

(usually at the option of the policy holders, as I understand the contracts) are not exempt from the tax imposed by the statute referred to.

You will note that the tax imposed is "two per cent of the *gross amount* of receipts of premiums from policy holders in this State."

Respectfully submitted,

T. F. WEST,

Attorney General.

FRATERNAL BENEFIT ASSOCIATIONS — "HERALDS OF LIBERTY"—PERMIT UNDER CHAP. 6970, ACTS 1915.

Tallahassee, Fla., August 15, 1916.

Hon. J. C. Luning, State Treasurer,
Capitol.

Dear Sir:—

At your request I have again considered the question of whether or not you would be warranted, under the provisions of Chapter 6970, Acts of 1915, Laws of Florida, in issuing a permit to the Heralds of Liberty to do the business of a fraternal benefit association in this State. I heard Honorable A. W. Cockrell, attorney for this association, in its behalf, have read his communication to you and have given careful consideration to each of his arguments and suggestions.

From my consideration of the questions involved, which has been as extensive as the time available would permit, I have concluded that the decision heretofore reached when this application was originally presented is correct and that the plan of business and insurance contracts issued by this association to its members are such as put it outside the definition of the term "fraternal

benefit society" as such societies are defined in this statute.

It is not necessary, but it would perhaps be more satisfactory to interested parties, to point out certain inconsistencies between the plan of business of this association and the statute.

One which to my mind is controlling is this: By the plan of business of this association its certificate holders are grouped according to age, and each member of each group is designated by a number, the usual number in a group being 26, and the numbers given to such group-members are 1 to 26, respectively. By the contracts of insurance of the certificate holders it is provided that in case of the death of any one of such certificate holders in any group the beneficiary shall receive a sum equal to the face of the certificate, and in addition to this the certificate holder who happens to be designated as number 1 of such group receives also a like amount paid from the treasury of the association.

This payment is, in my opinion, not authorized by the provisions of the statute and is not in accord with what seems to be regarded as sound principles of fraternal insurance, since it involves an element of speculation and profit to certain certificate holders who happen to get into preferred positions at the expense of the fund in which all are interested. In theory the certificate holders are related by ties of fraternal interest looking to their mutual protection, and this "endowment" idea is not in harmony with this theory.

In addition to this, I think it doubtful if the government of this association is representative, as that term is defined in the statute, as will appear upon a comparison of Section 3 of the statute with the by-laws of the association on the subject.

Another matter which is of interest, though not con-

trolling, is the financial condition of this association as it appears from the report of the examination made at the instance of the insurance departments of the States of Alabama and Florida. From this report it appears that the liabilities, actual and contingent, of this association are much greater than its assets, actual and contingent, and that the excess of liabilities over assets is increasing, as appears from the attached sheet taken from page 18 of this report.

Respectfully submitted,

T. F. WEST,

Attorney General.

ASSETS, ACTUAL AND CONTINGENT.

Present Mid-Year Value of Future Contributions:

(a)	On certificates containing Death and Old Age Benefits.....	\$ 1,549,117.96
(b)	Whole Life Plan.....	305,879.78
	Admitted Assets available for Claims	101,017.27
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Total	\$ 1,956,015.01

LIABILITIES, ACTUAL AND CONTINGENT.

Present Mid-Year Value of Promised Benefits:

(a)	Certificates containing Death and Old Age Benefits.....	\$ 2,636,805.49
(b)	Whole Life Plan.....	336,735.27
	Accrued Liabilities.....	53,692.76
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Total	\$ 3,027,233.12