tion in the Dominion during the years 1868-9 and 1869-70 :—

	1868-9	1869-70.
Total for Ontario.......	$23,724,764	$ 24,530,457
Total for Quebec.......	29,545,177	32,166,288
Total for Nova Scotia.	7,749,333	8,008,031
Total for N. Brunswick	6,382,896	6,532,827
Grand Total..........	67,402,170	71,237,603
Increase 1870..		$3,835,433

It will be interesting to notice the countries from which these importations of 1869-'70 are derived, with the amount contributed by each. In the same table the exports to the countries named are given :—

	Exports.	Imports.
Great Britain.........	$ 24,950,925	$38,595,433
United States..........	32,984,652	24,728,166
France....................	278,420	1,394,346
Germany..................	15,535	469,275
B. N. A. Provinces...	1,421,423	1,268,948
British West Indies...	1,512,780	892,134
Spanish West Indies.	1,280,268	2,423,421
China......................		432,919
Spain	85,082	314,925
Other for'gn countries	1,554,385	718,036
Short returns..........	2,962,398	
Total......................	$73,573,490	$71,237,603

The exports for the past two years compare thus :—

Total 1868-9..............	$73,573,490
Total 1869-70.............	60,474,781
Increase...............	13,098,709

This increase of exports is a most gratifying fact, and especially when placed alongside the comparatively small increase in imports shown above. These figures, and many others in the returns, are highly suggestive, and invite discussion, but we shall have to defer their further consideration for the present.

TESTS OF SOLVENCY.

We notice that the New York Insurance press, and experts, occasionally through the daily press, are earnestly discussing the question, "what can safely be accepted as assets, with reference to a life insurance company's liability for its reserve fund?" The fact that the leading American offices are divided into two distinct classes, the all cash, and part note companies, presents serious if not insuperable obstacles to a fair discussion of the question. The cash companies, naturally seek to disparage the value of notes as assets, while the note companies strenuously insist, that as against the policy, notes and loans are just as available as cash or realized assets. Life insurance, like the heathen Chinee has its "ways that are dark" that is, mysterious to the general public, who do not readily comprehend the nature of such estimates as the present value of future premiums, and policy liabilities; and because the system cannot be tested by ordinary commercial standards, it is too often distrusted as merely capricious and empirical. But it is only necessary for our present purpose to remind the general reader that the fundamental principles of the system are thoroughly scientific, and that a century of actual experience has proved its reliability, efficiency and wide beneficence. But, it must be admitted, that the business may be easily abused and that the facilities for detecting incompetent or corrupt menagement are not so direct and satisfactory as in other kinds of corporate management.

The excessive competition of late years has moreover introduced several loose practices, which, we are glad to observe, the Superintendents of the more prominent insurance departments are beginning to disapprove of, and will not, let us hope, further tolerate in the future. Noticeably among them, has been the allowance of a certain class of pretended resources, which in a former allusion to the subject, we enumerated and classed as "barnacle" and "paper" assets. But while we discriminate cautiously in the interest and honour of the business, we must also aim to be just, in comparing the merits of the cash and credit systems, each of which embraces several prominent staunch, and popular offices. It cannot be truthfully assumed that credit assets, within a certain limit, and as against the policy reserve are not just as good as cash assets.

We have before us an ingenious table, a portion of which appeared, some weeks since, in the New York Evening *Post*, and which with an equally ingenious, if not disingenuous preface, created something of a "sensation." It is known to have been prepared by an actuary, in the employ of the largest New York "all cash" company. This table purports to be an analysis of the assets of 62 life insurance companies, compiled from the Massachusetts Report fo 1870. The gross assets of these companies are divided into "cash investments" and "uncollected premiums," or amount of unpaid premiums, such as premium notes, loans to policy-holders, due from agents, and semi-annual and quarterly premiums not due. Opposite a column showing the "mathematical reserve" there is a column, "still needed in cash from policy-holders." The amount of this column is $36,-152,560. The fundamental error, the vicious principle of such arguments, is not only in attempting to test note companies by the all-cash standard, but chiefly in assuming that the difference between a company's cash or "realized" assets and the mathematical reserve is "still needed from policyholders." By this test such companies as the Ætna, $4,698,072; Charter Oak, $2,476,335; Connecticut Mutual, $3,239,460; Equitable, $535,304; Mutual Benefit, $1,777,347; New England Mutual, $2,099,747; Northwestern, $3,182,-119; Security, $1,790,668, are said to be "short" these respective amounts of the reserve—*i.e.*, "short" of cash assets. But the long agitated and never-to-be-settled question occurs—Are not the credit assets, especially notes on policies in force and deferred premiums, just as good as cash, *quoad* the reserve? If the notes are not paid, surely neither are the policies; and if the latter lapse or terminate, then the notes are not needed. And if, at the beginning of the insurance year, the Departments change the reserve on the assumption that the premiums have been paid for the coming year, by what equity can the companies be refused credit for their quarterly and semi-annual "deferred premiums" as assets? Let us subject the companies named to the decidedly severe test of allowing only notes and loans on policies in force and deferred premiums as credit assets, and we shall see the manifest speciousness of this all-cash or hard-cash argument. No account is made of interest accumulations or uncollected office premiums, or premiums in the hands of agents.

	Required Reserve.	Cash Assets.	Notes & Deferred Pr'ms
Ætna	$9,902,174	$5,797,439	$6,692,251
Charter Oak..........	5,616.496	3,607,270	3,102,119
Conn. Mutual.........	17,049,898	15,469,912	11,256,969
Mutual Benefit.......	13,157,039	12.453,766	6,674,514
New Eng. Mutual...	6.936,865	5.156,867	2,442,160
Northwestern	5,772,653	2,999,167	3,064,275
Security...............	2,070,229	408.504	1,603,280
	$60,505,354	$45,892,925	$34,839,218
			45,892,925
			$80,732,443

Thus the assets are shown to be 25 per cent. over the required reserve. And this illustration will answer for all other credit companies. We repeat, if these notes and deferred premiums are not unquestionable assets as against the reserve, then the reserve must be reduced by the amount of the policies which said notes and deferred premiums represent; because the policies can never become a liability without the allowance and payment of these credit assets. But it is not necessary to pursue the argument. Many of the oldest and strongest companies in the States have done business for twenty years on the note plan. Its practicability and safety have been proven by experience. We have the authority of the Hon. Elizur wright for saying that all the mathematical reserve need not necessarily be cash; a part may as well be in interest-paying notes, provided the amount or ratio does not exceed the surrender value of the policy.

We have spoken of the practicability and safety of the note system. But whether the all-cash system is or is not preferable is still another question. We do not profess a very high admiratien for any credit assets which are not a strict lien upon the policy. We also believe that, for the final popularity of the system, it is desirable that the policy-