

two pillars, like the temple of old, the one is actuarial skill, the other business ability. Unless those supports are plumb and sound, the superstructure will get out of good shape, and begin soon to show cracks and flaws in the walls. However subtle the mathematical powers of an actuary in solving problems, no life insurance business can prosper which is based exclusively on this one class of talent. Nor can mere business ability bring prosperity to such a business unless supplemented by actuarial talent. How necessary then it is for the actuary who desires to fulfill his functions to the utmost, to "study the practical details of life insurance business; critically analyzing all the circumstances and conditions that come under his daily observation, developing his incipient faculty of mental research by a studious following of all known causes to what may seem to him to be their probable or logical effect."

Mr. Standen lays stress upon the necessity of cultivating the habit of independent thought and research, and of refusing to take theories for granted, however wide their acceptance. That, we take it, ought to be the fruit of mathematical studies, for he has wasted his time for mathematics who does not think for himself and "prove all things" by personal investigations. There is much wisdom in the author's remark that, "the most thorough actuary is he who is self-taught—he who carefully thinks out each successive step for himself." He who merely follows a beaten track, however numerous the travellers or popular the road, will never wield the influence which is acquired by the one who makes his own road, and proves its special adaptability to the business he serves. The Actuary's judgment is often sought on the general affairs of his company, this Mr. Standen rightly regards as a high compliment, as it comes from the clearness of his mind and the soundness of his conclusions, impressing the management with their value if directed into business channels. In the majority of companies the Actuary has charge of, or a share in, the general management. This to young men entering the profession is a most important fact, and renders Mr. Standen's advice so valuable that candidates for actuarial honors cannot neglect it without placing restrictions upon their future opportunities. The Actuary determines with scientific accuracy, and on strictly scientific principle, all policy values, and the money values of all obligations connected therewith or dependent thereon. One obligation of the reserve liability is the necessity for the constant maintenance of an equivalent amount of assets, secure beyond peradventure, and capable of earning such a percentage of interest, over and above the cost of looking after their continued safe investment, as shall equal or exceed the theoretical rate used in the computation of the policy reserves. If, however, those who make the investments of a company are not good business men, if they invest money in unsound securities to get high rates, the mere fact that the rates of their company are sound in an actuarial sense will not protect it from serious losses. Now, the mathematical training of an Actuary has failed to do its proper work unless it has taught him the habit of caution, and made him so clear-headed as not to be carried away by specious promises by borrowers. The strength and

value of an Actuary then comes from the mental discipline of his education, and when applied to the more strictly business affairs of a company should make him an invaluable adviser. We commend Mr. Standen's address as well worthy the attention of those engaged in insurance, and his advice of especial value to young men who have the laudable ambition to acquire a fitness for the position of Actuary.

#### LIFE ASSURANCE FRAUDS.

If current rumors are correct, a gigantic fraud has recently been attempted on several of the life companies which do business in this province. The story goes that a one time lawyer, residing in a French Canadian village on the St. Lawrence River, has for many years been a confirmed inebriate, to such an extent, in fact, that his family were even compelled to desert him to his fate. He sank so low that he became a common laborer, finally drifting across the line into the United States. His health broke down, and he entered a State hospital, from which he was discharged, after a stay of two or three months, as an incurable consumptive. He wandered back to his home, and appears to have been taken in hand there by a lawyer of the locality, who after a while, succeeded, with the assistance of a broker in placing about forty thousand dollars of assurances on his life, in various companies, chiefly, if not entirely, American. He was examined and pressed, it is said, by five physicians in Montreal, to all of whom he appears to have been a stranger. Although no suspicion of bad faith attaches to any of these examiners, it does appear unaccountable that such a man should have been accepted by them. It was at first thought that the doctors had been deceived by the substitution of another person, but further investigation seems to exclude that supposition. In any event, the policies were secured and made payable to lawyer No. 2, who also paid the premiums. Two Canadian companies declined the risk, one of them, however, saving its bacon by the very skin of the hind only. Still further assurances were applied for, but the companies became suspicious, and, in the end, the whole details were discovered. The proper steps have been taken to protect the companies, and it is hoped that further trouble will be avoided, although the assignee refuses to surrender the policies. The assured has not yet died, although he is in poor health.

This case reminds one of the epidemic of frauds which ran its course in the city of Quebec about sixteen years ago. Speculation in "graveyard risks" was very prevalent at that time. A regular ring of conspirators existed, and policies to a large amount on most undesirable lives were foisted on the various companies. An illustration will suffice: A carter or cab driver, whom nature had endowed with a splendid constitution, but who had been reduced by drink to a mere wreck of his former self, was assured for something like twenty or thirty thousand dollars. The man himself was living in poverty, but the premiums were paid by a third party to whom the policies were assigned. To enable this man to pass the ordeal of a medical examination, he was taken out to the country for a month, fed well, limited to a small daily allow-