

THE COST OF LIFE INSURANCE.

The merchant who advertises a sale of a certain line of goods "at cost" means thereby to convey the fact that he intends to sell them for just what he paid for them. Inasmuch as he has had to pay cartage, storage and other additional expenses, it follows that such a sale not only sacrifices his usual profit, but is, in fact, to some extent, a losing transaction for him. The bait of buying goods "at cost" is always a good one with the public. It is not strange, therefore, that it has been so largely used by the assessment companies from the early days of their inception. Applied to life insurance, however, it will be seen that the term "at cost" is not only devoid of truth as to its accepted meaning, but also used in such a way as to mislead the public concerning the true principles of life insurance. It must be remembered that an insurance company, whether on the level-premium or assessment plan, is co-operative as to membership. True, there are two classes of the regular life companies, the mutual and those having capital stock, but the share of the stockholders in the latter class is, with but one or two exceptions, confined to a fixed interest on the capital invested, which is usually but slightly in excess of what the assets realize, so that virtually all the companies are mutual or co-operative in principle. Inasmuch, then, as the members are the company and share equally in the profits, it follows that they must get their insurance "at cost," as the term is generally understood.

The fulfil the claim of insurance "at cost," therefore, it is necessary that the member shall receive his allotted share of asset profits while he remains with the company, and his due share of any outstanding interest he may have therein at the time he severs his connection with it. In the level-premium system this is accorded him by allowing him his full equity in the reserve, either in cash or a paid-up policy for such amount as it will purchase. The level-premium companies, therefore, while not holding out insurance "at cost" as an inducement, do actually fulfil the requirements of the term.

But while the assessment companies are also co-operative in name, they are not thoroughly so in fact. This may be denied by some of them, but we believe it to be susceptible of proof. The so-called improved plans of assessment insurance at the present day all provide for a reserve fund. This is not of the nature of the reserve required of the level-premium companies, but is an overtax of the member of from 25 to 33 per cent. on his assessment, in order to provide for a safety fund which may be drawn upon in the indefinite future. The member who has been with a company for a stated period can readily figure for himself how much of his money has been laid aside in the reserve fund. The trouble, however, arises when for any reason the member finds it impossible to longer continue with the company. It is just at this point that the co-operative principle ends. Not one cent of his share in that reserve can he claim. It is apparent, therefore, that he has not had his insurance "at cost," but has paid the company a profit of from 25 to 33 per cent. on the transaction. He has been told at the beginning that he pays only for what he gets, and gets what he paid for; but it will be seen that he does neither.

That men may have an honest difference of opinion as to plans and theories of life insurance is readily admitted. We can respect an honest enthusiast even when we know that

his theory is faulty, but there is a far different feeling aroused when we see men attempting to further their ends by resorting to comparisons which are notoriously unfair. To believe that it is done through unfamiliarity with known facts is to set them down as manifestly unfit for the positions they hold. To accept the other alternative puts them in a still worse light. For instance, it is common to see assessment literature which offers to furnish insurance at half the cost of the level premium companies. In order to make this claim seem good, the amount of premiums paid by the members of the regular companies is compared with the death claims paid and the cost based on this. The manifest injustice of this comparison is evident in the fact that it takes no account of the legal reserve held against the policy, the amount of dividends paid thereon, the sum paid back for maturing endowments, or the cash paid for surrendered and purchased policies. There can be but one way to get at the true cost of life insurance to the individual, and that is at the termination of the contract, when the net amount paid can be calculated. The same rule holds good in respect to assessment insurance. If for any reason his certificate is not paid in full, it is evident that the cost per thousand to the member must be based on the amount received.

The objection to the assessment system is based solely upon the fact that it is indefinite, both as to its cost at the beginning and the amount it may realize at the end. When the system can show its ability to pay dollar for dollar as called for in its certificates, we shall be as ready to endorse it as we are to put faith in the old-line companies. Meanwhile, we protest against the use of such misleading phrases as "insurance at cost," which analysis shows not to be verified by facts.—*N. Y. Bulletin.*

NEW YORK CLEARING HOUSE.

The annual meeting of the New York Clearing House Association was held the other day, when Mr. Frederick D. Tappen was elected chairman of the Association, and Allen S. Appgar was again chosen secretary. The committee of the Clearing House for the ensuing year consists of William A. Nash, Richard Hamilton, Edward H. Perkins, jr., J. Edward Simmons, and Henry W. Cannon.

The annual report of Mr. Camp, the manager, showed that for the year ending September 30 the aggregate of exchanges at the Clearing House was \$37,660,686,571.76, all of which was settled by balances of \$1,753,040,145.23; average daily exchanges were \$123,074,139.12, settled by average daily balances of \$5,728,889.36.

There are sixty-four members of the association, representing in capital and surplus \$120,942,800. There are outside of the association thirty New York banks—four national and twenty-six State institutions—with a total capital and surplus of \$7,850,900.

MONTREAL CLEARING-HOUSE.

Clearings and Balances for the week ending 23rd October, 1890, were as under:

	Clearings.	Balances.
Oct. 17.....	\$2,027,401	\$516,073
" 18.....	1,744,329	252,255
" 20.....	1,184,860	172,523
" 21.....	1,751,068	172,519
" 22.....	1,696,682	313,710
" 23.....	1,642,549	264,425
Total	\$9,996,889	\$1,691,505
Last week	\$ 9,706,615	\$1,390,238
Cor. week 1889	\$10,484,637	\$1,718,467

—Various efforts are being made by Canadians for the entertainment of the British Iron and Steel Institute. A good number of its members are now up at Sudbury, looking up nickel and copper. They are expected in Toronto *en route*, to be entertained by Mr. Wiman in his lavish way at Niagara Falls. Friday and Saturday, 31st inst., and 1st prox., they spend in Ottawa, where they receive hospitalities, and view the lumber mills, but we see no provision made for their seeing the phosphate district. On the Sunday and Monday following they will be in Montreal, and on Wednesday in the city of Quebec. Thence they are to visit the Eastern Townships, going via Quebec Central Railway to Thetford Asbestos Mines, Marbleton Marble Quarries, Sherbrooke and Capelton Copper Mines, on Thursday, November 6th, and on same night to New York, where they will arrive on the morning of November 7th. Mr. Archibald Blue, Deputy Minister of Agriculture for Ontario, has gone to meet these iron and steel masters and scientists at the request of the Provincial Government. Writing at 5 p.m. on Thursday, we are unable to learn whether they will be able to accept the entertainment proposed to be offered them in Toronto, or to see anything of the finest part of Ontario.

—The halibut fishery, hitherto done on the Atlantic coast of this continent, is proposed to be begun on the Pacific coast of Canada. Captain James Anderson, a Gloucester, Mass., fisherman, declares to the *Vancouver World* that the halibut fishing banks of the Atlantic are exhausted, and now the practice of fishing in the gullies is altogether adopted. They work in 100 to 150 fathoms of water, whereas formerly 40 was the usual depth. This deep water fishing is difficult and expensive, and the result is not so remunerative. The consequence was that halibut had advanced in the eastern markets. West of Chicago it is a comparatively unknown fish. The Captain feels confident that a large trade could be worked up in the inland provinces along the line of railway, if once that class of fish were introduced. He thinks halibut should "divide the honors" with salmon. We shall see whether the moneyed men of Victoria and Vancouver will go into the new enterprise.

—The president, Sir Donald Smith, and one of the general managers, Mr. E. S. Clouston, of the Bank of Montreal, have just returned from a visit to Winnipeg and thereabout. These gentlemen express themselves pleased with the aspect of affairs in Winnipeg, and, indeed, in the North-West generally. Sir Donald represents the farmers as being satisfied with their good harvest, the new settlers contented, the crofters especially pleased with their lot. Very considerable tracts of new land are being broken up for spring sowing, it appears, especially in the Red Deer district, a fine agricultural country which is being opened up by the new line from Edmonton. Returning via St. Paul and Chicago, Sir Donald and Mr. Clouston were accompanied by Sir Geo. Baden-Powell, who had been across to the Pacific slope. Sir George is much impressed with the busy appearance of Victoria and Vancouver, and expressed himself warmly as to the prospects of our Great West.

—One of our Western Ontario subscribers, in remitting his subscription, thus criticises the regulations of the post office department in the matter of registered letters: "I would like to see this matter of postage and registra-