

association promises under this kind of policy to give cash surrender values and to distribute dividends to policyholders. It claims to possess at present a surplus or emergency fund of about \$800,000. The policy it is claimed has a disability feature providing, in case of total permanent disablement, for the payment of one half the face of the policy. The association also quotes "estimated cost" rates for five and ten year term policies, premiums to be paid annually or semi-annually or quarterly.

It is to be borne in mind that, notwithstanding the adoption and announcement of these annual premium tables, the policyholder is practically a member of the assessment system, subject to its mutations, no reserve commensurate with the future liabilities belonging to the policies issued being in existence, and no capital behind the association's promises. If the actual cost of carrying the insurance should prove to be in excess of the "estimated cost" of the rate named in the table, and the emergency fund should prove inadequate to supply the deficiency at any time, it is obvious that recourse must be had to further assessments to supply the deficiency. The rate cannot therefore be called a fixed rate. In case of a panic of distrust among the membership from any cause, history must inevitably repeat itself and cause the dropping out of the best lives, leaving a preponderance of impaired lives to force up the death rate abnormally, by this selection against the association.

Already, we notice, the cost to the membership of carrying their insurance has largely increased during the past five years. Turning to the annual report of the Massachusetts insurance department for 1886, we find that the mean amount of insurance in force in this association for that year was \$43,758,000 and the losses incurred \$427,000. The average mortality cost to the membership was therefore \$9.76 per \$1,000 of insurance. Taking the report on the business of 1891 we find that the mean amount of insurance was \$83,288,375 and the losses incurred \$1,369,750, or \$16.44 per \$1,000 in force—an increase in five years of nearly \$7 per thousand. But this does not represent the full cost to the membership, for the expenses paid in 1891 amounted, all told, to \$327,119, which, added to the losses incurred, makes the total cost \$20.37 per \$1,000 of mean amount insured. If we take the total amount paid for losses and claims, plus the expenses in 1891, we find the cost to have been \$17.97 per \$1,000. Of course the \$16.44 represents the actual *mortality rate* per \$1,000 of the mean amount insured, which is \$3.54 more than the average death loss ratio, on the same basis, of all the level premium companies reporting to the Massachusetts department for 1891. Their average ratio was \$12.90 per \$1,000. Even the Mutual Life and the New England Mutual, each almost fifty years old, had a smaller death ratio than the Massachusetts Benefit, only twelve years old. In so far as this association charges an adequate premium rate based on the natural premium plan, and in so far as it may succeed in accumulating a surplus or emergency fund, it is to be congratulated, for it thus takes a step toward the sound

practices of the reserve companies; but let it be clearly understood that it is only a step, so far, and that the association is fundamentally committed to the vacillating assessment system. Meanwhile it is noticeable that the amount of losses and claims unpaid on December 31, 1891, was the round sum of \$519,342.

THE LIFE CANVASSER'S CHIEF OBSTACLE.

The day has practically passed when the soundness of the philosophy of life insurance must needs be argued for. People generally accept it as both safe and desirable; but the trouble is, speaking from the point of view of the life insurance agent, that, although they so believe, it is hard to persuade them to translate their faith into works. The excuses offered by persons urged to insure their lives who have no fault to find with the system, but on the contrary cordially endorse it, in many cases afford very dubious testimony as to the common-sense of those who utter them. Some illustrations gathered from the experience of workers in the field will make this clear.

A professional man, whose work exposes him to many perils, and who has a family dependent upon him, although in receipt of a handsome salary, carries no insurance on his life, and postpones taking a policy until he sees how some doubtful investments in mines or lots turn out, forgetting the lines of Lowell, that

"The mine may fail,
a breath may burst his bubble shares,"

while in the bright lexicon of first class insurance companies there is no such word as fail. He forgets that he has no moral right to hazard the future of his family upon the uncertainty of a speculative venture.

Another instance is that of a young merchant doing a prosperous business, which would, however, realize little more than sufficient to pay the liabilities were it suddenly wound up, and who thinks he cannot afford to indulge in a good insurance policy until he has brought his business to the point where it can stand alone. In other words, he is postponing the insurance until the time when he may perhaps be able to do without it altogether, in the interim exposing both his business and his home to the desolation that would inevitably result from his being taken away from them.

A still more striking instance is afforded by the young married man who, while stating his desire to do so, assured an agent that he could not afford to make a small addition to his insurance, and yet within a month took his wife off for a costly European tour!

These illustrations all point in the one direction. They show that although, as has been already stated, the philosophy of life insurance has obtained general acceptance, although there are comparatively few now to oppose the system and to argue that the savings bank is surpassingly better, still the work is only half done. The propriety of life insurance being generally admitted, the important thing is to produce a conviction as to its urgency, and that it ought to have precedence over a thousand other things that are permitted to stand in its way. Until this has been done,