

There is no question raised about the man not having paid premiums to the amount of his policy. Not a word, even about the man having died before "expectation." The money is simply paid on the company receiving proof that the person whom they insured is dead. But what use does this precious critic make of his figures? He applies them to the I.O.F. regardless of the fact that the figures are merely theoretical figures used by the Actuaries to show the foundation principle on which death rates can be dealt with by insurance companies. We all know the value of these tables so prepared. We also know that every well-managed company should show a less mortality rate than is to be got from the general community. Every life at risk in an insurance company's books, is a *selected life*. In asking one to suppose his 86,292 people are members of the I.O.F. there is no wrong done. But he takes the *estimated* death rate of this *unselected number* of people, and coolly says we have to pay these *estimated* deaths. Now, in the critic's hands, as he wrote his diatribe he held one of our official documents. In that document is shown year by year, since 1881, the death rate which our Order has experienced. He had besides a detailed list of our membership for each year. He could have read that in 1895 we had 86,521 members. He could there also have read that our deaths for that year were 456. Perhaps the fact that this death rate was not an exceptional one for the I.O.F. may have prompted him not to recognize it. Be that as it may, he ignored the facts in his possession, whether wilfully or in ignorance it matters not. He goes further. He does not hesitate to set down 727 deaths as chargeable against our income. Luckily he gives perfect publicity to the fact that our premiums are only 45 per cent. of those charged by Norwegian companies. But he chooses to deduct from this premium income of ours such a sum as 727 deaths would have cost us had they occurred. This may be his way of dealing with such points. But, with all due deference, it is not an honest way. He should have set down against our income death claims amounting to Kr. 456,000 instead of Kr. 727,000. I need not say the odds makes an enormous difference in the balance of the income left us to be carried to reserve. The devious ways of this critic do not end here. Having by falsity got a big reduction made on the cash balance connected with this point, he then *assumes* a certain percentage of interest to be earned by that balance. With an open air of circumstantiality he sets down column after column of spurious results; every one of them on wrong data. There is not a single fact in his whole tables. The length to which he runs these is as if it were necessary to print the whole multiplication table to prove that  $2 \times 2 = 4$ . These tables drawn up by our critic more certainly demonstrate slipshod preparation on his part than the insufficiency of the rates of the I.O.F. The calculations which he makes are more a question of *investment* than *insurance*. But if he will have calculations of this kind made to bear on the point, if he will persist in reckoning that each person shall continue to pay premiums until he reaches 70 years of age, then our annual premium at the rate of Kr. 10 per Kr. 1,000 insurance to men aged 30 is sufficient to enable us to pay all claims arising out of the death of any such, and our management expenses. These annual payments, beginning at age 30 and ending at 70, compounded at 5 per cent. interest will amount to Kr. 1,200 for each man. Our interest earnings in the past have exceeded this rate. The tables as

built by our critic are valueless. He does not touch the *cost of insurance*, which *should* be taken into account before pronouncing upon the sufficiency of the *selling price*, i.e., the premium rates. When he does touch the cost price, if he touches it truthfully, he will show to his readers that the *I.O.F. rates are sufficient for all purposes of insurance, pure and simple*. The safe and permanent insurance which has been provided by the old line insurance companies in the past, and everywhere, has not cost them more than could have been paid out of I.O.F. premiums.

For any man to seek to prove that everyone who takes out an insurance policy must pay to the insurance company the full face value of the policy he gets from the company, otherwise that the company could not continue to pay its way, could not remain solvent, is simply ridiculous. No company in the world was ever required to pay, reckoning both death claims and surrender values for every policy that they issued. What would the people of Christiania say if Brage were to deal with death claims on the principle which underlies the argument of this writer? The *actual* cost of assurance is got only after allowance is made for the effect of surrendered policies, lapsed policies, a saving in the mortality rate through careful medical selection of risks, and the rate of interest earned on the funds. There is a law in lapses, so general are they. The payment of surrender values does not exhaust the margin of the premiums collected above mortality risk. The results of medical selection modify the cost of assurance enormously. Let me give extracts on this point from the report for year 1896 of the Clergy Mutual Life Assurance Society:

"The mortality experienced among the members during the five years has followed a very favorable course, the actual claims by death being only 70 per cent. of the amount expected according to the Institute of Actuaries Hm. Table, although a very large proportion of the lives at risk were of advanced age. A clearer view of the character of the experience will be gained by examination of the following comparison of the *actual* claims with the *expected* claims by the Hm. table, in groups of ages:"

Ages.	Actual claims by death.	Expected Claims by Hm. Table.	Actual claims for each £1,000 expected.
Under 25.....	£ 500	£ 2,698	£ 185
25 to 34.....	11,472	34,281	335
35 to 44.....	52,103	100,267	520
45 to 54.....	95,582	168,046	569
55 to 64.....	174,669.5	231,503	755
65 to 74.....	265,286.5	395,607	671
75 to 84.....	329,658	443,159	744
85 and upwards	123,921	115,835	1,070
Under 55.....	£159,657	£ 305,292	£523
55 and over....	893,535	1,186,104	753
All Ages.....	£1,053,192	£1,491,396	706
On More than one life.....	250	1,948	128
Totals ....	£1,053,442	£1,493,344	705

It will thus be seen, from the exceedingly interesting detailed report of the above Society, that