

ASSESSMENT LIFE INSURANCE

Demand Shows Decrease—Death Claims are Increasing—Year's Record Shown in Tabular Form

By W. H. ORR

Another year's record of the operations of the assessment life societies has been compiled, and it may now be seen how this compares with the record of previous years. We will give, herewith, a compact view concerning all the societies doing business in Canada, embracing not only those which confine their operations to this country, but also those deriving the major part of their business from foreign countries. Prominent among the latter are the Independent Order of Foresters, Toronto; the Royal Arcanum, of Boston, Mass.; the Maccabees of Detroit, Mich.; and the Knights of Pythias, of Indianapolis, Ind. How those four strong societies have fared, of late, in the matter of growth or decay, is shown by a statement of their dimensions, a few years ago, when their death losses were comparatively light, and their dimensions at present, embracing a view of the much heavier mortality with which they are all now afflicted.

The full figures for these four associations will be found close to each other, in the centre of the more comprehensive statement, which embraces nineteen societies. But for more careful study, we give, herewith, as statement of the condition of these four prominent societies, in the year ending December 31st, 1906, and that of December 31st, 1912, as follows:—

Formerly.			
Name.	In Force.	Deaths.	
Independent Order Foresters ...	\$258,695,000	\$2,163,718	
Royal Arcanum	514,530,500	7,704,486	
Maccabees	357,470,290	2,977,180	
Knights of Pythias	125,445,000	1,593,269	
Totals	\$1,256,140,790	\$14,438,653	

At Present.			
Name.	In Force.	Deaths.	
Independent Order Foresters ...	\$241,410,129	\$2,466,257	
Royal Arcanum	482,516,863	8,164,659	
Maccabees	331,972,046	3,711,476	
Knights of Pythias	99,282,006	1,624,497	
Totals	\$1,155,181,044	\$15,966,889	

more favorable mortality than was being experienced through connection with the State lodges of Indiana, Nebraska, Virginia, Mississippi, Missouri, Alabama, etc. For a time the seceders certainly did gain, and many new members were obtained. The inducement was that the death losses could be met by a yearly assessment of \$7 per \$1,000; and, as \$2,000 was the regular certificate, this was very cheap insurance while it lasted, and especially so in the case of elderly men, not exceeding age 44.

Will Go Into Operation May First.

This mistaken idea of carrying fathers and sons at a uniform rate, continued with slight alteration in 1897, until 1905, when a more sensible, or graded system was adopted for all new entrants.

Under this new system, the young man of 18 would pay 74 cents, while his father, aged 44 would pay \$2.05 per \$1,000, at each monthly assessment. But here a mistake was repeated, in that all the old members were required to change to this graded rate, not upon their then attained ages, but upon the ages of 5, 10, or 15 years previously, at which they had joined. Consequently while new members would be paying a rate properly due to say, age 27 at \$1.02 per month, per \$1,000, the old member, who joined at age 27 long years ago, and was now, say, 43 years old, would be only paying the same age 27 rate of \$1.02, whereas he ought to be paying \$2 to the new-comers' \$1.02 each month.

This inequity could only end in one way, if allowed to continue to a natural conclusion. The error was only seen by the managers after it had become too late to rectify it on proper lines. Thousands of the old members had died, or had left the order without paying up, and hence a loss which no subsequent action could repair. And to make matters worse, a provision was adopted under which every member reaching 70 years of age could cancel his certificate and withdraw, in cash, one-half of all the money he had paid in. Only recently have the officers decided to do something towards rectifying the original error of rating the old members upon the ages at which they entered, instead of upon the attained ages.

This step was met with much opposition, but is to go into operation after the 1st of May.

Need of Reserve Fund.

The record of the United Workmen appears near the head of the following table respecting all the societies doing business in Canada. It follows that of the Ancient Order of Foresters, and makes a marked contrast with that society, in the "Assets per \$1,000." The reason of this is that the Ancient Order of Foresters maintains an adequate "reserve fund," just like an ordinary life insurance company, which fund is now \$140 per \$1,000, where the Ancient Order United Workmen had, a year ago, \$28.14, and now only \$20.04. Its \$1,597,023 of a year ago has dropped to \$1,022,955, and is growing less and less as each month's demands are met. Its death losses of 1903 were only \$742,800, and now, upon a much smaller business in force, have grown to \$1,491,811 during the year 1912.

In the following statement figures are given for each society as found in the chart published by the Bulletin Company, of Toronto. It will be noticed that the results for two years when assessmentism was flourishing, are first given, and then for the last two years, 1911 and 1912, so that the conditions may be compared:—

Assessment Life Insurance Associations Doing Business in Canada.

Name of Society.	During Years.	Insurance In Force.	New Insurance Taken.	Insurance Terminated.	Claims Paid.	Net Assets.	Assets Per \$1,000.
Ancient Order of Foresters	1908	\$1,749,519	\$ 601,321	\$ 236,710	\$ 5,237	\$ 153,098	\$ 87.50
	1909	1,787,952	377,281	334,848	15,722	178,650	100.00
	1911	1,966,976	265,115	193,670	10,984	254,200	129.18
	1912	2,152,753	401,383	215,606	6,954	302,022	140.00
Ancient Order United Workmen	1903	72,388,500	3,715,000	3,527,000	742,800	447,377	6.18
	1904	69,471,500	1,852,000	4,769,000	868,069	539,742	7.77
	1911	66,770,500	1,424,000	2,706,300	1,082,952	1,597,023	28.14
	1912	51,063,450	389,000	6,096,050	1,491,811	1,022,955	20.04
Canadian Order of Foresters	1903	52,898,000	7,093,000	2,986,392	268,607	1,553,347	29.46
	1904	57,175,000	7,175,000	2,898,000	343,767	1,793,026	31.36
	1911	82,797,000	8,725,000	4,030,000	500,570	3,019,440	47.34
	1912	86,978,000	8,515,500	4,336,000	508,951	4,377,911	50.33