A moment's consideration will show that the method of rating up lives a certain number of years, provides for an increasing extra mortality. This plan is only satisfactory in certain cases where an increasing extra mortality is expected, and it is now very seldom, if ever, used in Canada or the United States.

So far as we in Canada are concerned there are but two methods generally in use for the acceptance of sub-standard lives. The first is that of changing the plan of insurance; the second is that of imposing a lien. We might add a third which is simply a combination of the two just mentioned.

A method now used by at least one of the big American companies is that of issuing policies to sub-standard lives at the regular with-profit rates of premium, but the policies are placed in a special deferred dividend class. The profits, which will be paid on those policies, will depend upon the rates of mortality experienced by the policies in that class. Needless to say, the formation of a special class for sub-standard lives would only be feasible where the business of the company was sufficiently extensive to warrant there being a sufficient number of lives in the special class to give average results.

I might give some actual examples of the application of the lien system, or of changing the plan of insurance, but the two or three cases I have mentioned will illustrate the principles to be followed. The amount of lien to be imposed in any particular case can only be learned by experience, and is, to a great extent, a matter of guess-work. We have not at the present time any statistics to tell us just what extra rate of mortality we may expect in every case of doubtful family history, etc.

It may be well to point out that, while the imposition of a lien will cover some cases, and the changing of the plan will allow us to accept other cases, still, the imposition of a lien is not equivalent to changing the plan, nor *vice versa*. If a man applies for a whole life policy, and the medical board offers the applicant his choice of a whole life policy subject to a lien of 50 per cent. of the face of the policy, decreasing by 2 1-2 per cent. for twenty years, or a twenty-year endowment policy without any lien, one of the offers would be improper in most cases. If the extra mortality is expected in the early policy years, the life policy with the lien covers the case; for if death occurs in the early years the lien is deducted from the face of the policy when paying the claim, and if the insured lives beyond the ages when the extra mortality is expected, the policy will then be free from debt, and on the same footing as any similar policy granted to a first-class life. The twenty-year endowment policy does not cover an extra mortality in the early policy years, as the