

Increasing Cost of Assessment Insurance.

The organ of the Mutual Reserve Fund Life Association, the Insurance Economist in its July issue, page 12, under the heading "Commendable Promptitude" says—

"A few of the members of the Covenant Mutual Life Association of Galesburg, Ill., are unnecessarily worrying over the recent increase made in their assessments. In the effort to afford the greatest amount of protection at the least possible cost, the directors found that the former rates had become insufficient to meet the association's increased mortality. Those who are grumbling most seem to forget that they have had their insurance carried for a number of years at an exceedingly low rate, such as they had no right to expect would continue."

Now that the death roll calls for the necessary advance, what would these unreasonable members expect the association to do? Would they prefer a continuance of the same rates, at the risk of jeopardizing the future of the institution whose large membership relies on the collection of a sufficient amount to insure the payment of their policies after they have gone? Surely not if they have judgment enough to understand what is for their interest. The object of all purely mutual, successfully governed assessment associations is to afford insurance at cost; at the same time maintaining a reasonable reserve for any possible emergency.

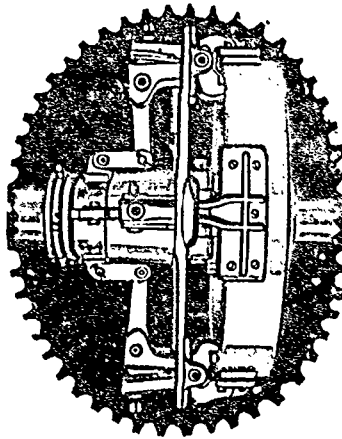
The Covenant Mutual acted with commendable promptitude in raising its rates when such became necessary to meet its current mortality. Solid permanent insurance cannot be obtained for less than its costs. Like every other good thing, it must be paid for according to its actual value. Because in earlier years the amount necessary to be collected was comparatively small, is that any reason why, when the time naturally arrives that an increase is necessary, fault should be found with the management?

Insurance officials, no matter how careful and economical, are not endowed with the gift of working miracles. It is not in human agency to keep members from dying. When that time comes their policies must be paid to their beneficiaries and there is only one way of doing it. Those who are supposed to contribute their assessments for that purpose ought to be thankful for their merciful preservation, and the privilege they have enjoyed of having their insurance carried so long at rates much beneath the amounts they contracted to pay—a boon which a great many unconscionable people seem entirely to lose sight of, and fail to accord credit to those through whose instrumentality it has been accomplished."

For the information of the insuring public we give below in parallel columns the rates found by the Covenant Mutual to be insufficient and the rates claimed by the agents of the Mutual Reserve to be more than sufficient. The Covenant Mutual commenced business in 1877 and the Mutual Reserve in 1881. We also give the death rate per 1,000 of insurance in force of these two large assessment concerns.

Rates of the Mutual Reserve.		Rates of the Covenant Mutual.	
At entry age.		At entry age.	
age		age	
25.....	\$13 80	25.....	\$14 04
30.....	14 22	30.....	15 00
35.....	14 94	35.....	16 74
40.....	16 20	40.....	20 04
45.....	17 94	45.....	24 81
50.....	21 86	50.....	31 14
55.....	32 46	55.....	39 54
60.....	43 68	60.....	51 30

The above rates are the rates at entry age and the policies of both associations contain an agreement by the assured to pay the rate



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forage attained. The Covenant Mutual rates are the original rates, not the increased rates.

Death rate per thousand.	
Mutual Reserve.	Covenant Mutual.
1887.. 9 .. 7th year.	6 50.. 11th year.
1888.. 9 70.. 8th "	8 80.. 12th "
1889.. 10 50.. 9th "	9 80.. 13th "
1890.. 11 30.. 10th "	10 20.. 14th "
1891.. 11 10.. 11th "	11 10.. 15th "
1892.. 11 90.. 12th "	11 30.. 16th "
1893.. 11 80.. 13th "	11 00.. 17th "

From these comparisons it will be seen that with higher premiums and lower death rate, the Covenant Mutual finds it necessary in its 18th year to increase its assessments. How long will it be before the Mutual Reserve with its lower premiums and higher death rate will have to do the same thing?

The italics in the quotation above are in the original article and emphasize that part of the policies of the Mutual Reserve and Covenant Mutual containing the agreement as to payment of premiums wherein the insured agree to pay the rate for the age attained. As the Mutual Reserve and Covenant Mutual are similar in all their conditions it is certain that it will not be long before the Mutual Reserve must increase the rates to its present policy holders.

What, then, becomes of the surrender value promised out of the Reserve Fund, which was supposed to prevent the increase of rate?

We understand a desperate effort is now being made in this province by a similar Canadian association, to make the insuring public believe that still lower rates than charged by either of these associations at entry age will not require to be increased.

If anyone who reads the foregoing accepts the positive statements of canvassers for these assessment concerns, he surely wants to be deceived and has no one to blame but himself, and ought not to object to being called by the organ of such concerns "unreasonable" and "unconscionable" when

later on the rates increase and the explanation is given that the association's officials are not "endowed with the gift of working miracles and cannot keep members from dying." He will probably wish they had the power of keeping their canvassers from lying.

Tenders are wanted for the purchase of \$1,000 debentures of the Moose Jaw, Assa. public school district.

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