

## APPENDIX No. 1

*By Mr. Geoffrion, Counsel for the Mutual Reserve Company:*

Q. Referring to the charge that has been made to the effect that the association had a list every year of scaled down or compromised policies, while other companies have no such list, have you any statement to make as to the obligations of those other companies?—A. Included schedule of scale or compromise claim in the report to the Insurance Department is a special provision of the New York law relating to assessment companies. It is not required of legal reserve companies, and the same may be said of the list of death claims paid. That is required of assessment companies, and not required of other companies, but those schedules are never printed in the official reports of the department, so that the only way in which one can obtain those schedules is to visit the department and inspect them, or get a certified copy from the department so that it would only be by visiting the department, and inspecting the reports of other companies or sending to the department and getting a copy of them that one could know whether other companies reported compromised claims and to what extent they did so; but they could not obtain that information with regard to a legal reserve company because it is not required of a legal reserve company.

Q. And as to the others, the printed report does not show it?—A. As to the others the printed report does not show it.

Q. So there is no possible basis of comparison?—A. No.

Q. As a matter of fact, does not every company compromise and scale down claims?—A. Every one with which I have any acquaintance.

*By the Chairman:*

Q. The question is what proportion?—A. That is something you cannot say.

*By Mr Geoffrion, Counsel for the Mutual Reserve Company:*

Q. You have heard statements made by Mr. Pendelton that were made declarations of a solicitor of business that were made to him concerning transfers from the fifteen-year class to the ten-year class?—A. I was present and heard him.

Q. As a matter of fact, can you give us the policy and instructions of the company to its agents? Was it to discriminate among the fifteen year people or to get the whole of them?—A. To do all that was possible to get them all transferred to the new plan.

Q. All of them?—A. Yes.

Q. Indiscriminately?—A. Indiscriminately.

Q. No new examination was required?—A. There was largely a new examination required, but it was the determination of the condition of the risk, and we reserved the right in connection with impaired risks to place them at an age for the purpose of transfer if we desired, if it was deemed for the interest of the company, but the effort was made to transfer just as largely as possible the fifteen-year class to the ten-year class.

Q. Was any policy-holder of the fifteen-year class refused transfer?—A. They were not refused transfer. They were given the privilege of transferring at a rate age in view of attained age.

Q. Was there a medical examination?—A. Yes, a medical examination was taken for the purpose ascertaining whether we should transfer them at the regular rate or at a rated age.

Q. But they were admitted anyway?—A. Yes.

Q. And the more transfers the agents could get the more commission they received?—A. Yes.

*By the Hon. Mr. Sullivan:*

Q. What commission did you give?—A. Where a policy had been in force five years, we gave the same commission that we gave on new business. Under five years, we gave half the increase in the premium for one year.