

## REPORT OF THE INSURANCE DEPARTMENT OF THE STATE OF NEW YORK ON THE EQUITABLE LIFE ASSURANCE SOCIETY.

In virtue of the powers conferred upon the undersigned, the Superintendent of Insurance of the State of New York, an examination was ordered at the beginning of last year of the financial condition and general affairs of the Equitable Life Assurance Society of the United States, an organization incorporated under the laws of this State.

In making my official report of the examination of the assets, liabilities and general management of this Company, it is proper as well as necessary to refer at the very outset to the services performed by my late deputy, Mr. Michael Shannon, who died on the first day of February, 1895, after a very brief illness.

When the request came from the President of the Equitable Company, who asked for an examination of its affairs, and stated to me that he desired a rigid and searching investigation made into all departments of the Company, and that values should be stated on the most conservative basis, I placed the examination (under my direction) in charge of Mr. Shannon, knowing that his experience, ability and integrity eminently qualified him for the task. Had Mr. Shannon's death occurred at an earlier date, I should have been put to great trouble and expense to traverse again a part of the same ground over which he had so thoroughly gone. Fortunately, he was spared to complete a great part of his long and arduous work. The services of the various assistants assigned to the respective departments by Mr. Shannon have continued to be performed since his death, but my report has necessarily been delayed beyond the time originally set for its completion.

It will appear from what follows that the examination has been of the most searching and exhaustive character.

It is proper for me to state that the officers and directors of the Equitable have given every facility to the Department during the progress of the examination. The books, archives and persons employed by the Equitable were placed at the absolute disposition of the Superintendent.

The securities owned and held as collateral by the Equitable were examined and counted at the close of the business for the year 1894. The cheque books of the Company were examined with the same scrutiny, and the payment for stocks, bonds and other investments traced to their source. The cash was balanced and verified on December 31st, 1894. The same diligence and exacting care was applied to all the categories of assets, including real estate owned, loans on bond and mortgage, ledger balances, accrued income from interest and rents, deferred premiums, uncollected premiums and every other item.

I propose to dwell more particularly hereafter on the measures taken by me to satisfy myself in regard to the values of real estate and mortgage investments. This portion of the examination was committed to the Hon. Michael Coleman, an authority in this regard second to none. He has been constantly in consultation with Mr. Shannon and myself, and his views, conservative and cautious as they always are, have had due weight with me in arriving at my conclusions.

### ACTUARY'S DEPARTMENT.

A careful examination has been made of the Actuary's Department, including the calculation of the reserves upon an aggregate of over nine hundred millions of dollars (\$900,000,000) of outstanding business, the checking off of unpaid policies, deferred premiums, unreported premiums, overdue and accrued interest and rents, death claims and endowments unpaid, dividends due and unpaid, and all other assets and liabilities not in the form of definite investments. The lists of outstanding policies, as recorded in the books of the Society, have been compared with the registers of the Insurance Department covering the same items. This portion of the investigation has been performed under the direction of Mr. John S. Paterson, Actuary of the Insurance Department, with the co-

operation of Mr. D. H. Keefer and his assistants. The valuation of the liabilities of the Company has been made in the most careful way, nothing being taken for granted, and absolutely independent computations being made in every case. The valuations of stock and bonds owned or pledged were made at the ruling market rates on December 31st, 1894. The deposits in the various banks and trust companies have been verified by the Department.

### AGENCY DEPARTMENT.

The Agency Department of the Company was made the subject of especial examination, and it gives me pleasure to commend the methods employed by the officers and Agency Committee, which have resulted in reducing the cost of procuring and collecting its business to the very lowest point compatible with efficiency under existing conditions. I find that it is the universal system of the Equitable to pay no salaries to agents, but to make each one bear all the expenses of his agency of every kind, and to pay him solely in proportion to the money actually paid to the Company through his instrumentality.

### EXAMINATION OF TITLES.

I have caused the titles of the real estate owned by and mortgaged to the Equitable from the time when the last examination was made by the Insurance Department to be carefully re-examined by the Hon. Jas. C. Spencer, ex-Judge of the Superior Court of New York, as to whose legal ability and faithful watchfulness I desire here to record my high appreciation. His report is appended hereto and made a part of my own. Judge Spencer has written to each borrower, stating the amount of his mortgage, as written in the instrument itself, asking him if the same is correct, and the answers received from the borrowers (together with other evidence) have satisfied me of the accuracy of the records of the Company.

### MEDICAL DEPARTMENT.

I have caused the most exhaustive examination to be made of the Medical Department and of all the methods in use for the exclusion of undesirable risks, the appointment and regulation of medical examiners, and all the details connected with that service and the inspection of risks. The result is most satisfactory, and it would be an act of injustice to withhold my approval of the whole, which seems to be hardly susceptible of improvement. Dr. Donald McL. Barstow, to whom this investigation was committed, has spent much time and given great attention to the matter in his hands, and his performance of his duty has been most commendable. I hereto append his report, which is made a part of my own.

### REAL ESTATE DEPARTMENT.

The Honorable Michael Coleman has had in his charge one of the most important branches of the Company's affairs, that of the real estate owned by and mortgaged to the Equitable. I hereto annex his report, and make it part of my own. His appraisements have been made only after personal survey of the properties here and satisfactory evidence of those in foreign countries and remote localities. I am satisfied that the values reached by him are conservative. It is proper to say that all the Company's real estate is kept in first class condition and well rented.

The number of pieces of real estate examined by Mr. Coleman were nine hundred and eighty (880), embracing twelve (12) office buildings, one hundred and fifty-four (154) parcels owned by the Company, and eight hundred and fourteen (814) parcels mortgaged to the Company.

I am entirely satisfied of the sufficiency of the means employed in securing these valuations.

### FOREIGN BUILDINGS.

The valuation of the foreign buildings has been conducted with the greatest care. They consist of property in fee simple in Paris, Berlin, Vienna, Madrid; buildings in course of construction in Melbourne and Sydney; and small buildings in the cities of Mexico and Santiago de Chile.