number of years that it would take a person paying $8.20 annually to provide himself with a $1,000. For we do not suppose there is, outside of our asylums and the editorial rooms of the *Monetary Times*, an individual in Canada having enjoyed the advantages of an education in our common schools, who would not take into consideration in such a calculation the question of interest. The *Monetary Times'* contention is, that a member of the I. O. F. joining the Order at 30 years of age would have to live 133 years before he would pay in enough to provide his family with a $1,000. In this calculation the

QUESTION OF INTEREST IS UTTERLY IGNORED.

The great bulk of the funds of the I. O. F. is invested at from 5 to 6 per cent. A very large proportion of this is compounded every six months, so that we shall be quite within bounds if we compute the interest at 5 per cent. compounded annually, which would give us at age 70, or in 40 years $1,014.72, instead of taking 133 years to provide a $1,000, as stated by the *Monetary Times*.

With regard to the question of "lapses," I cannot do better than to quote the following, which appeared in a former letter of mine written a year or so ago in reply to a similar attack made upon the I. O. F. at that time by the *Monetary Times:*

"THE QUESTION OF LAPSES

noticed in your letter is so important a factor in the business of insurance, that any conclusion which may be reached in any matter of this kind, wherein that factor has been left out of consideration, must be utterly fallacious. For not only do insurance companies make a large profit out of lapses, but what is even of greater importance to them and to the I. O. F., is the fact that by reason of lapses and the constant addition of new blood, by the admission of new members, companies and societies, practically renew their membership every eight or ten years, thus keeping down the average age of the membership, and keeping the membership always within a few years of the medical examiner's hand, thereby keeping the rate of mortality way below the figures of the *Monetary Times*. Notwithstanding the *ex cathedra* statements of the *Monetary Times* that in "ten years we will have a stiff annual deficit to meet," during the last eight years that the Order has been under the present administration there never has been a year, hardly a month, in which we did not show a substantial gain in our surplus funds. In the light of our experience, therefore, what must we conclude of the remarks of the *Monetary Times* that "the losses do not come up to the tabular rate, usually (*sic*) until the second five years is entered upon?" Why, either that our experience is *unusual*, which it is not, else that the writer of the *Monetary Times* is

GROSSLY IGNORANT

of the subject he is writing about, or he is something worse. You know that we have entered on the *third* period of five years, and as it usually happens to every live society or company, we are piling up the surplus faster than ever, notwithstanding the rule laid down that when the second five years is entered upon that "there and thereafter the evil effects of lapses, or selection against the society, commences to be felt, and just to the extent that this goes on does the death-rate run higher than what the American Experience Table provides for." Our death-rate for the past seven months has been less than four in a thousand, notwithstanding the "evil effects of lapses."

How does the experience of any line Insurance Company stand with the statement that after the second period of five years is entered upon, the mortality must begin to run higher than in those laid down in the experience table.

I have just pointed out that this is

NOT TRUE OF THE FORESTERS.

Let us inquire if it is true of any good Live Insurance Company or Society.

Take the *Ontario Mutual*, which began business in 1870. In 1888, after it had passed the major portion of the third period of five years, it had 8,700 members, and 55 deaths for the year ending 1888, thus making a rate of mortality of only 5.5 in a thousand. It collected in premiums alone $337,214, and only paid for losses $61,700, while its expenses were $71,934, that is to say, *that for every dollar paid to the widows, more than a dollar was disbursed for expenses*. The experience of this Company, therefore, does not, by any means, bear out the statements of the *Monetary Times*. This Company in its 19th year could have paid all its losses and all its enormous expenses out of one-half of its premium income alone, and still have laid by $69,946 in its reserve fund. It could, therefore, have paid all its losses and its enormous management expenses out of the rates of the Foresters.

Let us next take the Confederation Insurance Company. This Company began business in 1871, and its death-rate in its 18th year was 6.9 in a thousand. Its premium income was $510,582, and it paid in death losses, matured endowments and annuities, $142,254. For expenses and dividends to stockholders it paid $136,802, being nearly $1.00 for management expenses and dividends for every dollar of losses paid. Suppose this Company had been as

ECONOMICAL IN MANAGEMENT

as the I. O. F. and spent only $20,000 for management expenses instead of $136,802, this Company could have paid all losses and expenses out of one-half of its premium income alone, and have had $182,074 left over to add to its surplus.

Now let us look at one of the older companies and see whether its experience gives any different testimony. I refer to the Canada Life, which began business in 1847, or 42 years ago. We find that in 1888, when it had entered the ninth period of five years each, it received in premiums alone $1,250,729. It paid for death losses, matured endowments, and annuities the sum of $422,347.61, and for expenses and dividends the sum of $162,325.78, so that this Company could have paid all its losses and an immense sum for management expenses out of its premium income alone, and still have had left $576,057 to carry to reserve. The experience of this Company also contradicts the statements of the *Monetary Times*.