Methods used for securing business were gone into, and under this Mr. Burke told about commissions and bonuses given to agents. They had at one time arranged a plan to have head agents organize territory more thoroughly, but no one had succeeded in gaining the special bonus offered.

There was no compensation to agents and no rebates had been given. The company prohibited rebates and had a clause to that effect in agents' contracts. The matter was sometimes discussed, but no encouragement had been given; indeed, they were altogether opposed to this method and whenever the subject had been brought up the agent was always reminded of the forfeiture clause. Mr. Burke said that the company never sanctioned rebates. He, personally, considered it a pernicious practice.

Mr. Burke told of the company's peculiar experience in death claims. The number had been larger than expected, and a peculiar feature was that the big policies terminated. As an instance it was stated that while in 1901 the average policy amounted to $1,300, death claims averaged $2,857.

This state of affairs had continued and the company was faced with unthought of mortality. It being suggested that there might have been some error in the tables on which the company's business had been calculated, Mr. Burke said no, but explained it would be impossible to get the same average in smaller companies with the lesser number of lives exposed. The tables were computed on large numbers. The experience was that in a young company the mortality would probably be either very large or very small. No money had been paid in to help out these impairments.

Mr. Burke added that another matter which told against them was that the number of deaths due to accident was very large. The risks were all good ones, and most of those had been insured in other companies.

The impairment of the capital was a result accounted for by the above experience, and was a condition consequent to all young companies during their earlier years.

Questioned as to dividends, Mr. Burke said that no shareholders or policy-holders had yet received profits.

Provision for change of reserve was mentioned, but as this does not become effective until 1910, Mr. Burke said that they would wait until the time arrived, so that the insurance then in force could be considered.

### RESERVE NEEDS FULFILLED.

The amount of reserves placed annually aside is equal to that required by the Act.

No person in the office receives commission on policies.

This reply was made by Mr. Burke, when asked if he had received any commission.

Rates and reserve estimates were taken up, and the readjustments made by the company were explained, leading plans were gone into, and it was shown that deficits existed over a period of years.

Some forms of annuities made by the company were gone into.

These proved to be practically loans, the company giving interest at 3½ p.c. While Mr. Tilley considered it hardly insurance, Mr. Burke answered that it was a good investment, and so the matter ended there.

The prospectus' issued by the company at organization were produced, identified and filed.

Mr. Burke admitted that these documents said nothing about impairment of capital, but, he added, there was nothing said as to when dividends would be paid.

Out of 22 Canadian life companies which have appeared before the commission, 17 had received special funds of this kind in some form, while the Royal-Victoria, with four of the older companies, had not received $1 of moneys in any shape or form. The premiums on insurance for the first year of the policy not being sufficient to maintain the reserve, the capital account is drawn upon during the earlier years to provide the stringent reserve required under the Insurance Act. The reserves held by the company are fully up to the Government requirement.

Mr. Burke stated that the question of re-organization of the capital was under consideration based on an amendment to the charter, so that the company might adjust its present capital and reissue shares at a premium. The company has deposited with the Dominion Government over $250,000 in first-class Government and municipal securities, although it is only required to deposit $50,000.

This finished the investigation in Montreal.

### INDEPENDENT ORDER OF FORESTERS.

The commission resumed the enquiry into the affairs of the Independent Order of Foresters in railway committee room of the House of Commons on the 5th inst.

Mr. James W. Bettes, managing director of the Ontario, Manitoba and Western Land Company was the first witness. He was examined by Mr. Tilley. The witness stated that he was manager in 1903. In August of that year his company sold to the Union Trust 40,000 acres. The land had been purchased from the Canadian Northern Railway. The price was $3.75 per acre. It was in the following month that the sale to the Union Trust was made after negotiations conducted by himself. One director was common to both boards—belong-