

rest would be \$24,850,359, on which the excess issue power would be \$3,727,554.

As about a million dollars of this excess issue power may be exhausted through the shrinkage of the capital account at consolidation there might remain only about \$2,800,000 of margin. Last year the Royal did not use more than \$622,712 of its extra issue power; and the Traders used some \$5-5,000. In all the two banks used about \$1,150,000. If the consolidated bank uses an additional amount of say \$1,300,000 this fall, over and above the million dollars with which it may start, it would still have a comfortable margin of safety.

These calculations do not take account of increase of the Royal Bank's capital through continuation of the payments now being made or through issue of more new stock.

THE RISE AND FALL OF ASSESSMENT SOCIETIES.

The Spectator of New York has just published its annual informing statistics showing the lapses, death losses and membership in assessment societies.

The tabulation of 60 companies over 15 years old is divided into four groups, the first including twelve organizations over thirty-five years old. These companies have survived remarkably, but now show the logical results of decadence. In 1911, as in 1906 and 1901, the lapses have exceeded two-thirds of the certificates written, while death losses have steadily grown and the aggregate membership has fallen off.

The second group, of thirteen companies between thirty and thirty-five years old, presents a period in assessment life history where, although the membership shows steady increase through the decade, the lapses are also on the gain; but the mortality has also grown from 10.38 per 1,000 certificates in 1906 to 12.17 in 1911. This clearly shows how, although organizations which have reached the point where they can no longer recruit their membership from selected lives, and although they can still increase in numbers, it is only at the cost of losing the better risks through heavy lapsation, and suffering a high mortality from the impaired lives which persist.

In division three, containing organizations between twenty and twenty-five years old, is shown a sharp decline in death ratios as compared with the preceding groups. It is, however, here, as elsewhere, on the increase, although numerically smaller, and already shows the steady upward tendency which can lead to but one result—dissolution and disappointment.

The last section, of twenty-six companies organized between fifteen and twenty years ago, shows a slightly more favorable mortality, doubtless due to the youth of the majority of members; and the growth in membership may be ascribed to the same cause, which would make for low cost. On the other hand, the lapse ratio had in 1911 reached the appalling figure of 45.65 per cent. as compared with new issues.

A glance at the totals and averages of the entire table only brings out more sharply the conclusions to be drawn from an analysis of the several groups. Although the membership has increased from 2,758,299 in 1901 to 4,040,496 in 1906 and to 4,901,184 in 1911, the death rate per 1,000 certificates has advanced steadily and the lapses have been enormous.

THE PROPOSED NEW AMERICAN EXPERIENCE MORTALITY TABLE.

A committee of the Actuarial Society of America, composed of Arthur Hunter as chairman, John K. Gore and E. E. Rhodes, have reported on a proposition to compile a new American Experience Table of Mortality, to the effect that the time is not propitious for the task. In their report they say:

It is recognized that the Actuaries' Table is not well adapted to the mortality experience on insured lives in the United States and Canada, and that the American Experience Table is largely based on the data of one company and on the judgment of a single actuary, besides being an old experience. It has, however, served its purpose well, the reserves based upon it being safe and not excessive, so far as present experience goes. The companies have, known for many years that their experience, especially during the early years of insurance, has been more favorable than would be indicated by the American table, but advantage has been taken of this fact to meet a large part of the acquisition expenses out of the savings in mortality.....

LOWER RESERVES UNLIKELY.

There seems to be a widely prevalent impression that a new mortality table showing a lower death rate would result in lower reserves. Such a result, however, is unlikely. Let us assume that a new mortality table based upon the more recent experience of the companies in the United States and Canada on standard insured lives would show a death rate ranging from forty per cent. of the death rate according to the American table at the youngest age, to 90 per cent. at the older ages. It will be agreed, we think, that this reduction in the death rate would be, if anything, larger than could reasonably be expected. A comparison of this modified death rate with the death rate of the American table, and with the death rate shown by the OM table, which represents the latest experience of British companies, would be as follows:

Age.	American.	British.	Modified American.
10	.00749	.00338	.00300
20	.00780	.00404	.00290
30	.00843	.00595	.00506
40	.00979	.00915	.00686
50	.01378	.01504	.01102
60	.02669	.02887	.02269
70	.06199	.06207	.05579
80	.14447	.13844	.13002
90	.45454	.39075	.40909

The figures in the last column are necessarily arbitrary, the object having been to obtain rates which are under those of both the American experience and the latest British experience.....

The experience in Great Britain has been that with each successive table, showing generally a lower rate of mortality, higher reserves in the aggregate have been required. It is evident, therefore, that a table of mortality showing a lower death rate than at the present American table would not for that reason require lower policy reserves.

NO REDUCTION TO POLICYHOLDERS.

Moreover, the adoption of a new table of mortality showing a lower death rate than the present table would not necessarily reduce the cost of insurance to the policyholders. This cost is determined by the expenses of management and by the death rate