calculated is the Institute of Actuaries Hm. table and Interest at 3 1-2 per cent., with an addition of 20 per cent. to the net premiums and a constant of $3 per $1,000. For endowment assurances, having not more than twenty years to run, the percentage of increase to the net premium will be 17 1-2 per cent.

No arrangement has been arrived at regarding without profits, or premiums to be charged for special forms of assurance, the Companies being left entirely free in these matters.

LIFE ASSURANCE.

Although it is said of the papers read at the National Convention of Insurance Commissioners, held at Detroit, that none of them created anything in the way of a sensation, the New York "Commercial Bulletin" remarks, "the most talked-of paper was that of Mr. James W. Alexander, president of the Equitable Life." In the absence of Mr. Alexander, Actuary Vancise, of the Equitable, read the address from which we cull the following excellent reflections upon familiar subjects and principles of management now occupying the attention of all life companies. At the opening of his address Mr. Alexander states that it is his purpose to avoid whatever might be suspected as due to a competitive spirit, and in good faith to study what is for the best interests of the business at large, and therefore for the policy-holders, and therefore for the individual companies. Continuing, he says:

"This remark leads naturally to another one, namely: that much that is difficult to handle in the careful management of the affairs of a life assurance company is complicated by competition in making the wares we have to sell easily salable to the buyer, who is often incompetent to look below the surface or further than the present. It is idle to attempt to stifle competition. Measures intended to have that effect are liable to accomplish too much, and unduly to embarrass and restrain. For it cannot be gainsaid that while some evil may result from too much license in competition, much benefit may also result from legitimate competition; and hard and fast rules, no matter how honestly framed, may do more harm than good."

In another part of Mr. Alexander's address which we commend to the perusal of all our readers, he deals with two or three subjects of absorbing interest to a large number of companies. We quote:

It should be remembered that the policy-holders of a company whose business is conducted on the mutual plan are not mere *customers*, whose interest is to see how little they can put into the company and how much they can get out of it, but they are *members* interested in the prosperity of the company, in maintaining its security and in increasing its earnings and thus lessening the cost of their assurance. If three hundred thousand men are assured in a life company and the premium paid by each policy-holder is on the average $5 less than it ought to be, the company will suffer to the extent of $1,500,000 a year. If, on the other hand, policyholders invest on the average $5 more than is *absolutely necessary* as shown by subsequent experience, the company will secure an annual advantage of just $1,500,000, and the fund produced by this excess of payments invested and compounded from year to year will rapidly increase; the company will be stronger; its business will be more profitable; the dividends of each member will be increased directly and indirectly through the influence of this increased amount of capital invested by them in their business; they will ultimately receive more than the excess of their payments, and they will be the gainers. It is not extravagant, therefore, to say that if an applicant for assurance should be restricted to a single question with reference to a mutual company offering him assurance, it would be wiser for him to ask "How large are the premiums which those who associate themselves with one another in this mutual organization are required to deposit for the mutual benefit of all?" rather than to ask: "For how small a premium can I purchase this assurance?" As the public grow more and more familiar with the business of life assurance, it will not be surprising if the time shall come when men of substance who are businesslike and exact in their transactions with other people, and who exact similar accuracy and promptness on the part of those with whom they deal, will refuse to submit to the pecuniary losses which fall directly upon them through the many favors now granted by life companies to the improvident, the careless, the trifling and the slipshod, who are ready to accept all kinds of favors without making any return for them—it would not be surprising to me (I say) if men of this kind, who are engaged in wholesale pursuits, lead healthy lives, reside in safe places, ask for no indulgence, make their payments promptly, need and desire no expensive privileges (and the vast majority of those who assure in the best companies belong to this category) should come to the companies and should say: "Place us in a class by ourselves, and give us the benefit of the profit which will result from the improved mortality which will certainly ensue, and the saving which will result from the reduced risk assumed in our behalf; then, we shall be willing to agree that if at any time we desire any special privileges, or are forced to incur any unusual risks, we shall be charged and pay the proper cost therefor."

Now, what are the principles to which attention should be drawn to-day, with a view to concert of action among the companies?

First, I would answer, the rate of interest to be assumed in computing premiums, with a sufficient loading for expenses and contingencies.

Until recently, four per cent. has been considered a conservative rate to assume. One company had the foresight to adopt a three per cent. basis some years ago, and is entitled to credit for the same. Some companies have adopted a three and one-half per cent. basis on a part of their business. Others have very recently adopted a three per cent. basis on a large part of their business, and a three and one-half per cent. basis on the remainder. A change all around to three per cent. on the new business exclusively will ultimately solve the problem of a gradual change on all business to the new rate, because new business rapidly supplants the old, and whatever may become necessary in regard to a change of basis of reserve on the old business, this gradual process is in the right direction. It is recognized that while some companies have enough assets as compared with reserve to make the change on old business at once, there are others which would be embarrassed if compelled to do so, and it would not be equitable to enforce the change abruptly without corresponding measures making the transition feasible.