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Capital Fully Subscribed	\$14,750,000
" Paid Up	1,475,000
Life Fund and Special Trust Funds....	74,591,540
Total Annual Income Exceeds	47,250,000
" Funds Exceed	142,000,000
" Fire Losses Paid... ..	183,366,690
Deposits with Dominion Government ...	1,225,467
(As at 31st December, 1915.)	

Head Office, Canadian Branch:—Commercial Union Bldg
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The first two lessons of the Com-
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Friendly Orders in Ontario

The following letter written to the Toronto Globe by Professor M. A. Mackenzie reopens in a very definite form the controversy aroused by the reorganization of the A.O.U.W. It was on Professor Mackenzie's recommendation that the reconstruction of this society on an actuarial basis was carried out, so that his presentation of the case of the Friendly Orders in Ontario, and his reply to such criticisms as have been made is of value. The letter follows:

The A.O.U.W. is not an insurance company. It was organized in 1879 as a purely mutual assessment society, including men of all ages from 21 to 50, taxing each member \$1 a month for the purpose of paying \$2,000 to the heirs of such members as might die. The members governed themselves. They arranged this system, and have always controlled the acts of the society by majority vote in Grand Lodge. They had originally no idea of investment. How many years at \$12 a year would it take to produce \$2,000? They wanted, and they got, mutual protection, and they got it more cheaply than it could have been secured elsewhere. In answer to critics of their method, the argument always was: "We are keeping our reserves in our pockets, and we will only assess the members to pay the claims as they mature. The huge reserves of old-line companies are built up for the benefit of shareholders. We can take charge of our own reserves and use them in our business." Those who remember the friendly societies in the eighties and nineties will admit the above to be a fair statement of their aims and objects. Unfortunately, the law of mortality continued to operate. The members grew older. More of them died each year. The assessments had to be called more frequently. During the first twenty years an average of about fourteen assessments of \$1 each were called for each year, and the heirs of every member who died got the death benefit of \$2,000. There was no actuarial reserve, and no member leaving the order put forward any claim upon the small surplus funds carried forward from year to year. The order reached its maximum membership in 1903, with 46,125 members and \$758,635 on hand—about \$16 apiece. This simple arrangement would have gone on until the order had died a natural death in a few years. The survivors of the original members were now between 45 and 74 years of age, and they controlled the management. They saw that the increasing assessments necessary to pay the steadily increasing claims would soon frighten away young entrants and freeze out older members.

A Chance for Solvency.

So the rates were readjusted more than once, until in 1905 they were raised for all new members to approximately the "Hunter rates." Had all the old and new members alike paid the "Hunter rates" for their attained ages the society would have been on the road to solvency. But the rates of the old members were not raised sufficiently to pay the death claims that arose among them, and the funds on hand in 1905 were utterly insufficient to make up the difference. In order to meet these death claims from the old members it was necessary year after year to draw upon the reserves created by the surplus the younger men were paying in their rates over and above what was needed to meet the claims arising among the younger men. This was done to such an extent that, instead of amounting to several millions in a few years, as they should have done, the whole assets of the society barely got past the one million mark, held a place there for a few years, and then fell rapidly away to between a half and three quarters of a million in June of this year. What claim has any surviving old member on the poor remains of the reserve which the rates of the younger men would have built up had the money not been demanded to satisfy the claims of the original members? Who induced these young men to enter the order? What would have happened had no young men come in?

Action of Grand Lodge.

The writer put all the facts plainly before the old members assembled in Grand Lodge in March of this year. They fully understood the situation, fully understood that the proposed readjustment would leave nearly all members over 63 years of age with only the right to continue their certificates by paying the rates for their attained ages, and yet they voted by 9 to 1 to ask the Legislature for the act that was passed.

The members of the committee of the Legislature that unanimously reported in favor of the act knew

that it would injure their popularity, knew that it would cost them votes, and yet they were men enough to do what they knew to be right after a full examination of the whole situation.

Four Have Reconstructed.

There are now in Ontario four (?) friendly societies which have put their houses in order and told the truth to their members. Each one of the four has been the subject of bitter attack in the press. But the officials of these reformed orders can look any young man in the face and ask him to join a permanently solvent society.

The Unreformed Societies.

There are many unreformed friendly orders in Ontario with very many thousands of members holding certificates for very many millions of dollars, which certificates are worth only a fraction of their face value. The holders of these certificates all more or less nervous. They look sideways when they ask any young man to join them, and they want to know the truth, though they dread it. The executive officers of these unreformed orders have guilty consciences over every batch of new members, and they know that each year's delay reduces the value of the surviving certificates, yet these executive officers postpone the inevitable reconstruction, largely because they shrink from being attacked in the press.

M. A. Mackenzie.

A FIRE FIGHTING TRAIN.

The Transcontinental Railway in future will fight its own fires, according to Popular Science Monthly. This is saying a great deal, as nearly every other road in the United States and Canada depends on city firemen when railroad property catches fire or allows its property to burn up, helpless to save it because of lack of equipment.

After several fires had destroyed timber-lines along its right of way and threatened to wipe out whole counties, the Transcontinental Railway placed an order with Canadian Government Railways' shop at Moncton, for a fire-fighting apparatus, which consists of a water tank of more than 10,000 gallons' capacity, mounted on a flat car, mounted on which is a steam-driven duplex fire pump, with capacity of 300 gallons a minute. Steam for operating the pump is taken from car heater of the locomotive. The device when tested was found capable of throwing two one-inch streams about 200 feet, which will enable the company to reach most fires within its right of way.

ROYAL INSURANCE MERGER.

The Royal Insurance Company, of London, one of the largest general companies in the United Kingdom has absorbed the Legal Insurance Company and will, thereby, extend its connections in legal circles. The Royal's premium income exceeds £7,500,000 and that of the Legal amounts to £200,000.

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