

The third section of the Act requires that rules submitted for registry shall make special provision for defraying medical and surgical expenses (including medicine and medical and surgical requisites) either from entirely separate contributions or from the contributions to the management fund. The scale of the weekly or monthly contributions is based, or ought to be based, primarily upon actuarial calculations of the amounts which must be paid by members entering at different ages to secure to them the sick and funeral benefits promised them by the rules. The data as to sickness and mortality are sufficiently precise to enable actuaries to ascertain what contributions at each age are on an average required to secure the payment of these benefits, provided that the contributions and all interest accruing therefrom are regularly and closely invested at a certain minimum rate of interest. But it is impossible to estimate accurately the future liabilities in respect of the medical-attendance benefit. The expenses connected with this benefit are so much dependent on locality, density of population, the measure of travelling involved, and other variable circumstances, that actuaries are unable to compute any uniform contribution in respect thereof. Hence in their tables of contributions no allowance whatever is made for expenses of this nature. It is therefore incumbent on societies to make special contributions for these expenses, or else to defray them from the management fund, since, if they are paid from the sick and funeral fund, the latter will be reduced below the amount required to enable it to meet all the probable future demands that will be made upon it.

The fourth section provides that the information which the Act of 1877 requires to be furnished to the Registrar quinquennially shall, for the future, be furnished annually. The collection of accurate data respecting sickness and mortality is of the greatest importance in the interests of the societies themselves, as it will render possible the preparation of tables of contributions more perfectly adjusted to the benefits promised, and also the more accurate valuation of the contracts entered upon. The imperfect manner in which the books have been kept, and the frequent changes among secretaries, have prevented a considerable number of societies from furnishing complete quinquennial returns. The system of rendering the sickness and mortality return annually will probably require less labour on the part of secretaries than the present system, and the returns will almost certainly be far more complete and reliable.

The fifth section provides that the valuation report and the return required in connection therewith shall be forwarded to the Registrar by the society instead of by the person employed to make the valuation; and, also, that the Registrar may appoint an actuary to value the society, if the society should not appoint one itself. It was considered by some that the Act of 1877, in requiring the valuer to send to the Registrar a return containing certain information with respect to benefits, contributions, funds, effects, debts, and credits, might be deemed to impose upon the former the duty of a personal examination of the books of the society. This interpretation, if sustained, would no doubt have largely increased the cost of valuations, as the duties of a valuer are entirely distinct from those of an auditor, and a correct valuation can very well be made at a distance from the society's office upon the supply of certain specified data to the valuer by the society. The section under consideration removes all possible doubt on this matter, and clearly prescribes that the society shall forward the valuer's report, duly signed by him, to the Registrar, together with the return which was required by the Act of 1877 to be sent by the valuer. Should a society either neglect to appoint or not desire to appoint a valuer within the term prescribed by the Act, it is required by this section to forward to the Registrar such information as he may deem requisite for effecting a valuation, and the responsibility of appointing a valuer for the society is then thrown upon the Registrar.

The seventh section provides that, in registered societies, a separate fund or funds shall be kept for the payment of management and medical expenses, and that this fund or funds shall be kept entirely distinct from the remaining funds of the society. It also forbids the appropriation of any portion of a benefit fund to any purpose other than the purposes for which the fund was established. The principal distinction between this and the third section is that the latter requires certain provisions with respect to the distinctness of funds to be made in every set of rules submitted for registration, whereas the former places certain closely-allied provisions in the light of a positive enactment, the breach of which will constitute an *offence* under the Act, in terms of section 13, (3), (a) and (b), of the Act of 1877, and will entail prosecution.

It should be understood that this provision contemplates something more than an arbitrary allocation of the contributions to the various funds by the managing committee. The section under consideration requires that the sums *received or paid* on account of a particular fund shall be kept separate, and therefore contributions received on account of certain specified benefits, such as sick or funeral benefits, may not, even in part, be carried to or distributed between any remaining funds of the society, such as the management or the medical expenses fund. It is therefore incumbent on societies to fix in their rules the scale of contributions to be paid for the benefits properly so called (the scales recommended by actuaries will assist them on this point), and to make such provision, altogether distinct from this, as they may think fit for the payment of management and medical expenses.

Any society which receives in one sum a contribution to meet the sick and funeral liabilities and also the expenses of management and medical attendance, without its being stated in the rules what portions of this contribution shall be appropriated to each of these two main purposes, should at once frame a rule defining the amount which is to be allocated to the sick and funeral benefits and the amount which is to be allocated to the management and medical expenses. Each portion of the total amount so required to be allocated to a particular fund will then be the amount "received on account of that fund," in terms of the section under consideration. This amount will have to be placed at once to the credit of the particular fund in question, and, if the fund be a benefit fund, must not be used, whether temporarily or otherwise (save on the authority of a valuation report made in terms of the Act), for any purpose whatever other than the purpose or purposes for which the fund is established.

If it has been the practice to defray the expenses connected with medicine and medical attendance from the sick and funeral fund, this practice must be at once discontinued, and a rule should be framed establishing separate contributions for that purpose, or else increasing the contributions for management to such an extent as to allow of the payment of medical expenses from the management fund.