

was at least \$1,000,000 deficiency rolling up in Ohio, and who was to pay it?

INDEBTED TO THE ORDER

"What was true of Pennsylvania and Ohio is true of Illinois, Nevada, Tennessee and Kentucky, though the latter jurisdiction has made a wonderful gain in membership. Other jurisdictions were tending the same way, and who was to make up these deficiencies and pay these losses? Massachusetts did not want to do it, Kansas did not want to do it, Iowa did not want to do it, no one wanted to do it, for the representatives saw that the time might come when their own jurisdictions would have a deficiency to take care of. It needed no artist to picture the truth that the deficiency was caused by deaths in the advanced ages, yet the oldest member of the Order had not paid into the beneficiary fund one half the amount of his certificate. We heard it stated that no member had as yet paid into that fund seven hundred dollars, but every certificate had been honored to its full face promise. It was made evident that every member above the age of 55 years was indebted to the Order to a greater or less extent; and while they could not be called upon to make that deficiency good, they were asked to pay such rates as would be proportionate to the balance of their protection.

"The new rates will without doubt prove burdensome to many of our members. Perhaps some will feel obliged to drop from the Order; but to them is given the option of reducing the amount of the certificate, the right of half credit, and a paid-up valuation for the amount they really owe the Order.

"In many cases the protection has become speculative insurance. By this we mean that it is no longer kept up for the protection of the home, but rather as an investment for surviving heirs. Is there any reason why young members and young jurisdictions should tax themselves for the benefit of those who use the Order for speculative rather than protective purposes?

"The deficiencies that now exist must be cared for in the spirit of fraternity and honesty. Beyond that, let business principles be applied to the real business of the Order. Help should not be withdrawn in cases where the conditions merit assistance, nor should the spirit of fraternal brotherhood cease to direct our acts. On the contrary, let this spirit animate every heart, for there can be no fraternity without a recognition of justice, and the greater the one, the more complete the other."

OUR ACTUARY.

The A. O. U. W. has always consulted the best talent obtainable. As the last Supreme Lodge elected Bro. Miles M. Dawson its consulting actuary it will be of interest to the members to know something of his attainments. He is Associate of Institute of Actuaries, Great Britain, an Associate of the American Society of Actuaries, a Fellow of the Royal Statistical Society of Great Britain, of the American Statistical Society, and of the American Geographical Society. He is a member of the German Insurance Society of Berlin and of the International Congress of Actuaries; and an honorary member of the Insurance Institute of New South Wales, Australia. Author of "Practical Lessons in Actuarial Science," "Elements of Life Insurance," "Assessment Life Insurance," "Principles of Insurance Legislation," "Things Agents Should Know," etc. Also a member of the A. O. U. W., National Union, Independent Order of Foresters, Modern Woodmen of America, Royal League and Fellowship of Solidarity, and a 32nd degree Mason. He is a self made man, a genial gentleman and thoroughly capable in his profession.

—Bulletin.

The A.O.U.W. Complimented

Expert Testimony that the Growth of the Order will not be retarded.

Mr. Abb Landis, of Davenport, Iowa, and the actuary of the Modern Woodmen and editor of the *Criterion*, had an article in a recent issue in which he most highly compliments the Supreme Lodge upon its action at the June session in St. Paul. In the course of the article Mr. Landis has this to say:—

Ancient in name only is this great society. In its methods it is one of the most progressive and up-to-date fraternal orders in the country. In 1896 the members of the beneficial commission who were appointed to investigate the financial position of the society, reported a plan that was as radical as the one reported by the readjustment committee of the Modern Woodmen of America.

The delegates to the Supreme Lodge adopted a conservative policy and refused to accept the plan reported by the beneficial commission in its entirety. However, a great step toward adequacy was taken by the society, and in 1901 a further change was made in respect to the guaranty fund, which was intended to strengthen the financial condition of the Order.

Never content to remain still while progress was possible, the Supreme officers pushed forward, and at St. Paul, on the 18th of June, a perfected plan was adopted which places the *Ancient Order of United Workmen* in the lead of all the large fraternal orders, in so far as the rates of assessment are concerned.

Many smaller societies have anticipated the Ancient Order of United Workmen, but it leads, as it has done for years, all the societies of more than 100,000 members. The Independent Order of Foresters adopted adequate plan for new members, but by leaving the old members at the old rates, with current deficiencies, to that extent fell behind the action taken by the A. O. U. W.

The Modern Woodmen of America missed its opportunity in not adopting the plan reported by the readjustment committee, and thereby has permitted the A. O. U. W. to virtually appropriate that plan and become a beneficiary of the advantages which will result from operation under it.

The plan just adopted by the A. O. U. W. gives the option to members over 55 years of age of accepting the present values of their deficiencies in *paid-up certificates payable at death*. When this fact is understood by the members of the society, it will become extremely popular. It prevents the "freezing-out" of old members, and imposes upon the younger members an assessment of a purely fraternal nature, under the name of a guaranty rate.

It is the only plan which has ever offered members at advanced ages relief from the exorbitant charges incident to the cost of protection in the "s ar and yellow leaf"

The third paragraph in the report of the committee is particularly interesting, in that it not only gives present members over 55 years of age the option of a paid-up certificate to the amount of the deficiency in their payments, but also gives the option to future members who attain the age 55 of a paid-up certificate equal to the net reserve standing to the credit of their insurance.

Paragraph 6 of the committee's report materially changes the system of granting relief to jurisdictions. *As under the old plan as many assessments are to be collected as will meet the death losses in any year, but instead of granting relief as under the present plan, the amount of the deficiency per \$1,000 at all ages over 55 in all jurisdictions will be paid from the guaranty fund whenever or wherever a death occurs.* It is expected that by this method a greater measure of equity will be maintained between the low and high-rate jurisdictions.

While there is nothing but congratulation and commendation for the Supreme officers in the accomplishment in St. Paul, nevertheless there should be a lesson to younger societies in the fact that lower rates than those adopted in 1903, which would have been adequate in all particulars, could have been adopted in 1896 by the Ancient Order of United Workmen. The delay of seven years passed many members into the higher ages, with larger deficiencies, resulted in increased contributions to protect their insurance.

Societies, like men, appear to be unable to learn from any other than their own experience, and consequently the lesson is more or less costly. The beneficial commission of 1896 presented a history of reforms inaugurated and consummated by the Friendly Societies of England, which gave facts and experiences sufficient to convince any man of thought that delays in the matter of readjustment of a schedule of inadequate rates are always dangerous. The delegates to the Supreme Lodge in that year concluded that they knew more about such matters than the learned and experienced gentlemen who composed the commission, or the actuaries who advised them, and consequently took the matter into their own hands, with the result that their work had to be amended, revised and improved upon.

The delegates to the Supreme Council of the Royal Arcanum in 1898 similarly put

aside a report of a commission, and disregarded the advice of its actuary, and likewise took the matter into their own hands, and made a mess of it.

Within the last two years as many as twenty-four different societies have adopted rates according to the National Fraternal Congress table of mortality, which rates are very much higher than those of competing societies which are on an inadequate basis, or only give protection from month to month. These high-rate societies have secured business, which demonstrates that a strong popular sentiment has developed in favor of safety as against cheapness.

Indeed, when the Ancient Order of United Workmen adopted the classified plan in 1896, the rates were much higher than the rates of many other societies, and yet it began an unprecedented growth, which has been continued to the present time. We predict that renewed prosperity will result from the re-ut action at St. Paul.

The action of the Supreme Lodge of the Ancient Order of United Workmen cannot be too highly commended, and our editorial cap is tipped to the magnificent work done by the retiring Supreme Master Workman, Webb McNall, and to his fellow-officers who have stood so firmly by him in his effort to place the grandest of all of our American societies upon a sound financial basis.

This action of the Ancient Order of United Workmen will give courage to the officials of other societies, and it may confidently be predicted that within five years from this date it will be the exception to find any reputable fraternal order working under an unsound and unscientific schedule of rates.

It has been the history of all such movements that very few supreme bodies of societies with a representative form of government have acted wisely on advice and suggestion. Only after bitter experience have the representatives, direct from the membership, been brought to a realization that wise and judicious action is much better than guess-work.

Notwithstanding the fact that the rates in 1903 for the Ancient Order of United Workmen must necessarily be higher than would have been a similar schedule of rates in 1896, this great society will not be retarded in its growth by such a fact. It can yet give cheaper insurance than any business organization, and can grant protection equally safe and sound.

PERSONAL

Bro. Nicoll, of Nebraska, with his daughter, was in Montreal last month on a tour through Canada, and gave the Grand Recorder a call.

Grand Inside Watchman R. H. Gooley, D. D. G. M. W. for No. 10 District, was in town last month and paid a visit to the Grand Lodge office.

Bro. Wood, Grand Foreman of the New-Jersey Jurisdiction, called on the Grand Recorder while passing through Montreal in September, and also paid a visit to Federation Lodge, No. 2, where he received a cordial welcome.

Bro. Geo. Donnelly, of Sherbrooke, one of the hardworking members of the Order, and Recorder of St. Francis Lodge, No. 15, spent a week in Montreal last month accompanied by his wife, and favored the Grand Lodge office with a visit. Bro. Donnelly is also a leading member of the I. O. O. F.

We are pleased to note that Bro. James Ramsay, our energetic D. D. G. M. W. for District No. 11, is a hail fellow well met in every institution with which he is connected, whether it be of business or fraternal character. On the occasion of his retiring from the Dominion Wire Manufacturing Company, after thirteen years' service, to enjoy a well-earned rest, the employees presented him with a gold-headed cane and a beautiful ring, together with an address wishing him good health, long life and prosperity, in which we, in common with all the brethren in this jurisdiction, heartily join.

One of the crying needs of the times among the fraternal societies is that proper adjustment of rates which will bear upon every member fairly and at the same time secure stability and perpetuity. And that is what the Supreme Lodge of our beloved Order has done in its new plan.

ATTRACTIVE COMBINATIONS.

The attractive combinations which are possible under the new plans are showing themselves more and more to the careful student every day and the better they are studied not only is it made apparent that the A. O. U. W. is the best society for the young man to join, but the charge that the members of the Supreme Lodge, who are naturally in the older ages, in adopting the new rates have attempted to "freeze the old man out" is unwarranted and unauthorized by the facts.

The adoption of the Classified Plan and the Level Rate Plan presents Fraternal Protection to the young man in its most attractive features, as prominently pointed out in our last issue. At 18 years of age, he can take out a \$2,000 certificate under the classified plan, and pay 65 cents, 75 cents, 90 cents and \$1.05 per assessment in the first, second, third and fourth classes respectively, and at age 40 by transferring to the Level Plan he will pay \$2.45 per assessment from 40 to 45 years, and from 55 to the end of life only \$2.03 as he will have no further Guaranty Fund to pay.

Now let us turn to the old men, and we are dealing only with \$2,000 certificates. It has been pointed out that a member at age 70 can take a paid-up certificate for \$450 for \$1,000 of his total amount and continue the remaining \$1,000 in force, making \$1,450 in all, by paying \$4.20 in each assessment. Or if he chooses to take a paid-up certificate for \$675 on \$1,500 he will receive \$1,175 by paying \$2.10 on each assessment.

Under the half-cash payment option any member over age 55 may take a paid-up certificate on \$1,000, continue the remaining \$1,000 in force with an assessment rate of \$4.20, and then take advantage of the half cash payment option. Thus a member at age 70, holding a \$2,000 certificate, may take a paid-up certificate for \$450 on \$1,000, leaving the other \$1,000 in force. On this total amount of \$1,450 his assessment would be \$4.20 one-half of which (\$2.10) he can pay in cash, together with interest at four per cent. on the one-half which he does not pay, the amount unpaid at the time of his death to be deducted from the \$1,450.

And then there is also the paid-up certificate option under the Level Rate Plan by which a young man can join the Order at 18 years of age, and by paying 1.24 per \$1,000, including guaranty fund, on each assessment, at the age of 56 he can take a paid up certificate for \$437 (double this amount of course, on a \$2,000 certificate), or if he chooses to continue pay \$1 per assessment he can augment it by \$19 up to \$456 at age 57, and so on up to time of death, as appears by the table of paid-up certificate options also given in this issue.

Labor for the extension of the Order. In securing a new member you have fulfilled a mission—you have thrown the protection of fraternity and the security of a beneficiary certificate in time of trouble, perhaps of want and destitution.

Twenty-four fraternal insurance societies have changed their rate of assessment within a short time, bringing them up to the standard of the National Fraternal Congress Mortality Table, or approximately near it.

Don't fail to pay your assessments.