allowed \$2,000 a year for 5 years on his retiring, on his undertaking not to entice any of the policy-holders to leave the re-organized company.

Mr. Junkin gave particulars of some dealings in the stock between Hon. G. A. Cox and Mr. Geo. Gooderham. He explained that a dividend was declared soon after amalgamation in accordance with an understanding with the shareholders. In 1902 Mr. Cox sold out his 4,000 shares to Messrs. Mann and Mackenzie, and with Inverness Railway Bonds were held as security for a loan of \$100,000 made to Mann & Mackenzie.

This was all the business done on 25th inst.

#### THE ROYAL COMMISSION ON INSURANCE.

By WALTER C. WRIGHT, Consulting Actuary.

The Royal Commission on Insurance was so ably and fully discussed in the March 30, number of THE CHRONICLE, that it is perhaps presumptuous for an occasional correspondent to expect to add anything of importance to the suggestions then made by the paper itself, but some points have occurred to me as being worthy of further and more specific discussion. One of these is the danger of failure to reach the best conclusions by undertak-

ing to conduct too minutely inquisitorial and discursive an investigation, both as to the time covered, and matters considered. "Give me a single bone and I will reconstruct the whole fish" said Cuvier; and granting that the members of the Commission have been wisely selected, and have chosen sufficiently able, legal and actuarial advisers for themselves, they should be able as experts to achieve good results at small cost of time and money, and with comparatively as little tax on the companies, for preparation and report of insignificant facts, as possible.

The voluminousness and repetitiousness of the New York investigation, and report, and particularly the latter was evidence of weakness rather than of strength. This is shown by the number of amendments to bills based on the report which have been assented to.

I do not mean to say that so far as evidence was found by the New York investigators of official malfeasance, it was not necessary and proper for them to pursue their inquiries of this kind fully enough to elicit the entire truth; but that so far as methods and management go, nothing was gained by repetitious, detailed and voluminous inquiry. In that respect the Investigating Committee seemed to have no really expert and competent guide, such as they had in the other respect, in the person of Charles E. Hughes, Esq.

It is true that Mr. Dawson, the Consulting Actuary of the Committee, advocated mutualization as a remedy to release the Equitable from embarrassment, but he could suggest no other expedient than the drastic and dubious legal measure of compelling the surrender of the stock holdings at par, or bare legal interest earning value, and it is doubtful if the gentleman would have been ready to apply his own rule rigidly, had he been personally the holder of any considerable number of shares of this stock, and this question still waits for a feasible, satisfactory, and just solution.

He also advocated the general introduction of the gain and loss form of exhibit, in official governmental reports relating to life insurance, a measure in regard to which the writer is in entire accord with him, and which I think would now have few opponents; but he coupled this suggestion with a modification as regards the separation between the gains and losses of the first and subsequent policy years of outstanding policies, the necessity and importance of which is by no means so well shown.

Again, in other important respects, in which it is a fair assumption that the Committee had the benefit of his counsel, such as the importance and best mode of limitation of the amount of business which may legally be held and transacted by a company; the limitation of expenses; and the restriction of policies written to standard forms; and as to conditions of surrender; the conclusions, or report of the Committee may fairly be described as nebulous and not guided by positive and clear conviction. Their recommendations are plainly selected from among diverse possible choices of means, with little appearance of real confidence as to their superior merit, and clear necessity.

The very important question of right loading or provision for expense is notably left by the Committee in an unsettled shape. Their recommendations as to this are at best mere makeshifts.

The fourteen sub-heads and sixty-four ques-