

where the attempt is made of selling its insurance and endowment policies below cost. It would matter not how great the capital of a bank, if the directors decided to give interest on deposits and charge none on advances; ruin must overtake the corporation. The capital would be all used up in the foolish effort; and the ultimate depositors would lose, not only their interest, but their principal; for, after all other moneys had been used, deposits would be used to pay interest upon deposits until nothing was left, if the bank continued in existence for a sufficient length of time.

Life insurance cannot be carried on in any haphazard method any more than can banking. There are certain well known laws that govern the financing of a life office. One of these laws is the law of mortality. As the result of a vast amount of labor over a large field of observation, and carried on by many of the ablest authorities, a number of mortality tables have been constructed. These tables differ a little from each other; yet, for working purposes, they show a close and substantial agreement; and have enabled actuaries to form premium rates, as the cost of giving insurance to persons of different ages. By the tables of mortality it is seen that at different ages the death rates vary, gradually increasing with increasing age. The premium must be so adjusted, for each age, that the contributions of every member shall be sufficient to meet death losses and provide for endowments, if there be any. This law is beyond the control of human agency. It is quite true that the death rate on persons newly admitted into a company or society, ought to be somewhat below the rates fixed in the mortality tables. This is the benefit of careful selection. But when a company becomes old and large, the proportion of new members is not so important in this respect as when it was younger, as they bear a smaller ratio to those already in than was the case in the early years of the company or society. Thus, when the company or society becomes old and large, the benefit from "new blood" is but slight.

Another law that must not be overlooked is that of interest. This is a question of great importance. In a company, with judicious premium rates, and estimating upon 4 per cent., at the outside, $4\frac{1}{2}$ per cent., on all reserves, the affairs may be regarded as satisfactory, unless some unforeseen loss is experienced in the investments. But when the premium rates are inadequate, and the accumulated reserves a long way below what they ought to be, there is a heavy annual loss on interest account. Take for example a society with a reserve of \$1,000,000, whereas the reserve ought to be \$2,000,000; and, computing at 4 per cent., the annual loss would be \$40,000, in addition to the annual loss due to insufficient premiums. It does not need