

one dollar at any given rate of interest. Having obtained the single premium rates, and the annuity rates, the insurance in force in any society can be put to the test of a valuation. Errors in the amount of surplus on hand can therefore be detected and corrected while still within the range of cure. Having found the commutation single premium, the annual premium, and the annuity value of one dollar, at a given rate of interest, say 4 per cent. on the decrement method, or on the death and lapse rates combined, the valuation can readily be made. It is now an easy matter to find out the value of the future contributions of the members of the society. It is also easy to determine what the present value of the future claims amount to. The present or future premiums, added to the surplus on hand, must equal, at least, the present value of future claims. If the present value of future claims is greater than the sum of the surplus and the present value of future premiums, then the surplus is not sufficient, and should be raised by making a call upon the members. The real question is not that there is a large surplus on hand; but the other, and entirely different question, is the surplus on hand the proper one to hold? There are societies in existence with large memberships, and a large apparent surplus. This surplus is large enough to give these societies the appearance of stability, and yet wholly insufficient for the purposes to which it is being applied. Assessments will have to be made thick and fast before long, or these societies must go out of existence. There is no middle road.

In the fraternal insurance societies of Canada and the United States, there are hundreds of thousands of members, carrying billions of insurance, and paying in and out millions of dollars, and yet no valuation. Many of these great organizations are drifting along, regardless of all the admonitions of science and experience. Others, again, are making an effort to place their business on a sound basis. In some societies the plan is so radically wrong that nothing can be done with it but discard it altogether for a correct one, if it be not too late now to make the change. In an ordinary death assessment society, no valuation can be made of the business, as there is no fixed premium to serve as a starting-point for such. Money is called when required, and paid out when it comes in. There is no surplus on hand, and no fixed premium to take stock by; but, like a rudderless ship, the society is drifting away, until it strikes the rocks, and becomes disorganized and defunct.

Still another foolish device for the creation of a surplus is being tried in some quarters. It is that of setting aside a certain portion of the post mortem death assessments as a reserve fund. But this plan will not keep down the death-rate; and when this becomes twelve or thirteen per thousand, some of the surplus will be used in paying claims. In