

REPLY OF THE MUTUAL RESERVE FUND LIFE ASSOCIATION OF N.Y.

To the Editor and Proprietor of "INSURANCE SOCIETY."

SIR:—I beg to acknowledge the receipt of your letter of the 17th ult., in which referring to the fact that my name appeared as a local director of "THE MUTUAL RESERVE FUND LIFE ASSOCIATION," you politely tell me that my "position is a remarkable and unenviable one"—that I have "little if any personal knowledge of the business"—that the company to which I belong "will surely come to grief," and that I am assuming a grave responsibility in "thus guaranteeing it with all the influence of my name and character."

I am very much gratified, as are no doubt the other gentlemen to whom you addressed similar letters, that you wrote them "solely in the interests of the public," and not in the interests of those old line rival insurance companies in Montreal whose organ you own and edit. It is of course much easier to pardon what seems, to say the least, a very unusual proceeding, if one is assured that the act is prompted by a noble benevolence, rather than by interested or personal motives.

(The letter here indulges at some length in abuse of a contemporary. We are in no way responsible for the opinions of any other paper, and have no desire to publish an attack of this kind.) Ed.

(1.) You also quote Sir Leonard Tilley as saying that "The Co-operative insurance system opened many avenues to fraud."

You do that gentleman great injustice in thus misapplying his words. It is perfectly clear that he was referring to those notorious frauds known as "grave yard insurances," and not to respectable assessment institutions either domestic or foreign. These are his words:—"As the profits and charges for commissions are made on each assessment, the more numerous the deaths, the greater will be the returns, and hence arises a temptation to increase the number of deaths by insuring bad lives. This has been repeatedly done in the notorious grave-yard insurances in the State of Pennsylvania and elsewhere."

I need hardly say that in the case of THE MUTUAL RESERVE no "profits or charges" are made or included in their assessments. It has no shareholders, makes no profits and distributes no dividends. The expenses are wholly met by a fixed charge of \$2 upon each \$1,000 of insurance, and it devotes every dollar of its assessments towards the payment of death losses and to its reserve fund. I know something of the care with which applications for insurance are criticized by the medical officers of the company, and I confidently say that it can hardly be surpassed by that of any other insurance company in the world.

(2) You say that "most of the predecessors of THE MUTUAL RESERVE have come to grief," and I see that you publish what purports to be a list of 48 "dead Co-operatives." I understand also that you have recently, in the interests of your patrons in Montreal, issued from your office several thousands of this list in the form of hand-bills for circulation throughout Canada. You therefore seem to endorse the genuineness of this spurious document, "with all the influence of your name and character."

(3) I will only say, just now, with reference to that document that the first sub-division of it sets out the names of 23 Massachusetts companies—that among these there are the names of 20 companies that were never chartered, that one never began business, that one was not a life insurance company at all, and that the remaining one is still in existence and doing business *Ex uno disce omnes*.

(4) On the other hand I have seen a list of 774 (!) old line companies that have failed in the United States, and I venture to say that there are scores of them each of which has caused greater loss and disaster to their policy-holders, than have all the unsuccessful assessment companies put together. If an Assessment Company fails its policyholders, having paid very little over the value of their past insurance, have received value for 90 per cent. of what they have paid; but if an old-liner fails, its policy-holders lose about two-thirds of what they have paid. Take the seven old line companies that are at this moment, I

REPLY BY "INSURANCE SOCIETY"

TO MUTUAL RESERVE FUND LIFE ASSOCIATION OF N.Y.

In accordance with our promise we publish in this issue a reply received from Hon. R. M. Wells, to our open letter addressed about one month ago to the members of "the Ontario Board of Directors" of the "Mutual Reserve Fund Life Association." We are quite willing at any time to publish a fair comment on any of our articles, even though the views of the writer may not agree with our own. Mr. Wells must surely however have tried to impose on good nature in giving us a reply wordy enough to fill a whole issue of some of our contemporaries. We would have little cause for complaint if the remarks were all to the point, but as our readers will notice the greater part of what he says is in no way a defence of the Mutual Reserve Fund, or its plan of business, but an attack on an entirely different class of corporations, the old line companies. This is sure evidence of a weak cause. If this document were to succeed in showing that safe life assurance by old line companies was an impossibility, this would in no way prove on the other hand that safe assurance on the assessment plan is a possibility. To blacken the life assurance companies is in no way to whiten the characters of the assessment societies. This, however, is the plan on which the writer of this document has acted. He believes, or pretends to believe, that two blacks *do* make one white. The parts of his letter which are thus in no way relevant might be very properly omitted, but lest we should in any way be accused of partiality we insert this letter covering 14 pages of printed foolscap practically unabridged. Our readers will now know all that can be said in defence of the Mutual Reserve Fund, and can thus judge of the two sides. We may add, and it is only fair to him to say, that Mr. Wells' letter is not his own unaided production, or merely his own private opinions, but is practically an official reply, and therefore it is to be presumed complete.

But before we go further it is worthy of remark that out of all the nine members of the "Ontario Board of Directors," one alone, and he the brother of the agent or "general manager," has seen fit to defend the Company. Almost all the others have seen the force of our remarks sufficiently to cause them to resign their connection and thus break up this "Board of Directors," of which we heard so much. And if Mr. Wells has no personal interest in the matter, his letter would be more worthy of consideration. He certainly cannot speak in the name of his ex-confreres.

But now to the arguments. We must confess that in the first part of the letter especially we look in vain for them. Denunciation and assertion are not arguments, although the writer of this document apparently thinks so. For convenience of reference we have numbered the principle paragraphs of the letter and our replies, so that the reader can see at once what is to be said on both sides with regard to each point.

(1) The best answer to the assertion that Sir Leonard Tilley did not refer to institutions like the Mutual Reserve