

### THE ROYAL INSURANCE COMPANY.

We print elsewhere in this issue the full text of the annual report of the directors of the Royal for the year 1890, which will repay careful perusal. It is a report which deals in large figures, measuring the increased strength of this truly royal institution. The transactions of the year in the fire department not only show a very large business—that was to be expected—but they show a very largely increased business, that increase reaching beyond half a million dollars in premium income. The total net fire premiums amounted to \$6,101,908, and the net losses to \$3,432,832—a ratio of a little more than 56 per cent. After deducting all expenses of management, of course including commissions, there remained a profit on underwriting account of \$690,268. Adding interest on the fire fund and current balances, \$147,877, and we have a total of \$838,145 on the right side of the ledger belonging to the year's transactions in the fire department. Besides this, interest and dividend income not carried to other accounts was received, amounting to \$376,880, making the year's addition to profit and loss account \$1,215,025, the total to that account at the end of 1890 being \$2,304,125. A dividend to shareholders of 35 shillings per share (£2 per share paid up) was declared, amounting to \$844,505, by which amount the above balance is to be reduced, leaving to the credit of profit and loss \$1,459,620, of which \$370,525 was added from the net profits of the year.

The business of the life department was fully up to the average, and the results indicative of careful management. The mortality has been favorable, and the company has been able to add to the life and annuity funds the substantial sum of \$565,000, bringing these funds at the close of the year up to \$17,931,588. Just how extensive the resources of the Royal have become may be seen at a glance by the following summary:—

Paid-up capital	\$1,447,725
Fire fund	3,000,000
Conflagration fund	1,000,000
Life and Annuity funds	17,931,588
Reserve fund	6,750,000
Superannuation fund	146,232
Balance of profit and loss	1,459,620

Total funds \$31,735,165

A year hence this large amount will be augmented by the accumulated funds of the Queen insurance company, now amounting to upwards of \$7,500,000, and the prospectively handsome profits of the current year on the business of both companies, doubtless passing the \$40,000,000 mark.

It goes without saying that the Canadian business of the Royal is on an extensive scale, and that under the able management of Mr. William Tatley and his well selected staff, the business has not only been large but profitable, a fact which we are pleased to know is cordially recognized by the home office management, for Mr. Tatley is fairly entitled to generous credit for a large success, in keeping with the reputation of this first class institution. The name of the Royal to the people of Canada, where during the past twenty-two years it has paid more than six million dollars for fire losses, is

a familiar household word synonymous with strength and equitable dealing. With its augmented strength, it may be expected to develop a growth in the Dominion even more rapidly than in the past.

### UNDER-AVERAGE LIVES.

It is somewhat surprising that, with all the characteristic enterprise of the life assurance companies on this side the Atlantic, noted as they are for progressive ideas suggesting new plans, or old plans with new features, no company has yet undertaken the assurance of impaired or under-average lives. The best actuaries concede that there are ways in which this may be safely done, and certainly the long experience of the Clerical Medical and General of England has demonstrated that one safe plan at least has been found. A plan whereby a uniform premium shall be charged for a policy which promises a comparatively small indemnity for the first year, and increasing each year to equal the full \$1,000 at a fixed future period, we regard as both sound and practical, as we have more than once stated in these columns, and the objection raised on the score of the unpopularity of such a plan we do not regard as entitled to much weight. We believe that there are a large number of those who fail to come quite up to the current medical examination standard who are willing to take their chances on this or a similar plan. We fully agree with some observations of the *Baltimore Underwriter* on this subject, made in commenting on the paper read some time since before the Institute of Actuaries of Great Britain by Mr. Sunderland on under-average lives. The *Underwriter* says:—

Notwithstanding the difficulties presented, both theoretically and practically, in the work of correctly estimating inferior vitality, and of equitably grading or "rating up," as it is termed, under-average lives, the time has arrived when the difficulties should be overcome, and when our American actuaries should take a hand in this needed refinement in the way of balance and compensation. Whatever their disposition, one way or another, substitutes are demanded for the present empirical method, as it is sneeringly called, whether it applies to the imposition of an extra premium charge, or to deduction from the face value of the policy. What must be will be, and it is time to deal with both the mathematical aspect and the practical features. Either way of dealing with the problem whether in the shape of surcharge or deduction, may be unpalatable to a large number of people who cannot or will not comprehend the inadequacy of the ordinary premium to meet their cases; but there are many who will not only understand, but who will gladly accept the terms and conditions. They would pay for the additional risk rather than be driven to the dubious chances of assessmentism. Our American life companies are losing thousands of risks by their neglect or their indifference to these under-average lives, simply because they fall below a fixed standard. If they have been restrained by the failure of the earlier undertaking to carry an unwarrantable amount of invalidism, they should remember that the defective vitality we are now considering is essentially different and in every way more adaptable to theoretic and practical treatment.