

It will not fail to be observed that under the system of the Northwestern Mutual as described by Mr. Wolfe, whatever tontine surplus may accumulate by the forfeiture of semi-tontine dividend rights in cases of lapse, surrender and death, this sum is distributed equally between annual dividend and semi-tontine dividend policy-holders, which must have some effect in destroying a demand for the latter sort of policies, as it removes the motive mentioned by Mr. Lippincott. But, nevertheless, the evidence is very strong that the great majority of policy-holders prefer annual dividends, when not urged to decide otherwise.

When stating in his characterization of deferred dividends that "Large returns, handsome profits, are the inducements, while little or nothing is said of the sources from which such gains are derived nor the hazard to which each member of the class is exposed," Mr. Lippincott came very close to explaining the fault which Mr. Hunter so squarely acknowledges as regards the old tontine system, and which I think applies, so far as the dividends may amount to anything, to the present deferred dividends. If the former gentleman had introduced the word *uneven* before the word "hazard," in his remark, I should have been sure that he had this distinctly in mind. In the natural order of things, the deferred dividend operates for the advantage of those few persons, or policy-holders, who do not have occasion to insure to an amount that lays any severe tax on their resources, and the plan is hazardous, or speculative as applied to the case of the great majority of policy-holders, because, with them the need of insurance is so great that their premium payments are a serious tax on their means, and a considerable proportion have to suffer their policies to lapse, before realizing their claims to deferred dividends.

The reason of this consequence of deferred dividends has perhaps never been explained more clearly than by De Morgan in his famous Essay on Probabilities. He remarks on page 101 "The result of all which precedes shows us that great risks should not be run, unless for sums so small that the venturer can afford to repeat them often enough to secure an average. But it should seem as if we were thus told either not to gamble at all, or else to play incessantly. With a little reservation, this is true, the stake must be lowered, and more games played, instead of risking a large fraction of the whole upon one game. It is better to buy the sixteenth of sixteen different tickets than to stake all upon one ticket, and this even though it should be better than either not to buy at all. It is more prudent to play twenty games, staking one shilling upon each, than to stake a sovereign upon one game. Lay a proper proportion of the whole capital upon any hazard, and stipulate for as many trials as you please, and it will follow that with any mathematical advantage, however trifling, in your favour, you must come off a winner. The mistake committed by those who attempt to gamble with

professional men, is twofold: firstly, they set out upon unequal terms; secondly, if the terms were equal, their stakes would be too large a proportion of their means. That the terms are unequal may readily be supposed, and will presently appear. No bank or individual gamester can play on fair terms, without losing as much as he wins in the long run. But even in such a case, the player of superior fortune has a great advantage over his antagonist, unless the stake be very small. If A with twenty guineas engage B with forty, all other things being equal, and if they are to play on until one or other has lost all, it is obviously much more likely that A shall lose his money before B, than the converse. If the play be unequally in B's favour, as well as the largeness of the fund, then it is still more against A in any given succession of games."

The Canadian life companies are generally distinguished for conscientious management in all respects, but my strong conviction is that if the new movement in favour of annual dividends becomes general in Canada, as well as in the United States, the result will be no less advantageous to the Canadian public, and creditable to the companies.

BOSTON, March 10, 1905.

WESTERN ASSURANCE COMPANY.

The Western Assurance Company is one of the best and most widely known of Canadian fire insurance companies. It has also a branch in England which was established a few years ago.

The Western has made its mark in the insurance sphere by prompt and liberal settlement of all claims.

The branch in England is under a Board of Directors, of whom the Earl of Aberdeen is chairman.

Last year the Western passed through an experience that severely tested the strength of the fire insurance companies. How successfully this ordeal was passed is shown by the financial statement to end of last year.

The total assets were \$3,305,504. The liabilities were, capital stock, less unpaid calls, \$1,468,746, losses under adjustment \$189,680, dividend, which was paid in January, \$38,312, the balance of \$1,608,765 being the amount of the reserve fund.

Since its establishment in 1851 the Western has paid fire claims to the extent of \$40,785,392, and has won its high reputation and the large measure of public confidence it enjoys by settling claims without delay and on the most liberal terms.

The Western and British America are run as consorts, the Hon. Senator Cox is president of both companies, and they are each under the management of Mr. J. J. Kenny who is vice-president and