

The Mutual Reserve Fund's Humble Pie.

(*Monetary Times, August 9, 1895.*)

Under date of August 1st, the newly-elected president of the above society sends out a circular—bearing the fac-simile signature of the late president, E. B. Harper, deceased, making a most unwelcome announcement to all members who joined prior to January 1st, 1890. Every such member's age is to be raised half way up from what it was at entry to what it was on January 1st, 1895. For instance, a person whose certificate is dated January 1, 1881, his age then being 40, now finds himself rated at 47 in call No. 81. We have heard of single individuals getting such a shock, or passing through such unlooked for affliction, as to turn their hair white in a night, or in a year, and make them look seven years older than before. But here's a wholesale age-ing of about 50,000 people. And not only are they rated at being older on August 1st by from one to seven years, but a greatly increased burden is laid upon their aged shoulders, and they must bear it, and whack up, or step down and out. Every man of them who has become uninsurable, by reason of age, or infirmity, or consumptive development in the family history, or intemperance, or hazardous occupation, will probably hold on, even if he has to ask help from friends or neighbors. He can afford to. But no doubt many thousands of the best lives, tired enough of the previous double assessments, and higher expense fees, and general uncertainty, will retire and leave the crazy-quilt institution to its fate. This is not the first time, nor likely to be the last, that it has belied the premises of its earlier years, as to furnishing life insurance at less than half the price of reliable companies. It began with \$4 for entry fee and "expense of management limited to \$2 a year on each \$1,000." Very soon the first was doubled,

and the annual dues raised to \$3. Instead of twenty-one, only fifteen calls were made during the first 3½ years. So early as 1885 it began to make double assessments, and in 1887 every member's rate was suddenly raised from the short-lived minimum to the severe maximum. Instead of \$1.44 per call, at age 40, \$2.20 was demanded bi-monthly. Sometimes nine in place of six assessments were made per annum. Next, in 1890, still higher rates were adopted, called "The Ten Years' Distribution Deposit Plan," and the original low rates practically abolished. At age 40 the bi-monthly rate is now \$2.70, and the annual dues \$3, and admission fee \$8 per \$1,000. Thus the institution has proved a complete failure in the matter of fulfilling the bright promise of its earlier career. Up till a recent date many of those ante-1890 members were flattering themselves that they would only have to pay their late lamented cheap rates to the end of fifteen years. Then their certificates would get such a big slice out of the "emergency" fund, or "mortuary" fund, or "expense" fund, or "mutual reserve" fund, or some other fund, as to practically free them from further ugly calls—in fact to render the certificate almost entirely self-sustaining. But the expected "bonds," yielding interest, seem to be now yielding very aggravating dissolving views. * * * The fifteen years are now about up, as to the first members, but this rating up of seven years in his age—from paying \$1.44 at first, to \$2.20, and now to age 47, and pay \$2.67—is the serpent he gets where he expected a good-sized fish.

The late president, Mr. E. B. Harper, comforts the afflicted, however, with the assurance that "while increasing the direct current payments, this re-apportionment does not increase the ultimate cost of insurance, since all death claims must be paid." * * * A very good foundation this for another rating up, a very few years hence, if those heavy losses continue to afflict the society in such an aggravating manner. It is a little peculiar that we have not heard of this unusual mortality wave visiting any of the companies which are conducted upon an admittedly sound

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basis. * * * What healthy man would want to join a wide-open society, and put up his well-filled purse to be drawn upon for its abnormal death losses? But that is precisely what every healthy man does who goes into an assessment society, be it called Mutual Reserve Fund or any other name, which collects too little in the earlier years—as all such societies do—and is compelled to assess the survivors more and more heavily to fill the gap thus created.

A few years ago the Association claimed that owing to its low mortality the then rates charged would be sufficient to carry the contracts for fifteen years, and that no increase would be made. Insurance experts were roundly abused because they stated, that it would surely be necessary to increase the rates of the Association to keep it alive. The following table of rates of the Association forcibly illustrates that the experts understood their business and that at last the officers of the Mutual Reserve are aroused to the necessity of making an effort to save their Association. An interesting query is: How many members will pay the increased rate? The result will be watched with much interest.

Rates of the Mutual Reserve Fund Association.

Age.	Average Cost per annum, 1881-93.	Rates 1890.	Rates for 1896
25	5.67	13.80	13.98
30	6.03	14.22	14.52
35	6.55	14.94	16.32
40	7.28	16.20	19.44
45	8.01	17.94	23.52
50	9.33	21.36	30.90
55	13.98	32.46	43.02
60	18.50	43.68	63.00

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"Assessment Plan."

Mutual..... Reserve Fund Life Association

OF.....

New York

Advance in Assessment
made necessary by
increased mortality.

WHAT
WILL THE RATE BE
IN 1900?