AMERICAN LIFE COMPANIES ON THE WAR RISK.

(Business and Sentiment.)

An interesting and somewhat important question has been raised recently affecting the life insurance companies of the United States in connection with the impending war with Spain. In the event of real war all the available force of the naval reserve, which bears the same relation to the regular navy that the national guard or state militia bears to the regular army, will be called out and see active service, and it is expected that the national guard will be drawn upon to a considerable extent for the infantry and cavalry service. Now both the naval reserves and the national guard are made up for the most part from well to do families and society young men in the large cities and towns, and many of whom carry more or less life insurance, their military status being no bar to such insurance in any of the companies in time of peace. Many of the companies, however, have a clause in their policies rendering them void if the insured shall engage in war without a permit. Where a permit is granted an additional rate to cover the risk has been customary.

During the past three or four weeks some of the insurance journals over the border have "interviewed," so to speak, all the leading companies as to their probable course in case their policy-holders, recent or of long standing, go to war. About a dozen, we believe, of those which have responded have indicated a willingness to waive the war clause where it exists and treat these real soldier or naval policy-holders as if they were ornamental soldiers in time of peace. It is to be borne in mind, however, in this connection that several companies have for some time past issued policies incontestable after two years from date of issue for any cause excepting non-payment of premiums. Of course, those holding policies of this class which have been two years in force, are covered without any action on the part of the insuring company. It has, however, been announced by several companies that the restriction will be removed from such as hold the old form of policy with the war clause if they desire to serve their country, and that on policies not yet two years old of the incontestable variety, the incontestable feature shall apply so far as war service is concerned.

Several companies are non-committal as to their probable course, while some cite their practice during the war of the rebellion as indicating their present attitude. Of this class the Mutual Life of New York is a fair example. President McCurdy says:—

"During the civil war the insurance companies—most all of them—got together and charged a man who went to the war from 2 1-2 to 5 per cent. extra, according to the part of the country in which he was fighting. In no case did we cancel the policies, nor did we insist upon a cash payment on the extra charge. We took it from the dividend. I imagine something similar will be done in case of a war with Spain. If war comes we will meet the emergency, and if we do raise the percentage we probably shall not insist on cash payments."

The percentage referred to is of course on the amount insured under the policy, being fifty dollars on a $1,000 policy where five per cent. is charged. The Connecticut Mutual Life (which has no incontestable policies), is a fair sample of the extreme liberality with which some of the companies propose to treat enlisted men. President Greene of that company says:

"Until further action is had in the premises, in case of war no extra premium will be charged to officers or enlisted men of the army or navy of the United States, or of the militia of the several states, who at the date of a declaration of hostilities shall be members of his company."

The New York Life, through Vice-President Perkins, says that "every civilian of the United States holding a policy in the New York Life to-day, whether he has had it for thirty minutes or thirty years, is perfectly free to go to war to-morrow or any other time in the future," and that no extra premium will be charged or permit required.

Now patriotism is an excellent thing and deserving of commendation. We concede that the announcement by company managers of the gratuitous abrogation of the war hazard as above indicated does honor to the heart, but we are unable to say as much for the head. The officers of those American companies who contemplate an adequate extra charge for the extra war hazard may be quite as patriotic possibly as the first class named, but they seem to remember that they are the custodians of a trust fund belonging to several hundred thousand members who have not indicated what their wishes might be. We seriously question the right of a mutual company's officers to discriminate in favor of a small class of policy-holders at the expense of the others in even so good a cause as that of a war to suppress medieval cruelty and wholesale butchery in Cuba or anywhere else. A life insurance company is not organized for philanthropic nor humanitarian purposes, but for the equitable benefit of all its members, who pay for the share which they each contribute to the general risk. War is an extra risk, and if not paid for by the members who incur the risk must be paid for by the members who do not incur it.

There is also, as regards at least four American life companies, still another question to be considered. These companies have thousands of members in Canada, England, Germany, France and even Spain, who may not care to contribute toward the war risk assumed by some of their co-members in the United States. Whatever may be the sympathies of the nearly a hundred thousand policy-holders of American companies in Canada and several times that number in England and its dependencies toward the cause espoused by our neighbors, they will be likely to object to the no-charge, wide-open permit proposed to be extended to the citizen soldiers of the republic. We trust that the sober, second thought taken by the managers of some of the companies, so ardent in their patriotism, may serve to induce a policy governing the war risk, if it becomes operative, in accordance with business principles rather than sentiment.