EXPENSE RATIO OF FANCY INSURANCE SCHEMES.

Probably to an increasing extent, Canadian underwriters and insurance agents are confronted from time to time by advocates of Government and other fancy insurance schemes, with figures purporting to show that under any and all of these arrangements, the business of insurance can be transacted at considerably less expense than by insurance companies. They will be well advised to scrutinise sharply these figures since lately a number of statements have appeared in this connection which, to put it mildly, appear not to have been made with such strict care as might have been exercised.

In New York there is a State Fund transacting workmen's compensation in competition with mutual and stock companies. One of its proud boasts is that in the first twelve months of its existence, it paid to policyholders in dividends, $146,000. The reason that it was able to do this is that it received a subsidy from the State for expenses of $207,000—a subsidy that is to be continued till 1917. Any comparison with the results given by mutual or stock companies must under these circumstances obviously be misleading. What is in fact taking place is that those who are insuring in the State Fund are for the present at all events securing lower rates than their risk legitimately entitles them to secure, at the expense of the whole community, which is paying expenses to the tune of $207,000 a year.

A LIFE INSURANCE CASE.

Again, there is in Massachusetts a sort of insurance called savings bank life insurance, that was called into existence at the bidding of some wealthy enthusiasts, partly on account of the alleged high expense ratio of the regular life companies. On this point, an impartial but on the whole sympathetic observer, deputed to investigate the system on behalf of a savings bank which wished to decide whether or no it should take up the system, now finds, as we noted last week, "that the true cost of savings bank life insurance, far from being low may well be considered actually high, as compared with that of the regular companies." The real expense ratio of this scheme is not in fact procurable. It is known that it has been assisted by the State to the extent of some $130,000; this financial assistance alone being largely in excess of the dividends paid to the policyholders and the surplus now held by the savings insurance banks. Beyond that State subsidy, an unknown but evidently substantial amount has been put up by the wealthy sponsors of this scheme, which has been a failure, in order to pay "instructors", otherwise agents—and that when it was widely proclaimed that through this scheme, the paid agent would be eliminated! These private subscriptions, of course, are not charged in acquisition expenses against premiums though obviously they should be if any fair comparison is to be made with the regular life companies.

A fair comparison of the expense ratio of a Government or other fancy insurance scheme with that of the regular insurance companies cannot be made unless all the expenses of the former by whomsoever provided are taken account of. It will be in recollection that the Ontario monopolistic workmen's insurance scheme is subsidised by the Government to the extent of $100,000 a year. That amount must be taken into consideration when the results of this scheme become available for discussion.

MUTUAL LIFE OF CANADA DOING WELL.

Considering the conditions (says the Mutual Life of Canada's Bulletin), the Mutual has so far during 1915 written an amount of business that is satisfactory. It is to be remembered that in such a year as the present to write an amount equal to that of last year would be more than normal. In other words, the conditions are such that normal business this year would be less rather than more than that of last year. Only by the use of undue pressure, which always means poor business, could we hope to exceed the production of last year. Up to the present the management is satisfied and gratified.