

or endowment policy is the same proportion of the sum assured as the number of premiums actually paid bears to the total number of premiums payable under the policy. For example, if a 20 payment life policy for \$1,000 is surrendered after payment of five annual premiums, the amount of paid-up insurance to which the assured would be entitled is 5-20ths of \$1,000, or \$250 (a free policy, payable at the death of the assured). If the policy in question had been a 30 year endowment assurance, the amount of the paid-up policy would have been 5-30ths of \$1,000, or \$166.66 (a free policy, payable at the death of the assured, or at the end of 30 years). In the case of ordinary life policies, the amount of paid-up insurance can only be determined by an actuarial calculation.

LOAN VALUES—In most companies, no cash surrender value or paid-up policy is granted to the assured if he throws up his policy during the first three (or sometimes five) years. In the same way, most policies carry no loan values until at least three years' premiums have been paid. The loan value in any year is very frequently the same as the cash surrender value, with a year's interest deducted in advance. The procedure necessary to obtain a loan on a policy is very simple. The company will, on application, furnish the policyholder with a "loan agreement," which he has to sign and return together with his policy. If the agreement is properly executed, the company will then pay to the policyholder the amount of the loan to which he is entitled; its sole security being the policy which the assured leaves on deposit with the company. The rate of interest charged on policy loans is usually about five per cent., the interest being payable on the same dates as the premiums under the policy. There is generally a provision in the loan agreement to the effect that if the assured fails to pay interest,