

2nd. That of this amount, \$637,238 was paid out in insurance benefits, and \$54 097 was taken for management expenses, leaving with accrued interest a balance in this account of \$408,798.

3rd. It shows that the actual experience of the I.O.F. refuses to be governed by Mr. Macdonald's table. That instead of there being "a steady rate of decrease of the Reserve Fund," being observable from the 9th year of the life of the Order, and "a deficit at the end of the fifteenth year," the record shows a steady increase thereof to the end of the fifteenth year.

But what is worthy of special remark is the fact that during the fifteenth year the I.O.F. paid out for benefits and management expenses only 56 per cent. of its premium receipts, and increased its surplus during the fifteenth year by \$131,951, and still further augmented its Reserve Fund during the first six months of its sixteenth year by \$72,032, instead of Mr. Macdonald's deficit.

I do not desire to afflict the readers of the *Mail* with any more tables than is absolutely necessary, and therefore I ask you to publish just one more to show that the experience of the Old Line Companies just as decidedly, as does that of the I.O.F., refuses to follow the figures given by Mr. Macdonald in his table.

Table No. 3 exhibits the experience of two of our best Canadian Old Line Companies, viz: The Canada Life and the Confederation Life for the last ten years, and is for the Canada Life between its 33rd and 43rd years, and for the Confederation Life between its 10th and 20th years.

TABLE NO. 3.

	CANADA LIFE.						CONFEDERATION LIFE.					
	Death rate per 1000.	Net Premium Income.	Am't paid for death losses.	Am't paid for management expenses and dividends to stockholders.	No of policies rendered.	Lapsed and surrendered.	Death rate per 1000.	Net Premium Income.	Am't paid for death losses.	Am't paid for management expenses and dividends to stockholders.	No of policies rendered.	Lapsed and surrendered.
1881	8.44	658,111	913,016	903,595	907	907	6.13	214,788	52,451	91,760	415	415
1882	8.70	733,010	805,043	130,303	913	913	6.34	277,516	69,127	108,602	353	353
1883	10.05	802,554	708,535	170,024	913	913	6.00	800,877	86,709	90,901	604	604
1884	7.70	877,101	732,535	139,705	741	741	6.00	350,039	61,767	94,353	601	601
1885	6.49	1,071,403	842,233	229,700	737	737	6.93	376,816	74,816	95,649	711	711
1886	10.23	1,177,176	601,923	310,320	801	801	9.55	478,177	91,180	120,071	611	611
1887	9.33	1,167,458	868,903	237,385	802	802	7.42	610,461	104,954	148,741	582	582
1888	9.11	1,230,729	821,948	292,340	764	764	7.19	610,633	128,302	138,837	704	704
1889	6.83	1,335,765	863,678	253,433	639	639	7.08	690,733	130,141	155,237	620	620
1890	11.05	1,642,268	620,780	372,311	703	703	6.08	921,484	123,607	150,058	719	719

(For 8 months only.)

Comment upon the above table is not necessary. It speaks for itself. That the Canada Life, between the 33rd and 43rd years, should have been called upon to pay for death losses only \$3,359,945, out of a premium income of \$10,422,584, means simply that Mr. Macdonald is way out in his estimate, and that the founders of the I. O. F. gauged very closely the extent to which certain conditions present in every company, modified the death-rate amongst the policy-holders, and reduced them below the figures given in the mortality tables.

It is quite evident that the Canada Life is not yet required to use the "reserve element" to meet its losses. Indeed, I have been informed that the mortality of the Canada Life, though now nearly half a century old, is only about 65 per cent. of the mortality tables.

Mr. Macdonald tells us that

"The profit from forfeitures is too often more apparent than real, as it is the best class of lives usually which drop out, leaving behind them an undue proportion of unsound lives, the result of which is to materially increase the future rate of mortality of the Company."

If the above be true, companies like the Confederation must be fast getting into a sad state, as it appears from the above table, that the Confederation has had, in the last ten years, no less than 5,709 lapses and surrenders, out of an average of policies in force of only 9,030, or over 62 per cent. But when we look at the death rate of the Confederation, as shown in table No. 3, we find that Mr. Macdonald has not posted himself as to the effects of lapses and surrenders even in the Confederation Life.

Mr. Macdonald further states that the profits from lapses "appear to be the doctor's great strongholds (quack medicines)." Mr. Macdonald is in error. The doctor's "great stronghold" lies in the fact that it is absolutely impossible for the Old Line Companies to conduct their business, I won't say as economically, but at so small a cost as the Independent Order of Foresters. The figures in tables Nos. 2 and 3, is a fair representation of the relative amounts required for management expenses in the two systems.

As shown in table No. 2, the I.O.F. paid out of its premium income, for death losses, the sum of \$637,238, and for management expenses the sum of \$54,097, during the last past 10½ years.

The Confederation Life during the last ten years, as shown in Table No. 3, paid out for death losses the sum of \$922,019, and for management expenses and dividends to stockholders the sum of \$1,148,904. That is to say, that there was paid in the I.O.F. for management expenses .08 per cent. of the death losses, while in the Confederation Life this amounted to 12½ per cent. of the death losses, although it is regarded as one of the best and most carefully managed of our first-class Old Line Companies.

Yours sincerely,

Toronto, 8th February, 1892. ORONHYATEKHA.