

But they cost; and that cost is many times the cost to a private investor or to a savings bank for the investment and care of funds; and that cost falls upon the policyholder and upon every dollar paid in by him for premium, or earned as interest for him; and that cost is so great as to make the use of a life insurance company for the mere accumulation of money expensive and disadvantageous as compared with ordinary methods. That cost is a legitimate and proper part of the whole cost of pure life insurance, because it is an inevitable necessity to an indispensable protection. But it is not a necessity to the most successful methods of safe accumulation. Schemes of accumulation which are subject to that cost are, therefore, not legitimate. They bear a needless and, therefore, unwarrantable expense. It is in part to offset the effect of this expense in the case of policyholders, lucky enough to live and pay through, that these schemes now include the practice of forfeiting surplus or reserve, or both, from those who die or do not pay through, for the benefit of the fortunate ones.

The only interpretation possible to the above language is, that the only legitimate transaction in which a life insurance company can engage is to issue policies only payable at death, and to collect premiums therefor only sufficient to pay the cost of carrying "pure life insurance." No explanation or twisting of phrases can force the language used to mean anything else. Of course it can hardly be supposed that Col. Greene meant to place himself so squarely on the pay-as-you-go platform of our assessment friends. These people have been ringing the changes for years on "pure life insurance divorced from the banking element," and telling the public that the over-payments for the earlier years required by the level premium companies, and which go into reserve, can be more profitably used by the individual investor, who is therefore exhorted to "keep his reserve in his pocket." Colonel Greene distinctly asks the question, referring to the accumulation of money by a life company over and above that which is necessary to protect pure life insurance: "Is there any special and necessary limitation to its ability to do this as well as a prudent individual investor or a savings bank?" And he as distinctly answers it by saying, that the expense of "the middle men, the agency force," constitutes the limitation.

Now, if this expense of the agency force operates to place a life insurance company at a disadvantage when compared with the savings banks, as an investor "of money over and above that which is necessary to protect pure, plain life insurance"—in other words, the reserve—then it logically follows that the company labors under the same disadvantage as to the investment of that reserve itself, several millions of which, we are glad to know, Colonel Greene's company has safely invested. That is exactly the argument for the assessment system, and is entirely fallacious. Facts outweigh theories, and the facts recorded in the actual experience of individual policies issued by the principal life companies, British, Canadian and American, examples of which are printed by the hundreds, show that endowments and other forms of policy, combining life insurance with investment, have given better returns for the investment portion of the pre-

mium than those of the average savings bank, besides which life insurance protection has been afforded. The result of reversionary additions to the ordinary whole life policy also shows, that the ability of the life company to deal as an investor with the surplus accumulations of premium is not in the least crippled by this agency expense bugaboo. Colonel Greene seems conveniently to forget that the initial agency expense of putting insurance, with or without the investment feature, on the company's books is distributed over a long series of years, and in the end more than counterbalanced by the trifling percentage of expense incurred by a life company in looking after the investment of funds in exceptionally large amounts, as compared with investment companies and savings banks. The same official and clerical force required to transact the business of "pure life insurance" needs but comparatively slight reinforcement to look after the additional funds accumulated under investment policies. The mythical "use of a life insurance company for the mere accumulation of money," above conjectured, does not enter into the question at all, as no such institution exists or ever has existed. Companies for "the mere accumulation of money" are not recognized by anybody that we know of as life insurance companies.

The evident aim of Colonel Greene in his attack on the investment feature in life insurance is shown by the last half dozen lines of the above extract. He intended to hit the companies which issue policies, either endowment or whole life forms, in which the distribution of surplus and accumulated profits is deferred to the end of a stipulated period. The name of the plan, whether semi-tontine or something else, is of little moment. It is this form of investment and accumulation that the belligerent colonel is after, seeming to be entirely blind to the fact that he is firing into his own ranks. The objection, if there were any, against the investment feature, as such, of a modern semi-tontine or a deferred distribution policy, would apply with equal force to the investment feature of a regular, old-fashioned endowment policy, such as Colonel Greene's company issues freely. The ground assumed by that gentleman is clearly untenable, and his arguments not only fallacious but mischievous, and liable to be used as a weapon against all sound and legitimate life insurance. It is for this reason that we have given prominence to the utterances quoted and the position he assumes, not by any means for the first time. That position, whatever the intention, is in direct opposition to the opinions and the practices of the level premium companies of the entire insurance world, the leading exponents of which have in various forms emphasized their belief in the investment feature by largely increased issues in that form, and for which there is an increasing demand by the intelligent public. We commend to Colonel Greene the humiliating experience of the valiant but impotent old king Canute, whose opinion of his own potency received such a rude rebuke from old Neptune.