

Science Congress, which loves to discuss all questions relating to the present welfare and future happiness of the human race, should not forget at its next meeting, to take up the subject of Life Insurance. How essentially it promotes the happiness of domestic life, how cheaply it secures an inheritance to the poor, and how efficiently it protects the rich against the caprices of fortune and the precariousness of wealth! How considerably it offers support to old age, and the means of advancement to youth. How vivifying it proves to industrial undertakings, and how readily it imparts to commercial investments and enterprises a solidity which cannot be shaken by death itself. It is the duty of all who are theoretically interested or practically concerned in the solution of social and politico-economical questions, to awake and fasten in the minds of the people an appreciation of Life Insurance, and a disposition to profit by its advantages. In all well-regulated communities it is regarded as obligatory on a citizen to educate his children, provide for his family, and insure his buildings against fire. We expect the day will come when a man will be considered derelict in duty if he neglects to insure his life. In this way the money is saved, the same way as if it were deposited in the savings bank; and besides the benefit it confers on the family of the individual insured, it increases the accumulated and productive capital of the country. Most of these savings would be lost to the family and the public but for the motive held out by Life Insurance.

We should take a broad view of the beneficence of Life Insurance. It is more noble than public charities, because it places those who receive its benefits above the need of public charity. Families are the foundation of a well-ordered society, and the welfare of families is the welfare of the State. The efforts of the thoughtful, the unselfish and the diligent, who devote their savings to this institution, in the confidence and well-founded belief that their families, after their decease, will reap the fullest benefit of their providence and industry, should not go unrewarded; and it is proposed that such citizens as are not in the enjoyment of affluence, but who are able to show that they have insured their lives for the benefit of their families, shall have a certain percentage deducted from their taxes by the Government. This is a wise and humane proposition, and no doubt Government will give it due consideration when it commences to legislate for the benefit of the people. It is just as sensible to tax asylums and hospitals, as to seek to gain a revenue from the deposits which foresight and affection have set apart for the protection of thousands of helpless citizens.

In England, for more than a hundred years, Life Insurance has been an established system. In this country it is still in its infancy, the first company having been established in 1825, but prior to the year 1845, comparatively few persons availed themselves of its advantages, and more than five-sixths of all the policies now outstanding have been issued within the last five years. The consequence is, the benefits of Life Insurance have hardly begun to be seen in this country, but they will be more fully realised when the present generation commence to pass away, and the vast amount of money now in the treasuries of these companies flows out in a stream whose volume is more nearly equal to that of the incoming premiums. It is estimated that a million and a half of people, born and unborn, are already provided for in this country by those who have availed themselves of the benefits of Life Assurance. From one of the oldest companies of the land, where the obligations have just begun to mature, there were dispersed, during the past eight years, over twenty-one millions of dollars, and at the present time the annual outflow is more than five millions of dollars.

The rapid growth of the system of Life Insurance in this country during the last few years is due partially to the civil war, which swallowed up

so many valuable lives, making death and the danger of leaving domestic interests unprotected a present reality in every household. While the cost of everything else is advanced, the price of Life Assurance remains the same, and people who insure now, while a depreciated paper currency is abundant, have the prospect of having their security returnable at some day in actual coin, after specie payments have been resumed. The amount which the Life Insurance Companies of this country have already promised to pay to the insured or their dependents, is nearly nine hundred millions of dollars. Of course the larger part of these obligations is contingent upon the continuance of the payment of an annual premium by the insured; but if the growth of this system receives no check, the pecuniary interests involved will exceed, within the lifetime of the present generation, those depending on the good faith and ability of the General Government to pay the national debt. And yet the growth of Life Insurance in this country, rapid as it is, is not false or unnatural. The conviction daily gains ground that it is the best plan which has yet been devised to provide against the uncertainty of human life; and therefore every enlightened man, in whom are wrapped up the lives and well-being of others, deems it his duty to provide for their protection and happiness.

In order to meet the various views and circumstances of persons desiring insurance, various kinds of policies are issued. One form of these is known as the whole life policy, which is payable after death to the legal representative of the person insured. Sometimes two or more persons get insured together, when the policy is called a joint-life policy, and is payable on the death of the persons named in the policy to the survivor. A survivorship policy is payable to a person named in the policy, in case he survives another person or persons named. Endowment policies are most commonly used to make a provision for children upon attaining a certain age, either with or without a return of the premiums paid, in case of death before the specified age is required. In endowment assurance policies it is agreed to pay the sum named to the insured himself in case he attains a specified age; otherwise to pay it to his heirs, as in the case of the ordinary life policy. Simple-term policies are for one, five or seven years, and are paid to the heirs, in case the holder dies within the term. This short-term policy does not seem to find much favor with those who insure, as they prefer to take out one for life.

In 1863, nineteen-twentieths of all policies were the whole life policies, with premiums payable annually during life. This form of policy provides most cheaply against the contingency of early death, and the annual premiums are smaller, having been distributed over all the probable years of life, but many people dislike the weary prospect of continual liability to pay an annual premium to the very end of life, especially when they reflect upon the possible inability at some future period in life to meet the payment. The best way to surmount these objections is to pay for the policy wholly in advance by a single premium. This plan ignores the main inducement to insure—the hazard of death during the earlier years of the policy. Thus paying in advance for all the possible years of his life, he pays largely for insurances which he may never need. But the circumstances of many prevent them from paying so large a sum at one time, and it will be conceded that the single premium plan is not the best one for the largest number of people. The modification of this plan, termed Deposit Life Insurance, has been offered to the public, but it has no material advantage over this ordinary single premium plan, and does not seem to find much favor with the public. A happy compromise between these two plans is that of a limited number of annual payments. The number of payments is usually limited to ten, and if, after two or three payments, the party insured fails to make any further payment, he is then entitled to a paid

up policy for as many tenths of the original sum insured as there have been full premiums paid. This plan is popular, and has been eagerly adopted by the public. The objections to this plan are the same in kind, though not in degree, as those which lie against the single premium plan, each of the ten payments being somewhat larger, but as it brings the payments within the productive period of life, it relieves the contract from the indefinite obligation to pay long after the ability may have ceased, and therefore it finds favor with the public.

Premiums on whole-life policies may be limited to any number other than ten, as the one who gets insured shall choose, with or without the non-forfeiture clause. In endowment policies the number of premiums is necessarily limited to the number of years in the term covered by the policy; in other words, as it is plain to be seen, the payments must cease with the maturity of the endowment. The ten or five years plan of payments can be applied to these policies if desired, and with some companies the policies become non-forfeitable as fast as the premiums are paid. The adoption of these features has done much to popularize the system of Life Insurance. The fear of forfeiting the policy if the annual payments were not promptly made, and thus losing the whole, deterred many from insuring their lives; but now, since each payment tells, securing a part of the total amount, the people do not hesitate to take advantage of this admirable institution. The fair and liberal spirit which now prevades most Life Insurance Companies is all that could be desired, and redounds much to the credit and success of the system. Philanthropy can afford to be just, and justice, as well as honesty, is the best policy.

Life Insurance is most a blessing to persons of small pecuniary means, and for them the ordinary annual premium is best adapted. To be sure, in order to secure the full benefit of his payments, it is necessary for the policy-holder to continue them; but if misfortunes overtake him, so that he is unable to make his annual payments, all he can fairly claim is, that he shall receive in insurance an equivalent for all the money he has paid. The plans of non-forfeiture adopted by Insurance Companies are concessions to the justice of this claim; and in some States, as Massachusetts, for example, the subject has become a matter of legislation, and the remedy is carried to the full extent of the evil; that is, it extends to all policies issued, of whatever kind; so that now whatever the form of policy taken out, the law secures to the holder, without the necessity of any action on his part, a fair equivalent for all the money he has paid. This end is accomplished by providing that, in case of a failure to pay his annual premium, his policy, instead of being absolutely forfeited (according to the old plan), shall stand good for a length of time equivalent to the amount of money he has already paid upon it. But when that time (which is fixed by a set of tables) has expired, the insurance ceases, and the money paid is for ever lost.

The business of Life Insurance is of a peculiar nature, and there is great opportunity for fraud or fatal error, unless some system of public supervision is instituted, which shall ascertain the actual value of the policies issued by every company. In Life Insurance, the profits come first and the expenditure afterward, which reverses all the laws of commercial enterprise and investments. This will be readily seen, when we state that in the first years of a Life Insurance Company its treasury overflows with the incoming premiums, while its liabilities are postponed for the lifetime of a generation. Under these circumstances, its condition must be probed by some decisive test. A considerable portion of the annual payments received from policyholders must be sacredly set apart, and allowed to accumulate at compound interest, as a fund to pay the future losses. One of the duties of this public supervision is to ascertain if enough has been so reserved and securely invested. The necessity of this accumulation is apparent to the most casual reflection.