

ASPECTS OF THE I.O.F.'S POSITION.

The publication of the Canadian blue book on the life insurance business of 1913 reveals some interesting aspects of the position of the Independent Order of Foresters. Needless to say, a cold-blooded Insurance Department will have nothing to do with the Order's astonishing claim that at the end of last year its assets were over \$42,500,000. It will be remembered that some three or four months ago, the Order made this announcement, including in its assets the liens on the certificates of pre-'99 members who are now required to pay 4 per cent. interest on up to \$260 per \$1,000 certificate. The poor quality of these liens as assets may be gauged from the fact that last year against \$26,000,000 insurance new and revived, the Order lost by lapse \$46,636,215 insurance. It is pretty certain that there has been further substantial lapsing this year, including a considerable proportion of old members. The blue book puts down the Order's assets at \$21,716,115, adding in a footnote a reference to the liens on certificates "the present value of which was ascertained at Dec. 31, 1913, to be \$21,179,311." These liens do not represent either real property or value received, and every lapse of a pre-'99 member means by so much the lessening of those "assets."

THE ORDER'S INVESTMENT POLICY.

The investment of the Order's real assets is a highly interesting subject for study. The I.O.F.'s relations with the Union Trust Company of Toronto are well known; it also appears to be intimately associated with a Detroit financier and a financial house in London, England. According to the new blue book, the bonds and debentures which the I.O.F. has bought "off its own bat," *i.e.*, apart from those which the Union Trust Company has purchased in its investment of I.O.F. funds, have a book value at Dec. 31, 1913, of \$9,682,476. More than two-thirds in book value of these bonds and debentures are represented by securities of the following companies, in all of which either one or other or both of the Detroit and London parties above mentioned are interested:—

	Book value.
Michigan United Ry. bonds, 1936, 5 p.c.....	\$1,719,550
Georgia Ry. & Power Co. debts., 1914, 6 p.c.....	209,000
Georgia Ry. & Power Co. bonds, 1940, 5 p.c.....	3,867,500
Dominion Traction and Lighting Co., Portland, Me., bonds, 1943, 5 p.c.....	235,450
Dominion Traction & Lighting Co., Toronto, Ont., bonds 1943, 5 p.c.....	650,250
Whiting Mfg. Co. bonds, 1912 to 1916, 6 p.c.....	160,650

\$6,842,400

Additionally the Union Trust Company has invested the I.O.F.'s funds in the Georgia Railway & Power Company's 1940 bonds to the extent of \$488,750, book value.

LOANS ON COLLATERAL.

Moreover, at the same date, practically two-thirds of the I.O.F.'s loans on collateral, aggregating \$1,174,661, were on the following securities:—

	Market Value of Collateral.	Amount Loaned
Whiting Mfr. Co., 1st Mtge. 6 p.c. bonds, 1912-3-4.....	\$112,800	\$100,000
Georgia Ry. & Power Co. bonds, 1940 5 p.c.....	127,500	128,893
Dominion Traction & Lighting Co., Portland, Me., bonds, 1943 5 p.c.....	85,500	81,223
Ditto.....	495,000	455,091
	\$820,800	\$765,207

Additionally 50 shares of Michigan United Railway preferred stock are part of the collateral for a loan of \$30,000. It will be noticed that in one case the I.O.F. has complaisantly lent a sum in excess of the market value of the collateral as at December 31 last.

In the aggregate, the I.O.F. has invested in and loaned on collateral of the five concerns above mentioned a total of \$8,096,357, (book value of bonds and debentures owned and amounts loaned on collateral), considerably more than one-third of its total ledger assets.

WHAT THESE UNDERTAKINGS ARE.

The following are brief particulars of the undertakings in which the I.O.F. has so much confidence as desirable investments for its funds, which morally, if not legally, are trust funds:—

Michigan United Railway is an electric inter-urban line in Michigan.

Georgia Railway & Power is a consolidation of various power plants in that State and South Carolina and controls and operates 212 miles of railway. Mr. Stevenson, the I.O.F.'s chief ranger, is a director of this company.

Dominion Traction & Lighting (Toronto) operates in Windsor, Ont., and adjoining districts. Current reference books state that no official information has been received regarding the Dominion Traction & Lighting Company (Portland, Me.), which was incorporated in October, 1913, under the laws of the State of Maine. These laws are notoriously lax.

Whiting Manufacturing Company is a lumber concern in North Carolina.

A CASE OF DEFAULT.

Still the I.O.F. does not appear to be uniformly successful with its investments. It owns \$236,558 par value of the Lake Superior Iron & Chemical Company's 6 p.c. bonds. This Company is also an American concern, and at December, 1912, the bonds were brought into the I.O.F.'s statement at practically par. They were defaulted on July, 1913, and the I.O.F. wrote down its holdings at Decem-