

plans ought not to be wanting, though we may say we incline to that of the ordinary premium charge per \$1,000, with an annually increasing assurance from a specified fraction the first year to the whole of the \$1,000 at the end of an assumed expectancy,—an expectancy materially reduced from that of the regular table to correspond to the impairment.

#### INSPECTION OF RISKS.

It is somewhat unfortunate that our contemporary, the *Journal of Commerce*, which occasionally rushes spasmodically into articles on fire insurance, should have chosen this particular time to illustrate the superiority of the system of the mutual companies over that of the stock companies, owing to the former's method of rigid inspection of risks. We say unfortunate, because within the last month two of the Western mutuals have through heavy losses been forced to retire from business, while two of the risks in Canada captured from the stock companies (Pillow, Hersey & Co's Works in Montreal, and the St. Croix Cotton Mill at Milltown, N.B.) have suffered serious damage from fire, and we will venture to state, without fear of contradiction, that the underground premiums collected during the past few years by the State mutuals, upon risks taken from the licensed companies in Canada, will not nearly pay for the losses sustained.

By these remarks we by no means wish to underestimate the value of inspection; on the contrary, there cannot be sound underwriting without it, and it was with a full knowledge of this principle that the Canadian Fire Underwriters' Association inaugurated the system of schedule rating for special hazards, while there are many other risks besides which have been inspected and specially rated upon their merits. Our contemporary is evidently not aware that for some time past there has been a regular inspection of all the principal risks in Ontario and Quebec by the paid officers of the associated companies and rates fixed in accordance therewith, so that in spite of the loss of a risk here and there to underground companies, the business has been generally improved, and some of the lines which were placed across the border have gradually been coming back again.

This is the best answer to be given to the random and sweeping assertion that "in many instances only a cursory and superficial examination of the premises and stock takes place," a very unmerited slur upon the efficient inspectors of the associated offices. The very works of Messrs. Pillow, Hersey & Co. were inspected and rated by the companies here, and because the mutuals secured the risk, we cannot see that in this instance, at all events, they showed any superiority of judgment over the stock companies. Perhaps our contemporary will kindly explain.

Mr. W. W. Baynes, the general manager of the Star Life Assurance Society of London, will retire at the close of the year on account of failing health, and Mr. Henry G. Hobson, chief clerk, succeeds him.

#### LIFE ASSURANCE AT "COST."

It may safely be said that most of the mistakes constantly being made by people of all classes in business, social or religious matters comes by accepting half truths as whole truths. They look at one side of the shield and straightway declare it to be blue, without taking the trouble to look at the other side. It is this prevailing characteristic of humanity which affords to humbugs of all sorts a fruitful field and furnishes the confidence operator with his working capital. It is this ready acceptance of a half truth that makes the success of the assessment plan in life assurance possible. "Life assurance at cost" is a taking phrase, and when the *present cost* at stated ages is given, correctly enough in many cases, that half truth is taken as a statement of the whole truth as to cost, and the man is led into a serious error. There is nothing of which the advocates of the assessment scheme are more fond than to print and industriously circulate parallel columns of figures purporting to show the relative cost of a given amount of assurance on their own and on the level premium plan, as if the two columns of good honest figures necessarily expressed an honest comparison.

This method of demonstration always reminds us of the lucid explanation of the factotum, whose duty it was to conduct visitors through a certain old church in Rome and to recount the history of the various sacred relics deposited therein. On one occasion, while a party of tourists were enjoying the benefit of the guide's stereotyped eloquence, a not over-credulous member of the party seemed particularly interested in the skull of Saint Jerome, prominently displayed. After a moment's hesitation, he turned to the guide with a puzzled air and inquired: "But how comes it, my friend, that Saint Jerome's skull is also in the church in Florence, where we saw it only the other day, and which, by the way, is two or three sizes larger than this one?" The guide was nonplussed for a moment, but suddenly a brilliant idea struck him, and he triumphantly replied: "Well, you see, sir, this is the skull of Saint Jerome when he was a boy!" That explanation was not a whit more ridiculous than is the comparison of present annual cost in a young assessment association with the actual average annual cost for the whole term of life indicated by the mortality tables.

Now the whole instead of the half truth is, that if one thousand men are assured for one thousand dollars each at age 40, their deaths will call for exactly one million dollars in the aggregate during the next 36 years, some one of the number possibly living to age 96. The cost to each member for each year on the pay-as-you-go plan will be the number of deaths multiplied by \$1,000, divided equally among the living members. For the first few years the deaths will be few and the cost small, but gradually increasing with increasing age until the deaths are many and the cost to the living large. If the members stay in they will pay, collectively, the exact true "cost" of the assurance as fixed by the inflexible law of mortality,—those who die early having paid lightly and those who die