

Life Insurance and Social Progress

At the conclusion of hostilities, the life underwriter will have a far higher status in society than ever before

By W. W. SWANSON.

The war has given tremendous impetus to the business of life insurance on this continent and in the United Kingdom. We are so constituted, fortunately or otherwise, that we seldom give thought to the disabilities of illness, unemployment, old age and death, until they become an actual menace. The war has turned the thought and attention of millions of men to the vital necessity of neutralizing, as far as possible, the economic losses of life. The huge insurance programme of the American Government, moreover, has focussed attention sharply upon the fundamental value of the insurance principle. It is safe to say that, at the conclusion of hostilities, the life underwriter will have a far higher status in society than ever before.

As everyone knows, modern insurance is basically mutual: the total premiums paid equal the total losses plus operating expenses, the interest on the reserve of premiums counting as part of the premium. Through co-operation on a big scale each individual gets protection by bearing the losses of others—and bearing such losses at a time when the economic ability to pay is at the strongest. While the underlying principle seems clear enough, and its great importance to the individual is patent, nevertheless the majority of men need instruction on the direct and personal value of insurance. Most frequently the urgent needs of the present smother the duty and obligation to protect dependents, and to safeguard oneself against the disabilities that come with old age. For that reason it strikes us that government insurance, and the postal system of insurance, can never hold their own against the enterprise of the agent. While, theoretically, insurance premiums could be greatly reduced if the assured would directly approach the corporation carrying on business, yet experience goes to demonstrate that only comparatively a small number of men can image the future sufficiently vividly to take measures to cope with a situation involving inevitable economic difficulties for them.

PRINCIPLES.

To be economically sound, the insurance business must be based upon the productive capacity of the insured; and must be regulated by regular, ascertainable events beyond the control of the insured. It is this latter factor that differentiates so sharply life, from fire, insurance. Doubtless the burden of risk must be very carefully calculated in fire insurance; but the same degree of accuracy cannot be secured as when estimating the risk attaching to life. In both cases, however, there are deliberately created risks caused by arson and suicide; but in a normal, healthy community these are not sufficiently great to prevent the taking of measures for controlling them. Thus, it may be said that life insurance in particular has been organized upon a scientific basis; and that it functions as smoothly as banking or any other financial enterprise.

The life insurance agent to-day occupies a position of pivotal importance in the life of the community. He makes clear the distinction between hoarding and thrift; and does more than any other factor in nullifying the vice of hoarding which is so often confused with saving. It is well known what astonishing progress the Dominion has made since the outbreak of hostilities in financing normal and war requirements—the people of this country having answered the various appeals for funds to carry on the war by subscribing \$982,000,000 for that purpose. It is also sufficiently known that Canada was heavily involved at the outbreak of war; and, for the moment, appeared staggered at the vastness of the problem that confronted it. If this country, in the field of finance, has shown the same courage as its troops upon the battlefield, no small share of the credit therefor is due the life underwriter; who has taught, under difficulties and handicaps discouraging enough at times, the supreme value of thrift. It should not be overlooked, in this connection, that the immense amounts of money secured in the United Kingdom for the development of the economic life of the Dominion came in great degree from the savings accumulated through insurance companies. Whether in peace or in war the life underwriter has the right to feel that he is engaged in productive enterprise of the first magnitude.

The war has taught the world many valuable lessons, and among them the surpassing value of human

life viewed merely in its economic aspects. It may be ventured that, in so-called normal times, the biggest factor making for inefficiency in the field of labour is the feeling of insecurity with which the workers are constantly confronted. This insecurity arises from unemployment, sickness, the inevitable march toward old age, or the calamity of death. Although labour in Canada and the United States enjoys a higher standard of living and of economic well-being than anywhere else in the world, nevertheless, owing to the complex condition under which the modern capitalistic system operates, there is always danger of unemployment. Add to this accident, sickness, industrial fatigue, and the other factors that impair the efficiency of the workman, and it will be readily understood that no agency can effect so much in making for the economic well-being of the worker as industrial security. At this time of high-speed work it is recognized that psychological conditions have at least as much to do with making for industrial efficiency as anything else. Peace of mind is as essential as a sound body. And life insurance is the most potent instrument making for such peace of mind.

UNSETTLED.

The question of wages is far from being settled when hours of work and rates of pay are determined. Irregularity of earnings are the real menace to economic success. The insurance principle has been invoked by France, Germany and England to eliminate, in as large measure as possible, irregularities occasioned by accident, sickness and old age. In the United Kingdom and Australia, old age pensions take the place of contributory insurance as in France and Germany; and we are disposed to believe that nothing is gained, while much is lost, by this expedient. Non-contributory pensions discourage thrift, as the individual does not feel the same degree of responsibility in providing for the time when earnings cease. On the other hand, the United Kingdom has made most headway in devising measures, by use of the insurance principle, for overcoming the risk occasioned by unemployment. In addition to the dangers of widespread industrial unrest, caused by agitators and the growth of radicalism, workers have to face the possibility of unemployment caused by forces over which they have no control—industrial depressions and financial panics. Society is learning, however, how to prevent unemployment developing on a big scale; and if we are wise in applying the lessons learned during the course of this struggle much may be accomplished by way of eliminating class bitterness, and co-ordinating labour and capital. If progress be made along these lines, the application of the insurance principle will do much to overcome the menace to labour caused by unemployment.

Important as all these considerations may be, however, it is in the relationship of insurance to life and health that most must be looked for. The war has demonstrated that the conservation of human life is more compelling important than the conservation of merely material resources. We have discovered that national efficiency depends not only upon the physical and social environment but also upon the degree of vitality of the masses, as well as the duration of human life. Only the most meagre care and attention were devoted to these considerations before the outbreak of war. Canada, like all other nations involved in the struggle, realizes that national efficiency will depend in the future not only

upon the size of the population, but upon its vitality and vital reserves as well.

It is well known that the duration of human life varies from country to country, although the same type of civilization and business enterprise is common to all. The average duration of life in Denmark is 50 years; in the United States and England, 45 years; and in India, 25 years. Not only do we find these variations in our own day, but phenomenal variations within comparatively history. Even within the last fifty years the average duration of life in England has been increased by five years; and in Prussia within the last 25 years, the average duration has been increased by six years. Good mortality tables, apart from those worked out by the life companies, are lacking in Canada and the United States, due in large measure to the disturbing factors caused by immigration. A no less remarkable condition is disclosed by studying the rate of mortality per 1,000 in the several countries of the world. In the registration areas of the United States the mortality is 16.5 per one thousand; in France 20 and in India 42 per one thousand. Much remains to be done here in investigating the bearing of urban and rural environment upon the death rate; of what may be accomplished by hygiene; and what weight must be given to racial quality and to poverty and economic distress. Records are available, we know, indicating that although the mortality per 1,000 in London is now only 15, from the years 1400 to 1700 it varied from 40 to 50; and in the plague years of 1680 and 1728 rose as high as 80 per 1000. It is interesting to recall that under American supervision the death rate in Havana was reduced from 50 to 20 per 1,000. Yellow fever, tuberculosis, typhoid fever and many of the other plagues that took terrible toll of humanity in the past are one after another being conquered.

Life insurance sharply draws attention to the imperative importance of conserving human life by reducing the death rate and by overcoming sickness and invalidity. Breadth of life, vigorous life, is as important as mere duration of life. The ideal life, which is far from being approached either in Canada or the United States, is one of which sickness plays no part. According to Farr, for every death there is an average severe sickness of two years or for each death during the year, an average of two persons ill throughout the entire year. It is estimated that the deaths in the United States number 1,500,000,000 per year; and that there are 3,000,000 persons ill continuously. In the South the hookworm plague keeps the poor whites in a state of invalidity from one quarter to one-half the working year. Minor ailments and neurathenia cause a tremendous wastage of labour power, it being calculated that the former cause an average sickness, for each individual, of three days in the year.

Sufficient has been said to indicate the supreme value of life insurance, and the need of a further extension of the insurance principle to meet the needs of the modern social community. Life underwriters are carrying on a business, whose importance cannot be over-estimated, on economic grounds alone. The life companies, especially of the United States, by private enterprise are doing more to conserve the health of the nation than the government has ever attempted. In Canada rapid strides in the insurance field have been made in the last decade; and it is encouraging to know that integrity and honour form the basis of that business. Without doubt, the life companies of the Dominion will in due course make preparation to investigate vitality problems, and safeguard the health of the insured, as efficiently as is now being done by the big companies of the United States. The time is at hand when it is incumbent on the government to establish a Department of Public Health; which, working with the private companies, will do much in reconstructing and making vigorous the social life of the nation.

THE BISHOP OF BIRMINGHAM, Right Reverend Henry Russell Wakefield, who has arrived in the United States, will tour that country and Canada speaking on the war. Wakefield, who is in his 61st year, is one of the leaders of the Anglican Church in England. Some indication of his all-round character is shown by the fact that he was elected mayor of St. Marylebone for a year. In addition to that he is the author of a number of essays and of various books.

MR. F. J. CAMPBELL, president of the Canada Paper Co., Ltd., and president of the Canadian Pulp and Paper Association, is being congratulated these days by his fellow paper manufacturers on the victory by which the Government grants an increase

GENERAL ALLENBY, who defeated the Turks a few days ago, has had a remarkable successful military career. He took over the command of the British Forces in Palestine at a time when the outlook was rather dark, but in a short time he was able to bring about the capture of Jerusalem and has been steadily pushing the Turks back until he inflicted a crushing defeat upon them a few days ago. General Allenby has had to contend with difficulties in the way of climate and transport problems, but has overcome everything in his way.

in the selling prices of newsprint. Mr. Campbell is one of the best known men in the trade and, as head of the Pulp and Paper Association, yields a big influence among the members of the Association.