against an average annual cost to the holder of the Brooklyn Life policy of $14.17. Let it be remembered that two of these associations are but 11 and the other 9 years old, with the cost to the membership steadily growing. If we could anticipate the average cost for 24 years by adding the experience of the next 13 years, if they should chance to live so long, we should undoubtedly find it more than twice what it is at the present time. Reserve life assurance is a good deal cheaper in the end, as it is incomparably safer than that which assessmentism undertakes to furnish.

A "LONG FELT WANT" DISCUSSED.

No competent fire underwriter need be told that hazard legitimately governs the rate charged for insurance on a given risk. But what *is* the hazard on the particular risk to be rated? The company insuring against the loss of life finds no difficulty in answering that query, for the simple reason that the carefully recorded experience of life assurance for a hundred years and more by a variety of companies in various countries has demonstrated the proportion of selected lives which, in a given number, will die at the various ages in a given period. Why then may not the fire underwriter, whose business has a longer record of experience, turn to that experience and formulate his tables of "expectancy" on the various classes of property which he is called upon to insure?

It will sound strangely no doubt to Macaulay's future New Zealander, who, after his ruminations on London Bridge, shall wander into the ruins of the British Museum and chance to read, that in the last decade of the nineteenth century a people who had the genius to invent devices to talk audibly at long distances over a slender wire, to send messages under the sea, to turn midnight into noonday by the touch of an electric spark, and who had brought to perfection the great, beneficent system of life assurance, had secreted their fire underwriting experiences in the vaults of a few companies, and no common record or formulated average of results had ever been permitted to see the light of day. An intelligent classification of fire hazards, based on the general experience of fifty leading companies for even a quarter of a century, would be both easy and accurate if their combined experience could be open to the underwriting world. The recorded experiences of the several life companies are voluntarily given to the world in elaborately classified and tabulated form by skilled actuaries, as a contribution to the general fund of that knowledge which, in life or fire underwriting, is power—the power of facts rather than of conjecture. The result of the two methods of procedure is that life assurance is a well defined science; while fire insurance, lingering just on the border-land of science, is largely a system of guessing.

There has never been, among men to whom have been committed such vast interests, such an exhibition of mistaken folly and suicidal blindness as that afforded by the persistent refusal of the managers of the leading fire insurance companies to give to the underwriting world the benefit of their long experiences as to fire losses. With sublime egotism, company number one declines to reveal its record in detail for fear number two will profit by the knowledge, forgetting that the experience of number two may be worth quite as much in exchange. Some of the companies have long and valuable experiences, and have therefrom been able to make classifications which serve a useful purpose; but the experience of no single company is a sufficient experience, and accuracy of rating can be achieved only on the basis of *combined* experience. The classifications of a particular company, however wide its range of experience, may be faulty in certain points, just as the classifications of another company may be faulty in certain other points; the faults in either case being corrected by the try-square of average results experienced by two or three score other companies.

We have no doubt that the managers of most, if not all, of the fire insurance companies realize at its true value the absurdity, not to say stupidity, of their present attitude with regard to sharing their classified experiences with their associates, for to suppose otherwise would be to impeach their intelligence. Why then this studied silence; from over-confidence on the part of each that he knows more than the other fellow, and determination not to "give it away," or from excessive modesty? A little quiet, preliminary consultation among a half dozen leading companies would easily open a smooth path for the doing of what ought to have been done fifty years ago. The real question is, do the managers want to benefit their business by enlarging their sphere of knowledge and thus their ability to reach accurate and safe conclusions?

RESERVE THE PRINCIPAL LIABILITY.

A correspondent sends us the following:—

A bets B that the reserve of a life insurance company is its principal liability; B bets that it is not, but that its policies constitute the principal liability. Which is correct? Please oblige by an answer in your next issue.

The amount named in a life assurance policy is not a liability until the policy becomes a claim. The obligation assumed by the company is contingent on the occurrence of a certain event; until that event occurs no actual liability exists, so far as the face value of the policy is concerned. The law, however, in order to insure the ability of the company to pay the face value of all policies when they shall become claims, wisely requires the laying aside and annual investment of a fixed portion of the premiums annually received on all policies which, aggregated, makes a permanent and increasing fund called a *reserve*. In Canada, it is assumed that this fund will earn 4½ per cent. compound interest. In the United States the usual assumption is 4 per cent. It follows that the older the policies the larger the reserve. What safety requires, as demonstrated by the experience of more than a hundred years with millions of lives, is that the reserve portion of the premium set aside shall be sufficient, with interest, to equal the face of the policy in each case at age 96. This reserve, which guarantees the payment of the policy at maturity, is the liability, not the policy itself. Thus, a company may, in a