

THE FEDERAL LIFE ASSURANCE COMPANY, OF HAMILTON.

Another year has gone by, and we again take the opportunity to present our readers with a summary of the financial statement of the Federal Life, that they may know precisely what progress it has been making and how its business now stands. We give all the principal items, both good and bad, our object being to give an absolutely fair and impartial criticism of its position.

ITEMS.	1887.	1888.	↑ Increase. ↓ decrease
Premium income (deducting re-assurances).....	\$137,073	\$185,322	↑ \$48,249
Interest and Rents.....	4,521	5,547	↑ 1,024
Total Income.....	141,594	190,868	↑ 49,274
Expenses.....	43,088	52,465	↑ 9,377
Death claims for year (deducting \$15,000 re-assured) in 1888.....	30,000	55,750	↑ 25,750
Total disbursements.....	118,205	179,217	↑ 60,952
Assets.....	133,810	160,483	↑ 26,674
Liabilities to policyholders (as admitted by the Company).....	66,899	82,056	↑ 15,157
Liabilities including capital stock.....	146,511	161,968	↑ 15,457
Impairment or surplus... —	12,701	+ 4,516
Policies issued.....	4,226,000	5,335,500	↑ 890,500
Policies in force.....	8,392,537	9,250,987	↑ 1,392,450

We pointed out last year that death was gradually getting a grip on the company, and that the rate of mortality was rapidly advancing. We made the following comparison at that time between the statements of 1886 and 1887.

Increase in amount at risk during 1887.....	60.1 per cent.
Increase in death claims.....	185.7 "
Increase in expenses.....	43.6 "

During 1887, the death claims therefore increased more than three times as fast as the amount at risk. This comparison was loudly protested against, and the public was given to believe that the increase was only temporary, and would not occur in future years. But let us see how the report of 1888 turns out. Here is the corresponding table.

Increase in amount at risk during 1888.....	10.1 per cent.
Increase in death claims (net).....	89.2 "
Increase in expenses.....	21.8 "

So that instead of increasing only three times as fast as the amount at risk, as in 1887, the death claims increased in 1888 at nearly nine times the rate of the policies in force! What a comment this is on the objections made to our remarks of last year! How long will it be at this rate before Death catches up to the company?

As the rate of mortality increases dissatisfaction will gradually set in among the policyholders, and lapses will become heavier, and new business more difficult to secure. As those who drop out will be mainly the best lives, and as the moribund will certainly stick to the ship, the lapses in their turn will help to increase the mortality until it becomes excessive and unbearable, when collapse must take place. The following shows how the Federal is progressing in regard to these points:—

New policies issued in 1887.....	\$4,226,000
" " " 1888.....	5,335,500
Decrease in new assurances.....	\$890,500

Policies terminated in 1887.....	\$1,075,140
" " " 1888.....	1,797,050
Increase in policies terminated.....	\$721,910
Addition to amount in force during 1887.....	\$3,150,860
" " " 1888.....	1,392,450
Decrease in additions to amount in force.....	\$1,758,410

Do not all these points indicate that old policyholders are dropping out rapidly, while new ones are more difficult to secure?

But there is another detail of the Federal's business, which is perhaps even more important than the above. The report before us would show that the long existing impairment of capital has at last been wiped out, and replaced by a surplus of \$4,516. This is, it is true, a mere trifle, but if it were a fair representation of the accounts it would be cause for most sincere congratulation. But how has the impairment of the shareholders' capital been made good? By placing against it in the accounts the one quarter of the mortuary dividends, paid by all members as a contingency fund for extra mortality, etc. To whom does this money belong? We have claimed repeatedly that it belongs to the policyholders only, and should be placed in the accounts as due to them, in the same way as is done by the Dominion Safety Fund Life Association, and that it should not be used to make good the shareholders' lost capital. The company denies this, however. But there is one thing which we think they cannot deny, and that is that they have publicly proclaimed that the expenses which their policyholders pay are limited to the entrance fees and annual dues. If they then use part of the mortuary assessments in meeting expenses beyond the amount of these fees and dues, they are violating their solemn pledges to the public. If the extra one-fourth of the mortuary dividends belongs to the policyholders, the capital is yet hopelessly impaired, and the company in a deplorable condition. If on the other hand this one-fourth belongs to the shareholders, or can be used for extra expenses, then it is time the policyholders understood this. We imagine the lapses would be still heavier then, and the new business still more difficult to obtain.

We wish it to be distinctly understood that we have no quarrel with the Federal Life or any of its officers, most of whom we know personally and esteem highly. But we do conscientiously believe its system to be radically unsound, and its manner of carrying out that system still more objectionable in some points. We therefore feel it our duty to point out how the weakness of the plan is demonstrating itself more and more each year.

A. O. U. W. NOTES.

(Communicated.)

We learn from the *Anchor and Shield* that the Beneficiary department of the Select Knights under the Supreme command is appealed. The order is separated from the A. O. U. W., and will continue as a fraternal body without the beneficiary department. The cause seems to have been \$6 assessments per month. The salary of the Supreme recorder was reduced from \$1,800 per annum to \$400, and other salaries in proportion. The indications are that the end of the order is nigh. Ohio had a decrease of membership of 548 last year (ending April 1st, 1889). The editor writes:

"The situation of affairs that will confront the special session of the Supreme Legion at St. Louis is full of the gravest significance. Unless met in a spirit of tolerance and forbearance, the outcome promises ill."

"BITTEN ONE."