

### ACTUARY McCLINTOCK GREAT "MAY" AND "MUST" DISPUTE.

The attack made upon the system of deferring dividends on individual policies has called out a lengthy letter from Mr. Emory McClintock, the eminent actuary of the Mutual Life Insurance Company, of New York.

As Mr. McClintock was for eighteen years the actuary of the Northwestern Mutual Life Insurance Company, when it was the only life company in that State, and was not merely deeply interested in the insurance legislation of the local legislature, but would appear to have taken a hand in framing it, or exercised influence over those engaged in the task. He personally knew every insurance commissioner of the State, no one of whom ever raised the question which is now discussed, the question that is, as to the true meaning of the word "may" in regard to the distributing of profits amongst policyholders, which the present Commissioner has declared, means "must."

The Law originally read: "The officers of said company, at the expiration of five years from the time the first policy shall have been issued, and within sixty days thereafter, and during the first sixty days of every subsequent five years, shall credit each member with an equivalent share of the profits." It being found inconvenient to be prohibited from striking a balance oftener than once in five years, an amendment was passed, reading: "The said company 'may' cause a dividend of its profits to be made, annually, biennially, triennially, or, once in five years as the trustees may determine."

Here we find that the word "may" is introduced to enlarge the freedom of a company, which before was compelled to divide profits only once in five years. The original words were imperative, "shall" credit each member, etc., every five years, whereas the permission to relax that rule, is expressed by the words to which "may" is the key. Had the Legislature intended to make a division of profits in some shorter time than five years, it would have used the same imperative language as the original clause which made a division each five years compulsory. This, however, was not done, the only rational conclusion, therefore, is that by the word "may," the Legislature intended to give permission for the company to act as the trustees may determine, and did not intend to compel the company to make divisions of profits at shorter intervals.

In regard to the plea that every policyholder is legally entitled to the share in any annual division of profits, Mr. McClintock says were every policyholder required to participate in every division, "it would follow that a company making dividends annually could not agree with a policyholder to give him dividends once in five years, or to make the first dividend at the end of ten, fifteen, or twenty years after the date of the policy. Such contracts now constitute the majority of the business in force and paying premiums in this country."

There is a sense, of course, in which the companies may be said to consider the rights and claims of every policy at every division. In that sense, the result of

the consideration of the rights and claims of a policy not entitled to participate in that particular division must be that the share of that policy in that division is zero. But it is not necessary to split hairs. Contracts waiving dividends are legal, and exist in numbers and to amounts almost beyond imagination."

We fear the theory that "may" means "must" in the matter under dispute, will not stand the test of either philology, or the rational interpretation of the clause in which this word appears.

### BANK OF TORONTO.

The amount by which the Reserve Fund of the Bank of Toronto exceeds the paid-up capital, is \$200,000. This was meant to be so stated in our last issue, but, in passing through the press, the last cypher failed to strike.

### CIVIC NEGLECT AND ITS CONSEQUENCES.

The town of Butler, Pennsylvania, has drawn attention to itself by one of the most terrible outbreaks of typhoid fever on record, having afflicted hundreds of the inhabitants. Whether a noxious water supply can cause typhoid fever has been denied strenuously. After the experience through which this desolated town is now passing, is placed on record, there will be no ground for scepticism on this matter. Butler contains twelve thousand inhabitants; it has risen and is still rising rapidly, but evidently it did not grow in wisdom as it grew in size. Last August, as the water service had broken down, a supply was obtained from a local creek, which was known to run through a fever-haunted district. The distribution of this fever was provided for along with a supply of creek water. A physician and clergyman warned the people against the danger of this course, but the authorities and the people generally paid no heed to them. That there was any unusual sickness, was publicly denied. In October the dread disease had spread alarmingly; in November, its ravages become appalling. Some 25 per cent. of the population were stricken with typhoid, some with diphtheria. One half the children of school ages were victims. A number of cities have contributed to the needed help of the town. An hotel and a private house have each been turned into a hospital. The death-rate has been fearful, with every prospect of increasing. The after effects of this outbreak of typhoid will shorten hundreds of lives, and for many months reduce the vitality of the victims. Many visitors to the town have carried away the germs of typhoid.

It seems a hard, but it is a truthful saying, that the inhabitants of Butler, Pa., are suffering from a punishment brought on themselves. They were too much engrossed in business to heed warnings, or take any interest in the management of the public affairs of their town. There are a number of life