fices, they would not be included in the Economist's list. Among them might be mentioned the Bank of Africa and the Standard Bank of South Africa. And besides this class there are the Australian banks and others in which the share capital is largely provided by inhabitants of the British Isles. So far as the Canadian banks are concerned the bulk of the share capital originated in the Dominion. But one important bank, the Bank of British North America, has the majority of its stock owned in the United Kingdom, and one has only to glance through the stock list of the rest of our prominent banks to see that British stockholders are plentifully scattered there.

The foreign-owned banks with London offices are, some of them, of large importance. They are included in the following list:

BANK.	No. Branches.	Capital. £	Assets. £
Anglo-Austrian	10	2,000,000	10,700,000
Anglo-Italian	none	10,000	48,271
Anglo-Japanese	1	299 115	335,025
Roumania	1	300,000	1,201,079
Comptoir d'Escompte, Paris	140	6,000,000	55 829,063
Credit Lyonnais	250	10,000,000	94,770,195
Deutsche	10	10 000 000	90 643,144
Disconto Gesellschaft	3	8,500,000	43,144,341
Dresdner	24	9,000,000	53 960 648
Imperial Ottoman	53	5,000,000	19,793,031
Ionian	7	315,510	1,382,801
National of China	1	242,718	340,474
Societé Générale	561	10,000,000	50,287,978
Swiss Bankverein	4	2,512,000	1[illegible],627,420
Yokohama Specie	1	2,100,000	27,772 658

EXPENSES OF CANADIAN NEW BUSINESS.

Review of points covered in a paper by Colin C. Ferguson B.A., A. I. A., read before the Actuarial Society of America.

It is not to be wondered at that even careful reading and re-reading has left many a life insurance worker puzzled as to the exact meaning of certain of the Royal Commission's recommendations; more especially, perhaps, as to the valuation provision for expenses of new business.

Nowhere remarkable for what the old-time text books in rhetoric used to term "perspicuity in style," the draft bill excels itself in involved verbiage at this particular point. In this instance, if in few others, the commissioners did endeavor to pay heed to the recommendations of the Life Officers' Association, but it is even more evident that they did not have a correct idea of the new valuation method which may now be referred to as the Canadian Method, since it has been so designated by an eminent American actuary, Mr. D. P. Fackler. This method of making allowance for the cost of obtaining new business was devised in October of last year by Mr. Colin C. Ferguson, B.A., A.I.A., chief clerk of the actuarial staff of the Canada Life Assurance Co. A valuable paper entitled "Some Modern Methods of Valuation" was prepared by Mr. Ferguson and read before the Actuarial Society of America, at its May meeting. In it he comments upon the recognition paid by the commissioners to the Canadian Method as recommended by the Life Officers.

The matter is a very technical one and it is not surprising, Mr. Ferguson goes on to say, that the Commissioners, while adopting the plan suggested, did not have a correct idea of the principle involved. It appears that they also had the Select and Ultimate Method under consideration, and in describing the plans, they say: "To the initial loading, under both methods, is really added an amount representing the mortality gains due to the new business." The writer hopes that in his paper this inaccuracy will be exposed and that not only the Canadian method, but also the Select and Ultimate method can be more clearly explained by disassociating them entirely from the gains from mortality. Both methods, in fact, proceed by adjusting the net premiums so that during the first year there is an anticipation of future loadings. It is shown, however, that while both plans are thus alike in anticipating loadings, the Canadian method is better adapted for the common purpose.

Space precludes giving details of Mr. Ferguson's able mathematical discussion, but his general conclusions are given in the summary of the paper which follows:

The Canadian Method.

It is not his wish, explains the writer, to become involved in the arguments for or against a departure from the level net premium method of valuation. It will therefore be assumed that a company has decided in favor of such a departure, and is looking about for the best means of putting its intention into effect. A sound position to take in the matter is that, while a deduction may properly be made from the full reserves of the early durations, the full valuation should be maintained for policies which have been a reasonable time in force. The object is to ascertain the best principle to be followed in making the deduction during the early years.

On the Whole Life plan the natural course will be to make a deduction in the first year so that the initial reserve will be just sufficient to provide for the first year's tabular cost of insurance. The Canadian method follows this course and, so far but no further, it is in harmony with the Preliminary Term method. To describe the process in different language, it consists in reducing the ordinary net premium of the first year and making it equal to the net premium for a one-year term assurance. In order to attain to the full level premium reserve at the end of a reasonable time, say five years, it will now be necessary to increase the level net premiums of the second to fifth years, inclusive, while for the sixth and subsequent years, the ordinary level net premium will hold.

Reserves may now be calculated, retrospectively, by applying the ordinary accumulation formula to