

INSURANCE

THE FEDERAL LIFE.

The seventeenth annual statement of the Federal Life Assurance Co., shows that the company has had a good year's business, and that its affairs continue in a very satisfactory condition. Some \$2,114,232 of new business was taken last year making the total insurance in force now over \$11,000,000. There was a decrease of 6.56 per cent in the expenses for the year. The assets increased 19.90 per cent, the surplus increased 37.92 per cent, and the reserve increased 21.41 per cent. The decrease in expenses must be specially gratifying to the management, as the tendency of late years among insurance companies has been to secure large increases in business only through increased expenditure. The large increases in the funds which go to constitute safety and security for the policy-holders, will be gratifying to those who have entrusted their business with the Federal Life.

During the past year the company decided to extend its investments in this direction and consequently a provincial license was procured for the purpose of doing business in loaning money on Manitoba real estate. It is hardly necessary to say that doubtless this step will prove of advantage to the company, and will tend to farther increase the large interest rate earned by this company in the past.

The company has been represented in Winnipeg for years and has a good business connection here. Mr. J. E. Grant the local manager, is one of our best known and most active insurance managers.

REPLY BY ACTUARY ELDRIDGE, OF THE MUTUAL RESERVE, TO THE COMMERCIAL.

The Commercial is, probably, to be commended for not making out a worse case against the Mutual Reserve, since to have done so would have required simply a further misstatement of figures and facts, and while it was engaged in making misstatements, it need not have stopped short of wiping out the association.

Misstatement No. 1.—As to assets The association has not reported its total assets as of December 31, 1898, at \$3,391,042. The statement that it has is an unqualified falsehood. It has reported that its net assets, after deducting all items of due premiums, agents' balances, furniture, premiums in course of collection, and losses paid in advance of due, amount to \$3,331,012.

These items, reported on December 31, 1897, and excluded, voluntarily, from the statement of December 31, 1898, amounted at the former date to \$1,707,721.26. Yet The Commercial compares the net assets reported December 31, 1898, with the total assets reported December 31, 1897, and say that they are one and the same thing and that there has been a decrease in the assets. The man who does not know the difference between total and net assets has not the capacity to write for ordinarily intelligent people. The man who does know the difference and still conceals the truth is wanting in integrity.

Misstatement No. 2.—As to liabilities: The association has not reported that its liabilities at the close of 1897 amounted to \$1,644,988, and at the close of 1898 to \$2,007,866. On the contrary, it reported its liabilities at the close of 1897 at \$2,330,237.04, and those at the close of 1898 at \$2,007,866.34. Thus these false figures are designed to show an increase in liabilities; while the true figures show a decrease.

Misstatement No. 3.—As to surplus: The Association has not reported that its surplus on the basis of total assets is now \$1,383,176, as against \$3,072,450.59 one year ago. It has reported that, over and above all liabilities, including every dollar of death-losses and claims made, it has in cash assets \$1,383,176.33. One year ago it reported a surplus of \$3,072,450.59 in gross assets, thus including the items which it has voluntarily excluded this year.

Misstatement No. 4.—Report of examination: The report of the examination made by the Superintendent of Insurance of New York, did not



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state that "the assets had been overstated and the liabilities omitted from the same statement." On the contrary, that report declares:

"The examination shows that the company's last annual statement was substantially correct. The variations in certain of the figures as between those contained in the report and those shown by the examination, are so trivial as not to warrant a reference to these differences in this report."

With the approval of the management of the Mutual Reserve, the examiner made up a statement showing the relation of net assets to gross liabilities and it is upon this showing that The Commercial's misstatement is based, although the writer knew that he was falsifying this record.

Misstatement No. 5.—As to business. The decrease in business written in 1898 was in accord with the policy adopted by the management not to crowd for new business during the year, and was not due to the causes alleged.

Moreover, such decrease is not pecu-

lar to companies operating on this plan, but is an incident of the fluctuation of all business. Take the case of the largest old-line company in the world. In 1873 it wrote \$56,560,598 of new business. The next year it wrote \$18,400,000 less; the next \$1,000,000 less than the preceding year, or \$28,400,000 less than in 1873.

Again in 1894, it wrote \$211,551,887 of new business, while in 1896, it wrote but \$135,679,834, or a decrease of \$75,872,053.

Again, when it reached \$305,000,000 of business in force, it began to show a decrease and it was not until five years after that it again showed as much business in force as \$305,000,000.

Misstatement No. 6.—Loss of surplus. The association does not admit a loss of surplus of \$2,000,000 or any other sum. As explained above, it showed a year ago a surplus of \$3,072,451—total assets over total liabilities—and this year it shows a surplus of net assets over liabilities of \$1,383,176, the net assets being arrived at by excluding from total assets over \$1,700,000 of items included one year ago. The writer of the article in The Commercial knew this and wilfully withheld the facts.

Misstatement No. 7.—That healthy lives are withdrawing; the lives that have withdrawn have decreased the average age of the membership and the average death loss. The statement that the death-loss is increasing is false, the death-loss of 1898 having been over \$400,000 less than that of 1897.

The Mutual Reserve made a statement to its members this year on a new basis, and showed that it could without a dollar of additional income, meet every claim made and liability outstanding, and still have \$1,400,000 of cash left. It might have added to the resources thus shown good assets that would have more than doubled this surplus, for every dollar so added would have increased the surplus, since the statement had included every dollar of possible liability.

It made the statement in this manner, so as to show the absolute soundness of the institution under any and every possible and impossible contingency. The excluded items are coming in in cash daily and the members have the benefit of their value as added security. The form of statement made has received the commendation of members, insurance officials and the reputable press. It has remained for one publication, by the distortion of facts and the falsification of figures, to attempt to turn that which is an evidence of strength into an apparent indication of weakness. An intelligent and decent public, when the truth is once placed before it, will have little patience with such methods.

THE MUTUAL RESERVE.

We republish this week the letter from Geo. D. Eldridge, vice-president of the Mutual Reserve Fund Life association, in reply to a review of the financial statement of the association, which appeared in The Commercial of February 18. The figures given in The Commercial were from the Dominion government blue book for the years 1896 and 1897, and from the advertisement of the association as it has appeared in several publications for 1898. The figures in The Commercial were therefore given as prepared for publication by the officials