

# The Chronicle

## Insurance & Finance.

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### ROYAL COMMISSION ON INSURANCE.

On the 9th instant, the Commission started the investigation of the Ancient Order of Foresters.

Mr. W. Williams, secretary of the concern, stated that the assessment system proved unsatisfactory, and he did not think it would ever pay.

The A. O. F. began insurance business in Canada in 1881. Before that time there had been branches under control of the High Court of England, but a Canadian High Court was then started in Canada. The Canadian organization retained only a fraternal connection with the English body.

Besides the insurance business started in 1881, the organization had sick and funeral benefit branches. These were the chief features of the order, said the witness.

"Do you control larger funds than the insurance branches?"

"Not in the High Court, but in the separate courts they require much larger funds," was the reply.

Mr. Williams explained one cash transaction about which Mr. Tilley wanted information. In 1899 the management fund borrowed \$6,500 from the insurance fund. Money was needed to settle the expenses of the High Court meeting, but the management found they had not the cash, but the officers went to the only fund which had the necessary funds.

"Was it a proper transaction?" enquired the examiner.

"Perhaps not, but it was a necessary one," said Mr. Williams. He went on to add that the Dominion act made it impossible for such a deal to go through again. Mr. Tilley pointed out that the Dominion Act made such a transaction illegal, but it had always been wrong. The same committee still controlled both funds, so a deal might be put through still. Mr. Williams admitted that the examiner was right and said he had recommended the appointment of a separate committee to look after the interests of the insurance branch.

Mr. Tilley turned his attention to the insurance branch. The organization carried on the business on the assessment plan until the Dominion Act was passed.

"Did you think that the business would be successful on the assessment plan?"

"No." Mr. Williams went on to explain his reasons. The order usually received only about \$600 in assessment commissions, and had to pay out \$1,000 to the policy-holders, so if every man lived out the span calculated upon, and if all moneys received were well invested, there would still be a shortage. The witness had always been against the assessment plan, but it was a long time before he prevailed upon the others to take the same view.

The witness said that the assessment premiums could not be raised to cover the expenses, because all members had to vote before any change could be made. The High Court would never have their rates raised, so he concluded it was a practicable impossibility to get money to cover the amounts paid out.

"Does that apply to all assessment organizations?"

A.—"Yes." In 1898 the Dominion Act, incorporating the order, was passed, and the organization then changed the insurance plan. Since that time the order had been working on the same basis as other companies.

There never had been any question, Mr. Williams said, on the resumption of his examination in the afternoon, of diverting the funds of the insurance branch of the order. Under the present system, too, a man could be admitted to insurance only by consent of the local court. A large number, he said, joined the order for social reasons, and it was for the benefit of people who did not require the sick and general benefits. The order took no juvenile risks.

At present they had no actuary, Mr. Williams