OUR WATCHWORD: "First, last and all the time, a business in every respect beyond reproach."

(INCORPORATED BY THE STATE OF NEW YORK, STOCK COMPANY)

"The Company OF the People, BY the People, FOR the People."

Review of 1906 and Announcement for 1907

Bulletin No. 475-New York, December 8th, 1906.

To the Field Force

It is our custom to address you each year at the time of our annual Superintendents' Convention. Usually this is held about the middle of January, and the topic of The Bulletin is naturally the Annual Statement of the Company. This year the Super intendents meet in convention the middle of December, and obviously the record of the year is not made up, and it would be premature to set forth the progress of the Company in its business and finances. We shall have something very pleasant to say to you before we close about what you have accomplished; but our immediate object is to tell you about our plans for next year.

You have known from numerous addresses, both oral and written, what our ambition has been for years in the Industrial part of our business. You will bear us witness that our treatment of the policyholders has been one of progressive liberality ever since the present administration of the Company began. The very first year of its incumbency Paid-up policies—theretofore unknown to Industrial insurance in this country-were announced; and every year since then something has been done for the Industrial policyholders beyond any promise made in the policies. Bulletin No 195 set forth these concessions and bounties up to its date and since then the successive years have been marked by progressive gifts and benefits offered to policyholders; and this year the Company has been disbursing the enormous sum of about two millions of dollars in voluntary dividends upon non-participating Industrial policies; bringing the total amount of unpromised dividends in twelve years to about ten millions of dollars to Industrial policyholders in the form of dividends on premiums, dividends on death claims and increases of benefits upon existing policies.

We have been enabled to accomplish this work all these years by steady improvements in business methods, by steady rate and decreasing expense rate. These improvements we have announced to you from year to year; but perhaps from this very fact—their gradual, steady progressiveness—you have failed to grasp their full significance. Yet year by year we have told you our aim—to reduce expenses, to improve the death holders, and a smaller proportionate amount used in expenses.

Within the last few years our disbursements for death persons reaching age 80 after paying premiums for 15 years or claims have been so continuously and markedly less in propor- over . tion to income and our improvements in ratio of expenses shown so steady an improvement, that we thought the time had come to make a scientific resurvey, so to speak, of the technical features of the business. We have made investigations into our mortality and drawn off into various periods experience of mortality . The mortality tables our tables upon which our present tables are founded were taken from the experience of 1890-1894. Comparison of this with tables taken from the experience of other periods has shown a steady improvement in mortality. In the case of children the result is really startling. Take, for instance, age two next birthday. Our present table shows 49.3 deaths per thousand; a table 1896-1905 shows but 369; age three the figures are respectively 32 and 24.3; age five 16 and 9.8; age ten 5.5 and 3.8, and this improvement runs through the Infantile table. As to adults there is also a marked improvement.

These facts convince us that the time has come to conthat a table drawn from the years 1901-1905 shows a better exinvolved in a table of benefits is of course the expense As you know, our ratio of expense to premium income has been falling benefits for a weekly premium of three cents. for some years; this year the reduction has been phenomenal and will reach, we think, by the end of the year, three per-cent.! This alone means a, saving of nearly one and a half millions of

has been experienced by any Industrial company in the world.

issued for ten years, as you know, mainly upon Endowment tables (and with those of most of the other Industrial com-tables—Increasing Life and Endowment policies and Twenty-year Endowments forming a very large proportion, in some years for payment of premium during the whole of life, while under over 90 per cent., of our total business. One disadvantage of this table has been that it largely increased the reserve. Our children's Increasing Life and Endowment policies have been endowments payable after periods of 47 years and upwards according to age at issue. Compared with the Whole Life tables issued by other companies these have made necessary the accumulation of an increase of many millions of dollars in reserve. Unthinking persons come to the conclusion that this in the way of surrender values. Paid-up policies will be granted piles up the wealth of the Company, forgetting that along with after three years instead of five; extended insurance will be the increase of assets runs the increase of liabilities, and that granted after three years at the option of the holder; and cash the wealth of a company consists in its surplus; and completely overlooking the remarkable fact that we have deliberately kept new and attractive forms, with three pages instead of two, in down our surplus to about ten per cent. of our assets by annual order to set forth all of the concessions, making the rights of distributions of the excess of surplus earned to the policyholders the policyholders so plain that any one will be able to tell what who contributed to it. Public opinion has changed and now cares he is entitled to. And the whole contract will be expressed in more for death benefits than endowments. We are in business the policy, doing away entirely with the necessity of a copy of to please the public. We have a good deal of evidence that the application, using the form in this respect for all policies Ordinary Life and Limited Payment Life contracts are thought which we adopted many years ago for policies under \$300. preferable to Endowments. We have resolved therefore to discontinue our Increasing Life and Endowment policies, which were designed to meet the public demand formerly existing, and which were, we believe, the first tables ever really scientifically constructed for Industrial policies. Our new Industrial policies will therefore be Whole Life contracts. But we think that as to these there are signs of a belief on the part of the public that payment of premiums ought to cease with old age. It is hard adoption of the report and bills, that this restriction by law was for people to see what to any mathematician is self-evident. that in life insurance the companies are enabled to pay the policies in full on lives of those who die soon after insurance only by the receipt of premiums from those who live out and beyond their expectations; and that the apparent hardship upon those who live long is only the contribution to the unfortunate which is the essential basis of life insurance. However, it is possible of course to make tables for limited payments, and the problem is therefore to fix an age that shall not be so young extensions of business territory, by steady additions to insurinsurance where the unit is the premium and not the amount ance in force, by watchfulness in writing and taking care of of insurance) to reduce the benefits unduly; and on the other the Intermediate and Special Class policies were based upon business, resulting in a decreasing death rate, decreasing lapse hand to fix the age not so old that the benefits of the limits of stock or a non-participating loading and the dividends promised, payment of premium shall be lost. We have fixed age 75 as the if earned, were expected to be derived from the mortality. These limit of payment of premiums, because at that age we are en-abled to only slightly reduce the benefits during life and because us. The Intermediate policies were based upon our Industrial we have not received many complaints of the necessity of pay. table of mortality and were designed for Industrial risks who ing premiums up to that age. And to the occasional complaint

> Constructing a table of benefits upon these four principlesperience instead of our old; a loading proportioned to our reduced expenses; and the payment of premiums ceasing after age 75 we shall but forth for 1907 new tables in the Industrial department which are better than any company has heretofore issued and better than we have ever before this left it sale to

The most striking change is in the Infantile table, because there we substitute Life tables with payment of premiums limited to age 75 for our comparatively short Increasing Endowment tables now in use; and are therefore enabled to pay in benefits what we have been compelled to hold as reserve liability upon the endowment features

Our new Infantile tables will pay nearly as much in death benefits for a weekly premium of five cents as we have heretostruct new tables of benefits founded upon our experience of fore paid for a weekly premium of ten cents. It is of course 1896-1905; and we are confirmed in our conviction by the fact understood that the law fixes a maximum of benefits payable upon children and this we cannot exceed. We have therefore perience than that of the full decade. And it seems to us just increased the benefits at the later ages for persistence. Thus at to base these tables upon the experience of white lives; and age two at entry the benefit in case of death at age nine is \$173. to give benefits based upon the improvement which we feel cer- while the benefit at age three at entry dying at age nine is \$169, tain is permanent. How great this improvement is we illustrate and the benefit at age four at entry dying at age nine is \$165, by a few figures comparing the table upon which our present and so on. This is a recognition of the additional years for benefits are based with a table of white lives for the last ten which premiums have been paid by those entering at earlier years. Deaths per thousand; age two next birthday 49.3 reduced ages when death occurs at the same age. It follows from this to 34.7; age three 32 to 22.5; age four 21.5 to 13.2; age five 16 to large increase of benefits for five cents that hereafter no policy 9.5; age ten 5.5 to 3.4; age twenty 10.5 to 7.1; age thirty 15.7 to will be issued under the Infantile tables for a total premium age forty 19.3 to 14.3. The other element besides mortality of more than five cents. And to meet a desire for less insurance, especially in large families, we have a table with proportionate

Our Adult tables show an increase of benefits for the sam premium based strictly upon our tables of mortality. At age have imposed upon them as a duty the supervision, the content the increase is 12 1-2 per cent. over our present Life table stant help and encouragement and the education of their agents. We have made it an interest as well as a duty. dollars! We shall show a lower ratio of expense for 1906 than and nearly 18 per cent, over our Increasing Life and Endowment table. At age 20 the increase is over nine per cent. and over 23 One other element goes into the construction of tables of per cent. respectively; at age 30 the increase is nearly six per even more attractive in substance. They contain all of the ad-

our new tables payment of premiums ceases at age 75.

We have increased the immediate benefits under all of these year, to half-benefits during the first six months and full bene-

surrenders will be paid after ten years. The policies will be in

Ordinary Department.

One of the most striking results of the Armstrong Investigation was the adoption of a provision restricting expenses for the first year of the life of the policy. And what is most interesting as well as complimentary to the Metropolitan is the fact, which appeared in the newspaper discussion at the time of the justified by the experience of this company in the matter of expense as shown by an analysis of its annual reports. It is true that this Company kept its expenses almost within the limit prescribed by the new statute. But the statute is a penal one and we cannot run any risk of overrunning the limit of expense. This necessitates a reduction of commissions, but the reduction will be very much less than that made necessary by the companies issuing participating policies. This Company will not issue after this year any other than non-participating policies. In fact, in the true sense of the term we have not issued any rate, to better the policies, to distribute the surplus, so that each that "people never live to such old age," we may answer that the mortality of such a class could not be foretold. The Special could afford to pay annual instead of weekly premiums; and in 1906 we shall have voluntarily, as matter of grace, paid about Class policies were for sub-standard risks as to which the mor-2700 claims as Endowments on policies issued as Whole Life on tality could not be accurately predicted. What we undertook the Company ever made, except in 1894 and 1903. to do was to pay back to the policyholders the gain from such improvement in mortality over the expected as should be actually experienced. As participating policies are based upon a Whole Life instead of Endowments; our recent mortality ex- higher or so-called mutual loading out of which dividends are expected to be earned, we claim that our Intermediate and Special Class policies based upon a stock loading were in principle non-participating. All of our other policies in the Ordinary Department were by their terms non-participating. The law has justified us in the principles we adopted fifteen years ago, and to-day the Armstrong laws and the similar ones prepared for other States are a vindication of the Metropolitan principles in which you have been trained. We have now an experience of Intermediate and Special Class risks which enable us to prepare non-participating tables. The tables of premiums as to these policies have heretofore been completely readjusted. We think you will find them most attractive

We realize that we shall henceforth have more competition in non-participating policies. Other companies have announced their purpose to restrict their issue to this form. We have, therefore, thought it in your interest as well as our own and in the interest of the public, which is superior to both, to use a part of the reduction of commission to effect some reduction of premium. New tables have been prepared which we think will be attractive to our customers and which therefore will be profitable to you. In adjusting these commissions we have thought it only just to restore to the Superintendents an interest in them which we were compelled to withdraw a few years ago and which you remember the Vice President promised at the time to restore when we should be able to arrange it. And we have also recognized the good work of Assistant Superintendents by giving them an interest in the work of their agents. We realize that the duties of Superintendents and Assistants include the instruction and training of Industrial agents in the work of the Ordinary Department. We want all of our agents to be allaround insurance men. Our Superintendents and Assistants

benefits; and that is the maturity of the policies. When we cent. and nearly 20 per cent respectively; at age 40 the increase vantages and concessions which we can afford to give and made up our present table we were convinced that the public is two per cent. and over 13 per cent. respectively, and so on. which the public have a right to expect. The surrender values was enamored of endowments. Our Industrial business has been And in comparing these tables with our present Whole Life will be found to be generous and take the optional forms of

the understanding as they can be made. We have discontinued many plans as unnecessary. We shall issue Ordinary Life, policies in accordance with the rule we made retroactive this Limited Payment, Endowment and Term plans; and we have applied for permission and hope to issue in addition three plans which the public have stamped with their approval—namely, the Optional Life or Endowment, under a new name, the Modified Endowment with Life Option; the Guaranteed Dividend, also under a new and more descriptive name, the Guaranteed Increased Endowment; and the Reduced Premium Life under its new name, Life with Reduced Premium after 20 Years.

Gentlemen, we are entitled to say that the Armstrong Investigation was a vindication of the methods and practices of the Metropolitan Life. The Armstrong laws are in many respects a distinct recognition of the work we have done together these many years. See that you appreciate this fact to the utmost. Show that you do by making the year 1907 an unexampled year for the issue of more policies, for larger insurance, for greater gain, for less lapses and not-takens, at a less expense, at a greater return to policyholders than you have ever ione. Live up to your blessings! Show that you appreciate the reward which the Legislature has conferred upon your good work of the past! Make 1907 the greatest because the best year in the Company's history!

This Year, 1906.

You have started well. Last year, the year of the investigation, you did the largest business we had ever done. The first part of this year the paralysis which seemed, unreasonably and unnecessarily, to have fallen upon the business in general, appeared to have affected even you—even more unreasonably and unnecessarily. Finding this to be the fact, the Vice-President appealed to you in personal conference with the Superintendents in little groups all over the country; pointed out to you the facts and conclusions of the Armstrong enquiry and the results as embodied in legislation; showed you the essential approval we had received in our work in both departments, and asked you to respond to all this for the remainder of the year by making the best record you had ever made This was in May and June. It would be most ungrateful not to make this public and general acknowledgement of your response to the appeal, and on behalf of the Vice-President I give to you his personal thanks and add our official acknowledgments. The year is not yet ended and we cannot therefore tell the whole story. But for the months July to November, inclusive, compared with the same months of previous years:

You made the largest amount of Industrial increase which The agents wrote the largest amount of Industrial business,

average per man, of any of the last ten years. The average increase per man was larger than for any of

the past ten years. The ratio of lapses was the third lowest for ten years past. The number of transferred accounts was the lowest for eight years, notwithstanding the larger force of men with which we started and the larger reduction in the force we have made this year.

The collections were the best in the history of the Company! The death claims reached the lowest ratio for the last 25

years—notwithstanding the increased average age of the policyholders.

The special salary to agents averaged the largest amount in the last ten years; and yet we saved \$100,000 in the total

compared with last year. The saving in total cost in these items alone, medical fees because of a reduction in number of applications), Assistants' salaries and special salary, was at the rate of a million dollars

We may add that the Pacific Coast kept up with the procession by the remarkable feat of covering for the year the enormous lapse caused by the earthquake and is certain to close the year with a handsome increase.

In the Ordinary Department September about equalled September of last year, while October and November largely exceeded the corresponding months of last year, and December promises to be a record breaker!

And taking the last six months for comparison-June to November, inclusive—you wrote more Ordinary than ever was written by the Company in the corresponding months and exceeded 1905 by over six millions and a half; and this it must be remembered by more than 3000 less men!

Very Sincerely Yours.

John R. Hegeman.

GALT ENDORSES SCHEME MASS MEETING HEARS BECK

Only Auditor Out of Accord With "Minister of Power" Promptly and Effectively Answered.

Galt, Dec. 26-(Special.)-Moved by ex-Mayor Mark Mundy, seconded by Robert MacGregor, sr.,"that this meeting endorses the work of the hydroelectric commission under the Ontario government, and strongly approves of the Niagara power bylaw to be sub-The foregoing resolution was passed with out a dissenting vote by a mass meeting to-night in the town hall, presided over by Mayor Thomson, who had with him on the platform, Hon. Adam Beck; J. W. Lyon, Guelph; Ald. Fryer, chairman Union of Western Municipalities on Power me; Ald, J. M. Cameron, M.D., and members of the government engi-

Only one man present was out of ac- which it

scheme. Mr. Cant ventured to questions to Mr. Beek and was anwered promptly and pointedly.

Mr. Beck pointed out that no com putation of outlay such as Mr. Cant asked for could be made until it was known how many municipalities were pledged to the support of the power heme, but added that, anyway, con sideration of the point was uncalled for in view of the fact that the government staked its reputation on the figures already submitted by the engidelivery of power to all points embrac ed in the scheme, which figures, he said were already familiar to the public and showed such as would commend the power scheme to any intelligent

After referring to Port Arthur and wonderful success with its control of public utilities. Mr. Beck said, "But not going to talk public onwership you will some day."

He then proceeded to show what burden, monopolies and dual systems entailed on the people and what profit there would be in the power scheme proposed by the government.
"This use of this power," he explain-

council in any way unless they felt that the proposition the public.

Other speakers were: J. W. Lyon, and the Ottawa one of several hun-Guelph; Dr. Cameron, and the chair- dred \$1000 subscriptions. Much had man, all of whom stated their hearty already been done in promoting the

Gregor created a strong impression by headway already made by the Toronto citing an instance of the International syndicate. It was not desired, how-Harvester Co.'s location in Hamilton ever, to retain the controlling interest solely on account of cheap power. He in the company, and Ottawa was aldeclared that the future dian manufacturing industry was shares.

The meeting is a favorable augury, citizens and a relief to general tax- reached them that a bid of \$2,000,000

The Favorite Route to Montreal proposed by the government.

"This use of this power," he explained, "will not tax the ordinary rate-payer one cent, the consumer will pay for it all, and the general taxation will be lowered by the saving in cost over the present system in every utility to which it is applied."

The Favorite Route to Montreal is via the Grand Trunk, the only double-track line. Three trains leave To-tonto daily, at 9 a, m., with handsome to the government several days in advance of the stipulated time. The treasury stock is about \$1.200,-000, and of this less than half will be man sleepers to Montreal and coat to many hear the instance of the stipulated time.

The Toronto syndicate already has its money up, and it is expected that the full amount will be turned over to the government several days in advance of the stipulated time.

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PROMOTION STOCK ISSUE

concurrence in the power scheme, and syndicate, which had proved no small urged the adoption of the bylaw to be matter. The promoters' stock was to voted on in January.

In seconding the resolution, R. Maction to subscriptions, because of the of the Cama- lowed to take 75 per cent, of the

bound up inseparably with this great problem which Niagara Falls energy, thru government agency, was able to this case, had the tender not been accepted, the expense and labor of promoting the syndicate would have

of the carrying of the bylaw in Galt by an overwhelming majority, People are convinced that Niagara power is by no means entirely for manufacture out, the Toronto and Detroit syndicates could have managed the tender by no means entirely for manufacturers, but will also be a boon to private of themselves, but information had

> May Pay in Advance The Toronto syndicate already has

cord with the proposition. This was cut of ac-t which it is applied."

He said in conclusion that the object of the bylaw was merely to give power to council to treat with the governing and Yonge-streets.

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This was the said that so great a demand has been made from the inside that none of this will reach the public.

An attempt was made by an American syndicate to negotiate for the pur-

of a mililon on the tender price was not encouraged. To-day's meeting will be held in Mr.

SATISFIED.

Ottawa, Dec. 26.—A large meeting of main on the board. Cobalt Lake shareholders was held here A telegram was Cobalt Lake shareholders was held here. A telegram was received by G. F. to-night, at which a statement was Henderson, one of the directors, from en for legitimate expenses sentative on the board. The \$140,000 promoters' stock given by SALVORS OF BAVARIAN Ottawa delegates to Toronto had been received by the latter in trust for the ttawa shareholders.

After hearing the statements and the Is Thankful He is Not in Syndicate answers of a number of questions, on motion of A. K. McLean, M.P., and C. A. McCool, M.P., it was resolved "That the members of the Cobalt Lake Syndicate do hereby approve and ratify all steps taken by its appointed trustee in tendering for the Cobalt Lake property, writes to a friend in Ottawa. and also approve and affirm the course of the trustees in entering into the Pel"I have to thank you for the course of the trustees in entering into the Pel-

hase of the company at an advance was passed in the directorate. H. S. director, largely on account of what fidence in the directorate on the part the motion of approval it was decided to see if he would not consent to re-

made by the trustees as to the negotia- Sir H. M. Pellatt, Toronto, regretting tions with the Pellatt syndicate prior that there had been so much foolish to the amalgamation with the Ottawa and erroneous publicing Comen. An attack has been made on the balt Lake. Sir H. M. Pellatt said he granting of \$360,000 promoters' stock to had no desire for a position and that he Pellatt people, but this was shown Toronto did not wish to have a repre-

HAVE WRECKER'S SYMPATHY

to Save Vessel.

Ottawa, Dec. 26.—(Special.)—Thomas "I have to thank you for the inter-

McINNES WILL RESIGN GOVERNORSHIP OF YUKON

Tis Said He Will Re-Enter B. C. Politics and Be Liberal Leader,

Victoria, B. C., Dec. 26.—(Special.)— The announcement made to-day by Liberal leaders, confirmed by Templeman's newspaper, The Times, is that Commissioner McInnes will immediately resign his office to re-enter British Columbia politics, probably as candidate for his old constituency, Nanaimo City, in which case he would undoubtedly defeat the Socialist leader, Hawthornethwaite. It is the general opinion that Mac-donald, Liberal leader, intends accept-ing a judgeship shortly, resigning his mantle to McInnes, a greater natural

C.P.R. CONSTRUCTION. Line is Taken Into Bala-Big Bridge Over French River,

the fuil amount will be turned over to the government several days in advance of the stipulated time.

The treasury stock is about \$1.200, and of this less than half will be issued. It is said that so great a demand has been made from the inside that none of this will reach the public. An attempt was made by an American syndicate to negotiate for the pur-

COBA

And Save for the ment the Mark of Fresh

its appearance failed to the weakness in th significant statement ager's report was the onanza vein had show in values with depth. in values with depth.

no new innuence on it market for the inlining innuenced more by apathan by anything ease tooms. Where a shade easier, power on an the weak good, it not better, than honday spirit pervade his to a certain earning reature. The only mention occurred in several thousand shares out induencing the pric cheerful over the situating as ever that a reactivity will happen as pected.

New York Cu New York Cui Charles Head & Co. 1 ing transactions and ell the New York curb yes 11% to 12, high 12%, lo thewey, 2 to 2%, no s 3%, no sales; McKinley, at 2; Foster, 2% to 23 Green-Meehan, 1% to Bock, 1 to 1%, no sales to 2%, 100 sold at 25-1 11% to 12%; King Edwa 2%, low 2½, 2000; Sir Colonial Silver, 3%, to 14; United Copper, 70 14; United Copper, Creek, 2% to 2%.

Foster
Trethewey
Buffalo
McK'nley-Dar
Cobalt Silver Queen
Silver Leaf
Abitibi

Rothschild
Green-Meehan
Peterson Lake
Coniagas
Consolidated Mining
Canadian Gold Fields
Canadian Oil Co
Canada Cycle
British Columbia
Hayana Central
Mexican Electric
—Morning

Trethewey-200 at 1.9 at 1.95.
Silver Leaf-1000, 100 foster, xd. -100, 100 f Abitibl-400, 500 at 2 Silver Queen, xd. to-Afternoon-Silver Leaf-200, 1000

Standard Stock a

Cobalt Stocks-Cicar Lake

Gordon
Green-Meehan
Hudson Bay
Kerr Lake
McKin, Dar, Savage Silver Queen Temiscaming

University
Watts
British Columbia Min
Cariboo McKinney
Con. Mining & Smeltin
C. G. F. S.
Diamond Vale
Granby Smelter
Haternational C. & Coi
North Star
Hambler Cariboo
White Bear (non-as.)
Railways—
C. P. R.
Nagara St. C. & T.
Rio. Jan. Tramway
Sao Paulo
Toronto Railway
Twin City
Winnipeg Railway
Banks—
Ccmmerce

Commerce