

When the rates of the I.O.F. were first formulated we were compelled to place them at the lowest possible point consistent with safety under ordinary circumstances, because of the fact that we had to come into competition with a number of fraternal beneficiary societies who were doing business at that time at rates very much lower than ours.

In later years, when some of the sister fraternal societies were compelled to reduce their maximum age limit, some from 60 to 50 years and others from 50 to 45 years, thus leaving us to compete only with old line companies for ages above 45 and 50 years, you were asked to materially increase the rates of the I.O.F. between the ages mentioned. When you acted upon this request there was no diminution of the business done by the Order, even among the ages affected by the re-adjustment of our rates.

To-day we find among the fraternal beneficiary societies doing business on the old death assessment plan, discarded by us on re-organization in 1881, a gradual increase in the actual cost of the assurance benefits given by them, so that they are compelled to exact from their membership rates that equal or even exceed the rates charged by us at the present time, and are therefore no longer the formidable rivals they were in former times, thus leaving us free to further strengthen our position by such a readjustment of the rates as will place the I.O.F. above the highest point that any adverse wave is ever likely to reach, and thereby make it certain that the provisions of Section 255 will never be called into requisition, but rather that we shall be called upon periodically to fulfil the promises given to the persisting members of the Order in Section 55 of the General Laws by the payment to them of a "bonus" out of the surplus funds of the Order, whenever and so long as such payments do not reduce the total available surplus to less than \$25 *per capita*. You are aware that at the last session of The Supreme Court we had only \$16.67 of surplus, *per capita*, which has increased in the three years since then to \$21 *per capita*, so that by the next session of The Supreme Court we shall probably be in a position to declare the first "bonus."

There is another aspect of the question to which your attention ought to be directed, and that is the evident trend of public opinion.—I mean the public opinion created by, and prevailing to a large degree among, fraternal beneficiary society members, towards legislation which will require of all fraternal beneficiary societies certain uniform rates of assessments. The greatest danger to-day to the fraternal beneficiary society system is not the mortality rate, but the fact that the older societies have to come into competition with new and young assessment societies, with the usual low initial death rate and corresponding low rates of assessments. These in turn, after they have possibly pressed to the wall some of their older sisters, will be similarly affected by other younger organizations. Thus the work of destruction will go on in detail till the fraternal system, which has already done so much good for humanity, and which is capable, by wise management, of being made the means of continuously scattering blessings for all time to come, especially among the toiling millions of the world whose families most need such a system, shall become discredited and its usefulness destroyed.

FRATERNAL INSURANCE MUST ALWAYS COST LESS.

No one, at the present day, can deny the fact that insurance benefits can be given at a less cost by a society with a lodge system than by the old line companies for the following among other reasons:

(a) Because in the former system the securing of *new members* is done largely by the Courts or Lodges practically *free* of cost to the society.

(b) Because, thereafter, the assessments of the members are *collected* by the Courts, and sent to The Supreme Court *free* of cost.

(c) Because *no dividends* are required to be earned with which to satisfy shareholders.

(d) Because all the *profits* are carried to the credit of the policyholders and used in *reduction* of the cost of their benefits.

In an old line company the insurance must always cost more.

(a) Because the greater portion or the whole of the first year's premiums, or even more, are used to *pay agents* for securing new members.

(b) Because thereafter, upon the payment of every annual premium there must be deducted a certain percentage as a *renewal commission* to be paid to the agent.