

SELF-SELECTION IN LIFE INSURANCE.

A correspondent of the London Post Magazine having challenged the accuracy of a dictum that the effect of self-selection on the part of the public against the life companies in the choice of the class of insurance has been well established by the British companies' experience, that journal refers to the paper read before the Faculty of Actuaries of Scotland in 1902 by Mr. James Chatham, F.I.A., F.F.A., entitled "On Premiums deduced from the Mortality Experience (1863-1893) of British Life Offices." In summing up the results of his very thorough investigation, Mr. Chatham said:

"It has been proved beyond all question that the rate of mortality varies according to class of assurance. Dealing with males only, we have seen that they range themselves very much in the following order:—endowment assurances, limited payment, whole life, ascending scale, temporary assurance, contingent survivorship. The general principle seems to be, the higher the rate of premium, the lower the rate of mortality.

"Another conclusion to be drawn is that the selection exercised against an office by a proposer in the choice of his class of assurance is much greater than has generally been supposed and this will probably have the effect of causing offices to exercise greater discrimination than hitherto in those classes where the mortality is shown to be heavy. . . ."

In a subsequent paper on "Office Premiums" by Mr. Henry Moir, F.I.A., F.F.A., F.A.S., the same conclusion was endorsed. "The New British Offices' Mortality Experience," said Mr. Moir, "should now be used and in forming complete tables of premiums effect should be given to the varying rates of mortality in different classes of policies. It has been clearly demonstrated that policyholders exercise discrimination (or self-selection) against the companies according to the forms of policies they take. Probably this discrimination is to a great extent unconscious. A person of hopeful disposition, who spends practically all his income, thinks mostly of the present, and leaves the future to take care of itself, is much more likely to take a cheap form of life assurance, whereas the thrifty and prudent man, who keeps the future before him, is more likely to take a limited payment or endowment assurance policy with higher premiums, even although this means a little more self-sacrifice at the present time. This latter disposition is apt to be accompanied by frugality and care in other directions, and will therefore result in better average health and longevity. While the cause of discrimination (i.e., self-selection) may be interesting, the fact of its existence is the important point, now abundantly proved."

MORE TROUBLE.

An examination by the Nebraska insurance department of the Ancient Order of United Workmen in that State, just made public, shows a deplorable condition of finances. The annual grand lodge meeting next week is to take up the question of another increase in rates, according to official announcement. A few years ago the Nebraska rates were almost doubled.

CHIEF TREMBLAY'S SUGGESTIONS.

The following fire prevention hints have been published by Fire Chief Tremblay of Montreal in connection with the observance of the present week as clean-up week:—

Bear in mind that carelessness and negligence are the chief cause of fires.

Be careful in the use of matches. Do not throw away lighted matches carelessly. Do not leave matches within the reach of children. Keep matches in metal receptacles. Use safety matches in preference to so-called parlor matches.

Prevent the accumulation of ashes and rubbish in your cellars, yards, etc. Never put ashes in wooden boxes, but place them in metal receptacles.

Keep your lamps clean and thus avoid lamp explosions. Do not turn lamps low and then leave them burning all night. Keep lamps away from children—they may upset them.

Never leave children alone in the house—they often cause fires by playing with matches, upsetting lamps or coming in contact with red hot stoves and fatal results are frequent.

Keep all inflammable material away from lighted gas jets, stoves or furnaces.

Protect the woodwork around your stoves, furnaces and ranges. Never permit a stove, or a furnace to be set up without stone, brick, concrete or metal protection underneath.

Do not go into closets with lighted matches or candles.

Never use matches, candles or torches in looking for a gas leak—or thawing water or gas pipes.

Never pour coal oil (kerosene), into the kitchen fire to hurry it along.

Do not use gasoline or naphtha for cleaning inside the house. Fires occur from friction when silk and other material are being cleaned by that process.

Turn off the electric current switch before leaving premises for the night to avoid dangerous short circuits, particularly in rainy or snowy weather.

BROKEN VOWS.

Just think what a volume might be written on the subject of forgetfulness of underwriters! Can anybody here remember instances where the development of a loss has permanently turned the company against risk and owner? A few years ago there was a heavy loss on a carpet stock in Boston, in which over forty companies were interested. A claim was made which everyone regarded as extortionate, and about four-fifths of the companies registered a vow that by the "great horn spoon" they would never, never, never, insure that man again. The loss was settled and in two years about one-third of those swearing companies were on the risk again, and in four years nine-tenths of the insurance on the owner's stock was in the same companies which paid him a loss against which they kicked so vigorously.—*Samuel R. Weed.*

The annual meeting of the Merchants Bank of Canada is fixed for June 2nd.

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American liability companies are reported to be looking very warily at the jitney, but Lloyds of London are said to be taking such risks in California and in Chicago.