

ASSESSMENT LIFE INSURANCE

What the Figures of Fraternal Insurance Organizations Show—Old Line Life Companies' Motto is Safety First

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Let us take a look at what 20 of the largest assessment life insurance associations are doing. From the table below, it will be seen that some of them are growing in size, and others are beginning to go to pieces, by the loss of membership. Of the 170 societies found in the chart from which we quote, 91 show an increase of size during the four years—1910 to 1914 inclusive—while the other 79 show decreasing membership, and increasing death losses.

In the matter of present largest amount of insurance in force for the year 1914, the 20 associations below compare as to their business reported in the year 1910 as follows, from the largest to the smallest:—

Name and Location	Year of Record	Admitted Assets	Insurance Written	Total In Force
Royal Arcanum, Boston	1914	\$ 6,501,491	\$14,800,500	\$467,413,000
Maccabees, Detroit	1910	7,401,110	20,033,500	489,897,730
American Yeomen, Philadelphia	1914	13,650,121	86,988,050	385,926,774
Royal Neighbors, Rock Island	1910	10,344,479	27,880,500	333,525,337
I. O. Foresters, Toronto	1914	3,243,312	49,634,500	257,500,500
Kts. & Ladies of Security, Topeka	1910	1,734,735	49,602,000	187,372,000
Woodmen of W., Denver, Col.	1914	2,370,382	20,582,250	260,235,750
Railway Trainmen, Cleveland	1910	748,738	36,798,250	223,012,500
Loco. Engineers, Cleveland	1914	23,821,413	15,235,944	196,412,733
Cath. Foresters, Chicago	1910	16,691,733	20,662,378	240,170,989
Woodmen Circle, Omaha	1914	2,737,518	37,470,000	186,700,000
Ladies Maccabees, Port Huron	1910	1,833,681	26,245,000	120,986,000
Ladies Cath. Ben., Erie, Pa.	1914	6,864,047	11,762,000	180,324,400
Erie, Pa.	1910	4,025,473	15,093,000	185,252,700
Loco. Firemen, Peoria, Ill.	1914	3,890,431	21,467,150	172,423,250
National Union, Toledo, O.	1910	2,428,661	27,678,000	130,173,850
Knights Columbus, New Haven, Ct.	1914	804,349	6,922,500	150,243,750
Ben Hur Tribe, Crawfordsville	1910	437,556	13,080,000	123,765,000
Fraternal Aid, Denver, Col.	1914	4,677,965	6,734,000	146,876,500
Kts. of Pythias, Indianapolis	1910	2,531,265	12,560,500	148,197,000
Heptasophs, Baltimore	1914	4,248,405	27,026,100	141,636,500
	1910	1,750,738	23,207,800	83,670,900
	1914	8,442,421	13,661,500	123,271,711
	1910	4,980,345	11,014,500	104,280,886
	1914	3,142,844	7,778,000	120,065,000
	1910	1,912,268	4,986,500	97,011,500
	1914	3,061,050	9,879,000	115,982,000
	1910	1,162,155	21,585,000	96,611,000
	1914	2,708,278	7,487,000	113,761,000
	1910	2,191,151	10,110,000	123,849,000
	1914	5,352,910	12,776,000	113,427,650
	1910	3,192,843	9,667,000	83,387,000
	1914	1,607,333	16,319,275	111,301,705
	1910	1,615,513	18,318,650	134,469,250
	1914	1,161,695	9,954,500	98,795,945
	1910	343,493	5,223,400	39,686,350
	1914	7,067,882	18,028,946	98,686,234
	1910	3,463,516	17,313,205	106,137,705
	1914	2,003,993	2,211,500	90,345,500
	1910	1,098,815	4,734,000	97,470,000

Promises to Pay at Death.

If we were to add up the amount of "promises to pay," it would be found that these 20 alone, with the other two still larger ones added, were carrying something in excess of \$5,917,000,000 of life insurance at the close of 1914. This is in the case of only 22 of the total 170 associations reporting their figures to the "Pocket Register." There are also billions upon billions under contract upon the books of all the regular life insurance companies of the continent. What a contrast such a benevolent state of things presents to what was the case in the early years of the present writer's 60 years of business life!

It will be noticed in the final column of the above figures that, while most of the 20 societies show some progress during the four years—from 1910 to 1914—some of them appear to have laboured in vain in that respect. Eight of them have not only failed, with all the new business they secured, to keep their ranks on the up-grade, but have lost all the new and a good part of the old business as well. Some of it went by heavy death losses, but more of it by dissatisfaction and lapse. Generally speaking, when the membership is on the wane, the death rate stands to run in the other direction. Take a few examples from among the 20.

The Maccabees and the American Yeomen, from near the head of the table, and the Woodmen Circle near the foot, are all three seen to have brought in, and held on to, a very large proportionate number of new members. Hence their calls by death have a low average per \$1,000 of risk carried, during

the four years. In 1910 they ran \$9.30, \$5.60 and \$7.40, while in 1914 the same three had a rate of \$6.50, \$6.30 and \$7.00. This shows that the influx of new blood reduced the average of the year 1910 (which for the three was \$7.43), down to \$6.60 in 1914.

On the other hand, notice that in the case of another three—viz., the Royal Arcanum, the Independent Order of Foresters and the Heptasophs—all of them now about 35 years old, and rapidly losing their membership—the deaths per \$1,000 of risk, cost them in 1910, respectively, \$14.60, \$9 and \$13.30, while in 1914 the figures were \$15.40, \$10.40 and \$15.60. These figures show an average during 1910 of \$12.30 and in 1914 an increase to \$13.80. Compared with the three younger and more actively growing associations, these three, through age and loss of membership, show a death rate more than double that of the prosperous ones. Of course, they will all get there, as the troubles of age come upon them, and then will begin to come the testing time, as to how long their very small provision of assets will stand the heavy drain.

Question of Safety First.

Most of the 20 show a slight increase of assets during the four years, and a few of them have quite a large sum laid by, but none, except the Independent Order of Foresters, Toronto, so far as we know, make any considerable pretence of actual solvency. There was undoubtedly an honest endeavor, at a very late period in its history, to make use of expert advice as to its liabilities, yet there must remain for many years to come, a serious doubt as to how much should be provided in good solidly invested assets, at this late date, to come anywhere near meeting the losses caused during the past years, when nobody was paying more than about one-third of what he should have paid. From the large number who died no collection of the shortage can now be made. Those of that time who did not die during the period of inadequate rates, are now having a heavy deduction made from their widows' and orphans' \$1,000, to cover their own past rate-deficiency, as fast as they die, in their old age. But if that is all it does, then it can easily be seen that from somewhere, sometime, there must be found the means to fill the gap caused by those previous deaths.

What the Blue Books Show.

In the Ottawa insurance reports for 1914 and 1915 important information is given as to the meaning of those liens upon the certificates of the old men. That is, those who joined previously to January 1st, 1899—about 15 years ago or more.

After a detailed statement showing that the total assets of the society were \$22,677,596 on December 31st, 1914, there is this footnote: "In addition to these assets, the society has liens on certificates issued prior to January 1st, 1899, amounting, with accrued interest thereon, to \$19,583,848. These liens," the footnote goes on to say, "were imposed by a single assessment levied on each such certificate, and, if not paid, remained as a lien upon the same, bearing interest at 4 per cent. compounded annually."

Adding the above two sums together, of assets in hand, and liens against the certificates, the following shows the condition of the Independent Order of Foresters on December 31st, 1914, viz.:—

Accumulated invested funds	\$22,677,596
Liens placed against the older certificates	19,583,848
Total realized and assessed resources	\$42,261,444
The reserve liability is given as	41,274,504
Which shows the real surplus, or capital, to be	\$ 986,940

That is a margin for safety of only 2½ per cent. above the total liabilities. How far below what the actuaries and the insurance superintendents deem this size of margin to be, may be seen from a few quotations from the reports of old line insurance companies as follows:—

Company	Assets	Liabilities	Surplus	%
Canada Life	\$56,103,710	\$48,932,584	\$7,171,125	13
Confederation	19,814,830	17,524,580	2,290,250	12
Mutual Life	24,306,233	20,487,754	3,818,479	15
Sun Life	64,605,314	57,433,862	7,171,452	11
Average of the four	\$41,207,527	\$36,094,695	\$5,112,831	12½
I.O.F., with liens	42,261,444	41,274,504	986,940	2½

It is evident, therefore, from these figures, that to be in such safe and solvent condition as are the regular com-