

Initial year receipts, 'five-year combination' policies..	\$1,715,870	19
Initial year commissions, 'five-year combination' poli- cies....	1,056,361	74
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Initial year, balance of receipts..	\$659,508	45
Of which there are agents' debit balances of.....	321,472	44
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Initial year net receipts on 'five-year' new business....	338,036	01

I call your attention to a seemingly vital point established, I think, as the outcome of the association's strenuous attempt to secure new business in 1897. The sums invested in this direction were considerable. No effort appears to have been spared in furnishing its agency department with every available means by which to accomplish results, as is evidenced by the liberality of its contracts with the general manager, yet notwithstanding this, the business in force fell off from the 1st of January, 1897, to the close of the present examination, to the following extent:

The association's sworn statement to the Insurance Department for the year ending December 31, 1896, showed it to have 118,449 policies in force number 76,592, or a falling off of 41,857 since the beginning of 1897, with an accompanying loss of \$130,970,000 of insurance since then, being a decrease of 35 per cent in number of policies, and 40 per cent in amount of insurance in force.

This depletion of membership and of insurance in force has transpired notwithstanding the fact that every aid has been extended by the association to its members with a view of encouraging the continuance of their premium or assessment payments.

The Committee adjourned.

OTTAWA, Thursday, July 21, 1904.

Examination of George D. Eldridge continued.

By Mr. Geoffrion, Counsel for the Company :

Q. The statement, Exhibit 34, has been filed by Mr. Patterson, referring to certain circulars purporting to be from the Mutual Reserve and to the effect that there were false representation in those circulars. What remarks have you to make as to that ?

—A. These are the circulars marked 10a, 10b, 10c, 10d, 10e, 10f and 10g. Exhibits 10b and 10g are duplicates.

By Mr. Coster, Counsel for the Committee :

Q. They are not duplicates ?—A. Exhibit 10a is a slip showing the condition and general facts of the business at the close of 1899, and the discrepancy pointed out is that the assets stated therein are \$621,464.75 more than the amount reported to the New York Insurance Department. That is the amount of the lien notes that the department required to be taken out of the statement to them, and the assets here are the assets reported wherever their notes were included. The other exhibits, so far as figures are concerned, relate to September, 1900, where the figures with which they are compared are figures of December 31 of the same year. They are the statements that were put out to the policy-holders immediately after the transaction with the Northwestern and recorded with the aggregate assets of the business, &c., of the Mutual Reserve, plus the same items as they stood upon the Northwestern books as of the date of the reinsurance, and any discrepancies that appear fall under that head,

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