

the history of life insurance into 4 epochs, beginning with the period prior to the establishment of the Mutual Life and that period largely formative which succeeded it from 1843 to 1861. The two decades covering the period from 1861 to 1880 represent the time when American life insurance began to swell to the vast proportions which it now assumes. Coming to the more recent period from 1881 to 1892, President McCall described its most notable features as being an increase in the business surpassing all previous records, the rise of industry of insurance and a greater liberality in the policy contract. He says:—

"During the period from 1861 to 1880, while the amount at risk declined, the accumulations continued to increase, and at its close were—as we have seen—\$418,000,000; they are now over \$900,000,000. During those six years of gloom following the panic of 1873 we saw the amount of policies in force shrink to \$1,540,000,000; during the last twelve years we have seen them grow to \$4,199,000,000. In 1880 the new business of \$187,000,000 was something to rejoice over, because it showed an increase over the previous year; what then shall we say of a new business in 1892 more than five times as great? The income of the companies in 1892 was over \$220,000,000, their payments to policy holders exceeded \$100,000,000, and the increase in accumulations was \$84,000,000. Owing to a change in the legal standard for policy valuations, from the American Table of Mortality with four and a half per cent. interest to the Actuaries' Table with four per cent. interest, which took effect December, 31, 1887, the surplus although nearly \$40,000,000 more, is six per cent. less in proportion to liabilities. The law making the change to the higher standard was passed in 1884, and with three years' time to prepare for it the eleven New York companies which were affected by the law endured with comparative ease the test that compelled them to add about \$35,000,000, to their reserve funds. The average interest rate, which rules at about six per cent. up to 1886, was about five and a half per cent. in 1880 and about five per cent. in 1892. The average expense rate has increased about five per cent., and now stands at twenty-two and a half per cent. of income. \*\*\*

"Life insurance is safe or possible only on the supposition that to the average man life is more precious than money—that the insured has a greater interest in his own life than the company has—and that he may be trusted to take care of it. Doubtless, men might live longer than they do, but life insurance is based upon actual, and not upon ideal conditions. Its reason of being is that there are risks which the individual cannot safely bear, but which the company, as an aggregation of individuals, may safely undertake in consideration of certain sums of money paid. The company is free to decline any risk offered; but when it accepts a man's money it should take his risk also without hedging and without whining. The history of life insurance has shown that its foes are those of its own household. Mortality tables have never betrayed its managers have. As it casts the beam out of its own eye it sees more clearly and acts more wisely."

## Financial and Statistical.

### THE COMMERCIAL BANK OF MANITOBA IN SUSPENSION.

The announcement of this Bank's suspension has not occasioned apprehension in the eastern part of the Dominion, where the banks are not familiar with its bills amongst their surplus funds. Little uneasiness

will be felt outside of the Province of Manitoba, and not much even there, owing to the limited extent of its business. The general public of that province seem to have preferred dealing with the branch banks of the older and more reliable institutions which had been successfully established prior to the organization of the now defunct bank. The Commercial was established in 1885, and made its first return to the Dominion Government for the month of May of that year, showing a paid up capital of \$133,750. It was the outcome of the private banking firm of McArthur, Boyle & Campbell, and reports at that time hinted that the assets taken over by the chartered bank were not all desirable. These assets consisted somewhat largely of securities which had their origin during the boom period of real estate in Winnipeg. In May, 1889, the paid up capital had reached \$364,310 and in May, 1893, \$552,650, with a reserve of \$50,000, upon which the banks sustained eight branches. Our opinion is very decided that a banking business cannot be successfully conducted upon assets of real estate at speculative values. During the years 1891 and 1892 an examination of the monthly returns discloses that the capital was twice impaired, once in October to a small extent, but still greater in March, 1892,—the bank also having rediscounted with other banks. It is a matter for congratulation that under the present Banking Act no such institutions can obtain a footing. The payment of \$250,000 in cash to the Minister of Finance is a barrier which cannot well be misunderstood, and no imaginary value can be given to cash capital. This will be the first case to test the security of the Note Circulation Fund provided for such emergencies in the hands of the Government, and will no doubt show how admirably the system works. The fewer tests of this kind, however, the better it will be for the country's reputation.

A large Western city in Canada recently advertised for tenders from banks, with a view to securing the city's business. It first wanted to know what rate would be charged for over drafts, and next the rate of interest to be allowed on current deposits. Competition between two of the banks was keen, and we believe the same rate was quoted for over-drafts; but one of our largest banks offered a big rate of interest on deposits and captured the account. The said bank was perfectly safe in this, for that city rarely, if ever, has much if any deposit.

The *Australian Insurance and Banking Record* brings advices up to the 19th of May, and devotes a great deal of space to the recent financial crisis in those colonies. The unexampled convulsion from first to last exceeded six hundred and sixty-five million dollars. The monetary disturbance is simply appalling for a population of some three and a quarter millions to face. The *Record* does not add much information to that already familiar to readers in this country regarding the causes which led to the crisis, these being briefly stated as over borrowing, leading insensibly to over-lending and ultim