

It is not by any means the company which writes the largest policies that issues the most endowments. The two companies (the Provident Life & Trust, and the New England Mutual) which have a larger proportion of endowments than any of the other companies have policies which average in amount, the former a trifle over and the latter a trifle under \$3,000 each. Whether a very large proportion of endowments is a good thing for the companies issuing them is a question the discussion of which does not enter into the purpose of this article. That both term and endowment assurances are growing rapidly is apparent.

PERPETUAL FIRE INSURANCE.

Perpetual fire insurance, as the term implies, is the taking of risks which absolutely have no limit as to time save by cancellation, on the motion of one of the contracting parties. This anomalous form of insurance is confined on this side of the Atlantic mostly, we believe, to Pennsylvania companies and mainly to those of Philadelphia. Instead of a periodical premium, a lump deposit is made by the insured, usually about equal to ten annual premiums as ordinarily rated on the risk taken, and the interest, compounded, on these deposits stands in place of the ordinary premium. This form of insurance was originated, as it has since been maintained, by Philadelphia companies. From the very succinct account of this perpetual business, found in the recently issued edition of Griswold's *Fire Underwriters' Text-Book*, we extract the following:—

Permanent policies have been in use in Philadelphia for almost a century past, where very many of the buildings are insured in this manner. The first perpetual policy issued was from the office of the Mutual Assurance Company on September 10, 1801. The Philadelphia Contributorship did not issue their policies until April, 1810. The first stock company to issue perpetual policies was the American Fire of Philadelphia, March 10, 1812.

In case of cancellation of the policy, the practice now is to refund to the insured his deposit, less ten per cent., which, with whatever interest may have been realized on the deposit, of course inures to the benefit of the company. With regard to adjustment in case of loss we quote again from the *Text-Book*:—

In case of total loss of the property, the policy is thereby cancelled on payment of such loss. In case of partial loss, the amount paid is deducted from the amount insured, as in term policies; but the deposit, or so much thereof as may be necessary to pay such partial loss, is sunk for the benefit of the company, that is, not liable to be repaid on cancellation.

The question naturally presents itself as to whether insurance on the perpetual plan can be considered sufficiently remunerative to the companies. That it is cheaper for the insured seems pretty evident. Experience for a long period has shown that it is also a good thing for the companies. The *Insurance News* of Philadelphia has recently published the results of the perpetual business for the four years past, and from the facts given we learn that, assuming 5 per cent interest earned on deposits, the "interest premium,"

as the interest on the deposit is called, amounted during the four years to \$1,449,891 and the losses to \$405,478. As this is an average loss of but 27.9 per cent. of the interest premium, the superior character of the risks appears. These risks are confined mainly to residences and small stores in safe hands, and rarely more than four stories high, while mostly they are but two and three, easily accessible in front and rear, and with the minimum of exposure to danger. But not only is the loss small on these risks, but the expense of doing this class of business is very low, being of a local character and agency charges comparatively eliminated. The *Insurance News* estimates the expense charge at ten per cent. of the interest premium, which it considers rather above than below the fact. Adopting the assumption of the Pennsylvania Commissioner of Insurance, that at least five per cent. is realized on the deposits, as above assumed, it will be seen that losses and expenses call for but \$550,467, leaving a balance from the interest premium (\$1,449,891) of \$899,424. It follows from this that even with a lower interest rate and a higher expense ratio the perpetual business must be reasonably profitable. This class of business seems to grow steadily, and last year showed risks in force amounting to \$317,121,078, with aggregate deposit of \$7,768,828. The average cost to the insured for the last four years has been about one-half that belonging to the general business, it is claimed.

UNIFORMITY IN LIFE ASSURANCE RESERVES.

The great diversity of standards by which the various life assurance companies compute their reserve liabilities must frequently have struck the student of life assurance as something of an anomaly. We have the Hm. table, the Actuaries' Combined Experience table, the American Experience table and some others, calculated all the way from $2\frac{1}{2}$ to $4\frac{1}{2}$ per cent. interest, though for most of the British companies 3 and $3\frac{1}{2}$, and for most of the American companies 4 per cent. calculations are used, while the usual Canadian standard is $4\frac{1}{2}$ per cent., with one or two exceptions, that standard being by the Hm. table. Most of the leading United States companies now use the 4 per cent. Actuaries' table—the New York legal standard—though some use the Actuaries' $4\frac{1}{2}$ per cent., others the American $4\frac{1}{2}$, and still a few others the American 4 per cent. To the uninitiated this diversity has scarcely any significance, but the well informed understand very well that the difference in reported liability, and hence in surplus, between a $4\frac{1}{2}$ and a 4 per cent. standard by any table is very considerable in favor of the former, while the difference between the Hm. or the Actuaries' and the American table at the same rate of assumed interest is very marked. In order to show this difference we here append tables giving the reserves on the Hm. $4\frac{1}{2}$ per cent. and the American Experience $4\frac{1}{2}$ per cent. tables, with the resulting differences at various ages, arranged mainly by five year periods:—