

not more than a half dozen since. That fact is of little importance, however, so far as getting the exhibit before the public is concerned, for a full exhibit made and printed in the report of a single State gives the information contemplated in the adoption of the requirement for the year covered. The principal advantage of enforcing the requirement by several States lies in the check upon carelessness or design on the part of companies, which several separate reports are calculated to furnish. We have during each of the two past years presented to our readers the principal features of this gain and loss exhibit, as shown successively on the business of 1895 and 1896 respectively, and we are now able to do so for 1897 by reference to the recently issued Connecticut Insurance Report.

For the benefit of our readers not familiar with our former explanations of the exhibit, we may state, briefly, that the purpose of the schedule is to show the increase or diminution of each company's surplus during the year and the source of such increase or diminution. The "exhibit" involves a debit and credit account. On the credit side, besides the total surplus at the end of the preceding year, are the loading for expenses belonging to the premiums, the earnings from interest, rents, etc., the cost of carrying the insurance or "expected loss," by the mortality tables, and the reserve belonging to surrendered and lapsed policies. On the debit side the items are: Expenses required in the conduct of the business, interest required to maintain the reserve, the actual mortality or losses incurred, the amount paid on lapse and surrender account, dividends to policy-holders, and surplus in hand at the close of the year. It will be seen that the logical comparison of the items in the account is that of the premium loading with expenses, interest realized with interest required to maintain the reserve, expected mortality with actual mortality, and reserve values of lapsed and surrendered policies with amount paid on these policies.

With the above explanations we may proceed with a review of the results shown in the report of the Connecticut department by totals for all companies, excluding the industrial companies from consideration. We follow the footings of the tables as given excepting in the interest income account, referring to the Aetna and the New York Life, which are encumbered with foot-note explanations not necessary to our comparisons. Our purpose will be served by taking the interest earned as apportioned to these two companies in the gain and loss exhibit for each in the body of the report and changing the total in the interest column of the table accordingly. Contrasting the principal items related to each other as found in the debit and credit columns of the table in the report, and we have the following exhibit by totals:

Premium loading for Expenses.....	\$44,627,277
Aggregate Expenses incurred.....	46,302,929
Loss, on Expense Acc't.....	\$1,675,652

Interest, Rents, etc., earned.....	\$61,051,488
Interest required to maintain Reserve.....	40,995,231
Gain on Interest Acc't.....	\$20,146,257
Mortality assumed in Mortality Tables.....	57,971,436
Actual Death Losses incurred.....	44,045,038
Gain on Mortality Acc't.....	\$13,928,398
Reserves on Lapsed and Surrendered Policies.....	37,531,858
Paid out for Lapses and Surrenders.....	29,211,500
Gain on Lapse and Sur. Acc't.....	\$8,321,298
Total Gain from Interest, Mortality and Lapse and Surrender Accounts.....	\$41,795,652
Loss on Expense Account.....	1,675,652
Net Gain.....	\$10,720,299

It appears from the above that the gain balance on the year's transactions from the sources named was pretty large, and shows a larger total by \$10,550,574 than the net gain of 1896 by practically the same companies, the figures of the Connecticut report being used for both years. We may remark, however, that heretofore there has been considerable disagreement between the figures of the Illinois, Wisconsin and Missouri reports and those of the Connecticut report, and such may and likely will be the case this year, though the non-appearance as yet of the life insurance reports from the States named prevents any present comparison. Taking the figures as we find them, and it appears that the excess of expense over premium loading in 1897 was a little less (\$473,150) than for the preceding year, while the gain as between interest earned and interest required to maintain the reserve shows a large variation for the two years, the gain for 1896 being \$13,598,735 and for 1897, as above, \$20,146,257. On payments for lapsed and surrendered policies the 1897 gain was \$695,941 larger than that of 1896, while the gain on mortality actually realized as compared with the expected mortality the gain in 1897 was \$2,833,961. As the amount paid out on lapsed and surrendered policies was about 78 per cent. of the reserve, the gain from this source was of course the other 22 per cent. In 1896 the actual to expected or table mortality was a fraction over 80 per cent.; for 1897 it was 77 per cent., showing a saving on mortality account of 23 per cent., an exceedingly favorable exhibit. The gain from interest earned, as compared with the interest required to maintain the four per cent. reserve—the legal standard—is the most noticeable feature of the above exhibit of course, and readily suggests the inquiry, whether the advocates of a higher standard than the present four per cent. have any ground upon which to stand?

We may remark in closing that we have purposely ignored a table (Table 17), introduced in the Connecticut report, in which conclusions are reached by the manipulation of figures to correspond to preconceived theories of the commissioner of insurance. Certain unwarranted deductions are made from the true expense of management; certain charges are made for "investment expense," reducing the interest receipts, and a mysterious charge for "medical expense" is tacked on to death claims incurred. These segregations do not belong to the consideration of a practical, business-like comparison of the several items of the gain and loss exhibit as reported by the companies. When the reports of the other States which require this exhibit are received, we may take occasion to refer again to the subject here treated.