

ance is based upon the law of average, but that law is operative only where there are *individual lives* to be averaged. The valuation of policies consistent with this law can only be made by taking into the account the policies distributed among these individual lives, just as has been done and is being done in the various State insurance departments.

With the attack made by Mr. Lewis upon the supervision of life insurance by the authority of the State, we do not purpose here to deal. Our belief in a wise and efficient supervision, as calculated to give to the public disinterested and accurate information about institutions whose condition is of the most vital interest to that public, is well known. The assertions above quoted, by which the present system of policy valuations is sought to be discredited and overthrown, is however of too great importance to remain unchallenged. The doctrine advocated is clearly destructive of the fundamental principle of mutual life insurance. The "company," as it evidently exists in the mind of Mr. Lewis, is an autocracy, composed of its officers, instead of a democracy composed of all its policyholders. Policyholders in a mutual company cannot be ignored as individuals and treated *en masse*. Every one is an integral part of the company, and in the valuation of policies by any competent authority to determine the company's liability the "aggregate reserve" must in common equity be determined by the liability arising under the individual policy. As there is no "company" apart from its members, the policyholders, so there is no "reserve" apart from the "individualized and integrated" reserves, the sum of which is the aggregate. Mr. Lewis is a gentleman of ability and culture and of acknowledged personal worth, but evidently his extreme hostility to State supervision of any kind has betrayed him into a crusade against net valuations, to justify which pernicious doctrine and illogical argument have been promulgated.

THE NEW YORK LIFE INSURANCE COMPANY.

We observe that several of our exchanges are liberal of space and praise for the New York Life, and justly so, in view of the splendid showing it makes, as the result of the late searching examination into its financial standing, and, indeed, into its whole management and affairs, made at the request of its President, Mr. John A. McCall, by the "Seven States' Examination Committee." This Committee, composed of the official representatives of the insurance departments of seven States, was in every way qualified, as regards ability, experience and high character, to impartially and fairly conduct the four months' special investigation just ended. Certainly this Committee cannot be accused of showing any favor in their work, and to all friends of the New York Life, but especially to its policyholders, this exhaustive inquiry and the findings of the Commissioners must afford unalloyed satisfaction and establish their confidence in the Company.

The standing of the Company as on June 30, 1894, was found to be as follows,—in the words of the Committee Report, "on the most conservative basis we found the Company possessed of *Assets*, satisfactory to us, amounting to \$155,455,428.73, and that after providing for all possible liabilities, including \$135,058,291 for Outstanding Policy Reserve as per the "Combined Experience Table of Mortality," with 4 per cent. interest, the total of the same amounted to \$138,124,363.81, and the Net Surplus to policyholders, after providing for every liability and deducting Agents' Balances, was on June 30, 1894, \$17,329,064.92.

We see *contested claims* were found not to show any undue litigation, either in amount or character, and refusals to pay were based on reasonable foundations and a desire to protect policyholders against fraudulent claims. The Medical Department—a most important, if not the most important, section of the Company's staff—was found "well conducted;" one branch of this Department, a "Bureau of Inspection," is entrusted with the duty of inspecting risks, found eligible, physically, as to their *moral hazard*, before issuance of policy.

We have before us a folio pamphlet issued by the Company giving full details of its Bonds, Stocks, Mortgage Loans and Real Estate, all set forth in the clearest way possible, and from a perusal of this document one may gather some idea of the magnitude of the New York Life, the great responsibility resting on the management of this colossal institution, and the labor that devolved on the seven examiners and their assistants during the late four months' investigation.

President McCall fully realizes that paying an excessive price for new business is detrimental to the interests of policyholders, and has set his face steadily towards a reduction of cost in this, as well as in other directions.

As interesting to Canadian policyholders, we note: policies in force in Canada, 31st Dec., 1893, were in number 10,310, covering \$20,449,913, yielding premium revenue of \$751,468.53. The Company's Deposit with the Dominion Government is \$1,163,700.

The publication of the Company's assets in detail has been very favorably commented on in financial circles. No such report has ever before been given to the public.

We gladly adopt the concluding words of the Report before us, and say:

"The financial statement shows unquestionably the sound and prosperous condition of the Company, and the management, the public, and especially the policyholders, in whose interest this great trust is conducted, are to be warmly congratulated upon its solidity and security."

The Company having been established in 1845, the President says 1895 will be its "golden year." We heartily wish it will prove so in every sense, and that the future has many prosperous years in store for the New York Life.