

Q. The interest on those payments makes a difference?—A. Of course.

Q. In the second place, as the result of their being paid, in the first years in the Mutual Life, the loading which exceeds the mortality cost, in those years, for the purpose of preventing a subsequent increase in premiums, is not the risk the company runs, generally speaking, as an average, throughout the twenty years less than the face amount of the policy?—A. Yes, each year, under such a contract as would be issued by the Mutual Life of New York, a certain portion of the premiums known as the reserve would be set to one side as a liability. The net amount of risk which the company would run from year to year would be the face of the policy less this increasing reserve under the policy, consequently, as the contract continues, the net cost of the insurance decreases.

Q. On account of those advanced payments?—A. On account of the accumulation of the reserve.

Q. In the third place, I understood you to state that by the fact that the insured claims the cash surrender value in the Mutual Life of New York, he practically converts that policy which was originally a whole life policy, into a twenty-year policy, as far as the risk the company runs, is concerned?—A. Under the policy of the Mutual Life of New York, non-participating, if the cash surrender value is taken at the end of twenty years, the company's liability ceases. The assured has had insurance for twenty years.

Q. In the Mutual Reserve, the member is free to maintain his insurance for ever—till he dies?—A. Yes, I presume so.

Q. These are three important differences between the two contracts?—A. Yes.

Q. And under those circumstances, is it possible to make such a comparison as has been suggested?—A. As I said before it is impossible to compare two entirely different contracts.

By Mr. Coster, K.C., Counsel for the Committee :

Q. You say that the Imperial, your own company, would not give as good a contract as this one referred to, in the Mutual Life, the non-participating policy?—A. I do not think a comparison has yet been instituted between the policies issued by the Mutual Life of New York, and those issued by the Imperial Life.

Q. You say you do not know?—A. I do not think the comparison has been instituted. What is the question?

Q. I am asking you if you would give as cheap a contract as the Mutual Life?—A. I would have to make an examination of the rates, and see how they compared, and the terms of the contract.

Q. Your rates are practically the same as the Mutual Life?—A. Some policies. The participating rates are very close to them. I do not know about the non-participating rates to which I have referred.

By the Hon. Mr. Loughheed :

Q. One question I want to ask you, which seems an anomaly to me. On page 27 of Exhibit 1, there is a schedule of the expenses. I observe, according to Exhibit 16 in No. 1, here is a statement taken from the Insurance Reports (No. 4, page 27). Here is a standard company, whose expenses are in round figures, nearly 200 per cent more than the payments made to policy-holders. In comparison with this company, we find that the payments to policy-holders are nearly twice as much as the expenses. The position is reversed. How would you account for that: that is in one case, under the standard system the expenses are practically two hundred per cent more than the payments made to policy-holders, and under this assessment system which we are inquiring into, we find the expenses are only about one-half of the payments to policy-holders?—A. The expenses of a life insurance company can only be determined by a very careful analysis. I would require first to know the age of the two companies, and I would require to know something in regard to the character of the
BRADSHAW