

entitled to recover as the premium (net  $H^M 4\frac{1}{2}$  per cent.) proper to the stated age of such person bears to the premium (net  $H^M 4\frac{1}{2}$  per cent.) proper to the actual age of such person, as at date of contract.' It will be noted the adjustment is now by law made on the basis of the net  $H^M 4\frac{1}{2}$  per cent. table, whereas the prevailing practice has been to make the adjustment on corresponding gross premium rates, and the change to net premiums does not appear to meet with the approval of the Companies. This rule affects all Companies hitherto or hereafter effecting policies in Ontario.

PERIODICAL VALUATION.—As indicated in a previous part of this paper, the Dominion Insurance Department makes a valuation of the policy liabilities of each Company once in five years, according to the  $H^M 4\frac{1}{2}$  per cent. table. This table is also adopted as the standard of the Ontario Insurance Department for local Companies doing business in Ontario only.

DISTRIBUTION OF SURPLUS.—Excepting the prospectuses and reports of the oldest Canadian Company, the Canadian Companies do not give any details as to the principles and methods adopted in their distribution of surplus, beyond claiming in some cases 'an equitable method of dividing profits.'

For ordinary divisions of surplus the period of division is in almost all cases five years. A fact worthy of special mention is that at its division of profits in 1870, 1875, and 1880, the oldest Canadian Company declared a bonus addition upon the original sum assured of  $2\frac{1}{2}$  per cent. per annum, while in 1885 the rate was  $2\frac{5}{8}$  per cent. per annum, and in 1889  $2\frac{1}{2}$  per cent. per annum. Since the organisation of the Company in 1847 the bonus addition has averaged over 2 per cent. per annum. Profits in this Company may be applied either as reversionary bonus, cash, five-year temporary reduction, or permanent reduction of premium. At each of the previously mentioned dates, the unusual course (in America) has been pursued of making public the profits at *each age* on all the above options. Other Canadian Companies do not usually allow profits by way of permanent reduction of premium. A large portion of business in Canada is written on the Tontine profits system, wherein the inevitable 'estimates' play a no unimportant part. Nearly all active Companies in Canada now issue policies on the Tontine Profits System, under one name or another. Five or six of the younger Canadian Companies have not yet been enabled to declare profits of any consequence either to policyholders or stockholders, but three or four of the older Canadian Companies (in addition to the oldest Canadian Company as above noted) have been making satisfactory profit returns for the