DISABILITY BENEFITS—INSURING INSURANCE

(Henry Moir, Actuary Home Life Insurance Company, of N.Y.)

We have all seen or known men who, from one cause or another, have been rendered incapable of earning a living—paralysis, tuberculosis and insanity are the ailments which, in conjunction with accidents, immediately occur to us as bringing about this condition. Sufferers often live for years—inactive and a burden upon their relatives. The burden may be borne cheerfully and lovingly; indeed such trials bring out the best traits of family life, more especially of womanhood, and illustrate one of those characteristics which raise man above the animals. Such afflictions are infrequent in their occurrence, but in every instance they are intensely sad; and the suffering caused to the individual and to the family call forth our tenderest sympathy, impelling us to do everything possible to lighten the weight of such a burden. The sufferer will often sacrifice valuable life insurance policies to provide proper sustenance and medical care; and to help avoid this sacrifice and brighten the gloomy outlook, the demand for a waiver of premiums under such conditions has arisen.

We can easily picture to ourselves, if we have not actually seen such cases, the struggle made to keep the household going, and to maintain all the life insurance by paying the necessary premiums; but through time the expense becomes too great, and unless there is a prospect of early death the insurance is reduced until it ultimately disappears altogether. This result is reached in spite of the patent fact that, through the condition of the invalid, such insurance has increased tremendously in actual value, far beyond that of the average policy which may have run for a like period under normal conditions.

HEALTH INSURANCE.

Of recent years there has been a noticeable tendency toward the relief of this burden. There had already existed the possibility of effecting Accident and Health insurance, both very desirable in their own sphere; but in this country neither of these forms of policy can be maintained at the option of the insured. Accident policies can be cancelled at the end of any year at the option of the company by giving notice of termination to the insured. Even Health Insurance (or as sometimes called "Sickness Insurance") policies in America always contain a like proviso. In Great Britain and in older countries Health Insurance has moved a step forward and is now more nearly in the category of life insurance, since in many cases it can be maintained, when once completed by the insured, so long as the necessary premiums are paid, irrespective of the state of his health.

INCIDENT TO LIFE INSURANCE.

But this recent innovation in Life Insurance contracts is different from either Accident or Health Insurance. It is a proper and natural stipulation for a life insurance contract, and the waiver of premiums can reasonably be construed as having become "incident to" the business of life insurance; the principal part of the policy contract remains, as before, true life insurance, and the condition as regards the health of the insured is that premiums for such life insurance benefit shall be limited to such period as the insured is enjoying mental and physical vigor. In other words, it is just as sensible a provision in a life insurance policy that premiums shall cease with the loss of activity as it is that premiums cease after a fixed and limited number of years.

Perhaps the simplest way to give a clear conception of the benefit offered in connection with life insurance policies through the waiver of premiums on disability is to quote at length the clause as it appears in a policy contract:

PERMANENT TOTAL DISABILITY.

If, after one full annual premium shall have been paid hereon and before default in the payment of any subsequent premium, the insured shall, before attaining the age of sixty years, furnish due proof to the Company that he has become totally disabled by bodily injury or by disease, so that he is and shall be permanently, continuously and wholly incapacitated for life and prevented thereby from pursuing any gainful occupation, the Company by endorsement hereon shall agree to waive the payment of premiums which may thereafter fall due during the continuance of such disability.

If premiums shall have been waived as herein provided, the insured shall on demand furnish to the Company due proof of continued disability at the date when any premium would have fallen due. Failure to submit such proof shall operate as a cancellation of this benefit, and premiums thereafter falling due must be paid in accordance with the conditions of the policy. The insured agrees to keep the Company informed of every change in his address and residence, and to give immediate notice should he recover from his disability.

The irrecoverable loss of sight in both eyes, or the total and permanent loss by accident or disease of the use of both hands or both feet or of one hand and one foot, shall constitute total disability within the meaning of this contract without prejudice to any other cause of disability.

Waiver of premiums by the Company under the foregoing provision shall not affect the right of the insured to any dividend or other benefit provided for in this policy, the surrender value of which, as well as dividends and all other benefits, shall continue with the same force and effect as if the premiums were duly paid by the insured. This Disability Benefit may be discontinued at the Insured's option; if so discontinued, or if the insured attain age 60, premiums thereafter will be reduced by............ ....annually, being the additional premium for such benefit.

HISTORICAL.

We apparently owe the development of this disability feature to Germany. It is to that country that the first indications of such benefits have been traced. In 1892 the idea was imported into England by the Law Life Assurance Society, the benefits being "granted to first-class lives over twenty-four years whose occupations do not involve undue exposure to risk, and that the privileges are not to be continued beyond the age of 65." About the same time, if not even at an earlier date, the feature made its appearance in certain fraternal orders in America. It was a very natural development of the fraternal principle because in such bodies the sufferings of individual members are seen by the other members, and the waiving of all dues and assessments was a reasonable concession, granted with enlightened sympathy