

of them, carry them on bi-monthly payments. This would necessarily make the deferred premiums of the Mutual Reserve much larger, and if he had compared them with other companies, which originated as assessment companies doing business on a quarterly or bi-monthly basis, he would have found the percentages much closer on those companies. The value of this as an asset is the same as it is in every other company, and rests upon the fact that the valuation is made by the department, and charged as a liability based upon the fact that this premium has been paid. It is, therefore, admitted as it was by every department in the world, to the extent which the assumption that this is paid increases the reserve liability, therefore it results that if any portion of this deferred premium admitted as an asset failed to be paid, the liability of the company would be reduced to at least the extent that the assets of the company would be reduced, and on that basis the item would be admitted and always had been admitted by every department in the United States and by every department in Canada.

Q. As every lapse or non-payment of those deferred premiums would reduce the liability of the association for at least as large an amount, it follows that whether the premiums are to be paid in the future or not they are an equally good asset?—A. As an offset to the liability charged against the company.

Q. Referring to claims that have been scaled down, compromised, you have, I understand, prepared a statement showing from 1895 to 1903 the compromises made in Canada?—A. I prepared a statement of the number of cases, the amount, and the reasons in all cases where the claimants were paid less than the face value of the policy in Canada for each year, 1895 to 1903, both inclusive, and also aggregated the amount:—

CLAIMS PAID AT LESS THAN FACE IN CANADA 1895 TO 1903, BOTH INCLUSIVE.

1895.

Cause.	Number.	Amount.	Amount paid.
		\$	\$
Breach of warranty.....	5	18,000	7,175
Fraudulent application.....	1	5,000	1,000
Void reinstatement of lapse.....	2	7,000	2,900
	8	30,000	11,075

Payments of claims.....	\$	163,793	
Add discount.....		18,925	
	\$	182,718	Per cent paid..... 89.642

1896.

Cause.	Number.	Amount.	Amount paid.
		\$	\$
Lapse.....	1	2,000	1,000
Breach of warranty.....	2	6,000	1,000
	3	8,000	2,000

Payments of claims.....	\$	264,728	
Add discount.....		6,000	
	\$	270,728	Per cent paid..... 97.784