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A NEW FACULTY

"The business of fire and life insurance will within a few years undergo most important changes, if a movement recently started in this city reaches a successful conclusion. The American Faculty of Actuaries has been established, an institution new to American soil, the promoters of which hope to mould public opinion, so that before long it will be impossible for any company to engage in insurance, which has not on its staff of officers a professional actuary, duly qualified for the business by study in an actuarial college and hearing the diploma of the school.

"It is claimed that a system similar to this now exists in Great Britain, where several actuarial colleges flourish, and that the business of insurance is of such vital importance to the community and involves the financial interests of so many citizens, that there is as great a necessity for professional qualification on the part of the underwriters as in the medical or legal professions."—*Record*,

We sincerely hope that the first business this "Faculty of Actuaries" exercises its faculties upon may be a cool, very cool discussion of the question, "Why does an old line insurance company collect four or five times more in premiums than is actually required to meet policies, and notwithstanding this fact go bankrupt?"

Let them take these words of the "Hermit" in *Frank Leslie's Illustrated Newspaper* of October 12, 1886, as their text:

"Some questions might be asked of the assessment companies, but the most important questions at present remain to be answered by the old line companies. One of these questions is this: Why do you charge policy-holders for premiums from three to five times as much as you pay out for death losses? For instance, the great and strongest life insurance companies of this State charge from forty-five dollars to fifty-five dollars per thousand of insurance, while their death losses, according to their reports, only reach from ten dollars to twelve dollars per thousand. What becomes of the forty dollars or fifty dollars of income in excess of the amount paid out? Does it go for salaries? Does it go for commissions? Does it go for legislation? These are a few of the questions that should be answered, and if some of the statisticians of the old line companies will reply, I shall be glad to give their statement due consideration in this column. Thus far I have seen no satisfactory answer. Can any one tell why?"

"The *Spectator* tries to answer one of these questions. It tries very hard to explain why the old line, or, as it calls them, the 'Legal Reserve companies,' receive in premiums from forty dollars to fifty dollars in annual insurance, and return only ten dollars or twelve dollars in death claims. Bear in mind, suffering policy-holders, that this insurance organ admits the truthfulness of my charge of extortion against the insurance companies. And how is it explained by the *Spectator*? It says that twenty-nine companies doing business in this State in 1888 received over one hundred and fourteen million dollars in premiums, of which only forty-eight million dollars were paid for death claims, while twenty-nine million dollars were paid for expenses, that is, that for every dollar paid for death claims, half a dollar was paid for expenses. What do stockholders think of this?"

"Then it says that over forty million dollars were added to the assets of the companies. That is, for every dollar paid for death losses, a dollar was added to the assets already loaded and inflated to an extraordinary degree, so much so, that one of these companies reports assets of over one hundred million dollars.

"Do the policy-holders get any of the benefits from these assets? What is the need for such enormous reserves? Why not

cut down the rates of premiums paid by policy-holders, giving them the benefit, and leaving assets sufficient to cover all the exigencies of business? Why? Let me tell why. Because these enormous assets, in the hands of unscrupulous and speculative managers, afford rare opportunities for self-aggrandizement, for speculation, for commissions on loans, and for erecting enormous new buildings in princely style in various cities, the renting of which can be made very profitable to 'insiders.'

"Let me relate a few facts. I am told of a broker who received an order from an old-line insurance company to sell one million dollars of United States bonds. He made the sale, and it was reported to the company that the bonds brought 103. The books of the broker will show that the bonds brought 108. Here was a difference of fifty thousand dollars. Who pocketed this commission? Was it some one in the broker's office, or some one in the insurance company?"

"The same company ordered from the same broker the purchase of one million dollars of United States bonds, at 102. On the books of the company, it will be found that these bonds were reported as bought at 108. Who made this sixty thousand dollars? Can any one tell?"

"One of the great insurance companies sold a piece of property to a dummy purchaser for four hundred and ninety thousand dollars, which was the asking price. The dummy turned it over to the insurance company for one million and ninety thousand dollars. I am told, and when the facts leaked out, and a newspaper man asked a prominent officer of the company for information, he was directed to an inner room, where he found upon a mantel-piece an envelope with money in it. That was his answer. Whose money was it, and who got the profit of this transaction?"

We all can very readily see that a new faculty is sadly needed in insurance circles of the old-line type. But we fraternities that distribute all our reserve upon our members can enjoy all this, without the aid of a new faculty. Let us smile while the *Record* puts in another plea for a New Faculty.—*Lever*

"When men think of their death they are apt to think of it only in connection with their spiritual welfare, and not of the devastation in the household which will come because of their emigration from it. It is meanly selfish for you to be so absorbed in the heaven to which you are going that you forget what is to become of your wife and children after you. You can go out of this world not leaving them a dollar, and yet die happy if you could provide for them. You could trust them in the hands of God, who owns all the harvests, the herds and the flocks; but if you could pay the cost of a life certificate and neglect to do so, it is a mean thing for you to go up to heaven while they go to the poorhouse.

"You, at death move into a mansion, river front, and they move into two rooms on the fourth story of a tenement house in a back street. When they are out at the elbows and knees, the thought of your splendid white robe in heaven will not keep them warm. The minister may preach a splendid sermon over your remains, and the quartette may sing like four angels in the organ loft, but your death will be a swindle. You had the means to provide for the comfort of your household when you left it, and you wickedly neglected it.

"Oh,' says some one, 'I have more faith than you; I believe, when I go out of this world, the Lord will take care of my family.' Yes, He will provide for them. Go to Blackwell's Island, go through all the poor-houses in the country, and I will show you how often God provides for the neglected children of neglectful parents. That is, He provides for them through public charity. As for myself, I would rather have the Lord provide for my family in a private home, and through my own industry and paternal and conjugal faithfulness."—*Talmage*.