

perience of one society, but it should be borne in mind that this "one society" is the largest and most widely known Fraternal Insurance Society in existence, embracing practically one-seventh of the entire membership of the system and in the minds of the insuring public stands as the great exemplar of Fraternal Insurance and it is from that insuring public the future members of the fraternal must be obtained.

INHERENT CAUSES.

Have these developments been the result of outside influences or are they due to causes inherent in the system? We believe the latter to be true.

Formerly the Fraternal Insurance lodge was a popular medium for social enjoyment and this led to large attendance at the lodge meetings which in turn resulted in enthusiastic co-operation of the members in adding to the membership, a very considerable part of the growth having been thus secured and without expenses to the societies. With changing conditions and the many conflicting social attractions, the attendance has diminished until to-day we believe that in Fraternal Insurance lodges the average attendance is considerably less than ten per cent. of the membership. This, of course, has operated to lessen enthusiasm until at this time the co-operation of members in securing growth is practically nil and new members are now being obtained through paid organizers at a heavy expense to the societies. The lessened enthusiasm has also added to the burdens of the management of the societies by greatly increasing lapses and making necessary the supervision of many details of local lodge operation, from which they were formerly free.

The efforts made in recent years by many societies to apply scientific insurance principles to their operation have only served to demonstrate the fundamental weaknesses of the system. To correct erroneous methods of operation by the application of scientific principles and at the same time give full heed to the sentimental fraternal principles which they advocate is a problem which appears to be unsolvable.

A BUNGLING RE-ADJUSTMENT.

The plan of re-adjustment of rates recently adopted by the largest of the Fraternal Societies and subsequently enjoined by the courts, furnishes a striking illustration of an attempt to combine scientific insurance principles with fraternal sentiment. At the time of the readjustment there were 150,000 members of the society 54 years of age and older, running up to 86 years of age, and although the new rate was based on a mortality table which was claimed by the readjustment committee to be the "lowest standard of mortality heretofore deduced from the experience of any society," yet the committee recommended "in the name of fraternal and brotherly co-operation" that the 150,000 members 54 years old and older be given the level rate for age 54. This resulted in creating a deficiency, the present value of which was \$22,500,000—which amount the committee felt might be "justly borne by the younger members in the form of a fraternal tax or loading." We submit that this effort to combine scientific insurance principles with fraternal sentiment resulted in neither the one nor the other.

One of the vital principles of the system is the so-called representative form of government, which means that a majority of the law-making and governing bodies of the societies must be elected from the

membership. This is a plan beautiful in theory, but in practice it results in inexperienced men, wholly ignorant of insurance matters, being placed in positions to make the laws for and to govern societies organized for the serious purpose of providing protection for the families of their members.

Under the theory of Fraternal Insurance the members are not only the insured, but the insurers, and as the insurers the members loudly demand their right to have a large part in managing the affairs and shaping the policies of the societies, and again we cite as an illustration the very recent action of the largest fraternal society in submitting to its membership for a referendum vote eight different plans of action on the rate question. We venture the opinion that it will be admitted by the management that at least four of the proposed plans are wholly inadequate to meet the conditions in the society.

OPPOSITION TO THE "MOBILE BILL."

It is only fair to say that in recent years valiant efforts have been made by many societies to remedy conditions and place the system on an adequate basis by procuring the enactment in the several states of the "Mobile Bill," which is intended to secure adequate rates by requiring that the true conditions of the societies shall be made known to their members. Unfortunately, there has been strong opposition by many of the societies. The following is quoted from an address by a prominent official of one of the larger societies as tending to show the attitude of a society opposing the enactment of the "Mobile Bill":—

"We may be insolvent. We may have our problems confronting us that we have not yet been able to solve, but where is the man and where is the woman who will dig out the family skeleton and expose it to the world, if it is possible to retain it in the dark recesses of the closet? I want to say to you that during the last year or two it has not been the old line companies that have destroyed the confidence of the people, but it has been our societies themselves. We have had published throughout the length and breadth of the land that we are unable to stand valuation, and know it, but why should we give that to the men whom we are begging to join our institutions, claiming the families need the protection, and yet admitting with the same breath that it is doubtful if we can give it to them?"

It might be added that an item published in a *Fraternal Journal* not long ago stated that an examination of this society by one of the state insurance departments showed a deficiency of \$126,000,000, and yet this same society now sets forth conspicuously in its advertisements "Monthly rates consistently low. No readjustment contemplated."

MONTHLY PREMIUMS.

May we not conclude from the foregoing that here is a broad field for legal reserve life insurance? Not to be gained by an attack on the system, but rather by placing ourselves in a position where we can offer to the more than 7,000,000 members of Fraternal Insurance Societies liberal legal reserve policies with the premiums payable monthly, thus bringing the payment within the reach of a very large class who have heretofore felt themselves unable to buy legal reserve insurance. And might we not with profit adopt in some measure the Fraternal method of keeping in much more closely in touch with policyholders, at other times and in other ways than by merely notifying them when a renewal premium is due?