

## APPENDIX No. 1

making the return to the department of course is important, and the sworn reports contained in the New York and other printed books bear evidence that the Bankers' Life does not return its entire expenses, nor its entire income, or has not returned it up to 1902, and that therefore any comparison based on expenses, from those figures, would be misleading. I am a member of the Bankers' Life and have been for a great many years. I know their method of procedure.

*By Mr. Coster, K.C., Counsel for the Committee:*

Q. They have not returned their entire expenses?—A. No, they have not returned their entire expenses. I know their method of doing business, in that they have membership fees which are equivalent to 25 per cent per thousand dollars on the age of the party admitted.

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

Q. What do you mean by that?—A. They issue their certificate in two thousand dollar certificates. If a man is 40 years of age he pays on a \$2,000 certificate \$20 admission fee.

Q. If he is 40?—A. Yes. If he is 30 he pays \$15. At 36 he would pay \$18 on \$2,000, or \$9 on \$1,000. I have taken from the sworn reports of the department the amount of business written each year from 1893 to 1902, both inclusive. I have estimated that the average age of admission would be 36 years, making a membership fee of \$9 per thousand. On that basis the membership fees for the ten years given should be \$1,735,888; the amount that they have reported \$820,811, or \$915,077 less than the computation, and in proof of the fact that this computation is correct, I call attention to the business written in 1901, \$23,122,000 which, with a membership fee of \$9 would be \$208,098. They reported that year membership fees \$59,966, which is about \$2.60 a thousand. Now in 1902 they wrote \$25,522,000 insurance, and the membership fee at \$9 a thousand would be \$229,698. Their report shows \$227,985 of membership fees, or within \$1,700 of the computation made. That is on their \$23,000,000 business in 1901 they claimed to have received less than \$60,000 membership fees. On \$2,500,000 more received in 1902 they admit to have received \$228,000 of membership fees, or \$160,000 more. I know as a fact that in 1902 there was considerable discussion in regard to this very matter, published discussion in the press and elsewhere, calling the attention of the commissioners and of the public to the fact of this discrepancy in the report, and that in 1902 for the first time the membership fees did accord in the report practically with the plan of the company.

*By Mr. Coster, K.C., Counsel for the Committee:*

Q. Is your statement made from the reports?—A. The statement is made from the reports in the Insurance Commissioner's office here in Ottawa, from the New York Department reports, so that that would make a difference of \$915,000 in their receipts and in their expenses, and would make the entire comparison of expenses not entitled to full credence because of that discrepancy.

*By the Hon. Mr. Landry:*

Q. You take 36 as the average age?—A. Yes.

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

Q. Is 36 the age given by Mr. Paterson in his evidence?—A. No, 35 I think was Mr. Paterson's. I took 36 because it was even dollars. I do not mean to say these are exact figures, but the computation could be made more rapidly at an even figure than at \$8.75. It shows last year \$9 is almost exactly the amount they report.

ELDRIDGE