

INTEREST RATE OF THE LIFE COMPANIES DOING BUSINESS IN CANADA.

According to our annual custom, we herewith present to our readers a tabular exhibit of the rate of interest earned in 1894, compared with the four previous years, making a five year record of all the companies doing an active life business in the Dominion. In view of the somewhat active efforts being made in some quarters to establish the conviction that the interest rate is likely to go on steadily decreasing in the future, and considering the general financial sluggishness, not to say depression, which has prevailed everywhere of late, the exhibit presented will be of especial interest at this time. It will be observed that so far as the Canadian companies are concerned, the average rate realized in 1894 is practically the same as for the preceding year, the variation being less than a tenth of one per cent. the individual companies showing about the usual fluctuations. The decrease as compared with 1892 is exactly one-tenth of one per cent. We have adhered in the following tables to our usual method of computation, which we believe to be the true one. For Canadian and American companies we take the "ledger assets," as shown respectively by the Dominion and the New York Insurance Reports—the mean amount—for the first factor, and for the second or interest factor, we take the interest and rent receipts for the given year, plus due and accrued interest and rents for the same year, and then deduct the due and accrued interest and rents of the preceding year. Of course the remainder divided by the mean amount of ledger assets gives us the rate of interest. The record of the Canadian companies is as follows:

CANADIAN LIFE COMPANIES.

Company.	Rate 1890.	Rate 1891.	Rate 1892.	Rate 1893.	Mean amount of Assets, 1894.	Interest earned, 1894.	Rate 1894.
					\$	\$	
Canada Life.....	5.35	5.51	5.33	5.37	14,266,435	739,747	5.19
Confederation ...	5.50	5.19	4.94	4.75	4,417,566	199,473	4.50
Dominion Life....	4.21	5.32	5.23	5.24	142,135	7,500	5.27
Dom. Safety Fund.	0.42	3.50	3.23	4.31	57,185	1,387	2.42
Federal Life.....	7.35	6.50	7.43	6.95	315,218	20,339	6.46
Great West Life...				5.03	136,706	7,603	5.56
London Life.....	5.91	5.81	5.79	5.72	415,196	23,382	5.63
Manufacturers....	4.68	4.57	4.59	5.13	658,390	33,740	5.12
North American...	6.06	6.11	5.89	5.28	1,718,614	90,788	5.28
Ontario Mutual ...	5.93	5.98	5.96	5.77	2,495,078	145,554	5.87
Sun Life.....	6.00	5.74	5.38	5.53	3,959,571	238,166	6.01
Temp. and General.	4.92	4.73	4.93	4.84	283,198	13,894	4.90
Totals ...	5.50	5.54	5.37	5.35	28,865,297	1,521,623	5.27

If we compare 1890 with 1894, we find that the decline in the four years, as above shown, has been less than one-quarter of one per cent.; and referring back to our files we find that the average interest rate of the American companies in 1890, discarding "profits from investments," was 4.84, as compared with 4.72 for 1894, shown below, and in which investment profits are absent, none being scheduled in the reports. The decrease named is of course a very light one. In the following table we have given mean amount of assets at *market* value, inasmuch as the "ledger assets" of the Canadian companies, as given in the government report, are carried out at market value. Following is the record of the American companies:

UNITED STATES COMPANIES.

Company.	Rate, including profits on Investments.				Mean amount of Assets, 1894.	Interest earned, 1894.	Rate 1894.
	1890.	1891.	1892.	1893.	\$	\$	
Aetna Life	5.09	5.24	5.17	5.29	40,171,318	2,092,242	5.20
Equitable	4.63	4.82	4.30	4.32	172,444,044	7,687,249	4.46
Germania	4.91	5.38	5.01	5.12	18,767,905	942,572	5.02
Mutual Life.....	5.74	5.06	5.02	4.87	190,164,002	9,071,638	4.77
New York Life...	4.61	4.79	4.91	4.97	149,123,490	6,999,504	4.70
Prov. Savings...	4.08	3.54	4.94	4.91	1,496,059	83,392	5.58
Travelers' Life...	5.41	5.57	6.24	5.42	13,663,522	773,379	5.66
Union Mutual...	5.22	4.64	4.35	5.14	6,275,267	291,532	4.65
United States...	5.11	5.75	4.95	5.00	6,706,502	334,561	4.98
Totals.	5.06	4.97	4.83	4.79	598,812,109	28,276,069	4.72

We need scarcely say that if *cost* instead of *market* value of assets in both the above tables had been used in the calculation, the rate resulting would have been considerably higher. In order to indicate not only how the result would be affected by considering the assets at cost instead of market value, but how exceedingly well the securities owned by life companies have maintained their excess value we append the following statement for four years of the experience of the American companies. We give in each case the excess of market over cost or par value:

Company.	Excess, 1889.	Excess, 1892.	Excess, 1893.	Excess, 1894.
Aetna Life	\$734,364	\$726,056	\$622,804	\$653,993
Equitable.....	2,697,138	3,448,896	944,704	2,466,105
Germania.....	158,323	113,519	90,994	59,762
Mutual.....	3,327,950	4,915,085	4,190,857	5,423,051
New York.....	4,026,278	4,814,895	4,084,413	4,676,261
Prov. Savings...	5,315	26,172	37,412
Union Mutual...	22,041	35,158	61,118
United States...	120,512	76,420	11,379	41,085
	\$11,071,924	\$14,131,029	\$9,971,323	\$13,418,787

It will be seen that the excess in 1894 was \$3,447,464 more than in 1893, and two millions over the excess of 1889, though not quite so large as in 1892.

Following we give also the complete record of the three active British life companies doing business in Canada, following substantially the same method of calculation as in the foregoing tables. We deduct from the assets of 1893 and 1894 for example, the outstanding premiums and the accrued and overdue interest in finding the mean amount of assets used for the divisor in the calculation, the interest factor being found as above, *i. e.*, deducting from interest received and interest accrued and due, combined, in a given year, the accrued and due interest of the preceding year. The experience of the companies named is as follows:

BRITISH LIFE COMPANIES.

Company.	Rate 1890.	Rate 1891.	Rate 1892.	Rate 1893.	Mean amount of Assets, 1894.	Interest earned, 1894.	Rate 1894.
					\$	\$	
British Empire...	4.45	4.55	4.13	3.92	8,571,307	382,255	4.45
London & Lanc.	4.66	4.58	4.59	4.58	4,581,432	196,405	4.30
Standard Life...	4.26	4.27	4.16	4.09	38,981,005	1,686,673	4.33
Totals.	4.32	4.34	4.19	4.09	52,133,744	2,265,335	4.34

The average of the above companies for 1894, it will be seen, is higher than for either of the four previous years excepting 1891, when the rate was the same.