THE INSURANCE CHRONICLE.

May 16th, 1908.

ASSESSMENT LIFE ASSURANCE.

Fifteen to twenty years ago were palmy days for the assessment method of life assurance. People in the United States and Canada had been taught to believe in the so-called beneficient system of passing round the hat for a dollar or two dollars each from 1,000 or 500 persons to collect $1,000 for the widow or family of a man who died. Organizations on this principle grew to great size; and the Monetary Times published lists of thirty-six prominent companies for successive years, show how quickly they grew. But the cost of conducting them grew also, in many cases still faster, resulting in the younger members withdrawing and leaving a declining number of ageing men to pay the yearly increasing dues.

A number of societies, similar to the American Legion of Honor and Knights of Honor, were launched in Canada. Some of them are defunct, to the loss by their living members of practically all they had paid in. Others are still in existence, but are liable to come to grief because based upon a wrong principle. People are finding out that their fellow-members in such pass-the-hat societies are not to be relied on to pay assessments year after year when members die.

It was thought by assessment disciples that a life company needed no accumulated reserve. A favorite saying among them was that all the reserve needed was carried in the pockets of the members. Many thousands have happily come to see that the level premium companies, who charge rates shown by 50 or 100 years experience to be needful, and who accumulate millions of money for the payment of widows and orphans, are the best reliance of all who wish the protection of life assurance for those they leave behind.

A prominent advocate of "cheap life insurance" on this continent was E. B. Harper, who founded in New York the Mutual Reserve Fund Life Company, twenty-six years ago, on the "natural premium" plan. He was a man of uncommon force, and seemed really to believe in the system. But his energy was beyond his understanding, and so, as many Canadian members long since discovered, the Mutual Reserve began wrong. Harper made the mistake of many before and many after him in banking upon the low present cost of term insurance. As that class all did and do, he attained the semblance and temporary eclat of cheapness by offering pinchbeck as gold. By 1884 he had 20,000 members, and the cost per thousand was only $7.10. In twelve more years the concern reached its zenith, with 118,449 members, but the cost had risen to $16.52 per $1,000. Harper did not live to witness the present close of the company's activities, but died in time to escape the whirlwind that his successors had to gather. The decline in membership to 61,482 in 1904, when the cost had gone up to $28.70, was significant.

For a long time things had gone swimmingly ahead. The new era was triumphant; the great discovery was made, as see the assessment people's advertisements of long ago, that level-premium life insurance was based on an expensive misconception; the members who had enjoyed insurance for several years on the "natural" premium and at "only" cost wrote appreciative testimonials; comparisons of rates were conclusively paraded, and the procession moved on.

Energetic efforts have been made in recent years by the more clear-sighted among the fraternal societies to rectify the wrongs that vitiated their permanent success. Actuarial advice, previously disregarded, has been secured and rates of premium have been raised, in order to ensure stability. But the radical trouble remains, which is that an unequal burden is thrown on the younger members by the excessive death claims of the older. Therefore, the younger members leave the Order, and the cost of management and death assessments falling upon a reduced number of members, the annual burden of each is increased. People argue thus: "If the rates of our Order are raised, we shall be no longer getting cheap life assurance, and might as well look for indemnity to the Old Line companies."

GENERAL ACCIDENT ASSURANCE COMPANY OF CANADA.

The General Accident is making good progress. The total revenue for the year, with the balance carried forward from last account added, amounted to $128,150. Considering that this is but the second annual report, the revenue result is very gratifying. The premiums, less reinsurance, rebates and cancelments, amounted to $106,288; interest on investments totaled $3,044; and premium on shares, $10,000. The company has a reserve of $52,285 for unexpired risks and claims awaiting proof. Cash in bank and in hand amounted to more than $7,000. The investments of assurance companies are always an interesting item. The General Accident has $73,529 represented in eight separate items. Of these six are municipal debentures, being those of Kingston, Winnipeg, Victoria, Hamilton, St. Thomas and Brampton. The other investments are in Niagara Navigation and Consumers' Gas companies' bonds and stock, respectively. These figures are for the year ended the 31st December, 1907. The general expenses for the year amounted to $47,379. Upon claims was expended $58,673. Messrs. W. G. Falconer and C. Norie-Miller are the managers for Canada, and to their energy much of the success of the company is due.

LIFE, ACCIDENT, AND CASUALTY NOTES.

C. E. Barnett, for some years cashier of the Detroit agency of the Canada Life, has been appointed inspector of agencies for Michigan. Manager Bissett, of this agency, has recently appointed Ernest D. Joy city agent. Mr. Joy is well-known in business circles in Detroit.

* * * *

The case brought by Alfred Dube, of Ile Verte, Que., against the Montreal Life & Aid Association, has been decided at Montreal in favor of the plaintiff. The latter's son, J. P. Dube, took out a policy for $1,000, payable at death, or in 20 years from the defendant association. In May of last year the young man died, and plaintiff claimed the $1,000 under the policy. The Association declined to pay on the ground that a premium of $18 was due, and had not been paid. The plaintiff showed premium was due, but at the time of the man's death it had been offered, and the company refused to take it. Judgment was given for $982, the amount payable under the policy, less the premium due, with costs.

* * * *

An agent writes to an American casualty company telling of a Portland, Maine, agency which put a new man on the road last autumn, who in ten weeks had written about $600 of premiums, securing the cash with the application in each case. In talking with prospects he makes each one understand that the payment of the premium places the insurance in force immediately. If the prospect argues that other agents will extend the time of payment, he explains that all claims made under policies on which the premiums have not been paid are open to dispute, as the policy reads "in consideration of the premium." If they object further, he does not insist, but tells them he will call again, when they are ready to pay the premium, and insure them at that time. In nearly every case this offer has been met by an instant payment of premium.

* * * *

The prospectus of the Western Canada Guarantee and Accident Insurance Company is in type. A charter was obtained at the recent session of the Manitoba Legislature and the company will engage in a general accident insurance business. The charter enables this organization also to transact casualty insurance against injury both to person and property, including personal accident and sickness, plate-glass,