

The Semaphore.

Mervin Tabor, Esq., the author of that valuable book entitled "The Three Systems of Life Insurance," touching the question of assessment societies, says:—"There is another class of assessment societies that has been organized on quasi scientific principles. The membership is separated into classes according to their ages, each class including several ages;—'once in a class always in the same class' is their motto, and the assessment for each death is never to be increased. This distinctive feature is kept well in the foreground, as one of the reasons for becoming a member. "Your assessments will never increase." The reason given by one of this class for not increasing the rate of assessment as the age increases and consequently the cost, is the following:—'And as they advance in age the cost to a member does not increase, for every death in the ranks is replaced by a vigorous young member, and the average mortality forever remains about the same.'

"The organizers of this class of societies did not seem to comprehend the fact that when a member was classified, at age 60 for instance, with a permanent rate of assessment at say \$1.80 for each death, he might live to be 75, when the cost of carrying him would be more than three and a half times as much as when he entered the society. It is at this class of societies that the Level Premium companies have fired their most effective missiles, and with the most fatal results.—Hundreds of them have run for a few years and then retired, the direct results of unscientific rating. Such societies may be found all over this country, struggling to perpetuate an existence. Their efforts remind one of an attempt to build a high tower at an angle of thirty-three and one-third degrees off the perpendicular. Such a tower may be built quite high, if the base be broad; but, if continued, after a time the centre of gravity will fall outside the base, when the structure will tumble; not necessarily because the workmen were insufficient, nor that the bricks and mortar were of bad materials, but because they were building against the great law of gravitation. It

might be propped up for a time, and the work of construction be continued, but eventually the structure will fall to the ground, a shapeless mass of bricks and mortar. Thus has it been, and it always will be, with this class of assessment societies. When one of these has been in existence long enough for its centre of gravity to fall outside its base, it has tottered, reeled, and then fallen to the ground. They have fallen like dead leaves of the forest before the autumnal blasts! There is nothing known in the whole range of life insurance, mathematics and experience that can compensate for such unscientific rating. New blood cannot do it. It may postpone the day of retribution for several years, but it is sure to come. It is the penalty for violation of the great law of mortality, that pervades the entire human family."

We give these truthful words to our readers and members, that they may see and understand the great requirement and necessity of increasing the assessment pro rata, as the age increases. By this our tower goes upward, perpendicularly erect, based upon a sure foundation, each member representing a brick, and each bearing his own individual portion of the burden, irrespective of age, by each paying the cost of his own insurance, nothing more or less, thus securing to each member ample protection, equitable rights—the whole equipped by the infallible law of mortality.

We quote from Bacon's Treatise on the Law of Benefit Societies and Life Insurance, Sec. 225, as follows:

SEC. 225. AGE.—Where it is provided that, "If any of the statements made by the applicant as the basis of the contract shall be found in any respect untrue, then the policy shall be void," a misrepresentation as to age will void the policy. The question of age is so material that a false statement in regard to it will be fatal whether regarded as a representation or warranty. Where an applicant for admission to a voluntary association for mutual relief, the rules of which did not admit members over sixty years of age, stated his age, in his application, to be fifty-nine years, when in fact he was sixty-four years of age, it was held by the Supreme Court of Maine that the misrepresentation voided the contract of insurance issued thereon. In this case the court says: "The age of the applicant was a material fact. It more than sixty he could not become a member. His representation of the fact was a warranty of its truth, and if not true, the contract was invalid. This rule is so uniformly held by the courts that no authorities need be cited."

A great many companies make too much ado over the fact that they seldom contest claims. It is the duty of managers to protect honest men against the devices of . . .