

rigidly controlled, is demanded by the public for fuel and light. Practical experience with it, under insurance control, proves it far less dangerous when so controlled, and a source of profit to companies who charge for permission to use it. I submit then, whether it would not be better to adopt a uniform printed permit for what has proved a fair consideration, and thus control and get pay for its use, rather than carry on a fight against public sentiment, which as in other things, so long as competition can be played upon, soon carries its point, and thus gasoline becomes added to the long list of extra hazards taken on without any compensation.—

ONTARIO MUTUAL LIFE ASSURANCE CO.

Some most wonderful revelations have lately been made regarding the "Lien policies" of the Ontario Mutual Life. As the Company have not yet replied to the charges made against them, we do not consider ourselves in a position to judge correctly of the merits of the case. All we can do, therefore, is to summarize what has been said about this kind of policy in an entirely unpartizan spirit, without either agreeing or disagreeing with it.

This "Lien" plan is a most peculiar one which the company has been working almost exclusively for the past year or more. Its chief features seem to be these: The assured, when taking out his policy, has the option of paying three-fourths of the premium only in cash, and allowing the balance to remain as a debt on the policy to be compounded at six per cent., as with premium notes. The profits are applied to reduce this debt. This looks rather attractive at a first glance, but woe to the unfortunate wight if he allows himself to be tempted by the offer of a small cash premium! The only happy feature in his case then is "where ignorance is bliss, 'tis folly to be wise." Fortunately for the Company its policy holders are not as a rule wise or learned in actuarial matters, but we are afraid it would take years of special education for them to understand the "acknowledgment of Lien" which they are at once asked to sign, and which we give below:

The Ontario Mutual Life Assurance Co.

ACKNOWLEDGMENT OF LIEN.

I, the undersigned, named in application bearing date theday of.....A.D. 188 , to the Ontario Mutual Life Assurance Company for policy of Assurance on my life to the amount of \$....., the annual premium for which is \$.....

In consideration of an annual reduction of \$....., reducing the premium required to be paid in cash to \$....., do hereby acknowledge a Lien on said Policy of the said sum of \$..... in each year, to bear interest at six per cent. compounded annually, all surplus declared on said policy to be applied to the payment of such annual reductions and interest until fully discharged.

In case of my death before the accumulation of the afore-said reductions unpaid by surplus amount to the then present value of the future reductions discounted at six per cent., the amount of such present value (the same for the first year beingDollars) shall be the lien and charge against the Policy.

Witness..... P. O.

In the face of such a document, it is nonsense for agents of the Company to claim that their policy holders understand

fully what the contract is, and that, if they are satisfied, nobody else has any ground for complaint. We think that we have as good understanding as most people, and a long experience in connection with the business, and yet we cannot understand it. We do not believe the assured understand it, and we do not believe there is an agent in the Company's employ that can explain it satisfactorily. Surely this is a simple thing to ask that the Company explain what they mean in one of their own contracts, and yet they have so far declined to do so.

From examples that have been given, it seems that the Company, on the strength of this "acknowledgment of Lien," deduct large amounts from the sums assured when death happens. For instance, a man aged 20, assured for \$5,000 on the all-life plan, owes them at the end of the first year about \$21, and if death happens they deduct over \$300!! People may well ask by what show of right the Company deduct \$280 more than is apparently due them. They may be able to explain matters satisfactorily, but, if so, why not do it?

But it appears that the Company includes in its income and assets not only the annual premium, but also the amount that they can only deduct in case of death! Thus in the above case they include not only the cash premium of \$60.75, but also the lien of \$301.60, making \$362.35 in all. It is no wonder the accounts swell up. But are these entries legitimate? That is the question. It is claimed that they are not in any sense cash or the equivalent of cash, as they bear no interest, and can only be made use of in case of death, and that therefore it is misleading, to say the least, to call them "cash received for premiums," or assets.

The vital importance of the question is shown by the position the Company would be in were that item struck out of its assets.

ASSETS.	
Real Estate.....	\$7,710 07
Mortgages.....	136,638 17
Policy Loans.....	22,989 41
"Liens on Policies".....	44,943 03
Outstanding and Deferred Premiums, less to per cent...	25,273 18
Debentures.....	76,190 93
Cash.....	2,028 42
Bills Receivable.....	6,132 31
Agents' Balances.....	3,827 58
Interest Due and Accrued.....	11,368 55
Total Assets.....	\$337,101 65
Less liens on policies.....	44,943 03
Total.....	\$292,158 62
LIABILITIES.	
Net reinsurance reserve.....	\$301,376 57
Outstanding Claims.....	8,229 93
Total Liabilities.....	\$309,606 50
Deficiency.....	\$17,447 88

The question is thus certainly worth the attention of the Company, and it cannot fail to give a bad impression if they should still continue to refuse either information or explanation. We wish to strengthen all our companies that are worthy of support, and if the Ontario is injured unjustly by our remarks, they can thank their seclusive policy for it. Either the charges are true or they are not. If they are true, then the more the public are warned against the Company the better; if they are not true, then the Company has no excuse for the course it is taking. Any explanations it may have to offer we will be only too happy to insert; but if it gives none, people will have their own ideas as to why it does not.