questionable kind of insurance, backed by a mere handful of assets as compared with the "old liners," and subject to lapse six times each year, the Association collects from the average member practically as much per thousand as do the regular companies on their ten year renewable term policies, and a good deal more than several charge for straight ten year term insurance. This is how the pretentious Mutual Reserve furnishes insurance "at half the cost of the level premium companies !"

But we are bound also to consider, further, that the level premium companies charge a fixed premium for ten years as against a fluctuating—"flexible" they call it—*premium*, the characteristic of the flexibility being that it uniformly stretches itself upward. As a simple matter of history, the cost of carrying insurance in the Mutual Reserve has steadily increased and as a matter of mathematical certainty will continue to increase. For example, the actual amount paid for death claims each year divided by the mean amount of insurance in force for that year gives the cost per $1,000 for death claims alone—expenses of course being additional. The cost for death claims, actually paid, was $6.12 per $1,000 in 1883, increasing to $8.40 in 1886, still further increasing in 1889 to $10.48, and in 1893 making a record of $11.83. In short, the mortality cost has almost doubled in ten years. The expense ratio has also achieved a very decided advance, as shown by the fact that in 1886 the management expense to total income was 19.09 per cent., had increased in 1891 to 25.91, and in 1893 to 28.91 per cent.

A great deal of noise is also made by President Harper and his paid hornblowers about the alleged "reserve fund," now stated at something over three and a half million dollars. Obviously the attempt is made to create an impression in the public mind that the Mutual Reserve is in the habit of putting up a reserve something akin to the ample reserve provided as bedrock security for their policyholders by the level premium companies. In furtherance of this plan the Association interpolates into its annual statements made both to the New York and to the Canadian Insurance Departments the computed reserve chargeable against its policies as renewable term insurance for sixty days. In the New York Report the amount is stated to be $684,494, and is entered as "contingent monetary liabilities." The department simply permits this entry, and is guarded by a foot-note which says :—

This item is not considered by the department as within the purview of the general assessment law of this State, which does not provide for or recognize a premium reserve valuation of the certificate of membership of an assessment association.

Of course it follows that the members of the Mutual Reserve have no special claim upon this "reserve," and that it does not in any legal sense constitute a guaranty of security to the certificate holder in the sense that the legal reserve required to be held by level premium companies constitutes an absolute guaranty for the payment at maturity of all existing policies. The above named amount is simply a part of the general assets and subject to appropriation by the executive board of the Association for general purposes. This is only a slice of the "reserve fund" of some three and a half million, which fund is created by setting aside a certain per cent. of the mortuary assessments each year. It is important to know, however, that this "reserve fund" is a misnomer, for the managers have or at least exercise the right to use any portion of it for current expenses. Ostensibly the fixed membership fees and annual dues are to provide for management expenses. How far short these funds come of doing this will be seen when we state that in 1893, under the present extravagant management, the expenses were $1,300,743, and the amount collected from membership fees and annual dues just $949,582, showing that $351,161 had to come from the reserve fund or from somewhere else. This is by no means an exceptional experience, but has been the regular thing ever since the second year of the Association's history. The *Finance Chronicle* of London, something over a year ago, went carefully into this little peculiarity of the Mutual Reserve, and showed that from the date of its organization to the close of 1892 it had paid for expenses $5,846,530 in excess of the amount realized from membership fees and annual dues. Adding the excess, as above stated by us for 1893, and we have a total of $6,197,691 drawn practically from the mortuary fund, from which the boasted "reserve fund" is created. That the 1893 excess of expenses over fees and dues was nearly a hundred and fifty thousand dollars larger than in any previous year of the Association's history shows the rapidly growing expense burden. At this rate how much of a "reserve fund" will the Association have ten years hence with which to help, as claimed, the easing up of the growing assessment burden? This reserve fund is really only a name to conjure with, and can be made to appear or to disappear at the will of its manipulators.

If space permitted, we might also introduce an interesting chapter or two, showing how well this bombastic institution maintains its past record as the champion claim resister and methodical claim scaler. We might show that the percentage of unpaid claims to claims paid has grown from twenty per cent. in 1890 to twenty-nine per cent. in 1893, although the percentage of unpaid to paid (the greater part adjusted or in process of adjustment) claims reported by all the level premium companies found in the New York Report was only ten per cent. in 1893. The percentage of resisted claims to paid claims for the latter was a trifle over one per cent; the percentage of the Mutual Reserve almost four per cent.! As to the "scaling down" record, the reader can judge of its aggregate when we state that an agent, Mr. John H. Jewell, is quoted currently as saying that during his connection with the Association for abont six months prior to April 3rd, last, he adjusted forty claims on which he saved $80,000 on their face value ! How much was saved on the other 855 claims reported paid by the Association by the application of the "shaving" process may be conjectured. And yet this saving and shaving does not prevent the Mutual Reserve Fund Life from increasing the cost of its insurance to the members, although already collecting from them more per $1,000 than the premium charged, as above shown, for straight ten year term insurance by several level premium companies. The bubbles of "cheap" insurance and "reserve fund" have collapsed some time since.