

In determining the policy liabilities and credits in the examination just concluded, many items of policy credits were scaled to meet the mean reserves.

6th. In the time at my command I have not been able to determine the reserve on the "Russian policies" as a class.

7th. In the case of the Globe Mutual Life Insurance Company, the excess of the securities held in Canada over the reserves on the Canadian policies was delivered to the then receiver of the company, Mr. James D. Fish.

8th. In returning its "Tontine dividend fund" the company reports it as called for in the Department blank.

9th. In making up the dividends of the company, errors of computation and of transcription will occur; such errors are certain of detection sooner or later, and when so detected the company, very properly, claims the right to correct them.

This, I understand, was the fact in the case of the Gurnee policy referred to by Mr. Banta. I understand that the clause referred to is frequently inserted in participating policies at the request of the applicants therefor.

The difference in the amounts of the checks written for the settlement of the Gurnee claim is explained as follows:—This policy matured Sept. 8th, 1888, for \$100,000, with a dividend addition of \$2,640; a check in payment of same was refused by Mr. Gurnee, who claimed that as a profit had been made on his policy, he was entitled to a larger amount.

This claim was disputed by the company, and the matter was not settled until November 9th, 1888, when a check was drawn for \$105,000.

This amount was made up as follows:—Policy and additions, \$102,640; interest on same from September 8th to November 9th, \$855.33, and \$1,504.67 allowed in compromise of the amount in dispute.

The comparison of the dividends paid upon policies No. 177,247 and No. 172,778, is not considered a fair one owing to the wide difference in ages of the persons insuring under them.

Very respectfully,

Signed: JOHN S. PATERSON,
Actuary.

A good deal of criticism has been passed on the amount of salary paid to the president of this company.

Well, this is question of individual judgment. It is the belief of the undersigned, that a man who is endowed with all the qualifications that should be found in the president of a company like this is worth to the policyholders the amount of a very large salary.

ADVERTISING.—Mr. Banta, in his statement to you, charges that a very large and unusual amount has lately been paid for advertising. This is true; but the unusual circumstances surrounding the company required it.

The premiums charged to policyholders are based on the presumption that the assets shall earn a certain amount each year. The existence of a life insurance company depends in a very great measure on the earning capacity of its assets. If improvident or unprofitable investments or loans without interest are made, the policyholders are injured and their interests imperilled to that extent. In order to provide for any contingency that may arise, the premiums charged to them are greater than it is expected will be necessary for the fulfillment of the obligations assumed by the company, it being understood that the excess shall be returned to policyholders in the shape of dividends, and any waste of the company's funds necessarily reduces the amount they are so entitled to have returned to them. Any disposition of the funds of the company that tends to reduce their earning capacity is, therefore, a detriment to the policyholders. The premiums charged are so large that gross mismanagement may exist and the company still remain perfectly solvent. The policyholders, however, while perfectly secure as to the final payment of the policies, do not receive their due in the matter of dividends.

A great deal of work has been done in this examination, to which reference here is unnecessary. The gentlemen who have assisted in this examination are entitled to the highest praise for their careful and conscientious work.

In conclusion I desire to express to you my thanks for your constant, intelligent and honest supervision and co-operation in this examination.

Very respectfully submitted,
MICHAEL SHANNON,
Deputy Superintendent.

STATE OF NEW YORK, } ss.:
City and County of New York.

MICHAEL SHANNON, being duly sworn, deposes and says, that the foregoing report subscribed to by him is a just and true report in all respects of an examination of the condition and affairs of the New York Life Insurance Company made by him, to the best of his knowledge and belief.

MICHAEL SHANNON.

Sworn and subscribed to before me, }
this 9th day of January, 1892.

WILLIAM C. ARNOLD,
Notary Public,
N. Y. Co.

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