

investments must be of that class which yield a moderate rate of interest only. The great impetus given to Life Assurance business of late years, has in many cases, led to an extravagant expenditure in order to obtain it, as will be seen by perusing the reports of various companies whose expenditures, have in some cases, been as high as per cent. on their cash income, which is thus commented on by Superintendent Barnes in his last report :—

EXPENSES.—There are to-day American Companies that have taken some of these steps on the road to financial ruin. The necessary reserves, are nominally at least, maintained, but the wasteful commissions, heavy expenses, salaries and extras, in divers forms, advances to agents on mere personal securities on anticipated commissions, the *declaration of excessive dividends*, based mainly on uncollected resources, the inordinate rates of unrealized to realised assets, all need reform, or entire revolution.

There are other vital and vastly more important questions underlying the practice of Life Assurance than “**MUTUAL vs. STOCK?**” which an intending policy holder will do well to have satisfactorily answered, namely :

IS THE COMPANY KNOWN AS BEING CAREFUL AND CONSERVATIVE IN THE SELECTION OF THE LIVES ASSURED ?

The effect of the growing laxity in this respect, was thus spoken of and anticipated in the United States as long ago as 1864.

“The standard of medical selection seems to have been somewhat lowered as compared with former years. * * * Their is either little more than half the carefulness of selection there was, or else the companies have concluded to insure more hazardous risks. The relaxation in the medical selection—if such it is—does not seem to be confined to any particular company. The mortality experienced in 1864, in the first year, is about that of English offices, and with this relaxation of the standard of selection, or admission of hazardous risks, we may expect the mortality hereafter to approximate that of the Actuaries rate, instead of remaining as it now is, remarkably below it.”

This prediction has been too well fulfilled, as will be seen by the following extract from a prominent New York Insurance Journal, Dec. 1869 :—

EXCESSIVE MORTALITY.—Several of our life companies are realizing an unprecedented mortality of their policy-holders this current year. Usually the number of deaths falls far below the number indicated by the experience tables. This year seems to be an exception, and the death claims come pouring in as though the old man with the scythe was having his year of plenty. How far this is due to circumstances beyond human control, and how far it is due to the inefficiency of medical examiners, are questions of serious import. We have no doubt, however, that in many cases improper relations between the examiner and the solicitor exist, and that doubtful cases, which ought in every instance to be rejected, are recommended as in all respects fit subjects of life insurance. More money is lost by incompetent or dishonest physicians than is paid for agents' commissions on premiums received. This leak ought to be stopped.

IS IT ECONOMICAL IN THE ADMINISTRATION OF ITS AFFAIRS ?
Quoting once more from the Mass. Reports of 1869 :—