

name, "3 per cents." by which they had been known for generations was lost, save as a memory. They got instead the nick-name "Goschens," from the name of the Chancellor of the Exchequer who effected the change. That rate, $2\frac{3}{4}$ per cent., was fixed up to 1st April, 1903, from which date Consols will bear only $2\frac{1}{2}$ per cent. For a length of time the certainty of this reduction in rate of interest in Consols has naturally had a depressing effect on their price. Companies, trustees, private investors having money to invest for a long term of years, did not look favourably on Consols which, after April, 1903, would pay only $2\frac{1}{2}$ per cent., a rate that works out as only 2 3-10 per cent. when the income tax is deducted. Had Mr. Goschen foreseen the enormous expenditures caused by the Boer war, and the demand for money that has arisen in the United States in the last few years, he, probably, would not have fixed the interest on Consols at $2\frac{1}{2}$ per cent., but, when that was done, there was an apparent certainty that money was steadily declining in value. He did not take into account the spread of intelligence in regard to securities which was going on by which the old-fashioned folk who know of no other investment but Consols were discovering that other securities were safe that yield more than Consols. Thus there came a reduced demand for Consols, also sales of them on a considerable scale in order to purchase municipal bonds and other high class securities. Such conditions fully account for the lower price of Consols; they have simply fallen to the level of a security that yields less than $2\frac{3}{4}$ per cent. when the income tax is deducted. When the reduction was made from 3 to $2\frac{1}{2}$ per cent., there was a sharp decline, as the following table shows:—

	Consols at 3 per cent.			Consols at $2\frac{1}{2}$ per cent.	
	Highest.	Lowest.		Highest.	Lowest.
1884....	102 $\frac{1}{2}$	99 $\frac{1}{2}$	1889	99 $\frac{1}{2}$	96
1885....	103 $\frac{1}{2}$	94 $\frac{1}{2}$	1890	98 $\frac{1}{2}$	93 $\frac{1}{2}$
1886....	102 $\frac{1}{2}$	99 $\frac{1}{2}$	1891	97 $\frac{1}{2}$	94 $\frac{1}{2}$
1887....	103 $\frac{1}{2}$	100 $\frac{1}{2}$	1892	98 $\frac{1}{2}$	95
1888....	103 $\frac{1}{2}$	99 $\frac{1}{2}$	1893	99 $\frac{1}{2}$	97

In the year 1889, in which the rate of interest was reduced to $2\frac{3}{4}$ per cent., Consols dropped from $103\frac{3}{8}$ to $99\frac{1}{4}$, highest quotations, and from $99\frac{3}{8}$ to 96, lowest quotations. In 1891 they declined to $97\frac{1}{2}$ — $94\frac{1}{4}$. Then a reaction took place which ran on until the maximum of $113\frac{7}{8}$ —110 was reached in 1897, then a counter movement commenced in 1898, by a drop to $112\frac{7}{8}$ — $108\frac{7}{8}$. This went on until they dropped below par in 1901, the highest in that year being $97\frac{7}{8}$ and lowest $91\frac{7}{8}$. The Boer war, the gradual rise in value of money largely consequent thereon and the coming lowering rate of the rate of interest on Consols kept depressing them until they have reached their present low figure, 90. Even at this price Consols yield a poor return to the investor, and but for their unique reputation as the safest security in the world they would go some points lower still.

THE GREAT WEST LIFE ASSURANCE COMPANY

ISSUES A CIRCULAR TO ITS POLICYHOLDERS.

We have before us copies of a circular issued by the Great West Life Assurance Company, Winnipeg, to the following effect:

"In view of the unequalled success of the business during the ten years just completed, it has been decided to give our present policyholders an opportunity to increase their insurance with us and to allow them a discount of one-third off the first premium.

The rate of premium at your age, . . . years next birthday on the plan is \$ per \$1,000 per annum.

The above offer will only hold good provided the enclosed application form is completed and received here before the end of March. If you do not wish to increase your insurance you may be able to give us the names of some parties from whom it would be advisable to solicit insurance, and a space on the application form is left for this purpose.

Yours sincerely,

(Signed), J. H. BROCK,
Managing Director.

The issuance of such a circular has naturally caused a great deal of adverse criticism in insurance circles. In these columns we have persistently taken the stand that rebating is clearly an injustice, as the cost of life insurance is thus unequally distributed without regard to the principles upon which the business is based.

Rebating is the *bête noire* of the life insurance business and should be stamped out. It brings a class of temporary insurance which is most unsatisfactory. It develops lapses and other evils, but we need not enlarge upon this system as it has been so exhaustively dealt with in these columns. While the offer contained in the above circular in the opinion of some may not come within the term "rebating," yet we cannot refrain from expressing regret that any company deemed it expedient to make the above offer. The rates of the life companies, which are all practically similar, are based upon scientific data as to the expectancy of life at various ages, and any such deviation therefrom as is involved in the offer of one-third reduction, even for a restricted period, is demoralizing and not in the best interests of the business. The surplus funds after amply providing for every liability can be legitimately distributed amongst the policyholders in the form of bonuses, etc., and moreover it might be well for a company to accumulate a special reserve fund against possible contingencies such as a fall in the rate of interest, which latter is certain to occur in the future.