nately it has become a notorious fact that for some time past true competition, that which aims at superior excellence, has to a great extent degenerated into reckless rivalry among companies, and hostility and defamation of competitors among agents. Not how good, but how big, has been the motto of the former, and the latter have promptly responded by an avalanche of applications procured often by misrepresentation and rebate of legitimately required premiums, while in fire insurance, rate-cutting and sharp practice generally has marred the business.

There are not a few tokens of encouragement, however, that a better state of affairs will prevail and that a return to legitimate methods is near at hand. The influence of associations among the workers in life assurance has already done much to correct existing evils of practice in the field, and many of the executive officers of companies have declared against that kind of competition which demoralizes and imperils the business. The National Association of Life Underwriters, at its recent convention in Chicago, representing more than thirty States and thirty-five associations, reiterated its former strong expressions of disapproval concerning rebate, and officials of companies, like Vice-President Merrill of the Northwestern Mutual Life, and Actuary Phillips of the Equitable, who addressed the convention, took a decided stand against the current evils of excessive expenditure by the companies. One of the strongest addresses made at the banquet following the session of the convention was by Mr. Joseph Ashbrook, home office manager of the Provident Life & Trust of Philadelphia. Among many excellent things said by that gentleman was the following :—

> An attempt by the executive officers of a company to monopolize the services of agents by the payment of excessive rates of commission is of all forms of competition the most baneful, as it is the most wanton and inexcusable. Even if it had the sanction of a worthy object, it could not be condemned too severely, for it would result in the squandering of trust funds, dishonor the business, and menace its security and permanence. No company can afford to pay more to obtain the business than any other company. Under normal conditions and as a result of those laws which govern general business and finally bring prices to a level, the commissions paid to agents are likely to be fair, reasonable and commensurate with the ability of the company. Competition beyond this point would, therefore, be limited only by recklessness. The race would not be to the strong but to the unscrupulous.

These are strong, manly words, coming from an official source, and they found an emphatic echo among the three hundred field workers and officials who listened to them. Competition in the line of excellence, and a generous rivalry among companies, to give to their policyholders the largest measure of sound protection at the lowest cost consistent with genuine enterprise and conservative progress, is just the kind of competition that the situation demands. A rivalry which means either more or less than this is "wanton and inexcusable"; and imperils millions of homes and foreshadows swift coming disaster. There is evidence that this fact is becoming better understood among company officials.

THE TRUE RATIO OF TERMINATIONS.

In dealing with the above subject it is the common practice to gauge the rate of life assurance terminations on the basis of the net increase of policies in force The fallacy of adopting such a method is obvious, for it involves a disturbing factor, viz. : the amount of new business secured. As an illustration of this, let us take the case of two companies each with $1,000,000 of assurances in force at the beginning of a given year. One of them obtains, say, $100,000 of new business, and at the close of the year has $990,000 in force ; the other procures $500,000 of new assurances, and closes with $1,350,000 on its books. The former shows a decrease of $10,000 in force, the latter an increase of $350,000 and yet the rate of termination, as appears further on, was exactly the same in each case. The fact is that the net increment or decrement represents the combined results of new business and terminations, and the former factor must be taken into consideration in laying down a basis for determining the rate of termination. In our opinion, the proper method is that which was adopted for the first time by this Journal in an article on the subject which appeared in our issue of 1st April We there took as a basis the amount of existing assurances at the beginning of the year plus the new assurances taken during the year, giving the total policies on the books during the year, and found what ratio the terminations bore thereto. For instance, in the case of the first company quoted above there were ($1,000,000 + $100,000 =) $1,100,000 of assurances on the books, out of which $110,000 became terminated, being at the rate of $100 per $1000 ; and the second company had ($1,000,000 + $500,000 =) $1,500,000 of assurances on its books during the year, of which $150,000 became terminated, also representing $100 per $1000. In the issue already referred to we gave a table showing the rate calculated in this way for each cause of termination in regard to Canadian business, and we now publish elsewhere similar statistics covering the quinquennium 1889 1893, for all companies reporting to the Insurance Department of New York. "Not taken" policies have not been taken into account in the calculations. The figures speak for themselves. It will be seen that the ratio of terminations from all causes has increased from 79.03 in 1889 to 104.56 in 1893, or at the rate of 6.38 per annum. This has not been due to any advance in the terminations from what might be called natural processes, viz. : death, maturity or expiry, for it will be observed that the average during the five years 18.34, was actually .33 less than the rate for these causes in 1889, viz., 18.67. The alarming increase in the leakage shown above has arisen entirely from the more controllable causes, viz., surrender, lapse and change. Surrenders have increased from 16.66 to 22.1, the average for the whole period being 18.72 ; lapses have risen from 40.71 to 57.75, with an average of 52.69, and changes show an increase from 2.99 to 6.49, and an average of 4.34. The question is naturally suggested. where and when is this going to stop? Not as soon as the managers realize the necessity for devoting some of the time and money they now expend in procuring a lot of ephemeral business to the retention of