

the water, and on this side of the boundary line the sins of statutory omission will produce a chastened sense of humility and a true repentance which should lead to "acts" of righteousness "writ large on the statutes of provincial legislatures.*"

Provincial Legislation

Prior to the year 1916, no provision for regular valuations of the insurance certificates of fraternal societies existed in the laws of any province of Canada, nor in the Dominion Insurance Act. This was not due to the oversight or shortcoming of the superintendents of insurance, but to the fact that for years outside influences at work rendered it impossible for either insurance departments or members of parliament and legislature to carry out desirable legislation and needed reforms. It was not until the laws of nature and arithmetic, together with the general trend of public opinion both inside and outside fraternal ranks, had made such legislation possible of enactment that we find the first requirement for the valuation of the certificates of fraternal societies placed on the statutes of any province of Canada. The adoption in the United States of the Mobile Bill and the New York Conference Bill created the atmosphere and the occasion for the passing by the Ontario legislature of amendments to the Ontario Insurance Act embodying several of the valuation and other requirements of the United States Acts just mentioned.

The new Ontario Act passed in 1916 did not, fortunately, include the ineffective section of the New York Conference Bill known as section 23 (B) previously referred to. On the other hand, it did not provide for annual actuarial valuation reports to the insurance department as required by both the Mobile Bill and the New York Conference Bill, but only for a valuation every three years. Nor did it provide for any improvement in the degree of solvency of a society from triennium to triennium, no matter what the degree of actuarial insolvency, but was content with the condition of "not getting worse." It provided that if at any triennial valuation subsequent to 1917 the society had gone backward as to the solvency, then a restoration is supposed to be made up to the 1917 degree of solvency within two years, or thereafter the rates for new members are to be those known as the Hunter rates, and these contributions kept apart from other funds of the society; and further, if at next triennial valuation no improvement be shown, then the new members are supposed to be placed in a separate class and their certificates valued as an independent society in respect of contributions and funds.

Other provisions were incorporated, but the above are the vital parts of the 1916 Ontario amendments as to solvency.

Provisions Rendered Ineffective

Unfortunately by some strange action or suggestion, an innocent-looking sub-section was added at the end absolutely nullifying the foregoing provisions as to a society maintaining its degree of solvency by the proviso that unless the governing body of the society at its annual meeting voted itself within the application of these new legal provisions, the said provisions should not apply or have any effect. To the credit of the officers and executive of the Canadian Fraternal Association be it said that they made more than one effort to have this remarkable clause eliminated, but unfortunately without success.

No society having since voted itself within the operation of these special solvency clauses, they are therefore now actually "dead wood" in the Ontario law. It should be re-

*Mr. Sanderson here reviewed legislation in Great Britain, where compulsory actuarial valuation and publicity of the actuarial balance sheets are required, and have helped to bring the leading British Friendly Societies to a high degree of solvency. Regarding the United States, the New York Conference Bill, which is in force in about 40 states, provides that a society is not to get into a worse condition and may accumulate funds to improve its condition, but this does not assure solvency.

corded that at the last session of the legislature the present superintendent of insurance recommended the elimination of the objectionable clause, but owing to certain representations it was allowed to stand until the next revision of all the provisions as to valuation and solvency. When we remember that in Great Britain compulsory actuarial valuations for friendly societies have now been required for about half a century, and various other allied returns for a much longer period, it cannot be admitted that our legislators in Canada have been guilty of breaking the speed limit in legislation touching the solvency of fraternal societies. The fact is adequate, and effective legislation on this vital question is long overdue on provincial statute books, and the Ontario law of 1916 is sadly in need of being replaced by a more worthy substitute.

Deficit is Big Handicap

The hopelessness of a large society, say 50 per cent. solvent, with a deficiency say, of \$10,000,000, ever overcoming this deficiency by any mere makeshift methods and without honestly facing a readjustment of rates or reduction of benefits is manifest by the annual loss from interest alone—a loss of 5 per cent. of \$500,000 per annum on the deficiency. The increase in liability due to increase on age works much faster in such a case than any increase in assets from year to year.

There is still a field for the worthy friendly society, but the faithful and intelligent fraternal leader must have his hands upheld by sane and effective legislation which will make it easier for the sound and solvent society to succeed and more difficult for the unsound and unrepentant society to trade upon the credulity of the public. May our provincial superintendents be endowed with a high sense of official duty and a fine sense of appreciation of the needs of the fraternal society.

Dominion Legislation

Until the year 1919 no provisions appeared in the Dominion Insurance Act as to actuarial valuation and solvency requirements for fraternal societies, notwithstanding urgent representations of the insurance department on the subject. An interesting history of the rise and departure of the non-fraternal "assessment associations" could be told, but I must turn at once to the recent Dominion legislation of 1919 when the old "Assessment Life Insurance" portion of the act was at last wiped off the statutes of Canada, and a more worthy portion known as "Part II. A Fraternal Benefit Insurance" took its place. This is the most advanced and worthy piece of legislation dealing with fraternal societies that has yet appeared on this side of the Atlantic, even though it bears evidences of compromise to meet awkward circumstances. It is a straightforward and honest attempt to deal with a perplexing subject in a way that reasonably satisfies public needs, and at the same time carries the judgment and tacit approval of the most reliable fraternal leaders. It avoids the marked weaknesses and the "put-off-till-to-morrow" policy so manifest in the American Mobile Bill and New York Conference Bill, which, it now appears, already need amending.

Touching the Dominion Act let me quote the opinion of an outstanding leader of American fraternalists, himself the head of a large American society doing business in Canada, which has not yet attained to full actuarial solvency. Addressing the Canadian Fraternal Association a few months ago, this prominent and honored fraternalist, Mr. D. P. Markay, of Detroit, ex-president of the National Fraternal Congress, said:—

"The provisions of the (Dominion) Act referred to are not only timely and wholesome, but in our judgment should be earnestly welcomed by all fraternal benefit societies doing business in Canada. It is to be regretted that such action was not taken twenty years ago or more, not only in Canada but in the United States as well."

Mr. Markey is frank enough and honest enough to put his finger on the cause of the present necessity when he