

said, but they felt the need of such an official, and intended to engage one very soon.

Mr. Tilley wished to know why a special meeting of the High Court had not been held in 1900, when the Toronto and London delegates had urged the executive committee to discuss changes in the beneficiary funds. Would it have been unsafe to give the members a chance to express their views? he asked.

Mr. Williams admitted that the members would naturally oppose a raise in the rates. There was an idea that the High Court was trying to freeze out old members by the new schedules. The committee, however, decided that the new schedule was the proper thing, and for calling a meeting of the High Court the expense, \$4,000, was too heavy a burden to saddle upon the beneficiary fund.

The A. O. F. have \$8,000 capital, in addition to the reserves, of which \$4,000 has been set aside on the suggestion of the permanent secretary for the benefit of old members who might not be able to keep up the raise in rates. The cost of business was about \$10 for every policy of \$1,000, or about a third of the first year premium.

"How are your investments made?" asked Mr. Tilley.

Mr. Williams replied that he and the chief ranger had been authorized to make investments, but now there was a committee of three to attend to that business.

Mr. Williams stated that the insurance age had been increased but never lowered. Business, he thought, showed a satisfactory development except for the number of those who dropped out with paid-up policies.

"Lapses were pretty frequent, were they not?" asked Mr. Tilley, and he quoted figures to show that in 1900 they were 25 p.c. of the whole business; in 1901, 19 p.c.; 1902, 11 p.c., and 1903, 9 p.c., and 1904, 11 p.c., and 1905, 15 p.c. "What was the reason for this slump?" he asked.

Mr. Williams' explanation was that since 1903 the company had gone out after the business pretty hard, in consequences of which some of the business might have been forced.

Mr. Williams readily agreed that any order that based its insurance branch on the assessment system was liable to go to smash when the old members began to die faster than new business was brought in. Since the abolition of the assessment system the insurance branch had been increasing, and he thought it would continue to prosper.

Dr. Secord, the chief medical officer of the company, fixed the rates of premium, and Mr. Williams said that although not an actuary he had succeeded pretty well. The doctor said the premiums were paid on the mortality table of the Canadian Life, with a 15 p.c. loading, plus \$2. The loading was made less than in other companies because they

realized that the social character of the order would enable them to policy-holders more cheaply. He was in entire sympathy with all the changes made by Mr. Williams. There was a council in Toronto, the doctor said, where a man could get insurance without belonging to the order. Each applicant, however, had to pay 75 cents a year for the management of the High Court. All had to pay a share of management expense.

Mr. Tilley next went into the first profit and loss statement, prepared by Mr. Williams in connection with the company. Total profits were shown to be \$8,550, and the loss, \$1,450.

The Royal Commission continues its investigations into the affairs of the smaller and younger class of companies. Their annals are not edifying.

The next company inquired into was the Central Life, which in its infantile years developed highly irregular habits.

The Manager, Mr. J. M. Spence, held over 1,700 proxies, giving him the voting power of the company, which he used only for his own advantage. He quite candidly admitted that he was considering himself in his actions and not the shareholders of the concern.

The excessive power of the manager did not conduce to peace on the board, and two prominent public men, Messrs. St. John and Crawford, resigned in succession from the directorate because Mr. Spence was able to ride roughshod over the other members of the board. A loan obtained from the company by Mr. Crawford on his own personal security, was the subject of searching enquiry. The evidence of the manager and Mr. Crawford differed materially, and, according to the former, Mr. Crawford was hard up when he made the loan, and did not know where to get the money. Mr. Crawford's story was to the effect that he simply took the money to oblige the company. He found it useful, of course, but could have borrowed it elsewhere at lower interest.

The prospectus issued by the management contained several attractive promises. It said that a premium of \$2.50 per share and a call of 10 p.c. would be sufficient to place the concern on a paying basis. This did not become an accomplished fact, as in 1905, the capital showed an impairment of \$36,000.

Mr. Spence admitted that the prospectus made promises which it could not fulfil when it said that only 10 p.c., and \$2.50 would be required for expenses, but blamed the extension of business throughout Canada for the excessive charges made.

When the company began business the board consisted of seven directors. After a few years, Manager Craig resigned. Later, Hon. J. W. St. John handed in his resignation.

"Do you think it proper that a manager should