

It takes about twice as much of the income to do the business as it did in 1858, or, stating it in another way, if the business had been done the last year as cheaply as in 1858, it would have saved \$6,000,000 to the policy-holders,—enough to make every dividend of surplus they received, more than half larger. To see the tendency of this increase of expense, we must also observe that while the per centages of expense have risen from ten and eleven per cent to eighteen and twenty per cent, respectively, *the per centage of surplus has fallen from its highest point of forty-four per cent. in 1862, to thirteen per cent. in 1868.* A Life Insurance Company has no power to coin money, and there is a limit to the capacity of its premiums. It cannot spend ten cents more of each dollar of premium for expenses, without having ten cents less for its reserve or surplus. Somewhere it will tell with certain, if not fatal effect,—if nowhere else, in the promised dividend to the assured.

If we are to assume that the rate of expense of ten years ago was reasonable and must admit that some increase is unavoidable, we shall still stop considerably short of justifying as reasonable the spending on an average of twenty cents of every dollar of premium, note as well as cash, for expenses; and the actual practice of some of the most successful companies, proves that it is wholly unnecessary. The cost at which business is conducted at the present time, is not fairly or mainly due to any real necessity. It grows directly or indirectly out of an almost desperate struggle and competition for foothold and growth, one of the main causes of which we shall notice presently; and which have so pervaded and demoralized the whole business, that it is next to impossible for a company to grow at all, unless it joins in the race with a reckless indifference to the cost or the consequence.

The rock on which so many companies have been wrecked in England and towards which some of our own are inevitably drifting, is extravagance. We set up the beacon of warning, and wait hopefully for the day when economy will be the shibboleth that speaks success, and surely wins the confidence of the public. Meantime, if we are asked to designate the companies most likely to fulfil the trusts committed to them, we point, without a moment's hesitation, to those above all others which still retain this almost extinct virtue.

IS IT CAREFUL TO MAINTAIN ITS RESERVE UNIMPAIRED, AND OF WHAT CHARACTER ARE ITS ASSETS?

Once more, our attention is called to the significant remarks of the Massachusetts Commissioner, plainly indicating the danger into which some are drifting. He says, page xvii., Report 1869 :—

"We should not only transgress our rule, but probably render a doubtful service, if we attempted to comment upon, or account for, the standing of particular companies as shown in these important Tables, and the rise or fall of their per centages from year to year. An inspection of the Tables will show that twenty-one of the companies having a guaranteed capital, *do not make good their reserve, without calling in a portion of the capital* to make up the requisite amount of assets,—all but one of which have commenced business within five years, and fifteen of them within three years. There is no company, however, which does not, with the aid of its cash capital, *now* furnish the measure of security to its policy-holders which our law has prescribed; our only fear need be in regard to its tendencies *for the future*,—whether the road it is travelling lies wholly within the domain of safety, or whether it leads outward and beyond. Considered as Mutual companies, or excluding capital from assets, fifteen out of forty-six companies of more than one years' standing show a larger per centage of surplus, and *thirty-one a smaller per centage than the year before.* Counting capital as assets, all but seven of them show a

smaller per centage of surplus than either of the years 1867 or 1868. This, as we have seen, is a very serious defect, and we go further to show that it cannot be corrected by the "low" rate of interest.

NOTE

These companies are not reinsured in any other company, and their agents are not paid for part of the business, whereas in the case of the others, the agents are paid for the business.

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says :—

"If the company to pay the dividend to himself to the effect of 78, says :—ment."

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one of the companies, its death would be a good as a plain view to all the notes as stability as a general reserve. cash company.—Muss.

The class of business