

## APPENDIX No. 1

necessarily called for the incurring of actuarial expenses, that would not have been incurred in a company that had none of these questions to deal with, and they called for the incurring of a great many actuarial expenses that would have been avoided, had the company had some actuarial advice in the early years of its history, which it unfortunately was deficient in. The adjustment of a business that had been conducted as this business had been, without expert direction, or knowledge of mathematics of insurance on a scientific basis, called for the very best advice and counsel that could be had, and necessitated the expending of money for that purpose, which could not be avoided if the affairs of the company were properly conducted, and the adjustment and reincorporation as an old-line company, called for additional actuarial expenses that could not be avoided.

Q. You have had occasion to consult consulting actuaries, I suppose?—A. I have repeatedly. I would not venture on such problems as confronted me, without obtaining the best advice I possibly could, of an expert nature, to guide my course.

Q. Are you not a member of some associations of actuaries?—A. I am not.

*By the Hon. Mr. Robertson:*

Q. How long have you been acting actuary of the company?—A. I have been actuary of the company since the latter end of 1895.

*By the Chairman:*

Q. Was this before there was a school established in the United States?—A. My impression is that the actuarial society was established about thirteen years ago, but it would be practically an impossibility for a man who had been identified with assessment insurance, and had practised as an assessment actuary to obtain admission to the American Society of Actuaries, and I have never applied for that admission.

*By Mr. Geoffrion, Counsel for the Mutual Reserve:*

Q. Mr. Burnham, the president of the association, is in England?—A. Yes, he is.

Q. He left on the 25th of the last month?—A. Yes.

Q. You were to go?—A. I was to go to England on account of the Foster case, and had my passage engaged, and on account of this investigation here, and being engaged in it, when I went down on the 18th day of June, I had to insist upon Mr. Burnham going in my place, because the matter was one that was likely to come up before I could possibly get over there.

Q. Was it a matter of great importance that one of you should be over there?—A. It is a matter of the greatest importance. The case involves issues that are of great importance to the company and to its membership, and the case would have been heard early in January by the House of Lords, but by special arrangement it was postponed.

Hon. Mr. WILSON.—What has this to do with it?

Mr. GEOFFRION.—I am simply proving the fact of his absence.

Q. There has been some evidence concerning a large amount of depreciation in the assets of the association, which Mr. Paterson was of the opinion could in no way be accounted for satisfactorily to him. I think you will find the exhibit in which Mr. Paterson made that point is Exhibit 43. In that exhibit he finds, between 1895 and 1901, a decrease in assets of \$1,355,526.06. He accounts for \$693,069.22, and says there are \$644,429.80 unaccounted for. What have you to say as to that?—A. I have to say that the report of the association from December 31, 1898, to December 31, 1901, as given to New York Insurance Department, shows an exact balance, and that every item of difference therein is accounted for, and if the certified report would be given to me, I could show it. I have here prepared a balance sheet.

ELDRIDGE