

Q. You say that was done by the Mutual Reserve before you entered it?—A. Yes. I do not mean to say it was always done, but it was in some years.

Q. Now have you any remarks to make on the statement of Mr. Paterson concerning the Bankers' Life Association?—A. He has computed the loss and expense on the basis of the insurance in force at the end of each year, while he should have computed it on the average or mean insurance of the year. That is, he assumes in making his calculation that the amount that was in force at the end of the year had been carried the full year, and determines from that the proportion of death losses to the expenses, while of course the proper basis is the average of the year which would be the amount at the beginning of the year, plus the amount at the end of the year, divided by two, or the mean amount of insurance. The entire computation, where it represents the death losses of this company, he does use that mean amount instead of the amount at the end of the year.

Q. What do you mean by this company?—A. I mean the Mutual Reserve.

Q. The mean amount is, roughly speaking, the medium between the amount between the previous year and the amount of that year?—A. The mean amount is a term used in insurance and always signifies half the amount at the beginning of the year and at the end of the year.

Q. So on this statement of Mr. Paterson's the correction can be made easily, simply by taking the mean amount of insurance in the year, the amount half-way between the amount of the preceding year and the amount of that year?—A. Yes, and there is what is evidently a typographical error in this statement in 1895: where it is \$774, it is evident \$374 was meant.

Q. Did you obtain a copy of the rules and conditions for admission of members in the Bankers' Life Association in Des Moines?—A. I did.

Q. Have you a copy of this pamphlet with you here?—A. I have.

Q. You obtained this pamphlet by applying to the Bankers' Life itself?—A. I did, to the president of the Bankers' Life.

Q. Can you, by referring to this pamphlet, mention the conditions necessary to be admitted as a member of the association?—A. They are on page 3, and page 6, and are as follows:—

'As an additional safeguard against the frauds and impositions practised upon insurance organizations it was provided that the membership should be selected with great care and that no applicant should be admitted without the approval of the local banker, both as to the character of the applicant and the examining physician, and also that the risks should be confined largely to business and professional men, who are not only able to pay their obligations, but who can procure the best medical treatment in case of sickness, and who can take a season of rest and recreation when their health demands it. This precautionary feature is *exclusively our own*, and has resulted in a death rate so low as to be called *phenomenal* by our ablest competitors, and which, in 1903, the twenty-fifth year of the association, was only 6:61 to the thousand; while the average cost per year, for sixteen years, 1888-1903, has been only \$8.85 per \$1,000 at age 40, with other ages in proportion.

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'The association issues certificates to men only, and confines its membership to the most desirable elements in each community. The territory in which membership is solicited is limited by the board of directors to that portion of the United States north of the thirty-six degrees and thirty minutes, except in the extreme west. Certificates are not issued to those engaged in any hazardous occupation or one which tends to impair health or weaken ability to resist disease. In this class are included those occupied in underground mining or upon railroad track or train as employee, or on any boat or vessel; wholesale and retail liquor dealers, those employed in electric light and power plants in such capacity as to endanger life, or in manufacturing explosives, or in military or naval services in time of war.

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