

"2. In computing or estimating the reserve necessary to be held in order to cover its liability to policy-holders, each company may, until the 1st day of January 1907, as to policies issued prior to the first day of January 1900, and bonus additions or profits accrued or declared in respect thereof, employ any of the standard tables and any rate of interest not exceeding four and one-half per cent. per annum, and as to policies issued on or after said last-mentioned date and bonus additions or profits accrued or declared in respect thereof, may employ any such standard table of mortality and any rate of interest not exceeding three and one-half per cent. per annum."

The propriety, indeed the necessity of such an alteration of reserves has been perceived and acted upon by the more conservative Canadian companies. Indeed not many now adhere to the $4\frac{1}{2}$ per cent. basis. It is probably true that $3\frac{1}{2}$ is a reasonable and safe rate, even though we had the other day the opinions of not a few American financiers that not more than 3 per cent. interest on investments could safely be calculated. As many more, however, named $3\frac{1}{2}$ and $3\frac{3}{4}$ as a probable rate of earning.

The bill deals, in another clause, with the classes of securities life companies may invest in. The charters of companies have shown differences in this respect, some being permitted to hold securities that are denied to others. Mr. Fielding desires to establish a standard under which all companies shall have the right of investment, not, however, to take away any right of investment from any company which may have obtained any powers itself, but in the case of those companies a common standard shall be established and all companies which are willing to come in under it are made to invest under this particular class of securities. This is only reasonable.

It is provided that any life insurance company which derives its corporate powers from the Parliament of Canada, or which is within the legislative power of that body, may invest its funds, or any portion thereof, in the purchase of—

"(a.) The debentures, bonds, stocks or other securities of Canada, or of any province of Canada, or of any municipal or public school corporation in Canada, or

"(b.) The debentures of any building society, loan or investment company, water works company, gas company, street railway company, electric light or power company, telegraph or telephone company, or electric railway company, incorporated in Canada.

"(c.) Life or endowment policies issued by the company, or by any other life insurance company, or

"(d.) The public consols, stocks, bonds, debentures or other securities, of the United Kingdom, or of any colony or dependency thereof, or of the United States or of any State thereof, or

"(e.) Ground rents and mortgages on real estate in any province of Canada, or

"(f.) Any securities accepted by the Treasury Board as deposits from insurance companies under this Act.

"2. Any such life insurance company may lend its funds or any portion thereof, on the security of

"(a.) Any of the bonds, stocks, debentures or securities mentioned in the preceding subsection, or

"(b.) Paid up shares of any company mentioned in paragraph (b.) of the next preceding subsection: Provided that any loan on the security of any such shares shall not exceed ninety per cent. of the market value of such shares, or

"(c.) Real estate or leaseholds for a term or terms of years or other estate or interest in real property in any province of Canada, or

"(d.) The stock of any chartered bank in Canada, under and subject, however, to such regulations as are from time to time made by order of the Treasury Board."

LIFE INSURANCE COMMISSIONS.

We continue to hear of excessive rebates made in order to obtain business in the life assurance field—two-thirds, three-fourths, even the whole of the first premium given away, to get a risk placed. If the agents who do this sort of thing do not know that it is a direct injury to the companies they represent, the managers must know it, and are culpable if they do not put a stop to it. The

practice is excused because "the competition is so keen that we are forced to do it;" but this is no adequate excuse. As well might a merchant, made bankrupt by selling goods under cost, excuse himself to his indignant creditors, by declaring that he was "forced" to sell his wares at no profit because of competition. The companies are better without risks that they have to pay too much for.

An article on the subject of excessive commissions in life insurance appeared lately in the London Economist, and it covers the ground so well that we print it in full on page 1464. There are "free lances" and "harpies" among life agents in the Old Country as well as in the United States and Canada, it appears from this article. And the effect of these excessive commissions is that they induce the agent to work for new business and to disregard renewals. "In this way existing shareholders and policy-holders suffer through paying extortionate prices for ephemeral business, and the insured himself is mulcted of a premium for which, should the policy lapse, as is probable, he receives no commensurate advantage." Very much the same sort of warning was given by the president of the Canada Life Company, at the annual meeting some weeks ago. Citing the undue expansion and undue expenditure in this direction by some companies, Mr. Ramsay said that "The profits of these very progressive companies have been so reduced that the greatest and largest of them is now paying its policy-holders, by way of profits, less than one-half the percentage to premiums they were paying ten years ago." That shareholders and policy-holders must suffer by such a course is clearly pointed out. The earnings of policies and the consequent distribution of profits are lessened by it, and the policy-holder is deprived of accumulations which he very likely had been promised, but which in any case he had a right to expect.

A WORD ABOUT TORONTO.

A subscriber, who seems to be critically disposed and not a little impatient, asks us what has become of the market extension scheme, in favor of which the citizens voted at the first of the year; and what is the prospect of the Big Hotel scheme, another project that was to help the east end. As to certain other hoped-for enterprises of a manufacturing character mentioned during some months past, he says, "I suppose they have been neglected, or else choked off by extravagant demands or restrictions, as the fashion of Toronto city hall wisecracks has been for half a century." And he concludes, "We can never be a great city at this rate."

It may encourage our friend to be assured that the market extension scheme is by no means dead; it is only suffering delay through the petty wrangling of some of the city fathers who cannot rise above the village pothouse style of civic politics. And as to the hotel matter, a meeting of committee held last week shows continued interest in the scheme by our best business men and a fair degree of progress. If instead of taking his impressions of the hopes and achievements of Toronto people from the newspaper accounts of the City Council's doings or misdoings—which often are enough to give a man the blues—he would consult the Board of Trade people, the Canadian Manufacturers' Association, or even drive round the town with his eyes and ears open, he will be convinced that there is much building, much manufacturing extension, much business activity, in Toronto, and that efforts have been made, and are still being made to increase them.

Speaking on the occasion of a banquet of the