

DIFFERENCE BETWEEN RESERVES, AS AT 31ST DEC., 1893.

Company.	Amer. 4 1/2 p.c.	Combined, 4 p.c.	Per ct.
Etna	\$ 31,203,048	\$ 32,562,041	105.64
Germania	16,420,611	17,325,030	105.51
Mutual Benefit	46,479,212	49,269,722	106.00
Mutual, N.Y.	157,997,532	168,221,916	106.47
Northwestern Mut.	48,203,019	52,366,766	108.61
Phoenix Mutual	8,511,520	9,319,191	109.49
Provident Savings	546,560	592,547	108.41
Prudential	6,593,091	7,414,838	112.46
Travelers	11,459,377	12,378,133	108.02
Union Central	8,951,330	9,798,976	109.47
Union Mutual	5,749,601	6,047,723	105.18
United States	5,839,082	6,245,135	106.95
Washington	11,380,916	12,003,015	106.26
Total (13 Coys.)	\$359,334,899	\$384,035,036	106.87

It must be borne in mind that these comparisons are between different tables of mortality as well as between different rates of interest. As pointed out in our last issue, the reserves by the American table are decidedly under those obtained by either the Hm. or combined tables, even when the same rate of interest is employed. It will be seen that in the companies included in the lists, and whose reserves amount to nearly four hundred millions of dollars, the average difference between the American four and a half per cent. and the combined four per cent. standards is about six and three-quarters per cent. The difference between the Hm. four and one-half and the Hm. four is of course less than this, since the six and three-quarters per cent. not only provides for the lowering of the rate of interest by one-half per cent., but also for the change to a more severe table of mortality.

For convenience of comparison we reproduce the ratios published by us last week.

Amount of reserve required by different standards as compared with the Hm. table and four and one-half per cent. interest.

Hm. 4 1/2 per cent	\$100.00
American 4 1/2 per cent	97.27
American 4 per cent	102.90
Combined 4 per cent	104.51
Hm. 4 per cent	105.57

These ratios are those which may be supposed to exist in a business similar to that of most of our Canadian companies. Considerable variations will, however, be found in individual cases depending chiefly on the proportion of policies issued on the different plans of assurance. For instance, a company which has an unusually large proportion of short endowments will probably be less affected by a change to four per cent. than the above ratios would indicate. On the other hand, a company having an unusual proportion of whole life or limited payment life policies, or of paid up policies or bonuses, would probably find that in its case the difference between the reserves according to the Hm. four and one-half per cent., and according to the same table with four per cent., would greatly exceed the figures given above. In such a case the addition to the reserves would probably be as much as eight or possibly even nine per cent. to the amount required by the present Government standard.

It is an interesting fact that if a company had only

whole life assurances on its books, and no paid up or limited payment life or endowment policies, its reserves, according to the American table and four per cent. interest, would in all probability be actually less than by the Hm. table and four and one half per cent. An estimate shows that the ratios would be about as follows:—

Hm. 4 1/2 per cent	\$100.00
American 4 per cent	99.14

The meaning of this is simply that the more favorable mortality predicted by the American table more than counter-balances the difference in the rate of interest. Or, in other words, we may say, in popular language, that the additional number of years which the American table supposes policyholders will live, and the additional number of premiums which they will probably pay, outweighs the fact that the sums assured and premiums are being discounted at four per cent. instead of at four and one-half per cent.

IS BANK AMALGAMATION DESIRABLE?

The banks of Canada, and the banking system they represent, have won an unrivalled reputation, which, it is in the highest degree desirable, should be guarded from any possible contingency of danger to their high credit. One of the features in our banking system which is so highly commended by outside observers is the concentration of so much capital in a few institutions, the average amount being, for the 38 banks, \$1,631,000. This average is raised to that high figure to a large extent by three of the banks having an aggregate of \$24,000,000. Apart from these institutions, the average is little over \$1,000,000. There are 18 banks whose average paid up Capital is only \$588,000. Of these, 11 are in the Maritime Provinces, the other seven being in Quebec and Ontario. Those seven have an average paid up Capital of \$174,200, with an average of Reserve Fund of \$161,700, which is 21.20 per cent. Two have no Reserve Fund at all, and one has a Reserve Fund of only two and a half per cent. on the Capital. The other 17 banks in Ontario and Quebec have an average Reserve Fund of 44.68 per cent. Three banks, located in this Province, have an aggregate paid up Capital of \$1,940,717, with an aggregate Reserve Fund amongst them of \$30,000. All those three have been in operation for a long term of years; yet, while their neighbors have stored up an average of Reserve Funds equal to 44.68 per cent. on Capital paid up, they have, in two instances, not laid by a dollar, and the third has only accumulated two and a half per cent. There is, we submit, in these facts conclusive evidence of there being some defect in the organization or control of these institutions. It is manifest that they are not in such a position as to share in the eulogiums passed on Canadian banks, or to have any part or lot in their high reputation for stability. They, however, profit by being surrounded by more successful institutions, upon whom they have to lean in any emergency. They are competitors with these stronger banks upon whose resources they rely. They have not the slightest claim for such protection, as they cannot give any