half payable in February, and the balance carried forward. The reserve fund is $60,000. The bank's circulation is only $80,250, but it has $473,600 of deposits. Total assets are $959,448, of which $188,090 is in readily available shape, and possibly, too, a portion of the item designated current loans, sterling bills, &c.

—A meeting of the Lindsay Board of Trade was held on the 10th inst. to appoint a board secretary, the office having been held by the late J. D. MacMurchy. Mr. J. H. Sootheran will in future fill the position.

—At the annual meeting of the Winnipeg Grain Exchange Mr. S. A. McGaw was elected president, Mr. D. G. McBean, vice president, and Mr. C. N. Bell, secretary.

CLEARING-HOUSE RETURNS.

The following are the figures of the Canadian clearing-houses for the week ended with Thursday last, compared with those of the previous week:—

	Clearings. Jan. 8th.	Jan. 11th.
Montreal	$9,392,684	$10,661,603
Toronto	6,119,744	7,278,077
Winnipeg	962,967	1,115,806
Halifax	859,791	1,454,162
Hamilton	633,989	813,786
Total	$17,969,178	$21,322,434

Aggregate balances this week, $2,574,931; last week, $3,488,236.

Correspondence.

THE INDEPENDENT ORDER OF FORESTERS.

Editor MONETARY TIMES:

SIR:—Readers of recent issues of Toronto daily newspapers will have observed that the Supreme Chief of the I. O. F., in his last letter, purporting to answer mine, shirks the offer I then made him to establish the substantial accuracy of the following:

(1) That the rates of his Order are entirely insufficient to enable the Order to meet its liabilities;

(2) That they are erroneously constructed, and most inequitable, especially to the younger members;

(3) And consequently the insurance plans of the Order are not as advertised, on a *solid financial* basis, neither are they *safe* nor *permanent*.

The Chief says as to (1): "This is certainly a grave charge to make." It is certainly a grave charge. How can the Chief come before the public for support and endeavor, by a sea of words—misleading and wholly irrelevant to the issue—to shirk examination of a charge which the Chief admits to be, and is so grave?

As the Dominion Government standard does not meet the approval of the Supreme Chief—this standard, be it remembered, is applied by Government to all other companies issuing such endowment insurance contracts as the I. O. F. and enforced as *absolutely essential* to protect the public interests, and to secure payment of such contracts, surely he should agree that the referee he selects from those I named—may use the Combined Experience Table upon which, the Chief advertises, the rates of the I. O. F. are based. Especially so, if such referee may also consider all the Chief has stated, if the referee thinks it has any bearing on the issue, which I do not.

Experiments based on like disregard of the inexorable laws of mathematics and mortality and the experience founded on them, *are not new*, but, having hitherto ended in disaster, are condemned by those who respect that experience.

For example, the Congress of Fraternal Societies has condemned endowment assessment insurance and will not admit to membership any society doing such business.

The Legislature of New York has prohibited it by law. Mr. Westfield, a leading advocate of assessment insurance, says: "No honest assessment company can furnish endowment insurance," and yet the I. O. F. issues only endowment insurances.

The Dominion Superintendent of Insurance says: "Endowment contracts are quite unsuitable to the assessment plan of insurance," and recommends "that all assessment associations hereafter incorporated be prohibited from making endowment or annuity contracts." Why did the Government and Insurance Department take such strong ground? Simply because it is impossible to do such business safely, without counting the cost and providing for it upon well known, long tried and thoroughly established principles.

No such blunder is likely to be repeated in Canada as was made in 1889 by Parliament, in incorporating under the cloak of a fraternal society such an insurance scheme as that of the I.O.F., free from government inspection and from all the other checks and safeguards of the business enforced as essential to safety upon all other companies doing endowment insurance. In fact, Parliament in 1890 refused incorporation to a company applying for an Act framed on that of the I O.F.

Endowment policies such as this Order issues, without security and adequate provision for their payment, are only a delusion and a snare. Trusting to luck, setting actuarial science and well-settled experience at defiance, or making "the Order" a law unto itself, as the Supreme Chief apparently does, will not answer, and cannot fail to result in great loss to holders of its policies.

In its issue of December 23rd last, the *Economist* of London, Eng., one of the oldest and most influential financial journals in the world, in an article entitled "Where Not to Insure," says of the I. O. F.: "It was also sought to register the company in the United Kingdom as a friendly society in the course of 1892, but their method of conducting business was such that in January, 1893, *official* information was given through the *Times* by the Registrar of Friendly Societies, that the prospectus of this Order as then issued appeared to be 'essentially misleading,' and that 'caution should be observed by any person having dealings with the Society.'"

The *Economist* also said in the same article, "It is evident that the scheme of the Order is not only *essentially unsound* in theory, but that in the prospectus the exposition of this theory is entirely misleading, owing to the suppression and distortion of material facts."

An advertisement in another recent English paper headed "I. O. F.," says: "The premiums are based upon the Combined Experience Table."

Let us examine any specific instance, say age of entry 33 (the alleged present average age of the members.) For this age the stationary rate collected is 75 cents per month, aggregating for the year $9, from which is deducted 5 per cent. for expenses, leaving available only $8.55 to pay $1,000 at death or earlier permanent disability, or on attaining age 70 (when premiums cease), and "one-tenth of the amount insured annually, the unexhausted balance being payable at death."

Using said Combined Experience Table as used by the Massachusetts Ins. Dept. to ascertain the true rate for such a contract, and omitting any addition to the premium required to provide for payment on permanent disability, the annual premium, including the 5 per cent. charged by the Order for expenses, is $21.39 per $1,000 for such an endowment insurance at 70, and that class embraces, as the Chief has stated, nearly all the insurance business of the Order.

The proper rates for the rest of the Order's insurance business—the special endowments—would be much higher, and the practice of the Order relatively so much worse.

Now, how is the Chief providing for payment of the Order's ordinary endowment insurance contracts? The foregoing example for age 33 illustrates his method. While an annual premium of $21.39 is essential by the Combined Experience Table used by the Order, only $8.55 is available, although the normal net cost of the term insurance for a single year at age 33 is $8.91 by the same table, and this normal net annual cost, part of which only the Chief has available, steadily and rapidly increases as age advances, being at age 45, $12.21; at age 55, $21.66; at age 65, $44.08; and at age 69 (at the close of which premiums cease), $60.09, or over seven times what the Chief gets, since, according to the Order's practice, (1) "A member pays the same rate of assessment as at age of entry, if under 50, on initiation" and (2) "There is only one assessment each month."

This natural law—that the cost of insurance increases yearly with the advance of age—the Chief wholly ignores, and lets the monthly call stand as at age of entry, although the part of such call available, $8.55 to pay the losses of that year alone, is less than the normal net cost, $8 91, by his own table for that single year, and steadily, and as above stated, rapidly increases, and *further makes no provision for the second or larger initial part* (b) *$11 85 of such proper premium, absolutely essential for the payment of such contract.*

Similar remarks apply to the proper premium for any age other than 33. From what is stated it will be seen how greatly the Supreme Chief errs in advertising that the Order's rates are based on the Combined Experience Table.

It is essential that proper rates for such contracts be based on a *true* rate of interest and a *true* mortality table.

Were the Order putting by and investing safely and productively the whole of its present available premium income, it would not be sufficient for the payment of its contracts as they mature, even were there no death losses. As heretofore pointed out, "The Insurance Fund of the Order is already short many hundreds of thousands of dollars, that is to say, in order to provide for its present obligations, the Order should have on hand many hundreds of thousands of dollars more than it has; or, in other words, its insured have not to that extent the security they should have to provide for payment of their contracts."

Since the recent addition of the Illinois Order to the ranks of the Canadian Order this deficiency will soon amount to millions of dollars.

It is scarcely credible that the chief officer of this Order can be so ignorant of the elements of this business, as would seem from his letters and practice, or can really think that such disregard of the law of mortality, and much more the absence of provision of the portion of the premiums essential for such contracts, is not fatal to the success and permanence of the Order.

The Chief renews his reference to medical selection and new blood, and to alleged gains from lapses, and, in doing so, shows the folly of writing on matters upon which one knows little or nothing. Gains from medical selection have been repeatedly investigated, with the result that they are but *temporary*, and almost wholly disappear after the seventh year. The other or supposed chief source of gains, namely, from lapses, has been often examined; quite recently by the highest authorities in Britain, and also by actuaries on this side of the Atlantic, with the result as under: "That the effect of lapses among members is ADVERSE to the companies, and that the death rate and cost of insurance among persistent members is increased thereby."

The table prepared by Mr. Eldridge, of Washington, D.C., and submitted by him to the Convention of Assessment Companies at Chicago, in 1890, shows that the mortality or death rate is increased by over one-sixth by reason of the lapse of members, and in assessment companies (such as the I.O.F.) the mortuary calls will be increased in the same ratio. Such increase in the mortuary calls or cost of insurance will be small in comparison to that which must take place when the payment of endowments at the age of expectancy sets in fairly. In the I.O.F., as well as in the oldest company the Chief names in his Table 2, there has been such a large addition of new members during the last few years that their present mortality is no guide to what may be soon expected. In this Order, for example, the total membership does not probably exceed the new membership of the last four or five years.

Even were it admitted that the Supreme Chief can do with mortal man what has never been done—keep down mortality permanently to what it is on newly selected lives (the source of his temporary success)—it would only in this case greatly aggravate the Order's deficiency, owing to the entire insufficiency of the Order's rates, by its having so many more policies to pay without having made adequate provision for their payment on maturity. For example, the Combined Experience Table