

APPENDIX No. 1

By Mr. Coster, K.C., Counsel for the Mutual Reserve:

Q. \$380,000 in addition to the \$268,000?—A. No, in Canada, Spain and Italy, the aggregate deposits are \$380,000.

Q. Is there none in England?—A. There is one in England, but it is not exclusively as the others are, for the benefit of the business in that country. It is a general deposit.

Q. And in New York?—A. The deposit in the New York Insurance Department, \$200,000, is for the benefit of the policy-holders, wherever they may be located, the entire membership of the company.

By Mr. Geoffrion, Counsel for the Mutual Reserve:

Q. Have those foreign balances been accepted by the New York Department as assets?—A. They have been accepted by the New York Department as assets, because in the liabilities as carried by the New York Department, the liabilities those countries are charged as liabilities of the company. We are required to report to the New York Department the deposits in the several countries, and the liabilities in the countries also.

Q. Reference has been made also to the New York building of the association as an asset. Have you the papers in connection with that investment?—A. Here is the action of the board of the directors and the meetings of the policy-holders, authorizing the lease to be executed. The whole matter was covered before I became connected in any way with the company. The New York Department has valued this piece of property in 1894 in its examination, again in 1897, again in 1898, and again in 1899, and again in 1902, and the last time in 1902, it made the valuation, and certified the extract from the lease and I file that as certificate copy of the lease.

By Mr. Coster, K.C., Counsel for the Committee:

Q. What did the New York Department value it at?—A. The valuation is in excess of the lease, \$526,471.42.

By the Hon. Mr. Béique:

Q. When?—A. In March, 1902. The company is now carrying it on its books at \$490,121.72, as it charges off each year a portion of the value less on account of the decreasing term of it.

Q. This lease was entered into before you were in the association?—A. Yes.
(Lease with valuation appended produced and marked for identification.)

Q. And this was accepted as an asset to the extent of that amount?—A. Yes.

Q. In your opinion are those items assets?—A. Yes.

Q. A statement has been filed by Mr. Paterson, placing the deferred premiums for a given year at \$1,133,934.33, and it was pointed out that the percentage of deferred premiums was larger than in other companies, that those deferred premiums were all mentioned as an asset and Mr. Paterson gave it as his opinion that a greater part of it was not an asset. What have you to say as to those statements?—A. That was the deferred premiums and premiums in transit, less the loading, but it was not all admitted as an asset. The actual amount admitted as an asset was \$1,017,053.99, which would reduce the percentage to 23'69. The percentage is larger than that in other companies, and for the reason partially pointed out by Mr. Paterson in his testimony, that a considerable portion of the business of the company is still collected on the bi-monthly basis, while the majority of the business done by ordinary life companies is upon the annual basis, on which there would be no deferred premiums whatever. Where it is not done by ordinary companies on the annual basis, it is done generally by semi-annual payments, and on that there would be deferred premiums. The least that the general company have their payments upon is quarterly, and very few, if any