

ASSESSMENT LIFE INSURANCE.

Another Year's Statistics of Life Companies Which Conduct Their Business on the Assessment Plan, Affords Practical Lessons.

Another year's experience is now available in the history of the attempt to furnish reliable life insurance in Canada on the assessment plan. No serious disaster has yet come, in Canada, to any native society, since the collapse of the (1) Canadian Relief Society, of Toronto, and the (2) Masonic Mutual Benefit Association, of London, both in 1894; the (3) Provincial Provident Institution of St. Thomas, in 1896; the (4) Select Knights of St. Catharines, and also the (5) Colonial Mutual, both in 1898. These were native enterprises. In addition, there was the famous (6) Mutual Reserve Fund of New York, which, in 1902, attempted to change its \$10,263,737 of Canadian business from the assessment to the regular plan (as well, also, as its U. S. business of \$135,358,627), and which is now being wound up by a receiver, both here and in New York. Also, the great (7) Massachusetts Benefit Association, which, with its \$112,568,780 (\$10,558,500 of it in Canada), went into liquidation at Boston in 1894. Nor must we omit the (8) Covenant Mutual Benefit, of Illinois, whose Canadian branch went into a receiver's hands so recently as May 29th, 1900, at Toronto.

Average Life Was Thirteen Years.

The eight societies we have just mentioned had, in their most prosperous single year, a total insurance in force upon Canadian lives, of no less than \$77,760,188; and, in their heaviest year of income and outgo, received a total of \$1,150,080 in assessments, and paid \$743,300 in death claims, and about \$220,717 in expenses. They lived an average of thirteen years, varying from three to twenty-five years.

During their short life-time, they collected in assessments, chiefly from citizens of Ontario, the large sum of something over nine millions of dollars, and paid out, in death benefits to Canadian widows, somewhere about seven millions. They also handed out an immense number of disappointments when they "pulled up stakes," as the saying is, or "gave up the ghost." It is not known, or charged, that their chosen officers were dishonest, or that any of them retired wealthy.

The increase of the deaths, and the failure to show a reasonable increase of assets adequate to the increasing age of the membership, together with, in most cases, an increase of the monthly assessment calls, frightened out the younger and healthier members, and prevented the hoped-for addition of new blood.

When the Stampede Came.

Once the stampede commenced the end came quickly, notwithstanding the showing, now so much relied upon, of a small increase in the assets or surplus per \$1,000 of insurance. Among the eight, at the time of collapse, we find such amounts per \$1,000 of insurance as \$21.60, and \$26.46, and \$10.70, and \$19.43, and the Masonic Mutual Benefit, of London, Ont., had \$38.14, and the N. Y. Mutual Reserve had no less than \$44.87. Very few of the going societies of the present time have larger accumulations per \$1,000. The Royal Templars have \$39.44; the Sons of England have \$17.46; Sons of Scotland, \$55.56; Woodmen, \$23.37; Royal Arcanum, \$13.33; Maccabees, \$27.09; Knights of Pythias, \$37.63; the I. O. F., \$60.07; Chosen Friends, \$26.18; Oddfellows, \$34.38; United Workmen, \$25.85; and Canadian Foresters, \$43.28.

Are They Sufficiently Strong?

In all cases the foregoing accumulations are believed to be very far below what they should be, to render the societies sufficiently strong to withstand a general lack of confidence occurring, such as led to the early undoing of the eight societies which collapsed in Canada, between 1894 and 1900. Nearly one hundred millions of so-called life insurance vanished during those few years, from the books of that unfortunate octavo of promising enterprises. Many thousands of families were robbed of the provision their natural protector intended to have left them at his decease, because he built his hopes upon a foundation of shifting sand.

The cord by which the members of an assessment society are held together is sometimes termed a mere "rope of sand." It has some holding power upon the aged and those of impaired health. They will submit to increased assessments, and will often use their influence to increase the membership, even when it has become plain to observing people that the structure is falling to pieces through the younger and healthier members quietly withdrawing, almost by wholesale.

Some Illustrative Statistics.

In order that a view may be had of this process, even in the case of some of the associations regarded as among the strongest, and with even millions of dollars in their treasury, we give below a few figures comparing the present state of certain societies, as to membership, and as to death losses, with their own previous record, of not many years

ago. Despite all the new members taken in during two to five or more years past, the total insurance is growing less, the new entrants becoming alarmingly fewer, and the death losses nearly doubling what they were when the membership was even larger than during 1900:

Name.	Years.	In Force.	New Issue	Deaths.
A. O. U.	1900	\$58,472,800	\$2,524,000	\$953,737
Workmen	Formerly	72,200,500	5,146,000	612,921
Ind. Order	1900	239,241,845	14,239,129	2,199,864
Foresters	Formerly	264,960,142	31,145,785	1,543,339
K. of	1900	334,975,426	25,716,000	3,248,660
Maccabees	Formerly	430,306,800	90,716,500	2,208,510
K. of	1900	111,365,000	18,267,000	1,908,000
Pythias	Formerly	125,445,000	19,740,000	1,465,500
Royal	1900	493,306,529	26,002,500	7,655,339
Arcanum	Formerly	680,848,000	58,575,000	6,277,068
Sons of	1900	5,697,637	554,750	56,500
Scotland	Formerly	5,871,500	1,100,500	33,833

Changes Have Occurred.

Arranging the foregoing figures by totals, the immensity of the change in a very few years, in the case of these six of the more prominent associations doing business in Canada, can be the more clearly seen:

Years.	Am't. in Force.	New Ins.	Death Losses.
Formerly	\$1,579,631,942	\$206,416,785	\$12,142,170
In 1900	1,243,059,237	89,303,379	16,022,100
Differences	\$336,572,705	\$117,113,406	\$3,879,930

It is proper that we should here give credit to a very handy annual publication by the office of The Bulletin, Toronto, entitled the "Assessment Life Insurance Chart," which should enjoy a very large patronage among insured people, and especially those who pin their faith to the assessment principle. From that chart we also take the following statement of the present membership, showing the number joining and terminated during 1900; also the net assets accumulated, and the amount of the same per \$1,000 at risk both now and five years ago. This statement embraces the whole list of 19 associations now operating in Canada, and means their entire business, though most of it, as in the case of the Knights of Pythias, Maccabees, Royal Arcanum, and I. O. F., is obtained in the United States:

Name.	Members.	New.	Dropped.	Assets.	Per \$1,000
A. O. F.	2,024	467	397	\$178,650	\$100.00
A. O. Workmen	38,558	3,106	2,362	1,511,483	25.86
C. O. Foresters	73,985	7,369	3,682	3,209,900	43.28
C. O. Oddfellow	4,512	993	1,436	108,849	24.31
Catholic Foresters	137,479	10,148	7,180	2,082,051	13.97
Catholic Mut. Ben.	21,302	1,304	1,194	483,933	17.86
Chosen Friends	36,042	5,327	4,258	863,793	26.18
Commercial Travellers'	2,015	166	117	50,409	25.02
Home Circles	19,731	1,593	1,096	287,712	10.95
I. O. F.	233,030	18,516	25,202	14,371,593	60.07
Knights Maccabees	269,014	26,451	29,454	9,076,788	27.09
Knights Pythias	74,006	14,309	18,060	2,785,170	37.63
Odd. F. Relief	24,157	2,390	1,162	783,220	26.83
Orange Order	4,758	526	421	32,564	6.78
Royal Arcanum	242,928	17,731	15,054	6,575,492	13.33
Royal Templars	5,295	376	392	236,077	39.44
Sons of England	4,320	153	91	75,439	17.46
Sons of Scotland	7,418	912	1,329	310,880	55.56
Woodmen	11,186	1,282	882	278,595	23.37

Average assets per \$1,000 of insurance

\$31.31 \$18.21

Was A Big Mistake.

The significance of the increase of assets during the past five years is that the officers of assessment societies have all become convinced that their former practice of denouncing the accumulation of a legal reserve was a huge mistake. No longer do we read about "keeping the reserve in your pocket." All the societies have now begun to yearn for a reserve, or a surplus, or a safety fund, or an accumulation of funds in some shape or degree. Some of them, such as the Workmen, the Catholic Mutual Benefit, the Maccabees, and Knights of Pythias, have now more than treble the funds that were deemed sufficient a short five years ago. All the others, except the Commercial Travelers and Home Circles, have about doubled their former accumulations. But the result is very far from providing anything approaching a proper reserve fund, such as is deemed needful by the superintendents of insurance, not only in all States to the south of us, but by those at Toronto and Ottawa, even when dealing with companies which collect much larger regular annual life premiums.

To illustrate. If a person aged 35 at entry, has been one year on the books, the requisite legal reserve per \$1,000, on the cheapest life plan, is \$11.48. Five years later it is \$74.86, and when he is 45, it has grown to \$133.44. At 55 it becomes \$301.35, at 65 it is \$422.68, and at 75 the law requires \$682.03 to be in hand. Therefore, let us suppose a society of 2,000 persons, each holding \$1,000 and averaging 35 years of age at entry, ten years ago, and now 45. There would need to be in hand 2,000 times \$11.48 (\$22,960) at age 36, and at close of ten years from entry, 2,000 times \$133.41, or \$266,820, and ten years later, \$602,700. Now increase the 2,000 to 250,000 (which is about the average membership of each of the three larger societies).