ONTARIO MUTUAL LIFE ASSURANCE COMPANY.

In the advance report of the Dominion Superintendent of Insurance, just received, the following sentence occurs in reference to the Canadian Life Companies: "In computing their re-insurance reserves they all employ the Institute Hm table of mortality at 4½ per cent. interest, with the exceptions of the Life Association, which partly employs the Carlisle table at 5 per cent. interest, and the Ontario Mutual, which employs the old Actuaries' table (terminal values) at 4 per cent." The words "*Terminal Values*" point out a fact which we have for years suspected but never before knew positively. The Ontario Mutual values its liabilities on a four per cent. basis, but, by means of taking only "terminal values" into consideration, the actual amounts which it reserves are in many cases actually much less than the real values by a four and a half per cent. valuation, and in some instances less than by even five per cent.

The difference is a technical one, and some explanations are therefore necessary. The gross premiums charged by life companies consist of two parts, the net mathematical premium and the addition for expenses and profit. This net premium can again be subdivided into, first, the temporary assurance or amount required to carry the risk for the year as in fire insurance; and, second, the amount carried forward at the end of the year as reserve, and which is technically called the "Terminal Value." Consequently if the policy be valued at the exact end of the policy year, this second amount is all that a company has to have on hand. The policy year, however, but rarely runs out on the 31st December when the accounts are made up. Assurances are effected every month of the year from January to December, and it follows, therefore, that the vast majority of a company's policies will have many months to run (on the average, six months) to complete an exact number of years, assurance. The Ontario Mutual provides, properly enough, the terminal values for the end of the policy year, but *it makes no reserve whatever for the unearned portion of the temporary assurance premium just referred to.* Fire, Marine and Accident Companies have to set aside reserves for their risks which correspond exactly to this, but the Ontario Mutual does not. The amount thus left out amounts to many thousand dollars.

The company however values by the combined or old Actuaries experience at four per cent. which, of course, gives larger "terminal values" than are required by a four and a half per cent. standard. Let us see to what extent this will provide for the deficiency in the other branch, and how the reserves on the company's policies by its method of valuation compare with those of other companies who make a proper valuation at four and a half per cent. That our readers may see how the matter stands at a glance we have compiled the values of $10,000 all-life policies by both methods, at the end of one and five years.

Reserve at First Year of Assurance.

Age at Entry.	Ontario Mutual Plan.	Government Standard Hm. 4½ per cent.	Deficiency of Ontario Mutual.
20.........	$62.20	$88.20	$16.00
30.........	93.10	123.30	30.20
40.........	144.10	179.00	34.90
50.........	216.20	272.00	55.80
60.........	304.50	428.90	124.40

Reserve at Fifth Year of Assurance.

Age at Entry.	Ontario Mutual Plan.	Government Standard Hm 4½ per cent	Deficiency of Ontario Mutual.
20.........	$333.00	$335.20	$2.20
30.........	496.30	501.30	5.00
40.........	767.90	753.50	+ 14.40
50.........	1107.90	1116.00	— 8.10
60.........	1516.30	1605.60	89.30

It will be noticed that the difference is greatest in the first year of assurance, where in some cases the Ontario Mutual reserves, instead of being larger, are actually about thirty per cent. less than the real reserves by a 4½ per cent. standard. In these comparisons, too, we have supposed that the policy had in all cases six months to run (as on the average they would have) in order to complete the policy year. But if a policy for $10,000 were taken out, at age 30 for instance, on the 31st December, it would have the full twelve months to run, and the correct reserve at 4½ per cent would be $158.00, while the Ontario's would still be only $93.10, or only about sixty per cent. of that amount. The correct reserves on all life policies at 4½ per cent. continue heaver than those of the Ontario for five or six years on the average, although not to as great an extent. After that the latter are the largest. In the cases of policies taken out at age 60, however, the Ontario's reserves *never* equal the correct ones at 4½ per cent., with other kinds of policies the deficiencies as a rule are not so great in the earlier years, but we believe the bulk of its business to be on the all life plan.

The conclusion to be drawn from these facts is that the Ontario Mutual cannot justly advertise as they do, that they value their liabilities by a four per cent. standard. They do not, for they merely set aside a *part* of a four per cent. reserve. As to whether their reserves, however, are larger than those of companies which value at four and a half per cent., we have shown that with some policies they are more, and with some less. It is difficult to state what the result on the whole is but it is probable that the total reserves by their peculiar method of valuing will be very slightly greater than those of other companies. The difference, however, if there is any, cannot of course be anything like what it would be if the reserves were correctly valued at four per cent. If there is an excess it is more a matter of chance than anything else.

Fires by Electricity.— The burning of the Western Union Telegraph Company's building in Chicago recently is a strong admonition to persons having electric wires in their buildings to see that they are properly insulated. It is more than probable that less than ten per cent of the people using the electric light have any idea of the danger of the wires when they come in contact with the dry wood inside of buildings, and it is quite probable that even a less number have not the slightest ability to determine whether the wires in their buildings are properly insulated. There should be a law, wherever the electric light is used, compelling a regular and careful inspection of the condition of the wires and their insulation.—*Bus. Observer.*