

## APPENDIX No. 1

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

Q. You are positive as to that?—A. I am.

Q. That point has arisen in litigation, has it not?—A. It has arisen in litigation in this country, in England, France, Belgium and Sweden.

Q. It has always been decided that way?—A. Yes.

Q. Could this fact be verified by the books of the association?—A. It could. My own report, which I think has been filed here as an exhibit, shows conclusively the same thing. It was filed by Paterson—the report that I made to the executive committee.

Q. You mean the report which he filed in support of his statement to the effect that the impression— A. It was my report to the annual meeting in January, 1900.

Q. You mean the little book which he filed as being the basis from which he had taken that impression?—A. Yes. It is the duplicate of this which I hold in my hand.

Q. Is this it?—A. This is it. It is marked for identification, pages 9 and 11. It is made to the annual meeting. I reported to the annual meeting, as chairman of the executive committee, on January 29, 1900. On page 8 will be found a statement showing the mortuary payments which have been made by the fifteen-year class up to December 31, 1897, the interest on any accumulations, the charges against the members by reason of death claims paid and so forth, and showing on that date a surplus payment of \$211,722.98, but with total obligations outstanding against the class of \$1,164,599.74, showing that the amount of benefits then received by the class exceeded the payments made by the class by \$852,876.76. This, I may say, was verified by the official examiner of the New York Insurance Department, who made the examination in 1898. It then shows the results at the end of the year, December 31, 1899, that at that time the benefits received exceeded the payments made by \$768,613.24 with outstanding obligations of \$764,197.42, showing that the excess of benefits over payments had increased during the two years from \$852,876.76 to \$1,532,810.66, the difference being the benefit that the class had received during those two years from the general membership of the company, and that condition of affairs has continued since, the fifteen-year class receiving the benefits constantly in excess of the payments made to the company.

Q. By that class?—A. By that class.

Q. In other words they are contributing since 1895 all the time less than they received?—A. Yes, as they ought to.

Q. It shows that they are not treated as a separate class?—A. Yes.

*By the Hon. Mr. Sullivan:*

Q. Where would those benefits be derived from?—A. From the general membership of the company.

Q. Of the whole company?—A. Yes.

Q. They as a class received the whole benefit of the whole company?—A. Yes.

Q. Not of their own class only?—A. No.

Q. And you say that the benefits they received were in excess of the payments they made under the assessments?—A. Yes.

Q. On each individual member?—A. On the membership as a class; that is the benefits paid to the beneficiaries of members of that class exceeded the payments.

Q. You mean by reason of deaths?—A. Yes, by reason of deaths.

Q. And did they receive more at death under the agreement than they were entitled to?—A. No, they received more at death than they were contributing in assessments to the general assessments of the company.

Q. So that that would end in ruin to the company?—A. No.

Q. If you are paying out more than you got from the people?—A. If it were so from all the members it would certainly end in ruin.

Q. It only benefited that one class?—A. Yes.