

Fund Record" declares that, "Farm risks written on a personal survey and examination made by the agent and an application properly filled out and signed by the insured are as good as any other risks. Farm risks written by an agent who cannot afford to survey and examine the property because the commission on the premium won't pay for the work, won't pay the company for carrying. The rate on all classes of property is based upon the understanding that such property will be examined and surveyed by the agent, insurable values fixed by him, and if not desirable will not be accepted. The commissions allowed are to compensate for surveying and examining the risk. If risks could be written 'unsight, unseen,' as boys swap pocket knives, the companies could do the work by mail and save agency commissions and expenses. That risks are not so written by offices is the reason why agents are needed to survey, and specials are needed to inspect. An agent who will write a risk that he does not survey and knows nothing about, does not earn his commission; and a special who will, when visiting an agency, pass a risk that will not pay to inspect does not earn his salary." That "farm risks" are "as good as any other risks" is a verdict with which fire underwriters will not generally coincide. The isolation of farm buildings, the use of oil lamps, the carelessness of labourers, the "tramp nuisance," the absence of fire protection are elements that place farm risks in a less desirable category than those where these factors are absent.

**The Actuarial
Paradox
Explained?**

The following is reported to have been the explanation given of the actuarial paradox referred to in our issue of 4th September, that "it is possible at the present time for each individual to have a greater expectation of life, and yet the longevity would be the same as in the past." Here is what is reported to have been the explanation:

"Suppose, in a given population of ten, 100 years ago, five individuals had expectation of twenty years of life each, then their total would be 100 years. Suppose that the other five had expectations of thirty years each, their total would be 150 years. Both groups together would give a total of 250 years, or an average of twenty-five years. Now, suppose the group of stronger individuals to-day has expectations of thirty-one years each of life and the group of weaker individuals expectation of twenty-one years each, but now there are six of the weaker and only four of the stronger. The total is still 250 years and the average is the same as before, twenty-five years. Yet each individual in each group has one year more of expectation of life."

It is evident that the conditions of the problem in the explanation are so varied from what they are in the original statement of what the problem is,

that the explanation is wholly irrelevant. As first stated the problem implied that "each individual" in the community could have a greater expectation of life and yet the longevity would be the same as in the past. This presents a paradox, indeed an impossible situation. In the explanation a special group of 10 persons is selected which puts the original problem entirely aside and states a new one which, almost bears its solution on its very face. Comparing two things which differ essentially in their conditions and component factors is as rational as the school boy's jocular problem, "If a cart load of bricks weighs a ton, how much would a cart load of potatoes weigh?"

**INTEREST RATE OF LIFE COMPANIES
TRANSACTING BUSINESS IN CANADA.**

We present in this issue the record made in 1902 by the life insurance companies transacting business in Canada, in regard to the rate of interest they realized on their assets, which we compare with the three previous years, as has been our annual custom. In making our calculations we have, as heretofore, taken the mean amount of total net or ledger assets, as given in the Canadian official insurance reports, as the basis. In finding the amount of interest earned, we have taken the cash reported as received for interest, rents, etc., and added thereto the due and accrued interest and rents for the given year, deducting from that total the due and accrued interest and rents at the close of the preceding year. This has long been our plan, and we believe it to yield more accurate results than any other.

It will be observed that, as compared with the year 1901, the average rate of interest realized by the Canadian life companies in 1902 was a little higher, the increase being .09 per cent.

With regard to the American companies in Canada, the calculation is made on exactly the same basis as for the Canadian companies, but, inasmuch as the ledger assets of the Canadian companies are carried out in the reports at market value (with one or two exceptions), we have included also the market values in the mean assets of the American companies. The average of these companies is 4.24 as against 4.20 in 1901, showing an increase of .04 per cent.

We have calculated the results of the British companies doing an exclusively life business in Canada on the same basis as in dealing with the Canadian and American companies, i.e., excluding from the assets items excluded in the official insurance reports of Canada and the United States, viz., premiums outstanding and in course of collection and accrued interest and rents. The interest earned we find in exactly the same manner as in dealing with the other two classes of companies. As compared with the year 1901, there is a slight falling off, .09 per cent. in the British companies.

A more detailed review is held over until next week.