

APPENDIX No. 1

Q. As I understand it, this first action taken against the company was on behalf of certain policy-holders?—A. So was the second.

The CHAIRMAN.—These proceedings on behalf of the policy-holders were dropped on two considerations principally. There may have been others, but the principal considerations were that President Burnham had given his promise to withdraw, and not be elected the following election, and \$15,000 was paid for expenses. That is what I have understood.

By Mr. Geoffrion, Counsel for the Company:

Q. Referring to the remarks of the chairman, as far as you are concerned, you know that the \$15,000 payment was a condition of stopping the proceedings referred to, but you do not know anything about a promise of Mr. Burnham to resign?—A. I never heard of that until it was alleged in a subsequent suit.

Q. Coming to the second petition, you say it was about a year after?—A. It was either the early part of 1898 or the beginning of 1895 the petition was filed before the Attorney General to begin such a suit.

Q. That application was refused?—A. Yes.

Q. And the decision of the Attorney General appears in Part 3 of the evidence, pages 64 and 65?—A. It does.

Cross-examined by Mr. Coster, K.C., on behalf of the Committee:

Q. When your company reapportioned the rates in 1895, what rate did you charge the fifteen-year class?—A. The table was the same table that had been in use—

Q. Was it the rate at attained age which you charged them?—A. The rate at the age determined by adding to the original age one-half the number of years the party had been in the company.

Q. You have already stated that after 1890 or 1893—it varies in your evidence—the age when you stopped putting new members in the fifteen-year class?—A. I do not think I have testified that we have stopped at any time putting new members in the fifteen-year class.

Q. If you did say so is it true?—A. We began the new class of ten-year members in the middle of 1890. During the two succeeding years, both systems were run, and there was considerable business written on each. There never was any formal withdrawal of the fifteen-year policy, but the number of contracts issued under that form diminished until, practically, it went out of practice, so far as new business was concerned.

Q. You are not adding any new lives to the fifteen-year class now?—A. We are not.

Q. When do you say you stopped putting new members in?—A. I do not give any date. After 1893 there were very few policies issued on the fifteen-year plan, and probably from and after that date mostly they were reductions and changes that were so issued.

Q. You would say 1892 now?—A. No.

Q. Did you not practically cease in 1890?—A. No, there were some thirty odd millions issued after 1890 in the fifteen-year plan.

Q. I am quoting from the report of the Chief Examiner of Insurance of the State of New York, dated September 20, 1889, usually referred to as Mr. Payne's report, at the bottom of page 17 and the top of page 18, I find the following words: 'In levying this call'—that is the call when you first reapportioned—'the premiums of members who became such from the commencement of business in 1881 to July, 1890, were for the first time raised to attained age.' Is that statement of the examiner correct, that they were then raised to attained age?—A. That relates to call 96, and is correct.

Q. That is correct, they were for the first time raised to attained age?—A. Yes.

Q. Were they afterwards reduced?—A. They were not.