

of necessity carries a smaller commission for the agent."

The whole records of insurance companies everywhere make plain that insurance premiums could be cheapened. It matters not from what field you gather material, the yield will be the same. The largest insurance companies and the richest are in America. Let us look at their records. Well, the giant companies there have paid every death claim of the last twenty years (1877-1896) out of less than 32 per cent. of their premium income. *The premium rates of the I.O.F. would have given these companies an income sufficient to pay death claims, and still have left a decent sum to be carried forward to surplus fund.*

One of these companies, the Mutual of New York with honest zeal, issued a circular to its policy-holders, and, among other things, said:—"The ability of the company to lower its rates of premiums has been demonstrated by past experience, and we have unwillingly taken premiums in amounts quite beyond the necessities of our business for years past. . . . Why should the poor man who pinches himself to insure his life for the benefit of his family be required from year to year to pay us a sum beyond what is necessary? There has been no year in the history of the company when it could not have taken premiums upon a far cheaper scale than it has done, and even then have been able to return a respectable percentage in over payments at the end of the year." *We could not use more forcible speech than this.*

The companies of Great Britain come next in importance and magnitude. One of these, now in the 50th year of its existence, and in itself representing about half the insurance business of the nation, only used something under 30 per cent. of its premium income to pay death claims last year. Fancy a company charging such prices that it has over Kr. 36,000,000 of its annual premium income left after payment of all claims. Further comment is useless, but please note: *The premium rates of the I.O.F. would have given the company an income sufficient to pay death claims, and still have left a decent sum to be carried forward to surplus funds.*

These experiences are not peculiar to the insurance business of the countries named. The records of Norwegian companies give emphasis to the assertion that the safety of insurance would not be threatened, nor the protection of policyholders made insecure, although premium rates were greatly reduced. Let me give the data of Norwegian companies business for last year. The details are taken from the *Post Magazine Almanac*, 1898. Very probably the results will create a surprise in your minds.

Name of Company.	Tot. Prem. less re-assurances	Int. and other Income.	Claims.	Commission and Man'g. Expenses.	Other out-go, including Surround'rs.	Share-holders' Dividends.
	Kr.	Kr.	Kr.	Kr.	Kr.	Kr.
Brage.....	315,232	82,466	40,478	51,976	19,926	51%
Glensidde.....	325,783	214,157	45,771	73,711	9,229	mutual
Glitne.....	312,265	30,691	18,432	92,796	12,457	4%
Hygen.....	275,234	103,758	71,500	39,683	10,230	5%
Idun.....	1,017,968	538,221	226,495	199,435	46,435	95%

There is thus here at hand strong proof that a cheaper and yet perfectly reliable system of insurance can be devised. These records of the Norwegian companies show that only 16 per cent. of premium income was used to pay claims. That is

to say they had a premium income of Kr. 2,277,482, and the total required for claims was only Kr. 402,736. Add to this sum which has been paid in claims the Kr. 487,601 spent in expenses and add also the Kr. 98,377 spent under the description of "other outgo" and you will see that with these burdens added to the amount required for insurance, still the companies have only used Kr. 988,714 of the Kr. 2,277,482 which they collected as premiums. *The premium rates of the I.O.F. would suffice to pay all these items and still have left the companies Kr. 36,158 to toy with.* These facts, gathered from the records of world-wide insurance business, surely proved satisfactorily that premium rates are too high, being beyond what is required to provide safe and reliable insurance. Of course, I know that however conclusive of the needlessness of companies continuing to exact present rates this proof may be, it does not necessarily follow that the rates of the I.O.F. are sufficient. Yet to me the one point is as clear as the other. We have not framed our table of rates at haphazard. We are governed by all the facts circling round the insurance business. We recognize that it will take from out of our exchequer 1,000 sovereigns to pay the claim arising out of the death of a member who is insured for that amount, just the same as it would from the funds of an insurance company. We do not pretend that we can cover the risk of death at any less a rate than others. We want you to understand that we need exactly the same amount for this purpose as do ordinary companies. We also want you to understand that we are collecting from our members, even in these low premiums of ours, quite as much for the purposes of insurance pure and simple as any company needs. But we do not in our system require, nor do we favor, the collection of premiums for the additional purposes which all ordinary companies do. In point of fact, *our premium income largely exceeds our requirements.* Our death claims do not exhaust our income. On the contrary, last year we paid all claims out of 59.92 per cent. of our premium income. This fact is well known outside of our membership. We publish 150,000 copies per month of THE INDEPENDENT FORESTER, our official organ. It is brimful of the experiences of the Order, and so such facts become public property. Of course we get an occasional critic whose knowledge of affairs is limited, but whose zeal for his employers impels him to attack us, and I suppose all other opposing forces. Discretion is seldom associated with valor in such cases. The lessons which are learned by men from close study are ignored. At best these critics are the dupes of their own preconceived notions. One such, in your city, would have people believe that insurance is wholly a question of mathematics. *Insurance, pure and simple, is the application of the law of average to the distribution of the pecuniary loss, sustained by the individual among the many.*

The critic referred to seems to have a glimpse of this fact. He takes the premiums paid by \$6,292 people to pay the claims that arise out of 727 of that number that he assumes to have died in the course of the year. In taking those premiums for this purpose he illustrates the principle of insurance to perfection. Notice what that principle is when reduced to practice. It is this: A man dies. The amount he was insured for is paid. The fund from which it is paid is provided by the premium payment of the deceased and *those other persons* who are insured in the same insurance company.