

to show itself as entitled to this right of surrender value under the New York law, with still a margin of surplus of \$61,911, in which was not counted the \$11,000 of loans on certificates. While this requirement of the submission of satisfactory proof to the New York Department called for an additional valuation, the slight cost thereof seems to be amply compensated for in the establishment of the fact of the Society's ability to meet this and every test that can be legitimately applied.

The experience of the year, as discussed with your managing officers, seems possibly to indicate the desirability of putting forth a further form of contract which shall meet, perhaps, better the need of those members who desire an old age benefit than the provision for an annuity from and after age 70 seems quite to have done.

There ought also to be considered, before the meeting of the next General Convention, the question of the extent, if any, to which provision will be made under regular business, written at adequate rates, for surrender values. This does not affect the question of actual surplus earned, which will certainly, under the high rate of interest which you can obtain on securities and first class investments, be very considerable, but it does affect the question of the released reserves on business that may discontinue. The general mass of the membership should be absolutely and unquestionably protected to the extent necessary to guard adverse selection through such discontinuances. But under a system of level rate insurance, the accumulated reserve under each policy becomes ultimately very considerable, and it becomes a question whether in justice to the individual member who may be compelled to discontinue his insurance through adverse personal circumstances, he should be subjected to entire forfeiture of amounts paid by him to be applied to the purchase of further insurance. I do not believe that under a contract of fraternal insurance cash surrender values should be paid excepting in the form of old age benefits. But under a plan for the