RISE OF THE BONUS SYSTEM.

Bonuses in life insurance originated through the excessive rates of premium charged owing to the lack of correct data. But with the publication of the Carlisle table in 1815 and the increase of actuarial knowledge, life offices had correct information at their disposal, and the original reason for granting bonuses disappeared— yet the system of paying bonus additions remained. There are several reasons for this apparently paradoxical situation pointed out by Mr. F. T. Lees in a paper read before the Insurance Institute of Manchester. First, the idea of granting bonuses had become an established part of life assurance practice, and as the system had no serious drawbacks, there was no urgent reason for its abolition. Secondly, the public regarded bonuses as an essential of life assurance, and it is probable would have looked with suspicion upon any scheme which did not include the granting of bonuses. Further, the idea of "sharing in profits" has proved to be a public attraction and a capital advertisement. Large bonuses have done more than anything else to popularise life assurance, and the public demand was for "profit-sharing" policies, even if the bonus had to be purchased at a somewhat increased premium. Finally, the scheme was favoured by the life offices themselves.

REASONS WHY FOR COMPANIES' FAVOR.

Although the rate of mortality and the probable expense and interest could be more accurately ascertained, it was recognised that in calculating premiums for contracts which might extend over one or two generations, some protection against adverse contingencies was indispensable. The provision against such contingencies resulted in the charging of premiums somewhat in excess of the rate actually required to cover the risk, even if the minimum charge were made for a policy without profits. The offices, therefore, favoured the system of charging a rate of premium considerably higher than the minimum required to cover the risk, and of compensating the policyholder in his bonus, if in later years experience showed that the provision for contingencies was not required. Again, in the happening of adverse contingencies the non-profit policyholders could not be called upon in any way to make up the difference. Therefore, as the "bonus" system permitted the charging of rates of premium which afforded greater security to the office, and at the same time equitable treatment of the policyholders, it was favoured by the offices.

The further development of bonus is mainly comprised of the refinement and extension of the system in various directions.

A CANADA LIFE ROLL OF HONOUR.

An English contemporary publishes the following list of members of the staff of the Canada Life in Great Britain who are now associated with the forces of the Crown:—

Major J. Westwood Henderson, 1st Battalian Royal Fusiliers, Public Schools Brigade.
Major J. C. Chillingworth, 8th Battalion Queen's Own Royal West Kent Regiment.
Major R. N. De la Bere, D.S.O., 6th Battalion King's Own Royal Lancashire Regiment.
Mr. D. Hepburn, 2nd Battalion London Scottish.
Gunner J. A. Bolton. 1st London Battalion Royal Field Artillery, 3rd Battery
Gunner F. D. Keane, 1st London Battalion Royal Field Artillery, 3rd Battery.

VALUATION OF INSURANCE COMPANIES' SECURITIES.

The Dominion Insurance Department has decided to take the values of securities as at December 31, 1913, for the valuation of insurance companies' holdings of securities this year, except in certain case where the securities have suffered obvious intrinsic depreciation during 1914. The Department's announcement on the subject is as follows:—

The Department last year had an independent expert valuation made of all bonds, debentures and stocks owned by insurance companies and included in their annual statements made to this Department, and it was the intention to have a similar valuation made at the end of the current and succeeding years.

The outbreak of the European war, however, and the consequent closing of the stock exchanges and general demoralization of the security markets have rendered such a valuation impracticable. At the present time there can be said to be no market values for the great majority of the securities held by insurance companies, but it cannot be said that these conditions are indicative of a change, likely to be permanent, in the interest return to be hereafter yielded by the respective classes of investment. As the conditions differ in this respect from those prevailing a year ago, and as the values then obtained are believed to be no higher than those which, judging from the trend of values during the first six months of the year, would, but for the outbreak of war, have prevailed at the end of this year, the Department will, for the purpose of its annual report as at December 31, 1914, value government and municipal securities held on December 31, 1913, at the rates used at the last mentioned date. For such securities purchased since December 31, 1913, the purchase prices exclusive of accrued interest will be allowed.

For other securities, such as stocks and industrial and railway bonds, the foregoing rule will in general be followed, but it will be necessary to specially investigate the values of certain of these securities which have suffered obvious intrinsic depreciation during the year.

In the lists of securities prepared for the purpose of the annual statements at the end of the year, the purchases made during the year should be shown separately or otherwise clearly indicated.

The Department hopes to be able to send to each company, within a few days after the first of the year, a pamphlet containing the entire list of securities held by insurance companies in Canada, together with the values which will be allowed for the purpose of the Department's report.

METROPOLITAN LIFE TO BE MUTUALISED.

Announcement is made this week by the Metropolitan Life of New York that the directors have approved a plan of mutualisation of the Company, to which the bulk of the stockholders have agreed. They will meet early in December and policyholders will be called together to vote upon the proposal on December 28.

The Metropolitan Life has a capital stock paid up of $2,000,000. Its surplus at December 31, 1913 was $33,-584,902. It is unofficially stated that under the mutualisation plan the $2,000,000 capital will be returned to the stockholders with a payment of $4,000,000 of the surplus.