

APPENDIX No. 1

Q. But on new contracts?—A. Yes, on new business the reserve is three and one-half per cent.

By Mr. Geoffrion, Counsel for the Company :

Q. You mentioned that this rate to which we are referring of the Mutual Reserve would at twenty-five years be practically sufficient if there was something added for expenses?—A. Yes, it would be, if there was a proper addition at age twenty-five.

Q. At what age does it begin to be insufficient, even assuming a charge for expenses should be added?—A. In these calculations, the rate of interest is assumed to be four per cent. That is a very favourable rate in view of the date of the rate of interest which money is now earning. At age 30 the rate of the Mutual Reserve, as given on this page, would be insufficient. The rate stated is \$14.22, presumed to be for a whole life policy of \$1,000, payable at death, level annual premium. The rates after that age would all be insufficient.

By the Chairman :

Q. Based on the same proportion?—A. Based on the same table.

By the Hon. Mr. Béique :

Q. Growing more and more insufficient?—A. Yes.

By Mr. Geoffrion, Counsel for the Company :

Q. The insufficiency would increase as the age advances?—A. Yes.

By the Hon. Mr. Landry :

Q. What is the rate at 30 in your table?—A. \$16.69.

Q. Does that include expenses?—A. No, we are not talking about expenses.

Q. Neither in one case nor the other?—A. No, in neither case.

By the Chairman :

Q. So, when the Mutual Reserve started with that table, they did not know much about insurance?—A. I do not know anything about that.

By Mr. Geoffrion, Counsel for the Company :

Q. These tables to which you are referring, as giving correct rates, are based on mortality experience?—A. Yes.

Q. A very extensive mortality experience?—A. Yes, they are based upon the experience of twenty British life offices. They are the tables which are employed generally by life insurance companies in Great Britain, by life insurance companies in Canada, and it is the standard table of mortality referred to in the Insurance Act.

Q. And I understand the tables of mortality based on experience of several other companies approximate practically those tables to which you refer?—A. Very closely.

By the Hon. Mr. Béique :

Q. In regard to the insufficiency of those rates, you have given the comparative figures at age 30 as appearing in this manual of the Mutual Reserve, being \$14.22, and the figures should be, you say?—A. A minimum rate of \$16.69.

Q. There we have the proportion of insufficiency; but what I should like from you is the proportion of insufficiency—the average insufficiency from 30 to 60?—A. I would have to go to each age individually and make a calculation, but I could give you the Mutual Reserve rate at every fifth year if you like, and the proper rate at every fifth year.

Counsel admit that in the rates appearing on page 12 of the Mutual Reserve manual referred to above there is included in every one of those rates an amount of \$3 for expenses.