

years has shown that during the worst epidemic periods the death rate has rarely exceeded the general average, and that an addition of one per cent. to the ordinary rate would be a large allowance. As to the excess of expenses above the amount provided for, it should be sufficient to say that any company, which for any considerable period pays out more for getting and caring for the business than is provided for in the mathematically computed premium, is doing an illegitimate business, and is not entitled to classification with sound life insurance institutions.

The fact is that safety demands only the retention of such an amount of surplus as will enable the company to pay its obligations promptly in case of temporary decrease in asset values, or to provide for a slightly higher standard of reserve, if it should chance to be required a half dozen years hence. Does anybody, blessed with a knowledge of the actual requirements of the business, and familiar with the simple uses of a surplus in life insurance, believe that the thirty odd companies included in the above figures have any need for holding nearly \$150,000,000 to meet "unforeseen contingencies"? Of course we understand that four of the large companies and a few of the smaller have a large tontine business in the aggregate, and that a part of the above surplus is held for distribution at the end of future tontine periods; but allowing for all this, what use have the companies for more than a hundred million under the name of surplus? The holding of such a sum, flexible so far as its appropriation is concerned, is a great temptation to the company managers to use it for "building up new business" at the expense of the old policyholders. The fact that while fifteen years ago the dividends paid to policyholders were from 20 to 25 per cent. of the premiums, the average of the American companies for the past two or three years has been about 8 per cent. ought to count for something in a consideration of this question of surplus. Some of the present surplus ought to be put where it belongs, viz., in the pockets of the policyholders who created it.

#### WHOLESALE GRAVEYARD INSURANCE IN SOUTH CAROLINA.

By the courtesy of a subscriber and correspondent at Raleigh, N.C., we have been furnished with a file of the *News & Observer* of that city, containing a full report of the Beaufort graveyard insurance conspiracy trials. As our correspondent was successful "in unearthing the most extensive and vilest conspiracy to defraud insurance companies ever known," and in bringing the culprits to justice, he is eminently deserving the thanks of the community and the especial gratitude of all interested in insurance. The case has features which make it quite unique. Although the particulars do not "adorn a tale," they certainly "point a moral," which cannot be too seriously considered by life insurance companies. The special feature of these frauds is that they were conducted and carried out by a firm of insurance agents, who, with the assistance of a physician and a canvassing agent, organized a conspiracy to

rob a number of life assurance companies, in which crime they secured also the assistance of several friends. The names of the chief conspirators are worthy of record. The insurance firm consisted of Levi T. Noe, J. C. Delamar, S. D. Delamar; T. B. Delamar was the physician, and David Parker the canvassing agent, who acted as the Jackall of the gang. Their mode of operating was revealed by this man Parker, under examination in Court. He stated with almost brutal frankness. "I used to go out and get the poorest risks I could. I wanted good subjects for life insurance,—those, I mean, who would not live long." This puts quite a new aspect on what constitutes a good risk, and should be considered by actuaries who seem to have overlooked this view! This ghoulish agent went about, like another busy character, seeking whom he could insure, so as to turn their early deaths into money for himself and co-conspirators. He seems to have showed excellent judgment in the selection of "good subjects." One of them was a beggar, a pitiable creature from disease and poverty. This mendicant invalid was insured by the firm in companies they represented for \$10,000, the policies being so made out as to bring the proceeds into the conspirators' pockets. Several chronic sufferers from disease were also insured without their knowledge, the applications being signed by one of these operators. One Ella G. Rountree, a hopeless consumptive, was insured for \$17,000, and died in a few months. Policies were hawked about the streets of Beaufort, and sold as freely as pork. People first learnt they were insured by hearing of it from neighbors. Men and women 70 to 80 years of age were passed as from 45 to 50. The canvasser coolly said of one case: "I assured her for 45 to save premiums; when a person is 70 and is put in as 50, it saves money!"

The companies victimized by these scoundrels were: the Mutual Reserve Fund, the Bay State Beneficiary, the Massachusetts Benefit, the National Life of Hartford, the Life Insurance Clearing of St. Paul, who engaged Mr. J. W. Hinsdale to conduct the prosecutions.

Eleven separate bills were found against them, and all the accused were convicted, except three, who "turned Queen's evidence," or, as is said in the States, "submitted." It is only too evident that the methods of writing policies which allowed such coarse, daring, transparent frauds to be perpetrated need to be reformed. It is exceedingly gratifying to learn that, after all their scheming and criminal ingenuity, the conspirators will, in a financial sense, "come out at the thin end of the horn," and, we hope, by this time are safe in a penitentiary. The Judge who tried the cases said: "There has never been, within my knowledge, in the criminal annals of our whole country, a more gigantic conspiracy than this. Nobody had any conception of the degree to which this rascality had gone."

Our esteemed contemporary, *Money and Risks*, is thanked for his courteous reference to the Proprietor of this Journal. He is, however, somewhat astray in announcing our appointment as Vice-President of the Toronto Street Railway Company.