making additional assessments in certain contingencies—excessive deaths or reduction in funds of the company. It was held that as the means were thus at hand for meeting the exigencies of the business at any time, the companies were sound; and they seemed to be sound, even prosperous to those unable to see beneath the surface of things, so long as a large proportion of the lives assured were at the early ages, say under 40 or 45, where the rates of mortality are low and increase but slowly with the age. But, after a considerable proportion of lives insured had passed to middle and old age, the weaknesses of the system soon began to be disclosed. The "new blood" theory was then developed, which, stated in simple terms, meant that enough young lives were to be induced to insure to keep the average mortality of the company as a whole at a low rate, thus obviating the necessity for excessive assessments. These young lives, however, in turn grew old and thus the aged became too numerous to be off-set by "new blood"; assessments became frequent and consequently burdensome; healthy persons, especially the young, found they could get insurance much cheaper in ordinary companies and declined to pay the assessments. With their withdrawal, mortality, with no adequate reserves built up to draw upon, soon became unmanageable, and the final *débâcle* was in sight. It is impossible here to follow assessmentism through all its modifications in practice—merely attempts, perhaps generally honest enough in intention, to bolster up an unsound system. The first of these companies appeared in Canada in 1885 and the last disappeared about 1907. Legislation in respect of these companies required that they should represent the nature of their business correctly to the public. A deposit of $50,000 was obligatory; death benefits were to be a first charge on all assessments; each policy had to state that "the association is not required by law to maintain the reserve which is required of ordinary life insurance companies", and the words "assessment system" were required to be printed on every policy, application, circular, etc.

Fraternal Insurance.—Fraternal societies made their appearance in Canada at a very early date. So far as life insurance is concerned, the development is of more recent years, as in the case of old line life companies. They were at first exempt from the provisions of the Dominion Acts applicable to assessment companies. Notwithstanding the exemption, fundamentally the business and the methods of the two types of institution were fairly analogous as regards life insurance, though the machinery differed. Eventually, the provisions of the Statutes originally designed for assessment companies were applied to fraternal societies and continued to apply until the passing of the 1919 Amendment to the Insurance Act. The essential provisions of this amendment are embodied in the Acts of 1932. Thus the fate of fraternal benefit societies has been more fortunate than that of assessment companies. Although many of them have had to go through several readjustments of rates and benefits, which meant loss of membership and a temporary set-back, they have for many years been doing business with due regard for sound principles. Since 1919, these societies have been required to have an annual valuation made of each benefit fund by an actuary. Should a deficiency be disclosed as a result of the valuation, it must be made good within a reasonable period by an adjustment of rates or benefits. Thus societies are in no way in the dark as to their actual condition, and if any weakness should be disclosed the necessary remedy can be applied before anything in the nature of a serious situation arises. No bases or methods of valuation are prescribed; the actuary is expected to make his valuation having regard for all essential circumstances. It may be noted that an actuary performing valuations for a friendly society must be a fellow, by examination, of one or more of