

THE HOMANS' PLAN OF LIFE ASSURANCE.

We insert with pleasure on page 229 the reply which Mr. Dexter, the Managing Director of the Federal Life makes, or rather attempts to make, to our criticism of the Homans' Plan. His letter arrived just as we were going to press last month, and had, therefore, to be omitted. We trust that our readers will do us the favor of turning to our April issue, and refreshing their minds as to what we said, and will then mark off which of the facts and arguments Mr. Dexter even refers to, and then decide whether his remarks on those few points are worthy of consideration. We think they will agree with us that the weakness of the reply is about the strongest proof that could possibly be brought forward as to the truth of our statements, as well as the absolute soundness of our conclusions.

As we have already said, Mr. Dexter refers only to what he thinks are the weakest points in our position, and apparently hopes that his letter will pass muster as a reply to all. But let us see if he has found any flaw at all in our armor.

The first statement that "there is no similarity between the "Term" insurance used for comparison, and the "Renewable Term" insurance, known as the "Homan's Plan," falls to the ground immediately, for the *old* Homans' Plan is, for comparison sake, not only similar but *identical* with the new Homans' Plan. We ask our critic to point out any difference "so far as the class of risk and the mortality rate are concerned." Again the "Renewable Term" policy of the Aetna, with which we compared, is not only no worse than the Homans' Plan but so much better than it that we do it an injustice by mentioning the two in the same sentence. He also ignores the fact that it is a great disadvantage rather than otherwise to have to renew a Term policy on a poor life after the original term of five or ten years has run out. The companies issuing ordinary Term policies must have had many escapes from claims by the expiration of policies shortly before the death of the assured. The companies issuing ordinary Term policies do not have to carry the assured for more than five, or at the outside ten years after he leaves the examiner's hall while under the Homans' Plan the company has to continue the risk until he dies.

The statement that the Homans' Plan is the same as any other Whole Life Plan is manifestly incorrect, for in the one case the company has a hold by which it can retain the assured in it, which it has not in the other. This is, in fact, the vital difference.

The writer then evidently thinks that he has found an important item, judging by his quotation from the mortality report of the Connecticut Mutual. We do not feel inclined to attach the same importance to the dangers of the overland route to California as the actuary of that company does, and rather think the most reasonable explanation of the high mortality under their Term policies is the undesirable nature of such risks on general grounds. The introduction of the extra premium received, during the civil war especially, on the company's *total* business only complicates matters. We, however, were perfectly aware that a little objection might possibly be made to this case, and for that reason only brought it in at the very end of what we had to say on the subject. But it is a conclusive sign of a weak case to have to pass over the nineteen lines of matter which we de-

voted to the experience on this same point of the Mutual Benefit of New Jersey, and pick out the less than six lines we devoted to the Connecticut Mutual. How is it that our critic does not quote the remarks of the actuary of the Mutual Benefit, when he says: "The death rate (under Term policies) has been considerably higher than the standard and compares very unfavorably with the company's experience on ordinary policies, (178 deaths for every 100 expected according to its total mortality). The facts offer abundant reason for the company's action, some years since, in discontinuing the issue of policies of this class. *In compiling the statistics on Term policies, as above given, all cases involving a special war risk were excluded.*"

The statement that "a considerable number of the Term policies of the Connecticut Mutual were on the lives of children," is disproved by the facts. Out of 188 deaths only 13 were under 21 years of age, and if we leave them out of the question entirely the ratio is still 197 deaths to every 100 in the total experience.

But we need not go on further on this point. Let our critic quote the experience of any life company under Term policies, which has not been heavier than under its other policies. We of course only refer to companies which have a large enough experience to be of any value, extending over say, at least, ten years. We will not say positively that none such exists, but we will say that we know of none. This fact is all the more remarkable when it is remembered that it is the practice of companies to admit only the very best lives (in fact those which they consider unexceptionable) to the privileges of term insurance. This is a fact which most of our readers can certify to out of their own knowledge. Will Mr. Dexter deny that both the mortality and lapses under the old Homans plan in the Provident Savings Company have been very much heavier than should have been expected? If he does not, the question is settled, so far as we can see.

In regard to lapsed policies it is only necessary to state that the Aetna's Renewable Term plan has been in use by that company for about twenty years, and should therefore show no higher percentage of lapses than the other plans.

The figures as to the progress of the Provident Savings Company since 1883 have no bearing on the merits of the plan, unless it be that they prove that the Society is having a similar history to other assessment concerns: they show rapidly upward like a stone thrown into the air, but afterwards fall just as surely to the ground.

The incompleteness of the defence was no doubt felt, and the quotation from Mr. Homans' letter introduced in order to fill the gap. It however has very little bearing on the subjects under consideration.

To sum up:—Our critic has not denied the truth of even one fact of all those quoted by us, and on which our arguments are based; neither has he brought forward even one fact from which a different result from ours can be drawn; he has contented himself with merely trying to explain away the conclusions which we drew from those facts. To what extent he has succeeded our readers can judge. For ourselves we are more than ever convinced of the strength of our position from the weakness of the attack which has been made on it.