

LEGISLATION AS TO SOLVENCY OF FRATERNAL BENEFIT SOCIETIES

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BY FRANK SANDERSON, M.A., LL.D.,
Consulting Actuary.

The vital importance of Fraternal Benefit Societies to the home, to the community and to the State, has for many years been generally recognized. The State sustains an important relation to these benefit-granting Societies and that relation naturally expressed itself in legislation.

The question of legislation in reference to Fraternal Orders is both difficult and delicate. In dealing with this subject, much strong feeling has been engendered in years gone by, in Great Britain, the United States and Canada. The problem is still with us and will not down until properly settled. Recent and prospective legislation in the United States and Canada touching the financial position of these Societies is demanding attention on every side. The present magnitude and extent of the operation of fraternal societies in America is seen by these striking facts:

Annual benefits paid (1919) - - - \$150,000,000

Number of Members - - - - - Ten Million

Amount of Insurance - - Ten Billion Dollars

Provincial Legislation.

Prior to the year 1916, no provision for regular valuations of the insurance certificates of fraternal societies existed in the laws of any Province of Canada, nor in the Dominion Insurance Act. This was not due to the oversight or shortcoming of the Superintendents of Insurance, but to the fact that for years outside influences at work rendered it impossible for either Insurance Departments or members of Parliament and Legislature to carry out desirable legislation and needed reforms. It was not until the laws of nature and arithmetic, together with the general trend of public opinion

both inside and outside fraternal ranks, had made such legislation possible of enactment that we find the first requirement for the valuation of the certificates of Fraternal Societies placed on the statutes of any province of Canada. The adoption in the United States of the Mobile Bill and the New York Conference Bill created the atmosphere and the occasion for the passing by the Ontario Legislature of amendments to the Ontario Insurance Act embodying several of the valuation and other requirements of the United States Acts just mentioned.

The New Ontario Act passed in 1916 did not, fortunately, include the ineffective section of the New York Conference Bill known as section 23 (B) previously referred to. On the other hand it did not provide for annual actuarial valuation reports to the Insurance Department as required by both the Mobile Bill and the New York Conference Bill, but only for a valuation *every three years*. Nor did it provide for any *improvement* in the degree of solvency of a Society from triennium to triennium no matter what the degree of actuarial insolvency, but was content with the condition of "not getting worse". It provided that if at any triennial valuation subsequent to 1917 the Society had gone backward as to solvency then a restoration is supposed to be made up to the 1917 degree of solvency within two years, or thereafter the rates for new members are to be those known as the Hunter rates, and these contributions kept apart from other funds of the Society; and further if at next triennial valuation no improvement be shown, then the new members are supposed to be placed in a separate class and their certificates valued as an independent society in respect of contributions and funds.

Other provisions were incorporated but the above are the vital parts of the 1916 Ontario amendments as to solvency.

Unfortunately by some strange action or suggestion, an innocent looking sub-section was added at the end absolutely nullifying the foregoing pro-

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