

apportioning the losses, not a scale of premiums at all, but a scale simply for adjusting losses between various agents. The quarterly assessments they adjust by this scale, and take it out of the assessments paid in advance to recoup, and it is almost impossible to compare their rates with others for that reason, because they have no steady premiums.

*By the Hon. Mr. McSweeney:*

Q. How does it compare with the Mutual Reserve?—A. The results of costs, the amount that is paid within a year for insurance is much lower than in any other organization that I know of.

Q. Even yours?—A. Even ours. I am carrying insurance there and have carried it for fourteen years. It is the cheapest insurance I am carrying, and I know I am not paying more than 40 per cent of what I ought to pay for that insurance. Sometime I will have to make it up.

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

Q. In the Bankers' Life, do you mean?—A. Yes.

Q. And yet their surplus increases?—A. Their surplus increases by this deposit. They received this deposit on account for deposit, and they return it in case of death. They do not charge it as a liability, and they say their surplus is the assets.

*By the Hon. Mr. McSweeney:*

Q. Their business has gone up very rapidly?—A. Very rapidly indeed.

Q. The public must have some confidence in it?—A. No doubt about it.

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

Q. You have yourself?—A. I have for the present. They are giving me very cheap insurance. If I die before trouble comes the insurance will be all right.

*By the Hon. Mr. Sullivan:*

Q. Are they giving it too cheap?—A. Yes.

Q. Therefore they will come to grief?—A. They will come to grief ultimately, I have not a question.

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

Q. You have spoken of a surplus—is it a surplus or merely an asset?—A. It is simply their assets less their accrued death losses. It does not take into account the deposits that have been made on account of future assessments. They do not treat those as a liability. They have no reserve that they charge as a liability.

Q. Have you an additional remark to make concerning the statement filed by Mr. Paterson about the inclusion of notes in Mr. Paterson's statement relating to the Bankers' Life?—A. It is stated they have no notes. They do have and always have had notes. They take the deposit in notes. The company takes the notes for this deposit that is made in advance, payable in four instalments, and these notes are included in their income and in the calculations that have been made as to the rate used for expenses; these notes, which are simply deposits on account of future assessments, are included in income and ratio of expense, calculated on that, and they have always included their notes in their assets except where they have been specially excluded by the department.

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

Q. Where was that?—A. In New York they had them as assets until 1899, when the department excluded them.