

"It must be obvious to anyone acquainted with life insurance accounts that in order that they be of value in comparing the results of one with another, there must be some settled and fixed standard to which the elements of the exhibits must conform. It was only after a great deal of labour and time that the form of report now in use was adopted by the convention, and any changes introduced have been after they had been submitted to and considered by the convention. The convenience and value of uniform returns need only be stated, and while it is not claimed that the present form is perfect, it is equally certain that whatever improvement or changes are to be made should, if possible, be universal."

The circular accompanying the blank for this year's returns concludes in the following words:

"Every policy which has been written within the year is expected to be accounted for, and, unless shown that it has been accepted and is returned and cancelled as 'Not Taken,' it will be considered as in force, and the reserve charged therefor. On the other hand the premiums unreported as such policies will be allowed in the assets at the net amount of the reserve charge (as heretofore). This method is exactly fair to the company and in no other way does it seem practicable to keep anything like a just record of policy liability and credit."

In one of the other States, Connecticut, the Hon. Edwin L. Scofield, Insurance Commissioner, introduces some changes in the form of report to the State Department, which are important considerations in view of the opinion I have given expression to regarding the report containing a statement of the company's business upon a cash paid-for basis, and charging deferred and declared dividends as a liability. He says in a recent circular:—

"The Department in its annual report of 1900, for the business of 1899, took occasion to question the propriety of companies reporting an amount of business that had not become, at the date of the report of binding force and effect because of a failure in the payment of first premiums; and, further, discountenanced the practice which had long been indulged in, of failing to report as a liability such sums as are held for the payment of deferred dividends and in that report, notice was given that future annual statements of this Department would probably require the reporting of business on a cash paid-for basis, and that deferred apportioned dividends should be reported as a liability. The statement blanks prepared for this year's business will provide for these changes. If you issue, or have issued, any policies which are now in force where the contract provides that the insured shall have any participation or interest in any special fund, or accumulation belonging to any special class of policies, kindly forward a sample copy of same, stating the date of its original issue.

"The gain and loss exhibit will be retained in the

statement blank, and an amendment will be made thereto under head of credits, viz.:—'Balance unaccounted for,' and under head of debits the same item will also appear. There seems to be no good reason why these items 'unaccounted for' should be large in amount; the smaller they are the more forcibly they will testify to the propriety of the company's management and methods. Notwithstanding in the retention of this exhibit I depart from the judgment of many of my fellow commissioners, I am thoroughly convinced that its retention is in the interest of a proper and reliable reporting of a company's business.

So much for the American attention to this part of the question.

2. The true book values of securities should be furnished in addition to the "par value" and "market value," because without the first the accounts do not convey the intelligence necessary in ascertaining the true financial condition of the company and its interest bearing power. At present some companies show "par," "market" and "book values;" others omit the "book values," and others again omit "book" and "market" values. From the standpoint of utility, "uniformity" is needed.

3. There should be a means of placing a reliable estimate upon the value of the securities forming a company's assets. The interest income they will yield provides to some extent a good index of this, as if the interest earned is a low rate, taken conjointly with a large sum overdue, it will indicate that many loans are in a more or less unproductive condition.

At present the government schedules permit companies to include in one item "interest" both due and accrued, and it is also said that it is permitted to treat interest, which may be temporarily postponed, by agreement, as legitimately chargeable to the capital of the loan; and interest is then credited as though actually paid in cash.

The necessity will, therefore, be apparent to all, that each company reporting should be compelled to adopt a uniform method under which the items, "interest paid," "interest due" and "interest accrued" would mean the same thing in every case, aiding towards an ascertainment of the true financial position of any one company by those denied access to its books. There are other questions upon an inspection of the securities, the value of which are sworn to be a certain amount which might claim attention, and will, I presume, ere the business of insurance is much older, and through which a higher standard of uniformity in regard to presenting values to the public may be followed.

Much has been done to protect those effecting insurance against the possibility of loss. I can scarcely conceive of a condition more sad than would be presented by that of an aged man, who has for years cramped and pinched himself to lay aside from his earnings a set sum annually to create a provision for declining years, or for those dependent upon him.