

Danger Signals.

J. A. Badeu, M. D., read the following paper on assessment insurance at the convention of the Fraternal Congress:

The writer of this paper would fail to perform his duty if, from his standpoint of observation, he should not aid in throwing out the danger signal to the fraternal orders. There are questions before this body for consideration, too grave to admit of temporization or delay. They should be met promptly and decisively, at least so far as its influence may extend, and that which should burn itself with greater intensity than any other into the mind and conscience of every advocate of the system of insurance represented by the Fraternal Congress is "Is the plan of each of the several orders and associations which are recognized by their connection with the Congress as exponents of the system and which each of them is laboring to work out, a safe one? Or, is it a house built on the sand, which, when rains come and beat upon it will fall? Will the system survive the coming of the inevitable time when the limit of expectancy of the membership, reckoned from the average age of each of them, shall have been reached?"

The response to this question involves very closely the interests of nearly two millions of families now in our own country and the Dominion of Canada, the heads of which themselves incapable of grappling with the question are relying upon the wisdom of those who incorporated the several orders and associations and so inaugurated the system, and who are fostering and promoting their plans. Shall these persons be rewarded for their faith, or shall the bread that the husbands or fathers ignorantly imagine they are providing for their families, turn to ashes upon the lips of their widows and children? For my own part, it seems that the plans of these organizations, if not modified to some extent, are as a ship at sea driving on without a reliable chart, without an objective port and, consequently, with little promise of other than a calamitous destiny.

Personally, the writer derives small comfort from knowing that he does not stand alone in his want of faith in the system, as it is now operated, or in his judgment of its fallaciousness. The report of the Committee on Statistics and Good of the Order made to the Congress at its session held in Toronto last year, and the individual papers read at the same session, attest the unfixedness of the judgment of our best thinkers upon the subject. I may be permitted to mention also the majority and minority reports of the Joint Committee, appointed by the Supreme Council of the Royal Arcanum in 1895, to consider and report upon the same subject. The reports were submitted at the session of Council held in Savannah last May, and action upon them was deferred. Each of them suggested an assessment plan widely differing from that of the other and from that now in force in the order. The majority report has this significant feature. It was signed by Brother H. H. Morse, the author of the equalization plan, yet the plan suggested in that report and Brother Morse's equalization plan bear so slight a resemblance to each other as to leave room for doubt of their title to the same paternity. These discrepancies show plainly enough how utterly at sea the fraternal orders are as to a safe remedy for the difficulties confronting them. The roar of the breakers is heard by all alike, but no two of them seem able to agree upon a way of escape.

Viewed by the light of the paper read by Brother Morse before the Congress at its last session, to which allusion has been made, nothing could be plainer than the insecurity of the superstructure built by many of the orders upon the ground-work of fraternity—

a foundation which, thank the Divine Architect, we know to be secure. In that paper he alluded to the many organizations, that, a few years ago, by kindling upon the rock of a false fraternity or a false system beacon fires promising security and a great gain to all who might be attached to them, allured thousands of victims to disaster. I do not seek to defend their plan, but I am willing to go on record as declaring my belief that the plan of these organizations was a safer one than that of many of the fraternal orders represented in this Congress. We all know within how short a time they collapsed after reaching the limit of their expectancy of seven years, and the fraternal orders may profit by their experience if they do not correct their chart.

The appeal that comes up to the Fraternal Congress from every order and association that is awake to the peril of the situation is, "What plan can you recommend by which we can escape the danger of driving out our more timid and suspicious members and of deterring insurance-seekers from joining with us, by a too sudden and violent increase in our assessment rates and which, at the same time, if operated wisely, will have the effect of establishing us firmly and unquestionably upon a permanent basis?" By this is meant a "permanent business basis." Fraternity which we talk about as the cornerstone and basis wall of our system can best be secured and made available for good by reciprocal advantages and an equitable exchange of values. It is the imperative duty of the Congress to respond to the appeal by formulating out of this material it has and recommending a uniform plan upon which the orders can operate without prejudice or injury to each other. Suited in its general features to all alike, but susceptible of such modification as any one of them might consider necessary to meet conditions peculiar to itself.

No better opportunity has ever presented itself or will, perhaps, ever present itself to the Fraternal Congress, for the exercise of its advisory functions for the good of the orders than the one now present to it, and certainly no greater emergency could arise than the one confronting us to enable it to demonstrate its usefulness to the fraternal orders.

The plan herewith submitted, and I beg to add, submitted with great diffidence, while it may not be accepted in whole or in part, is at least an effort in the direction of evoking an expression of judgment by the Congress. This accomplished, the writer will not go home to the Supreme Lodge of his order with the mortification of knowing that he failed to represent his people with fidelity.

The plan proposes a unit cost, per annum, at the age of twenty-one for a specified amount of insurance, say of one, two, three, four or \$5,000. This cost to be met by the payment of monthly assessments to the mortuary fund. The assessments should be graded to the age limit prescribed by the order adopting the plan, so that every member who lives through the period of his expectancy, reckoned from the date of his admission, shall have paid at the close of that period an aggregate amount equalling one-half of the face value of his certificate. Should his death occur before the limit of his expectancy has been reached, the redemption value to his beneficiary of his certificate, to be ascertained by deducting from its face value the sum of his assessments remaining unpaid by reason of his death, and the amount so deducted to be credited to a reserve or emergency fund to be used so far as necessary in keeping the insurance within the limit of cost per annum originally adopted.

Danger might ensue to an order if, through a desire to rapidly increase its membership by commending its cheapness, it

should fix its unit of cost per annum too low. This danger should be foreseen and avoided in the beginning.

The writer has endeavored to present in an intelligible way the general features of the plan proposed, leaving it to the Congress to be rejected or approved, or may in its wisdom determine. Suggest, however, before dismissing the subject, that its operation no member need be forced to suspension or withdrawal by having imposed upon him when the infirmities of age have fallen to him an unbearable burden of cost.

Objections have been urged in any plan that embraces a provision for a reserve fund, on the ground that it tempts litigation. To this it may be answered, that the absence of a reserve fund does not always or necessarily secure immunity to an order from the operations of that class of attorneys that is known to hang about the courts seeking receiverships.

The acquaintance of the writer with the history of the order that he has the honor to represent, and with the experience through which it is passing enables him to warn, with emphasis all other fraternal orders of the danger to which they are exposed from a spirit of insubordination and rebellion as the part of mischief-making demagogues (such as are met with in all societies) against legally constituted authority. Some persons seem to be afflicted with a kind of monomania for creating discord and dissension in all associations whether social or political, or religious or non-descript in character to which they find ingress, resembling Anarchism, as to permit us to conjecture that the latter has its double in the former.

Given a case. A fraternal order incorporated and doing business as such—a legislature of the State under whose general law it was incorporated,—a legislature easily influenced by political, social or other considerations. (I do not use the term *vecal*) and a score of members belonging to a dozen subordinate branches of the order who have been disappointed of getting office or are seeking office in the supreme body, or have at one time or another been subjected to necessary disciplinary restraint. Given these factors and I will demonstrate through the experience of the Order of Golden Chain within the past eight months the danger to which every fraternal order in this country is exposed at every recurring session of the legislature of the state under whose law it was incorporated.

The announcement is made to the Fraternal Congress with pain and a deep sense of humiliation that our order is now in a Court of Equity defending itself against the ill-advised and unwarranted action of such persons as my proposition embraces.

I shall on behalf of the order of the Golden Chain beg to express sincere thanks to the president of the Fraternal Congress, for having without loss of time come to us when we were informed of our trouble. That his efforts were at the time unsuccessful does not detract from our obligation to him.

Before closing this paper I beg to offer means of averting, to some extent, the danger mentioned, the suggestion that of the fraternal orders adopt an amendment to its laws, which will include in its list eligible persons any member of another fraternal order who shall be known to have contributed to the enactment of any law tending to subvert the government of an order, or who shall institute proceedings in any court of law or equity against a supreme lodge, council or executive body. Any such persons should be treated as unworthy of membership in a fraternal organization and ineligible for membership.