

from a letter from Mr. Edwin Bannister, Permanent Secretary of the Antipodean Lodge, as well as Secretary to the District, that some twenty years ago members thought their sick and funeral funds were increasing more rapidly than was necessary, and so obtained leave of the district to appropriate half of the contributions due to the Sick Fund (6d. per week) to assist the Management Expenses Fund; and this arrangement has been continued ever since. Now, this circumstance shows, among others, most forcibly the necessity of periodical valuations of a friendly society. Members of the lodges and officers of the district were doubtless equally unaware how fast the benefit fund of a young society ought to increase to insure future solvency. Of the two lodges which reduced their rates by one-half in consequence of this permission, one is about £2,000 behind in its funds, and the other is only saved from occupying even a worse position by a slice of good fortune which could not have been foreseen at the time the rates were reduced.

There is perhaps no better method of utilizing a surplus than by reducing the rates of contribution to those members during whose membership the surplus funds have accrued. But a society should first be sure that such a surplus really exists, and this can only be ascertained by means of an actuarial valuation, not by mere observation of an increasing fund. For example, the old members of the Antipodean Lodge may now legitimately claim the benefit of the increased value of their property in the shape of contributions lower than would otherwise be necessary, but I see no reason why they should admit fresh members at rates that *must* entail a loss, and thus deprive themselves of the benefit of this increased value.

I find that in your district the funeral benefits are provided for by an equal levy made from time to time as funds are required, each lodge being called upon to pay in proportion to its numerical strength alone, or, in other words, each member contributing equally quite irrespective of his age, or the time he has been in the society, and the consequent value of the risk undertaken by the district on his account. Now, the system of spreading the funeral liability over the whole district, and thus equalizing the risk, is an excellent one. In fact, it would be well worth consideration whether the various districts of your order in the colony might not unite, and form one funeral fund. The wider the area over which such risks can be spread the better. The system of equal levies, too, you have inherited from the fathers of your order, and there is no doubt that the plan was intended to be wise and equitable, and on the commencement of the operations of the society it may have been so. It is, however, perfectly clear that the system becomes utterly inequitable and the inequalities inseparable from it increase as time goes on, while the better it is understood the more will the numerical progression of your society be hindered, unless some remedy be applied in time. If a new lodge be started in an old district where there is no accumulated Funeral Fund, the effect is that it is at once burdened with a liability in the shape of its share of the funeral liabilities of the older lodges. Supposing its contributions to be just adequate to secure the benefits promised, it would on valuation show an immediate deficiency on this account. Or, to put the case in another way, the contributions of a hundred young and healthy men, instead of being reserved against the time when they will be required to meet claims arising among them, are used up to meet claims arising among a hundred old men, for which no provision has been made. The effects of this system have not had time to develop themselves fully as yet here, as your district, as a whole, cannot be called an "old" one. Nevertheless, the difference in the amounts paid and received as funeral levies and funeral benefits respectively is sufficiently marked as between the old and the new lodges respectively. The old lodges receive more for benefits than they pay in levies. The conclusion is therefore irresistible that the newer ones pay more than they receive.

But, as if the necessary inequality of the equal-levy system were not bad enough, I find it increased in your district by a further inequality. Some of your lodges grant a funeral benefit of £15, and others one of £20. Yet both these classes of recipients pay the same levy. I am informed that in the former the members pay a lower rate of contribution. This may be so, but, as just as much per head is exacted from them by the district, it merely means that they have so much less left to meet their sickness claims. I am aware that, when exception is taken to any apparent inequality in a friendly society, the objector is frequently informed that these societies are governed by the "principle of fraternity." And an admirable principle is this same fraternity. It is a moral agent which many of us hope will yet regenerate the world. But it cannot associate itself with injustice without being defiled. It may be very "fraternal" for A, whose representatives are to receive £15, to pay as much for that as B pays, whose heirs will receive £20, but it is difficult to discover the "fraternity" in B's share in the transaction. I should strongly recommend the district to put an end to this injustice at once. The remedy for the inequalities of the equal levy may need much thought and care to work out, but this is a mere question of arithmetic. As long as the equal levy prevails it should be really equal, and those members assured for only £15 should pay only three-quarters of the amount paid by those assured for £20.

Before concluding, I will just notice briefly one further objection which is sometimes made to the principle on which the valuations of friendly societies are conducted. It is complained of them that no allowance is made for the possibility of future secessions. Now, in this point I will quote the testimony of a Past Grand Master of your order, Mr. Reuben Watson, Actuary to the Manchester Unity. He says: "If they wanted to calculate on secessions, he would like to know who would secede, how old the secessionists would be, and what the value of their relinquished contributions. Let them know all these things—for they should be ascertained with unfailing accuracy—before they calculated on secessions. He would leave that subject with the remark that, if there was any advantage received from secession, the next valuation brought out every farthing which had been gained by the society from that secession." In another place, the same gentleman describes taking future secessions into account as "counting the chickens before they are hatched;" and there is no doubt that this describes the operation correctly. The rates of contribution of a society should be sufficient to enable it to meet all its liabilities. If some of its members quit the society and forego their claims, the profit thus accruing may fairly be apportioned among those remaining, but it