PLAINTIFF'S EXHIBIT

MET-907

CERT. 5444 G.L.H.
Coded By. [illegible] Date 12/16/31

Mr. M. S. Applegate, Supervisor
Group Administration Bureau

In re: The Ruberoid Company - 5444-G.L.H.

At the present time we have six policies on the employees of the above company. Three of these are for Group Life and the other three are for Group Accident and Health. The six policies are combined for dividend purposes.

We recently asked for an increase in rate on two of the Group Life coverages and informed you at that time that if the six groups were reissued as a Package Policy, the Life rate for the Package would be "T" plus $2.00. You have asked me to study this case with a view to allowing a lower rate for the Package because of the savings in expense. If these groups had originally been issued as a Package, our expenses would have been about $4,000 less and our loss to date would have been about $13,000. All of this loss is on the Life contracts, and we would have a much greater loss if the policies were not combined for dividend purposes.

On the three Life coverages we have paid claims totalling $54,800 and have earned premiums of $45,000. When issuing the Package Policy it was not our intention that one coverage should continue to pay the losses on the other coverages year after year. The theory was that the packaging of the coverages would cover chance fluctuation in any given year. When it is shown definitely, as in this case, that one type of coverage is a sub-standard risk, it is necessary to increase the rate.

In view of this I do not think we can quote any rate lower than the "T" plus $2.00. In fact, it is doubtful if this rate will be adequate and it will probably be necessary to increase the rate at some future renewal date.

Assistant Actuary

MB 12/15/31

December 15, 1931
EOD/CF