

INTEREST EARNINGS OF LIFE COMPANIES IN CANADA, 1912.

(Continued from p. 1609.)

high interest return but also by the fact that mortgage investments form a good talking point for agents. Bond investments, even when of a local character, do not mean very much to the average prospect, but the fact that Bill Jones, who has the next farm, secured a much-needed loan from the Company which now solicits the honor of John Smith's patronage, does mean something. And perhaps—for human nature is a queer thing—it may be one of the factors in deciding John Smith to take a policy in a company which thus "keeps the money at home." However, the insurance companies have had the best opportunities this year of adding to their bond holdings on most favorable terms, and those companies who have taken the present opportunity to make large additions to the former holdings of long-term securities, should find them highly satisfactory investments.

IMPORTANCE OF RATE OF INTEREST.

Recently, Mr. Henry Moir, the well-known New York actuary, commented upon the necessity of life insurance companies being conservative in regard to the rate which they assume for their calculations, in view of the fact that life insurance contracts run for very long periods. "It is much better for policyholders," he said, "that companies should use a very low rate of interest and carry complete and satisfactory reserves, whereby their claims will be guaranteed beyond peradventure, rather than that companies should be optimistic—should assume that they can earn a high rate of interest and thereby incur a danger, arising from economic causes which cannot be controlled, that the rate of interest should fall to such an extent that policy contracts would be impaired. If the rate of interest rises it is easy for participating companies to make an adjustment by increased dividends—a tendency which has been noticeable on the part of many of the best companies during the past six or seven years. But, on the other hand, if a high rate of interest be assumed and a serious fall take place in the future, the result might be insolvency with all its attendant evils. Accordingly, the companies are, in my judgment, to be highly commended for their present conservative attitude. The majority of them assume only $3\frac{1}{2}$ per cent. for all their new business, and many of the best companies even use 3 per cent. only. This low rate means that participation in dividends is being preserved for policyholders on an increasing scale for the future, so long as the actual interest rates on the invested funds remain satisfactory."

In regard to this important matter, it may be noted with satisfaction that generally speaking the practise of the Canadian companies follows the best models. The assumed interest rate is a low one for the majority of the companies, and in instances where it has not already been done steps are being taken to bring down the assumed rate to the minimum of 3 per cent. There can be no doubt that the earning power of the Canadian life companies is likely to be very high for many years to come and with capable management dividends to policyholders should be, generally speaking, on an increasing and decidedly satisfactory scale.

THE FORTHCOMING LIFE PRESIDENTS' MEETING.

Hon. William H. Taft, ex-president of the United States, is among those scheduled to speak at the seventh annual meeting of the Association of Life Insurance Presidents to be held in New York on December 11th and 12th. President George E. Ide, of the Home Life Insurance Company, will be the chairman of the meeting.

The preliminary programme, just issued, shows that Company executives from the extreme Eastern and Western limits of the country will join in the presentation of addresses under the general theme of "Response of Life Insurance to Present-Day Economic Needs." These officers will include President W. A. Day, of the Equitable Life Assurance Society, President Sylvester C. Dunham, of the Travelers Insurance Company, President George I. Cochran, of the Pacific Mutual Life Insurance Company, President Arthur E. Childs, of the Columbia National Life Insurance Company and Actuary Henry Moir, of the Home Life Insurance Company. Time will be set aside for a general discussion of these papers.

Much interest will centre upon an address on "Federal Supervision of Insurance" to be delivered by the Hon. Burton Mansfield, Commissioner of Insurance for Connecticut. The midwinter meeting of the National Convention of Insurance Commissioners will be held a few days after this meeting, and it is expected that a number of the members will be present to hear their associate talk on this subject, as well as to be in attendance when President Young, of the Commissioners Convention, delivers an address or another subject.

Continuing its study of health reforms related to the business side of life insurance, the Association will listen to addresses from sanitary students and experts. A section of the programme will be devoted to a discussion of the interdependence between relationships in the life insurance field. Those presenting papers will be President James R. Young, of the National Convention of Insurance Commissioners, President Henry Abels, of the American Life Convention and President Ernest J. Clark, of the National Association of Life Underwriters.

FIREMEN AND FIRES.

1. Firemen operate first by putting out fires. This calls for a good water supply and proper equipment and trained men, each of which is an important factor in the work.

2. The firemen operate also in preventing fires. This can be done by requiring that only proper and safe buildings shall be erected, and that when erected they shall be as nearly fireproof as possible, with safe flues and chimneys. Again, they prevent fires by proper inspections. These inspections make the firemen acquainted with the different buildings and premises, which is of great value when it becomes necessary to fight fire.

But the mere inspection of fire risks and notifying the people what improvements can and should be made to prevent the danger of fires, is not sufficient; and unless these inspections are followed up by other inspections in which the former inspection is checked up and it is found what attention, if any, has been paid to the suggestions and directions to have deficiencies removed, practically nothing will be accomplished.