

ACKNOWLEDGMENTS.

Thanks are tendered for the following publications:

"Journal of the Institute of Actuaries," October, 1901. Published by Chas. and Edwin Layton, London, England. This number is chiefly occupied by a paper, "On the Valuation of Staff Pension Funds," by Henry William Manly, Actuary of the Equitable Life Assurance Society, with tables and examples by Ernest Charles Thomas, of The Gresham Life Assurance Society. The value of this paper is enhanced by the writers having been furnished with data as to experience of a number of large Pension Funds, by some of the larger railway companies. From this data a hypothetical table has been constructed and published representing the general features of an average of several experiences. The problems selected for illustrations are those presented by the proposed scheme of a Pension Fund for the civic employees of this city. One remark in the paper is a cautionary one to those who, without actuarial skill, would draft a Pension Fund scheme. The writer says: "It may be laid down as an axiom, that no one is able to form a fund on safe lines until he knows how to value one." This paper will be, we believe, of material service to any Actuary who is called in to draft a civic employees', or other Pension Fund.

Besides the above paper and tables the journal contains the Examinations of the Institute, April, 1901, which actuarial students may study with profit as a test of their attainments. There is also the Institute of Actuaries and Faculty of Actuaries Joint Mortality Investigation, British Offices Experience (Male Participating Assurances, 1893) compared with that of Hm and Hm (5).

Annual Report of Mr. H. C. Shober, Commissioner of Insurance of S. Dakota, 1901. The foreign fire companies in South Dakota in 1900 had risks amounting to \$28,941,733; premiums \$4,533,865; losses paid \$2,387,827. The foreign life companies, risks \$3,494,176; premiums \$4,742,619. Both classes of companies are increasing their business in that State. The assessment and fraternal companies in 1900 had certificates in force to amount of \$58,590,390. The State seems over run with these societies.

Transactions of the Actuarial Society of America, May 6th and 17th, 1901. The feature of this publication is the Address of the President, Mr. T. B. Macaulay which is devoted to the question of investments, as it appears from the life assurance standpoint. Mr. Macaulay gives the combined assets of the life companies of the United States and Canada, on Jan. 1st, 1900, as \$1,654,460,120. To enable such vast figures to be grasped, it is stated that, "If a small group of savings banks were to secure deposits of \$20 each from every man, woman and child, rich and poor in the United States and Canada, the total sum which they would thus bring together would be merely equal to that already held by the life assurance companies." In 10 years, 1890 to 1900, these assets have increased by \$919,604,016, or 125 per cent. Mr. Macaulay proceeds to analyse and classify the assets and to give valuable advice respecting "the lines of securities that we, as officers of our companies, should recommend for future investments."

Other contributions are a paper by Mr. Israel C. Pierson, "A Brief Statement of the Development of Actuarial Science in the United States;" one by Mr. Gardner Ladd Plumley, "A continued Process for Computing Reserve Values;" by Mr. Charles Hildebrand, "A Comparison of Two Methods of Deducting the number exposed to Risk of Death;" by Mr. Robt. Henderson, "The Effect of Undersated Ages on Mortality Experiences;" and two short articles, "On the Power to change the Beneficiary," by Mr. William McCabe, and Mr. Charlton T. Lewis. The number is unusually interesting.

SURRENDER VALUES.

We are of opinion, says "Finance Union," that the tendency of the present day to make surrender values large is to be deprecated, and that there is no need to make them larger than they have hitherto been. Our contemporary continues its comments as follows: For ourselves we hold that the object of life assurance is not to enable a man to accumulate money, withdrawable at will, but to make provision for his dependents in the event of early death. It should, therefore, be the aim of those responsible for the management of the business to encourage the assured to continue their policies until maturity, and to discourage their discontinuance as much as possible. There can be no doubt that the increased rate of mortality which prevails among lives which have been assured for five years and upwards is to some considerable extent due to the lapsing and surrender of policies on healthy lives. Those who remain are a deteriorated mass as a whole, and the long lives will suffer in the matter of business from the withdrawal of the other healthy ones. The amount given to policyholders for the surrender of their policies ought to be determined after due consideration not only of this point, but of the equally important fact that those who withdraw have to be replaced by the office at an expenditure far greater than the cost of retaining them on the books, thus causing a loss to the common fund. These two considerations apply with peculiar force in the case of a mutual society and in the case of a proprietary company, a third may fairly arise *ie.*, loss of prospective profit, although probably competition with mutual offices would relegate this point to the background.

There is less need for great liberality in the matter of cash surrender values than there was in years gone by. Life policies of any considerable standing are eagerly bought as an investment, while offices are only too glad to advance money on their own policies, when they have a substantial reserve value and at a lower rate of interest than they formerly charged. To meet the case of those who must or will withdraw, especially those who, through misfortune, are unable to continue their assurances, and who should be dealt with in the most liberal spirit possible, we strongly advocate the granting the fully paid-up policies for such a sum as represents an equitable share in the present funds of the office. A simple rule, which can be applied by any one, and is as equitable as any rough and-ready plan that can be devised, is, in the case of a whole life policy, to make the amount of the paid-up policy equal to the total premiums paid up to age fifty-five, plus one-half of the premiums paid after that age, in addition to any subsisting reversionary bonuses whilst, in the case of an endowment assurance, such a proportion of the sum assured as the number of premiums paid bears to the number originally payable, plus and subsisting bonuses, forms an excellent rule. Such a paid-up policy fulfils, as far as possible, the original object of the assurance; if the life is a good one the remaining policyholders do not suffer by the withdrawal of his share of the funds, whereas, if the life is a bad one, his representatives will derive as much benefit from his past payments as circumstances will permit. If ready cash be an absolute necessity the office will advance its full value, or, if the amount be sufficiently large the paid-up policy for reduced amount can be sold. The object which we submit should be aimed at, *viz.*, to give as little inducement as possible to any policyholder to surrender his assurance for ready cash, and to protect the continuing policyholders from loss, if he must or will discontinue, are attained to the fullest extent possible by the system of fully paid-up policies in lieu of cash surrender values.

The above remarks refer, of course, to ordinary life business. Cash surrenders in the case of industrial assurance business are, in our opinion, inadvisable in the interest of the assured, and fraught with considerable risk to the office. On the other hand, fully paid-up policies should be given to policyholders of any standing who are unable or unwilling to continue their payments.

HAVING 14 years residence and experience throughout British Columbia, I desire Provincial Management or General Agency for Insurance, Loan or Financial Companies. References furnished. Bonds given H. G. Ross, Vancouver, British Columbia.

OTTAWA CLEARING HOUSE.—Total for week ending 31st Oct., 1901, clearings \$1,541,722.16, balances \$385,106.71.