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Members are invited to send us items of news or information that will be of benefit to the Association. Contributions up to subjects of interest to C. M. B. A. members will always be welcomed, but anonymous letters and papers which the Manager does not consider for the welfare of the Association will not be published.

Contributors will please remember that copy material should be sent to the Editor of the month, if intended for publication in the following month's issue, and not space is limited and heavy in cost of such.

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LONDON, APRIL 1897.

Net Annual Premiums for an Ordinary All-Life Insurance of \$1,000: Canada Life Experience. 1847-1893

Department of Insurance, Toronto, 25th January, 1897

Friendly Societies have of late, been discussing the adoption of a uniform table of net annual premiums for an all life insurance of \$1,000.—the present rates being manifestly too low. By some opponents of this most necessary reform it has been alleged that the present low rates receive support from the experience of the Canada Life Assurance Company. For such representations there is absolutely no foundation whatever. In its recently published experience—which covers the period of forty six years—the company has not included any table of net annual premiums, so that any alleged citation of such a table is purely fictitious. But the company has furnished to actuaries most valuable data whereby, among other results, can be calculated the net annual premiums which, with a sufficient provision for expenses of management, losses on investments, etc., must be taken by every company or society insuring lives in Canada if it would remain solvent.

In any company or society the effect of medical selection in reducing the death rate among the recent entrants is apparent to every one. During the first year of assurance, the mortality among these new policy-holders is always extremely low, and if the number of these new policy-holders is large, relatively to the whole number of policy holders, the death-rate, if averaged over the whole number of policy-holders, is entirely misleading as a basis for annual premiums. Even if all the new lives continued their policies, the effect of medical selection alone would, for a period of nearly five years, be to keep down their mortality to a rate far below normal, and therefore to mislead as to the all life premiums necessary to carry the risks in future years. In practice, however, it is found that a considerable number of the most eligible lives discontinue their insurance, while the weakly or less vigorous continue: so that lapses, far from being generally beneficial to the company or society, operate to deteriorate the general quality of the persisting lives and to raise the subsequent death rate. Hence, in the second quinquennium (or period of five years) of these new and persisting policy-holders the death rate among them is always found to be very high; indeed it is sometimes higher than the average death rate in the general pop-

ulation of the same age. But during the third quinquennium the death rate among these new policy-holders, is relatively and sometimes absolutely lower than during the second; for by that time the disturbing effects of recent medical selection and of early lapses have both become spent. This was clearly shown many years ago by various English actuaries, and notably by Mr. T. B. Sprague, in 1863, in his analysis of the *Hum Mortality Table*, which represents the experience of twenty British (ten English and ten Scotch) companies, and insurances of 160,126 healthy lives. These results have since been confirmed by investigations of other eminent actuaries, English and American, and find their latest confirmation in the published experience of the Canada Life Assurance Company. For example, taking the group of policy holders who entered that company at ages 23 to 27 (both inclusive) the Canada Life Experience shows that the death rate per thousand among these policy-holders during six successive periods, each of five years, was as follows: during 1st quinquennium, 4.50; 2nd, 6.39; 3d, 6.97; 4th, 8.98; 5th, 13.15; 6th, 13.612.

It is, therefore, now becoming an increasing practice among insurers of lives to tabulate their experience by quinquennia; also to exclude the first quinquennium when either valuing policies or calculating a table of net annual premiums.

Thus there are obviously two distinct tables of net annual premiums derivable from the experience of any company or society:—(1) a table which includes the whole experience of the assured lives from the year of their entry, to the year of their exit; (2) a table which excludes from (1) the first five years of insurance i. e. the period of disturbing effects. The difference between the two rates, which ordinarily is not large, would be extremely material if the company or society included in its experience a quinquennium of intense activity during which it added to its policy-holders an immense number of selected lives, especially where the usual proportion and kind of lapses followed. In such a case, the first table above mentioned would seriously fall below the premium rates actually necessary to carry the persisting policy holders.

In the following table will be found in parallel columns (1) and (2) the net annual premiums deducted respectively (1) from the whole Canada Life experience and (2) from that experience when the disturbing effects of the first quinquennium are eliminated. The premiums in column (1) were calculated from a commutation table prepared by Mr. A. K. Backadar, F. I. A. and read before the Actuarial Society of America. I calculated the premiums in column (2), ages 25 to 55, from the functions appearing in the published experience of the Canada Life; and, as that experience does not show the mortality for ages below 25 I deduced the premiums for ages 18 to 21 by a process familiar to actuaries. In this table, Friendly Societies have now the authentic results of nearly a half century of Canadian experience, which will be found the most reliable guide in revising their premium rates.

TABLE.

EXPERIENCE OF THE CANADA LIFE ASSURANCE COMPANY.

Net level premiums payable annually in advance for an ordinary all-life insurance of \$1,000. Interest at 4 per cent.

No allowance whatever for profit, or for management, or other expenses, or for loss on investments.

Age at Entry.	(1)		(2)	
	Net Annual Premium Whole Experience included.	Net Annual Premium First five years of Assurance excluded.	Net Annual Premium Whole Experience included.	Net Annual Premium First five years of Assurance excluded.
18	10.00	10.00	10.00	10.00
19	10.00	10.00	10.00	10.00
20	10.00	10.00	10.00	10.00
21	10.00	10.00	10.00	10.00
22	10.00	10.00	10.00	10.00
23	10.00	10.00	10.00	10.00
24	10.00	10.00	10.00	10.00
25	10.00	10.00	10.00	10.00
26	10.00	10.00	10.00	10.00
27	10.00	10.00	10.00	10.00
28	10.00	10.00	10.00	10.00
29	10.00	10.00	10.00	10.00
30	10.00	10.00	10.00	10.00
31	10.00	10.00	10.00	10.00
32	10.00	10.00	10.00	10.00
33	10.00	10.00	10.00	10.00
34	10.00	10.00	10.00	10.00
35	10.00	10.00	10.00	10.00
36	10.00	10.00	10.00	10.00
37	10.00	10.00	10.00	10.00
38	10.00	10.00	10.00	10.00
39	10.00	10.00	10.00	10.00
40	10.00	10.00	10.00	10.00
41	10.00	10.00	10.00	10.00
42	10.00	10.00	10.00	10.00
43	10.00	10.00	10.00	10.00
44	10.00	10.00	10.00	10.00
45	10.00	10.00	10.00	10.00
46	10.00	10.00	10.00	10.00
47	10.00	10.00	10.00	10.00
48	10.00	10.00	10.00	10.00
49	10.00	10.00	10.00	10.00
50	10.00	10.00	10.00	10.00
51	10.00	10.00	10.00	10.00
52	10.00	10.00	10.00	10.00
53	10.00	10.00	10.00	10.00
54	10.00	10.00	10.00	10.00
55	10.00	10.00	10.00	10.00

J. HOWARD HUNTER, Inspector of Insurance.

DUTIES OF BRANCH OFFICERS

We are indebted to Grand Trustee Brother P. J. Rooney for the following very instructive article on the duties of branch officers:—

When the duties of branch officers are so clearly and minutely defined in the Constitution, it would seem superfluous to point out these duties to the newly-appointed officers. But unfortunately there are branches within our Association that imagine the Constitution and ceremonial are more for ornament than articles meant for our guidance in conducting the affairs and business of branches in a systematic and uniform manner. Therefore it is incumbent upon every officer to study the Constitution and ceremonial in order to perfect himself in conducting the affairs of the branch in a manner becoming to our Association.

Officers should be selected on their ability to fill this or that particular chair. Many mistakes are made by branches in electing officers on account of their popularity. The question of ability is too often disregarded, and consequently the branch suffers. So also does the Association at large.

A few suggestions to branch officers, in addition to those rules laid down in the Constitution, at this season of the year, will, I trust, meet with the approval of the membership at large.

The first most important chair to fill is that of the President's, who, upon the night of his installation, becomes morally responsible to the Association for the welfare and progress of his branch, and his duties do not end with those contained in Sec. 172. His first and most important object should be to increase the membership of his branch, induce the members to canvas applicants, or, better still, have a list of eligible men furnished by the members to the branch. He should appoint committees, at different times, to approach such men to become members, explaining to them the aims and objects of the Association and the cost of carrying a policy in the C. M. B. A. It should be his ambition to improve if possible the standing of his branch, and conduct the business to the letter of the Constitution, as intended. The ceremonial is unfortunately too often forgotten and the gavel is almost a dead letter and its meaning by many of our branches is not understood. I have seen branches without this symbol of authority. The President should instruct the branch occasionally as to the use and meaning of

the gavel; this is one of the weak points in branches, and should be corrected. Proper decorum would then be observed and business more promptly transacted. The President and Vice-President should enforce upon members the rules of the ceremonial. The President should know no clique or party in the branch and use judgment in selecting his committees, and more especially that of the finance, which should be composed of the best material to be found in the branch. It should be the aim and object of every branch President to nurse and increase the branch fund by avoiding as far as possible extravagant expenditures, in rent of branch hall, branch officers' salaries, etc. This fund should be safely guarded and increased from year to year, and used when occasion arises in assisting a needy brother, in keeping in good standing those members that may be out of employment, and in responding to charitable appeals from sister branches in behalf of a member in distress.

The Recording Secretary's duties are contained in Section 174. He should avoid recording, in his minutes, any personal comments or sarcastic remarks that may arise during the discussion of some important subject or debate, attributing to members motives not intended by them during such discussions. Although it may be an accurate report of the meeting, some brotherly love and affection should be exercised in recording the minutes of such meetings.

The Financial Secretary's duties are so clearly defined in the Constitution that little is left of which to remind him. Complaints are made occasionally against this officer, for carrying members without the consent of the branch. This should not be tolerated, and Financial Secretaries who have been guilty of this action should be held responsible for such monies. This abuse leads to serious consequences and, in some branches, a loss of money never collected, and thus exhausting branch funds, educating members to remain away from meetings, rendering the branch liable for suspension in being unable to remit the monthly assessments to the Grand Secretary within the time proscribed, and what is most to be deplored, the disruption such actions may cause in a branch.

Financial Secretaries should not delay making out the Monthly Assessment Report after the 3d of the month and handing it over to the treasurer with the order on him for the amount.

The Treasurer should in all cases open an account in the name and number of his branch in some chartered bank or safe deposit company as the branch may direct, and deposit such monies received by him from the Financial Secretary within three days, as required by the constitution, the same to be withdrawn only upon the joint cheque of the Branch Treasurer and Recording Secretary. The system of Treasurers in depositing branch funds in their own names should not be tolerated. The Treasurer should not fail to remit on or before the 9th of each month the amount of the monthly assessment, together with the monthly assessment report handed him by the Financial Secretary and accompanied by the branch order on him. All remittances should be by draft, marked cheque at par, post office or express order, and money in registered letter should be sent only when there is no other means of remitting. Branch Trustees are expected to in-