ACTUARIES' CRITICISM OF GROUP INSURANCE

An exhaustive paper recently read before the Institute of Actuaries by Mr. Joseph Burn, actuary of the Prudential of London, and Mr. F. P. Symmons, of the actuarial staff of the Prudential, on the subject of the formation and valuation of pension funds, contains an interesting criticism from the English standpoint of the system of group insurance which has lately developed on this continent. It is suggested by the actuaries named that group insurance has been adopted as a means of creating some bond between employer and employee, other than that of salary, on the ground that it is less costly than a pension scheme. The plan is attractive to those who desire to see the basis of assurance broadened and freed from restrictive conditions, for it certainly reduces assurance to its simplest terms. But, say the actuaries in question, "the benefits offered are in no way comparable to those generally provided in pension schemes. It is quite evident that the benefit afforded by the suggested assurance is extremely limited; indeed, the low cost is only to be accounted for by the fact that comparatively few claims are paid. The low rate of mortality usually shown amongst active members is largely due to the fact that in many instances members who are in an unsatisfactory state of health are not retained on the active list.

"It is hardly necessary to point out that sooner or later there is almost certain to be a considerable amount of dissatisfaction, when it is found that in many cases of death there is no insurance money payable.

"The whole scheme is open to the criticism that it appears to afford better protection than is actually the case. We are strongly of opinion that there is a great national need for *bona fide* life assurance which has not yet been fully recognized by the general public, and that any scheme which might tend to substitute an incomplete and unsatisfactory policy should not be encouraged."

MEETING BENEFICIARY PROBLEMS.

A recent paper by Mr. George H. Wilson, general attorney of the Fidelity Mutual Life, draws attention to the problems met with by the life insurance companies in dealing with beneficiary clauses. Mr. Wilson recommended that the following types of beneficiary clauses should be avoided :—(1) "Creditor, as his interest may appear"; (2) clauses providing for more than one beneficiary; and, (3) clauses splitting the face of the policy in designated amounts. Further, Mr. Wilson recommended that clauses designed to cover complicated and more or less remote contingencies should also be avoided.