In the Homans plan, the fundamental idea is quite different. Out of a certain number of persons of a given age alive to-day experience has shewn that so many may be expected to die within the next year—e.g., to take the age of this insured, 48: of 7,495 persons living at the beginning of the year, experience shews that 106 would be expected to die within the year and 7,389 survive.

On this plan, the company propose to exact a premium from the 7,495 which will enable them to meet the death claims of the 106, and this premium, with a loading as a factor of safety and to cover expense and profit, is what is demanded.

The insurance is for the year and the year alone. There is no element of investment; the money received is to be paid out on the death claims, and not to be retained for investment. This is what is called a natural premium plan.

The plan is in practice modified. The policy in this case contains two important provisions. Seventy-five per cent. of the premium is to be placed in a "death fund," so that, if "experience" varies from "expectation" more than twenty-five per cent., this will operate as a reservoir or balance wheel, and neutralise any adverse experience which, upon the law of average, may be expected. And, secondly, the expenses are limited, and the company is made to some extent "mutual," by providing for an abatement from the stipulated premium for the next year of the profit of the last year.

As the age of the insured increases, manifestly the annual premium must increase as the chance of an older man dying during the next year is greater; and the actuaries' tables shew that from about 1 in 75, the ratio at 48, when Eckersley insured, the ratio has changed to 249 in 3,307, or about 1 in 13, at his present age of 72.

The insured usually fails to understand that in a policy of this class, if the life is normal, there is nothing to gain by renewing the insurance. The premium charged is the exact equivalent of the death risk—by allowing the policy to lapse the assured is not forfeiting any accumulated revenue—he has had from year to year the protection he has purchased, i.e., insurance for the year. If an old man desires insurance for the year, he must pay a large premium; for the risk assumed by the company for that year is large.

The only merit of the system is, that it affords a young man, who desires insurance during a limited time, the maximum of temporary protection at the minimum of cost. If he survives