the paramount consideration, but this law sacrifices safety to possible profit. Any attempt by a conservative far-seeing manager to provide against possible investment fluctuations beyond five per cent. has been made a misdemeanor. A large rest is a source of strength and pride in a bank, but has become a crime in a life company. The New York restrictions on this point are sufficiently foolish and dangerous, but our Canadian commissioners have distinguished themselves by going further. The maximum contingency fund permitted to large companies by the New York law is five per cent.; our commissioners propose to reduce this to four per cent. The New York law further provides that if a company already has a larger contingency fund than that permitted by the new scale, that additional amount may still be retained; this, our commissioners would refuse. Then, too, the New York law permits companies to retain their existing surplus on deferred profit policies as an additional undistributed margin; our commissioners would require all existing deferred profit surplus to be allotted and converted into a legal liability like the reserve. If the commission desired to wreck some even of our best companies, and to keep all of them at all times in a very dangerous condition, they could have devised no better means. Such recommendations bear the imprint of having been made by persons entirely unfamiliar with the subject, and I cannot believe that our Government will endorse them.

INVESTMENT POWERS.

The question of investments is largely outside the scope of the field man, and yet any measure which would lessen profits and make assurance more expensive to the policyholder, affects the field man also. You, of course, know that not all the interest which a company receives is profit, but only the excess beyond the 3½ per cent. or 4 per cent., as the case may be, which is required to make good the reserves. This excess constitutes one of the most important sources of profit. It is, therefore, essential to every policyholder that his company should invest his funds both safely and profitably. It is comparatively easy to obtain securities upon which it is certain that the interest will always be promptly paid, but that is not enough. Unless the interest obtained be more than 3½ per cent., there will be no profit, and unless all the market value of the securities continues to be at least equal to cost, there will be depreciation to provide for, and the excess of interest may be offset by the depreciation of principal. If a company invests in 5 per cent. bonds at par, it has a yearly surplus of 1½ per cent. over the legal requirements of 3½ per cent. If, however, the market value of these bonds should decline during the year to 98½, the nominal profit from interest would merely offset the depreciation of 1½ per cent. in market value, and the company would be no better off than if it had left the money in the bank at 3½ per cent. If the bonds should decline in value 6 per cent., as most listed bonds did last year, not only would the entire profit from interest be swallowed up in that decline but a loss of 4½ per cent. would still remain which would have to be made good from other sources. This is not mere theory, for leading British companies, such as the Life Association of Scotland, and the Standard Life, have already had to pass their dividends,