

SUB-STANDARD RISKS

It Should Not Be Difficult to Arrive at Safe and Uniform Standard to Deal With Them, Says Actuary.

The actuaries of Canada and the United States are, for the most part, members of three leading actuarial bodies—the Actuarial Societies of America, the British Institute of Actuaries and the Faculty of Actuaries of Scotland, said Mr. D. E. Kilgour, actuary of the North American Life Insurance Company. The British Institute of Actuaries, as you know, is the parent actuarial body and embraces in its membership, perhaps, the most distinguished and able actuaries of the present day. The contributions to the Journal of the Institute of Actuaries form an encyclopaedia on life insurance. The papers that are presented to the journal show every evidence of painstaking preparation. There are those people who claim that the Institute of Actuaries lays too great stress on the theoretical aspect of actuarial work; that, after all, our business is chiefly concerned with what occurs in the ordinary course of practice, and further, that we should aim at practical rather than theoretical attainments. In making this observation we should not overlook the fact that correct practice must invariably follow correct theory, and that the theorist is not infrequently the forerunner in human progress. The life insurance interests owe a debt of gratitude to the work performed by the Institute of Actuaries. Every man, whether engaged as an actuary or as a field man, may well keep for himself the motto of the Institute of Actuaries:—

“I hold every man a debtor to his profession, from the which as men of course do seek to receive countenance and profit so ought they of duty to endeavor themselves by way of amends to be a help and ornament thereunto.”

The Actuarial Society of America, though of comparatively recent origin, has done and is doing splendid work for life insurance. As a student preparing for the examinations of the society as well as a past examiner for the fellowship degree, I can assure you that the work involved in preparing for the actuarial examinations is no sinecure. The subjects prescribed are many and broad. A man must not only be well versed in the intricacies of actuarial science, but he must also be a common-sense practical man before he can receive his fellowship degree. I have sometimes thought that it might be a good thing if we could add to the curriculum of the actuarial student a term or two of active agency work. My own slight experience along these lines has shown that field work increases a man's efficiency, broadens his outlook and enlarges his sympathies.

Specialized Mortality Investigation.

Notably among the important things done by the Actuarial Society of America have been what is known as specialized mortality investigation of some ten years ago, and the work now being done in connection, medico-actuarial investigation. In this investigation the leading companies of the United States and Canada have contributed their experiences in an attempt to ascertain the deviation from the average mortality rate, of the actual mortality experienced, in a great number of special classes. These classes not only include the insured following certain special occupations, but those subject to certain medical impairments as well as those having special family history. The experience of the companies was also contributed in order to determine a standard table of height and weight and to ascertain the effect of build on longevity. So far two volumes giving the results have been published. The first volume dealt with (1) Standard Table of Height and Weight; (2) Standard Mortality Rates to be used for obtaining the expected deaths from the various classes studied. The second volume deals with (1) Influence of Build on Mortality among Men; (2) Mortality among Women; (3) Causes of death among men and among women. The results of by far the most important parts of the investigation are still to be published. The new standard tables of height and weight are remarkably similar to those previously used by the companies.

The general result of the investigation into the influence of build on mortality among men discloses the fact that under forty years of age an over-weight is a better risk than an average-weight, and that over forty years of age the under-weight is a better risk than an average-weight. One might conclude from this that there is a certain incidence in the relation of height and weight at which the mortality may be expected to be most favorable. I think, possibly, however, we will continue desiring, as in the past, a minimum departure from the average. The lesson to be drawn from this experience is that a marked deviation in any direction is decidedly undesirable. Over-weights, especially among the older risks, have proved to be, as was expected to be the case, unfavorable risks, and the man who “laughs and grows fat” must continue to pay the penalty for his hilarity.

The insured women were divided into four classes, spinsters, married women—beneficiary, husband,—widowed and divorced. The mortality among the women was found to be higher than among men at the younger ages at entry, and lower at ages at entry sixty and above. An adverse selection was found in the earlier policy years. In the four classes the ratios of the actual to the expected deaths were 81 per cent., 126 per cent., 114 per cent. and 105 per cent. The committee

stated that it did not follow from the high mortality among married women that the companies should not insure them, or that it was impossible to select married women so as to obtain as favorable an experience as among men. Reference was made to one company which had a favorable mortality in a group of married women who had paid the premiums out of their own incomes and whose children were the beneficiaries.

The question of moral hazard enters so largely into the insurability of women that it must not be inferred that one class comprises necessarily better lives than the others. We can only conclude that there is a relatively larger proportion of the superior lives likely to insure in the one class than in the other.

Mortality Among Negroes.

The mortality among negroes and North American Indians was found to be very unfavorable, and this, in spite of the fact that there was, no doubt, a much more rigid selection in their cases. The higher mortality is therefore, in all probability, due to racial distinctions.

One can hardly foretell at this juncture just what effect the finding of this investigation will have on life insurance underwriting. It may lead to greater differentiation in the classification of risks: it presumably will tend to broaden our now fairly extended class of sub-standard or under-average lives. I hope for the sake of our agency forces that our companies will be able to come to some common understanding as to the best practical method of treating with the classes studied. At present, there is considerable dissatisfaction caused by the great variety of methods employed by the different companies, and it should not be impossible or impracticable for us to arrive at a safe, scientific and reasonably uniform standard for dealing with risks not accepted as standard. To the extent to which our increased knowledge will enable us to grant the boon of life insurance to more people, the work of this investigation will be a blessing.

EVERY MAN IN CANADA SHOULD CARRY A LIFE INSURANCE POLICY

This Was the Advice of Sir Wilfrid Laurier at the Ottawa Convention Last Week—He Was “Rejected” for Many Years.

In a pleasing and witty speech to the Underwriters on Tuesday afternoon, Sir Wilfrid Laurier advocated the benefits of life insurance. This he did by telling personal anecdotes and experiences, and left his hearers with the impression that one of Canada's most prominent citizens is a great believer in the necessity and benefits of life insurance.

Sir Wilfrid spoke “as a little bit of an insurance man,” as for some years he had been a director of a Canadian life insurance company. He had studied for some time the development made by the life insurance business in Canada. While it had been satisfactory it had not been sufficiently so. There was an increase in the business every year, but not as large as it should be. Every man in a civilized country, such as Canada, should carry a life insurance policy.

Sir Wilfrid told of a friend of his, a lawyer, who consistently refused to carry a policy on his life. He said he did not need an insurance company, he could invest his own money as well as the company. Sir Wilfrid told his friend that the insurance company's business was to invest money in certain ways, while his business was law. The friend, as were all men, was living under the shadow of death. He was married and had a family. Death had spared him, but when it did come his family would be left unprovided for by life insurance.

Sir Wilfrid Was Rejected.

Sir Wilfrid told the convention that he was thirty years of age before he could get insurance on his life. He made application to many offices, but they would not take him. When he was thirty-six the Sun Life took him. They gave him a policy on the medical certificate of Mr., now Sir James Grant, who said that Sir Wilfrid was good for probably ten years! “I have only to die to get my money,” said the premier, amid laughter, “but as I do not care greatly for the money, I will leave it where it is for the present!”

Any young man, wealthy or otherwise, with a wife or family should take out an insurance policy, said Sir Wilfrid, so that the family should not be left destitute or unprovided for by life insurance.

Every Citizen Should Carry a Policy.

The leader of the opposition recalled the introduction of compulsory insurance in Germany and England. This was not necessary in Canada at present, but a policy should, all the same, be held by every citizen of the Dominion.

Concluding, Sir Wilfrid said that whatever differences of opinion were held by those who lived in the Dominion, they all had the same motive at heart, the welfare of our country, Canada.

A supply of the above article, in circular form, will be sent gratis to life insurance agents in Canada making application to “The Monetary Times,” 62 Church Street, Toronto. Please state how many copies are required.