THE INTEREST RATE ON FUTURE INVESTMENTS.

What Life Companies Can Count upon Receiving.—Modifying Conditions.—The Effort to Collect Reliable Data.

The rate of interest on assets invested which life-insurance companies can count upon receiving during the next twenty years has been generally discussed in insurance circles for months past. The N. Y. "Evening Post," says regarding this question:—Experts have differed about the matter, and in order to collect reliable data, James W. Alexander, Vice-President of the Equitable Life Assurance Society, asked prominent bankers throughout the country for their views on the subject. These have just been collected, and were made public to-day, showing that most financiers believe that 3 per cent. may be the average rate reached during future years. Lyman J. Gage, Secretary of the Treasury, says that any estimate may be modified by circumstances and vicissitudes which cannot be foreseen. He adds: "Looked at, however, in the light of probabilities, with the general average conditions, social and national, which have prevailed for twenty years past, and taking into account the rapid increase of capital and the growing economies in production and distribution, it would seem that the tendency of interest was permanently downward, and that it would be hazardous to estimate a rate higher than 3 per cent., as an average available return upon high-grade securities during the next twenty years. On the other hand, with our country largely undeveloped in its latent resources, as it is affording still room for the intelligent application of capital to the development of such resources, it would seem to me that 3 per cent. might be fairly estimated to be a realizable average rate. This, at least, is about the point where my judgment balances the question."

Mr. Gage's view is shared by Conrad N. Jordon, Assistant-Treasurer of the United States, John A. Stewart, President of the United States Trust Company; H. W. Cannon, President of the Chase National Bank of New York; John Harsen Rhoades, President of the Greenwich Savings Bank; Louis Fitzgerald, President of the Mercantile Trust Company; Richard Delafield, Vice-President of the National Park Bank of New York; August Belmont, Levi P. Morton, and other bankers of this city. Some say that the companies may realize as high as 3 1-2 per cent., but nearly all agree that 3 per cent. is the conservative estimate. James T. Woodward, President of the Hanover National Bank, believes that a large life insurance company cannot estimate the return on new investments for the next ten years at a higher rate than 3 1-2 per cent. J. Edward Simmons, President of the Fourth National Bank, quotes 3 1-2 per cent. as the outside rate that companies can calculate on realizing during the next twenty years.

Edward Atkinson of Boston thinks it likely that 2 1-2 per cent. will be the normal rate before long on which companies can safely base computations of reserve. He says: "I have never witnessed a period in which the accumulation of capital in this country has proceeded with the rapidity of the last decade, even including the period of panic and depression. That capital consists in an excess of useful products beyond immediate consumption when fully met. Unless we find a large outlet for the safe export and investment of the proceeds of this surplus, I am of opinion that capital will accumulate in this country more rapidly than general intelligence, which is necessary to its use. It will be many years before many states of this country come to the conclusion that, where the equal rights of creditors are not respected, or where preferences are given to debtors, capital cannot be safely invested, neither can capital be safely invested, in a community which advocates fiat money, and would force cheap money of any kind upon creditors without respect to the unit or standard of value of the world."

BEARING FRUIT.—"As we predicted in our January number," says President C. B. Whiting of the Orient Insurance Company, "eighteen ninety-nine opens up with a loss ratio for the two months of its existence which has fairly astonished the pessimistic underwriter. Even he has a lump in his throat, which prevents him from exclaming with any happiness in his voice, 'I told you so.' The snows, the wide area of cold weather, together with high winds, have made the fraternity without a single exception