

under the low cost and the holding out of the proposition that it is to continue for ever that way, that a comparison with old line companies or legal reserve companies is a fair comparison to make. An assessment company, as facts have proved in the past, during the high day of that business is able to get business cheaper than the legal reserve companies on account of its low premium, and the comparison would not be a fair one under those conditions with a legal reserve company.

Q. That would bring this association down to 1895, the first large increase?—A. The first increase in assessments was made in 1895.

Q. From the moment of the first increase in 1895, you say you can then begin to compare this association with level premium companies?—A. Well, the conditions would then more nearly approach from that time, the conditions that would allow it to be compared with the legal reserve companies, because from that time the difficulties of obtaining business increased, and necessarily the cost increased, and as it approached the time when it became a legal reserve company, of course the conditions became more and more assimilated to the old line company, and the comparison of cost became more nearly fair.

Q. You say it became more and more assimilated to the old line companies until it became a legal reserve company. Do you take into account also, in addition, the increase in the rates which brought them practically to the same level as those old line companies, and, therefore, took away the reason to distinguish, which you have just mentioned? Do you take into consideration, in addition to that, the unpopularity of the association?—A. Certainly, the difficulties which arose out of the reapportionment of rates and the disappointment of policy-holders who had at first been lead to suppose that their premiums would remain level, or practically level, had an immense effect in rendering more difficult the carrying on of the business and increasing the expenses of the institution. It was inevitable that that should be the result.

Q. The difficulty of getting new business increases the ratio of expenses?—A. Yes.

Q. And the unpopularity of the company has that effect?—A. Unquestionably.

By the Hon. Mr. McMullen:

Q. In your evidence to-day, you said in the case of the Bankers' Life that a deposit in addition to the monthly assessments had been made by each person insuring in the company. That is, that they had to pay in \$1 a year for the age. Now your statement on that would lead the Committee to suppose that that was paid in addition to the assessments, and all went into the funds of the company without any return whatever for the \$1 a year that was paid. Now let me read you this clause in the pamphlet of the Bankers' Association :—

'The weakness of the co-operative system in its crude state was universally conceded to be its overshadowing fault, and the remedy for this defect was, naturally enough, based upon the Bankers' idea of ample security for the performance of the contract entered into, upon the part of each member, for the protection of every other member, in the proportion of age and the amount of insurance carried.

'Acting upon this idea, it was required that each member should contribute a dollar for each year of his age, counted at nearest birthday, as a money guarantee that he would meet all quarterly calls for the purpose of paying death losses, and the fixed annual allowance for expenses, which, being paid, entitles the beneficiary to a return of the guarantee in addition to the \$2,000 provided in the certificate of membership.'

Now that fairly shows that although he pays the dollar a year it is a mere temporary deposit; he gets credit for that dollar a year upon his assessments, and in that way it is returned to him, and in the meantime it lies with the company as a guarantee in case of his death. That is all, is it not?—A. That is all, and that is what I testified.

ELDRIDGE