

The business of life insurance differs from the general callings of life, and even from other branches of insurance in one particular, and that is, that it necessitates calculations based upon scores of years of past experience, which must be used as a guide to the business of the future for an equally long period ahead. It is only using ordinary wisdom in such a business to make absolute safety to the insurer the first point to be secured, even when it requires heavy outlay to do away with a dim chance of unsafety. But there are such things as errors on the safe side, and much as old maxims may commend them, they are often altogether too expensive to be taken into the ordinary financial calculations of the present day. Therefore prudent insurers ask now day, do we not pay too high for the safety guaranteed by first-class companies?

When we make a search for life insurance companies, which have stood the test of thirty or forty years, either on this or the other side of the Atlantic, we invariably find institutions which have huge reserve funds piled up, which for all practical purposes seem useful mainly as ornamental though truthful statements of their financial solidity. When we can find a concern on our continent with reserve resources of over one hundred million dollars we can understand how life insurance business has prospered in the past when properly managed. These huge piles of accumulated funds are without doubt immoveable rocks of safety to the insured, but the question again comes up, is it necessary for the safety of the policy holder to have such immense reserve resources? and close beside this comes the companion question: Could ample safety not be secured with greatly reduced reserves, and the policy holder benefitted by correspondingly reduced premiums? The whole matter thus resolves itself into the one plain question, are we not paying too high for life insurance under the present system?

As already stated there are only indications in favor of cheaper life insurance; but these indications are very direct and very strong. In the first place life insurance business is too liable to be calculated upon principles laid down thereby forty or fifty years ago, which may have suited the circumstances of those days, but are not at all fitted for those of the present day. The insurance expert of to-day smiles at the principles on which such old

solid companies as the "Scottish Widows' Fund" were conducted, and looks up to such financial paragons much in the same spirit with which the modern semi-sceptic looks to some saints of a by-gone age, who were altogether too pure and lofty for the practical ideas of the present age. No doubt but the founders of these old companies snickered at the financial shell of the trade corporations of the preceding century, which in their day were the very essence of financial niggardliness, so far as their benefits were concerned, but whose resources increased to such proportions during the present century as to call for legislation in order that they might be applied for the public good. Is it not probable that the advance in medical science, the accuracy with which average human life can be determined, the manner in which epidemics can be grappled with and their ravages stayed, have all tended to make life insurance a cheaper commodity than insurance managers are prepared to admit? The efforts of men in every line of business have been concentrated on one great point, namely the cheapening of production. It is for men in life insurance business to find out if they have been keeping pace with these other records of progress.

There is great difficulty in the way of advancing towards cheap life insurance, as in this as well as in fire insurance combinations can be formed, which are not always worked in the interest of the payer of premiums. Any company breaking from the rates of such a combination, would have to run the gauntlet, so to speak. On the other hand, this is just the point where worthless companies step into the field, although it is where solidity is most wanted. Still it is quite within the range of probability, that cheaper life insurance can be reached, and all the necessary financial safety to the insurer still retained, and it is for companies of standing to make some effort in this direction.

THE FAILURE RECORD.

As an evidence of the basis of commercial solidity reached in the Northwest, the record of failures for the first half of 1886 may be viewed in a very encouraging light. The report lately issued by the Dun, Wiman, Mercantile Agency, shows the total number of failures for the time mentioned to be 22, with liabilities of \$139,699 and assets of \$215,000. This

gives an average liability of \$6,350, with average assets of nearly \$9,773, or an average excess of assets over liabilities of \$3,423. Dividing the record into quarters we find that during the first three months of the present year there were 14 failures, with liabilities placed at \$116,299, and assets at \$200,000. For the second three months the failures numbered only 8, with liabilities of \$23,400 and estimated assets of \$15,000. The most hopeful view of the situation as presented by the returns for the first six months of 1886 may be seen from the standpoint of a comparison with former years. For the first six months of 1885 the failures numbered 38, with liabilities of \$188,684, or the latter more than three times in excess of the present year. For the same time during 1884 the failures numbered 49, with liabilities of \$457,560. For the first half year of 1883 the failures numbered 102, with liabilities of \$996,000. It will therefore be seen that the present year to date presents a record of commercial security far in advance of the same portion of any year since 1882. This showing, therefore, cannot be taken otherwise than as a proof of increasing prosperity and must make its influence felt in inspiring confidence in Northwestern enterprises and investments. The recovery from the peculiar depression under which the commerce of the Northwest has labored has indeed been rapid, when the circumstances attending the same are fully considered. Following an almost overwhelming collapse from a most extraordinary state of inflation and speculation, the commercial interests of the Northwest have had to bear up under three successive years of bad harvests, yet from the culmination of the crisis, a market improvement has been going on. The following review of the failures in the Northwest since 1881, the first year which furnished record, will be of interest.

Total for 1882	28	\$290,800
1st quarter 1883	57	\$400,000
2nd " "	45	596,000
3rd " "	87	1,458,000
4th " "	58	415,000
Total	232	2,969,800
1st quarter 1884	32	\$283,360
2nd " "	17	174,200
3rd " "	7	49,884
4th " "	24	276,435
Total	80	783,879
1st quarter 1885	22	320,685
2nd " "	16	167,999
3rd " "	11	127,603
4th " "	17	106,000
Total	66	722,287
1st quarter 1886	14	116,299
2nd " "	8	23,400
Total for 6 months	22	139,699