

lives, the yearly system just explained would entail any British annual examination, and all who became of impaired health would be refused re-admission, and thus lose all the prospective benefits of the practice. This difficulty has been overcome by the calculation of a sum, or premium, which, paid yearly throughout life and without alteration, is of equal value to the previously mentioned steadily increasing rate. Taking the same age for example, the average sum demanded by British Offices as an even payment is £2 9 6, instead of a premium of £1 6 cent increasing yearly. Thus for the advantage of the certainty of continued Assurance, without re-examination, a person aged 29 pays a rate annually, which would not be equalled by his yearly payment, (were the Assurance from year to year) until he reached the age of 50, but the former premium remains unincreased throughout life. The Company thus receives an excess in the first portion of the period, and retains it as a reserve fund to be employed in them in adding to the yearly payment, when the time arrives that the risk of death in the year is more than the premium of £2 9 6 would cover.

The accumulation of this reserve in the coffers of the Company leads me to point out the other important feature in the calculations of Life Assurance Companies.—The increase of money at compound interest.

It will be evident, that during the first half of the expectation of every Assurer, the Company will be in receipt of much more than it will require as his contribution towards the amount of claims maturing,—the sums it will be called upon to pay, by reason of its peculiar principles of equalization to the heirs of those who die,—and, that the steady surplus of income continues for many years. Now, supposing no interest made, it would require a yearly payment of £2 17 2 at the age of 29 to enable the Company to pay £100 upon an average duration of life of 38 years, and this without any allowance for expenses of management; but, admitting an accumulation at  $3\frac{1}{2}$  per cent compound interest, (the rate most generally obtained)