

LIFE INSURANCE IN THE UNITED STATES REVIEWED.

The early appearance of the annual report of the insurance department of the State of New York for 1897, covering the various phases of the life insurance business for that year, enables us to make an analysis of some of its important features, and place the results in comparison with several previous years in order to show the trend of the business in the United States. We shall, thereby, be able to discover whether the high-pressure methods prevailing during the past few years and which have been the subject of criticism in these columns have been improved or whether the same wasteful practices have been continued. We may make the preliminary observation that the improved condition of the country has resulted in a large increase in the volume of new insurance written, the total amount having been for 1897 \$923,804,876 as against \$796,124,326 in 1896—a gain of \$127,680,550. These figures include the “padding” of policies issued, but “not taken” in both years. The amount of “not taken” policies in 1897 was \$102,943,330, or 11 per cent. of the amount written, an improvement of about 7 per cent. over the years previous to 1895 when the “not taken” averaged over 18 per cent. Since the last named date the Mutual Life and the New York Life have reported only business taken and paid for, which accounts largely for the improvement above noted. In our dealing with the experiences of the years below noted and in our observations generally in this review, we shall consider only the new insurance issued and paid for by all the companies. On that basis the gain in new business in 1897 over the preceding year was \$114,262,707. We here introduce the following showing new issues and terminations by death and maturity, lapses and surrenders, based on the New York Report figures:—

Year.	Insurance Issued and taken.	Deaths and Endowments paid.	Ratio.	Lapses and Surrenders.	Ratio.
1887.	\$449,188,591	\$39,786,526	8.9	\$139,756,409	31.1
1888.	530,275,309	46,019,376	8.6	175,166,798	33.2
1889.	652,949,993	47,344,175	7.2	195,894,742	30.0
1890.	723,193,701	53,599,310	7.4	238,998,393	33.0
1891.	750,119,332	56,438,525	7.4	326,582,668	43.6
1892.	782,993,037	64,167,295	8.3	354,427,689	45.2
1893.	836,257,708	67,279,402	7.3	402,290,996	48.0
1894.	751,193,495	66,639,649	8.8	470,140,564	62.5
1895.	768,617,750	72,582,253	9.4	417,791,290	54.3
1896.	706,598,839	77,514,962	10.9	424,738,639	60.1
1897.	820,861,546	79,607,439	9.7	405,745,829	49.4
Totals	\$7,772,459,301	\$670,985,712	8.6	\$3,551,532,327	45.7

It appears from the above that 1897 shows a very decided improvement in the proportion of lapsed and surrendered policies to the actual amount issued and put in force, the percentage being a good deal smaller than for either of the preceding three years, and almost eleven per cent below that of 1896. Considering lapses and surrenders separately, it will be found that in 1896 the former were 40.8 of the new issues and the latter 19.3, while in 1897 the lapses were 33.4 of

the issues, and the surrenders 16 per cent. This shows a decrease as compared with 1896 of 7.4 in the lapses and 3.3 in the surrenders. The terminations by deaths and matured endowments were over one cent. less, and those from “change” and “expiry” not far different from the previous year. Altogether, the terminated insurance in 1897 was 67.3 of the issued and taken, leaving 32.7, or practically one-third, to add to the insurance in force. In 1896 the total terminations to insurance issued were about 13 per cent. greater than in 1897, or over 80 per cent.

While the lower lapses and surrender ratios of 1897 and the general ratio of terminated insurance show a decided improvement over the three preceding years, yet it will be seen that a good deal more improvement in methods of doing business must be made before the waste by terminations due to causes other than death, maturity or expiry will compare favorably with the experience previous to 1890. In 1888, ten years ago, the total terminations were a little less than 46 per cent. of the issued and taken insurance, as against over 67 per cent. in 1897 and 80 in 1896, though terminations by death, maturity and expiry have been pretty uniform during the ten years. The following statement for the two years which mark the beginning and end of the ten-year period will indicate the terminations by principal causes, bearing in mind the above statement that the terminations to issues for 1888 and 1897 were respectively about 46 and 67 per cent.

	1888.	1897.
Total Terminations as below.....	\$243,221,426	\$553,157,187
By death and maturity.....	46,019,376	79,007,431
By lapse and surrender.....	175,166,798	405,745,829
By change and expiry.....	22,035,252	67,804,919
Insurance issued and paid for.....	530,275,309	820,861,546
Insurance in force, Dec. 31.....	2,761,577,128	5,255,745,545

Now we find that the difference between the total insurance in force at the end of 1888 and of 1897 amounted to \$2,494,148,417, and that the total insurance issued and paid for during the ten years was \$7,323,270,710. The difference between these amounts represents the total insurance terminated, which was \$4,829,122,293. This shows that for the entire period of ten years about 66 per cent. of the insurance issued went off the books on the entire business of the United States companies reporting to the New York Insurance Department, notwithstanding the comparatively moderate lapses and surrenders during the years from 1888 to 1893. It will be observed that the total terminations to issues for 1897 were only one per cent. above the ten-year average, but as compared with the first half of the ten years was something over fifteen per cent. higher. The diminished proportion of lapses and surrenders in 1897 would seem to indicate that business by the companies during last year was done with less high pressure than for some time past, which is in part true, for reckless expenditure in the getting of business has been less common, favorably affecting the expense ratio to income, which was nearly one per cent. less than in 1895, and nearly one-half of one