

## THE MUTUAL RESERVE FUND LIFE ASSOCIATION.

*How the Canadian Deputation were taken in.*

Our readers will remember how a deputation of prominent Canadian gentlemen, consisting of: Governor Robinson, "Hon" Rupert M. Wells, Hon. J. S. C. Wurtele, C. J. Campbell Toronto, George Birrell of London, Judge Sinclair of Hamilton, and J. S. Hall, jr., of Montreal, (who has been appointed solicitor to the society), a few months ago went to New York at the solicitation of the agent of this institution and after spending an hour or two at its office felt qualified to issue a circular to the Canadian public, recommending the Association to their confidence, and expressing satisfaction with the manner in which the books were kept, and emphasizing very strongly that the death assessments were kept entirely separate from all other funds, and that it was quite impossible that any portion of them could be taken to pay expenses. Here is part of what they said:

"You have wisely kept the moneys received for expenses so entirely separate from those received from assessments, that it seems almost impossible that any portion of the latter should ever be diverted from their legitimate purpose." "You have, by the deposit of your reserve in the Central Trust Company of New York, and by the most stringent provisions for its investment by the Company, placed it beyond the reach even of yourselves!"

The New York Insurance Department now says that over \$78,000 of the death assessments have already been so used to pay expenses; that there are outstanding contracts with directors and others for percentages on future death assessments, apparently for many years to come; and that there is practically no limit to the amount which can be so diverted from the death assessments for expenses! How the managers must have chuckled internally as they pulled the wool over our bright "representative Canadian gentlemen." It seems to us that any persons who would be willing to allow themselves to be so easily made dupes of, and who would give so strong a certificate to an association of which they knew but very little—and that little it is now shown incorrect—have a very low estimate of the value of their endorsement. No doubt they now feel rather cheap and are pretty well disgusted with the whole transaction.

## INSURANCE SUPERVISION.

We have much satisfaction in being able to again present our readers with a second article from the able pen of Mr. W. T. Standen of New York, following up the subject of his last article. In the former he spoke of the responsibility of Legislators in their framing of statutes affecting insurance; in this he speaks of the responsibility of Insurance Superintendents in administering the important duties of their office. Mr. Standen has dealt with the subject from an American point of view, and his conclusions will, we think, be accepted by every thoughtful man as exceedingly reasonable. The ideal he sets up is a very high one, and we do not think any higher or different ideal can well be conceived, so far as the United States are concerned at all events.

Mr. Standen, as we stated in our last issue, is a candidate for the position of Superintendent of Insurance. We have no hesitation in saying that we do not believe it would be possible for the Government, if they decide to appoint any person outside of Canada, to procure a gentleman more qualified to fill the position.

## THE COMMISSIONER OF INSURANCE OF MASSACHUSETTS ON CO-OPERATIVE OR ASSESSMENT LIFE INSURANCE.

Commissioner Tarbox, of the State of Massachusetts, by request has furnished the commission appointed to examine the question of assessment insurance with the following conclusions, after a careful examination of the institutions in the State, the comparison being between regular life insurance, as furnished for instance, by The Mutual Life Co., and the co-operative plan:

"1. There is no proper comparison of the cost of the two methods. The price paid is different, but the articles furnished are of different value. One is whole life insurance with a substantial pledge of performance. The other is temporary insurance without assurance. The cost of life insurance is just what it is worth under the established system, unless and only to the extent that the cost of carrying on the business establishments is excessive. For it is fundamental to all insurance that no company can pay out more than it takes in, and if some get more than they give, others must give more than they get.

"2. A life policy acquires an intrinsic value proportioned to its age, created by the cash reserve held in trust to its individual credit and protected by law. An assessment certificate has no commercial value because the holder has paid nothing upon it for which he has not had a full equivalent. Therefore the life policy, as the representative of actual value may properly be the subject of assignment or pledge, if consistent with the trust it declares. But the assessment certificate, having no such value, its assignment or pledge is a bald wager on human life in which the duration of the life decides whether the gambler wins or loses.

"3. For whole life insurance the assessment method, as formulated, is inadequate. The judgment of its most sagacious advocates is convinced of that fact. How to secure the insurance provision to the late survivors of an insurance company is the problem of all life insurance. This problem has been laboriously and scientifically wrought out in the construction of the old system through the agency of the reserve, which is a logical and essential part, and the main pillar of the edifice. Is that problem capable of some other solution consistent with the assessment plan? If so, assessment insurance may establish itself on a stable foundation; otherwise, not. That it is impossible, I may not affirm. But I discover as yet in the various expedients of its architects no scheme that holds a reasonable promise of the desired result."

## NON-FORFEITURE IN LIFE ASSURANCE.

We gave on August 16 last a rather extended notice of the well-considered arrangements, in this regard, of the Scottish Equitable Life, but we do not hesitate to quote the following clear and concise explanation of the action of his office, which Mr. Sprague has given, as follows:—"As a further contribution to the history of the subject, it may be useful to state the manner in which existing policies are dealt with under the new non-forfeiture regulations of this society. The directors have accepted the principle that the surrender value of a policy belongs to the assured, and is not to be forfeited by failure to pay the premium; in other words, although the premium may not be paid when due, and the insurance may consequently become void, the right to receive the surrender value is not thereby affected. This principle renders it impossible to deal with the policy under our published regulations without the consent of the assured and his assignees, for if the premium is advanced by the directors and charged as a debt on the policy, the net surrender value is thereby diminished. But the directors, being anxious to do everything practicable to continue the insurance in force, have resolved that, when the surrender value is not claimed within two months after the policy is forfeited, the policy shall be converted into a paid-up policy of equivalent value. This paid-up policy will usually con-