

THE MUTUAL OBLIGATIONS OF INSURER AND INSURED IN LIFE INSURANCE CONTRACTS.

To tell people just about how much life insurance they ought to carry has some slight flavour of dictation on a point that we may know less about than they do themselves; but there are some general principles that it is well to bear in mind, and that, if not suggested by us, might not occur to the applicant at all if he is absolutely lacking in knowledge of the plans, methods and general workings of life insurance.

In the cases of mechanics, artisans, the poorer paid clerks, and many thousands of men whose yearly income is not expected to rise above \$1,500 or \$2,000, the question is of the very easiest solution, because it solves itself. Such men, if burdened with the care and responsibilities of wife and children, find their loving thoughtfulness and self-sacrifice put to the test, even to save \$50 or \$100 a year for investment in life insurance. With such persons, therefore, it is not a question of how much they desire to carry, but of how much insurance they can secure for the few dollars of annual premium that by strict economy they find they are able to spare from their annual incomes.

There are, however, many, many thousands of men who earn generous incomes, varying all the way from \$5,000 to \$50,000 per annum, and these men, merchants, manufacturers, lawyers, physicians and workers in other professions, are the very men who should give most careful consideration to the subject of life insurance. In very many cases they live up to the limit of their incomes, and accustom their wives, sons and daughters to a generous and easy mode of life, in contrast with which a forced economy with the imminent threat of want and starvation before them would be a most terrible affliction. Men earning such incomes as we have indicated should never be so criminally negligent as to fail to secure to their families, at least a means of genteel livelihood in the event of their death.

Suppose a man in such circumstances, being unable to rely upon any large accumulation of money, or money value from his business, decides that the necessities of his wife and children, in the event of his death would require that the income of say \$3,000 should be secured to them. He should take out certainly not less than \$60,000 insurance, because it would require such an amount securely invested at 5 per cent. interest annually to yield his widow and children the annual income he would require them to have. Possibly, the prevailing rates of interest might make such an amount of insurance more productive, but it is well to figure on a comparatively low rate, because of the unquestioned security that would be essential where it is manifest that not the slightest possible danger must be run of involving the principal itself.

If a man of large current income, whose family has been in the habit of enjoying all the luxury, convenience and elegance that his fortunate position has secured them, should conclude that a less income than \$10,000 a year after his death would

be comparative poverty to them, then he would have to secure \$200,000 of insurance or more, in order to save them from such rough contact with the world, as his kindness and indulgence to them during his lifetime had secured them against.

In the cases of men of large means, the question necessarily becomes complicated by the consideration of the amount of money, stocks or other securities that they would be able to leave their families; and if this acquired wealth is in some permanent form, that can never be jeopardized, the necessity for life insurance becomes, of course, very much diminished. Even in such a case, however, where a fairly large fortune has thus been accumulated, life insurance is a valuable desideratum, because, in the event of death, the active producer and governing intelligence being taken away, there may be more or less necessity for a fund of ready money, in order to protect actual investments already made, and which might be unfavourably affected by any immediate sale that might be required to produce present available funds for current expenses. In this view, therefore, it is generally conceded that however rich a man may be—even if he is rich enough not to need the benefit of life insurance in its ordinary form—life insurance is nevertheless a valuable consideration to him, affording, as it can do, such effectual protection to his investments.

Now, there are many men in businesses or professions that yield them a satisfactory current income, but which do not yield them sufficient to enable them to lay by a competency for their old age, or to secure the comfort of their declining years. Many persons so situated know this to a certainty, yet in a "happy-go-lucky" kind of a fashion seem to trust to chance to secure them the comforts and necessities of life at a time when all its comforts become doubly dear; and perhaps, without altogether intending it, to run the risk of imposing themselves in their old age as a burden upon their children. When this dependence comes it must be terribly mortifying to a man who has hitherto always paid his own way honestly and honorably, especially if he feels that the one method of obviating any such dependence was absolutely neglected by him. The men who are most liable to be thrown into such a position as this, generally speaking, know it before the evil day comes upon them, and if they would submit themselves to a slight degree of economy, they could invest in an endowment policy, which at its maturity would make their old age a happy one and secure them in a position of manly independence.

As to this question of amount, we would advise an applicant to decide in such a manner as would make it possible for his dear ones to live, after his death, in such a manner as he would not have been ashamed to see them live during his lifetime. While we have proved ourselves anxious that no one should apply for more than he can carry, we do not want to see any one falling into the error of applying for very much less than he can and really ought to carry. In a matter of this kind, if

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