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THE INFLUENCE OF THE PLAN ON THE ACCEPTANCE OF RISKS FOR A LIFE INSURANCE COMPANY.

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MR. President and Gentlemen: In the early days of life insurance the acceptance of risks lay almost entirely with the Board of Directors. It is said that the old test of the fitness of an applicant was a walk around the board-room table. If the directors considered the applicant to be a healthy-looking individual, his application would generally be accepted.

In course of time the board of directors called in the assistance of the medical directors, who eventually relieved the board of practically all responsibility in regard to the acceptance of risks. The medical directors, in their examination of cases laid before them, often feel that an applicant can hardly be accepted on the plan of insurance applied for, but believe that he would be safely insurable on some other plan. It is then that the actuary is called upon to combine his knowledge with that of the medical directors, in order that the combination of medical and actuarial knowledge may determine the terms upon which the insurance may be granted.

Needless to say, it is not my purpose to try to tell a body of medical men anything about the acceptance of risks from a medical standpoint, but I will endeavor to give a brief account of the acceptance of risks from the standpoint of an actuary.

In order to understand the effect of the plan of insurance upon the acceptance of risks, it is necessary that we should know something of the fundamental principles of insurance. I am aware that the medical directors and many of the local medical examiners have a very fair knowledge of insurance; but, in order to be on the safe side, I will endeavor to explain, as briefly as possible, some necessary points.

* Read at the Ontario Medical Association, June, 1904.