These tables show conclusively that, notwithstanding an enormous increase of membership during the early years, the death-rate increases.

It has been suggested that these American orders and societies which so dismally failed are not synonymous with our friendly societies, and that therefore the additional benefits offered in New Zealand, such as medical treatment, dispensaries, and sick-pay, would operate in the direction of keeping the system together. Now, these "fraternal orders," as they are called in America, are regarded as the type that we in British countries know as friendly societies. I quote from a text-book called "Life Assurance Primer," by H. Moir, published in New York, dealing with this class of death benefits: "This form originated in the funeral societies, guilds, and friendly societies already mentioned; but its development was very slow until about thirty years ago, when it was adopted and forced to the front in America." He goes on to say that in this class of insurance "it was usually necessary to have some strong force to bind the members together other than the mere assurance benefit. This cohesive force frequently consisted in benefits derived from membership as a guild." It will be noticed here that the necessity for a binding force was also recognised in the American institutions, and was introduced, but failed to keep members in or make them pay more for their benefits than they reckoned the could get them for elsewhere. It might easily be argued that the fact there are other benefits to pay for would come harder on working-men than if only the special levies were to be met; but, no matter what other benefits are undertaken by the societies, the New Zealand levy system is on the same basis as the American scheme, if not worse, and the liability is created, and must be dealt with or provided for in some way. One of these large American societies did make an attempt to get a footing in Australia and New Zealand many years ago—the Independent Order of Foresters—but colonial good sense would have none of it. I have the prospectus here, from which it can be seen that the society catered for sick, medical, accident, and death benefits at option. This society is now said to be raising its rates, and its experience shows that, despite an enormous increase of membership of 86,521 in 1895 to 233,293 in 1905, the death-rate, which they reckoned to keep down, rose from 5·27 to 7·18 per thousand. I should state that this society is in no way connected with the Ancient Order of Foresters in New Zealand and England.

There is one final and very important conclusion which was arrived at by these American societies. In 1896 a Congress (the National Fraternal Congress) was held in the United States of 100 delegates from forty leading orders transacting assessment insurance. The president referred to their great trouble, the death-rate, and said, "Is not the real natural premium that which averages the annual cost of each life from its age at admission to the period of life's expectancy"? The Chairman of the Statistics Committee read a report dealing with the committee's findings on the whole system of assessmentism. He pointed out that, taking a large number of orders, the membership increased from 626,000 in 1887 to 1,430,000 in 1895. In spite of this increase of 100 per cent. the death-rate increased from 7·17 to 10·04, or over 40 per cent. He then took separately the societies which started before 1880, and found that they had a membership of 254,354 at 1880 and 811,194 at 1895, and yet the death-rate went up from 6·38 to 12·17 in spite of a quadrupling of the membership. He pointed out that after experience they had now altered their opinions as to what they could do with assessmentism, and said they had two elements to deal with: (1.) An increasing death-rate which might to a great extent be kept down for a longer or shorter time by an increase in membership; but does any one, he asked, claim the necessary increase can always be maintained? (2.) An improper rate of contribution, whereby the present draws upon the future to an unjustifiable extent. "Neither of these can be entirely remedied by increasing the frequency of assessments or by any method that shall leave the cause unchanged. The gross inequality between contribution and return must be properly adjusted. A general move should at once begin to educate all our members to a full realisation of the fact that impossibilities, even if labelled 'fraternal,' are still impossibilities. Your Committee . . . . do unanimously recommend to this Congress that, as the representative of our fraternal system, it shall declare that it is the imperative duty of the several orders represented here to make, at the earliest practicable date, proper provision for meeting the inevitable increase in the rate of mortality by an adjustment of rates so that contributions shall be equitably proportioned to the hazard at risk." (*Vide* New York *Spectator*, 26th November, 1896.) In 1899 the president wished all to clearly understand that not only is it impossible to control the death-rate by any system, but it is not influenced by a large enrolment of new members—the contrary supposition being the most common error of advocates of assessmentism.

These remarks are very convincing indeed, if anything further is needed to show the futility of endeavouring to run a business of this nature except on properly defined and sound lines. This Congress was comprised of men whose societies had been established and conducted without actuarial advice, and their investigations were carried out without actuaries, but they reached the same and sure conclusion that the scheme had to be abandoned, and the ordinary method of charging proper rates adopted. I may add that in some States legislation has been passed prohibiting the formation of companies operating on the equal-levy or assessment plan. Whatever points I have not dealt with on this subject the Actuary will refer to. I hope I have demonstrated what the clauses mean. To deal with this matter of adequate contributions and at the same time exempt the equal-levy system would, in my opinion, put the work of friendly societies back forty years, and the fight to get these organizations on a sound financial basis would have to be taken up afresh.

There were one or two points brought up by the parliamentary agents in connection with some of the clauses. One was a rather important amendment in clause 18. They proposed to alter the appeal from the Supreme Court to some other tribunal. Well, I think very great care will have to be exercised before any alteration is made in that direction, because if the tribunal is lowered in any way I think it will have a tendency to increase litigation. The Government have supplied the very best advice they can get on legal and actuarial matters, and the societies can expect to