

on the one hand, those who honestly believe themselves to be good lives, and take out policies either as a provision against the uncertainty of life or as an investment of their savings; and, on the other, those who knowing they are bad lives hope to secure a bargain by means of an assurance policy. The health of the former class will fairly represent that of the general population, and their average longevity will be somewhat similar; but the deaths among the latter will take place at earlier dates than in the general population, consequently without some safeguard against the latter class an office would soon have on its books an undue proportion of inferior lives. This safeguard consists in the selection exercised by the offices, which, though it may not be perfect enough to prevent all bad lives from procuring policies, limits the number of such fraudulent assurances to a small proportion. In addition to performing this function, it has also the advantage of weeding out from the class of proposers who honestly think themselves eligible, many who in consequence of flaws in their constitution or of their habits of life, the effect of which is unknown to the proposers themselves, have not the same prospect of living out their expectation as ordinarily healthy persons.

The selection in favour of the office thus not only modifies the effect of selection against it, but also sets up other influences, which result in assured lives in the aggregate having a greater longevity than that of the general population. This superiority is very decided in the years immediately following the opening of the policy, and gradually becomes less marked, until in the later policy years the mortality of assured lives becomes very similar to that of the general population.

Before proceeding to explain the manner in which the selection by the offices is exercised, I should like to state shortly the extent and limitations of the duty which may in the future devolve upon you in the discharge of that part of office work. You are aware that in this country the function of selecting lives for an assurance office is vested in Boards of Directors. It is the duty of the executive officials of the various offices to obtain the information necessary to assist the directors in coming to a decision, and, in consultation with the principal medical officer, to advise them on the subject. While the bulk of the responsibility rests with him, in his capacity as skilled adviser, it is important that the official in charge of the proposals (whatever his position may be) should make himself acquainted with the various points to be kept in view. In cases of exceptional difficulty, he will be wise to refrain from forming a definite opinion until he has consulted the skilled adviser, but in order to prepare for such consultation, he should, by careful study of the papers, have brought into focus in his own mind all the facts bearing on the eligibility of the life. As a preparation for performing this function properly, it is necessary that he should acquire a sufficient knowledge of medical life assurance science to enable him to understand how the various circumstances of family and personal history affect prospects of longevity. It may be too much to expect from the actuary a thorough knowledge of medical science, but while there is a certain truth in the adage that "a little learning is a dangerous thing," yet if our "little learning" is tempered with a full consciousness of its small proportions, we shall find that little a wonderful help in our business.

A generation or two ago, the medical principles of

life assurance science could only be learned from practical office work, but, fortunately for the younger generation of the present day, there are several text-books on the subject. The amount of the available information is receiving daily additions from the proceedings of the Medical Officers' Associations in this country and in America. The proceedings of the assurance section of the last meeting of the British Medical Association, held in this city, contain much valuable matter, a great part of which was contributed by members of this society; nor must I omit to mention the useful papers on the subject read before various actuarial societies and communications to the insurance press.

The points to be kept in view in the selection of lives for assurance may be divided into three main heads, viz:—

- (1) The habits and mode of life of the proposer.
- (2) His family history.
- (3) His personal history and condition.

Our information as to habits is obtained from the statement of the assured himself, from reports by friends referred to by him, and from reports by the agent and the medical examiner. At first sight one would say that with such an amount of evidence we should be able to detect all cases of intemperance; but unfortunately, without any fault on the part of the office, a proportion is accepted. The friends to whom the intemperate proposer refers may be persons of a character and mode of life similar to his own. The description "sober and temperate" is comparative; and there is a vast difference between the idea which the words convey to a total abstainer and to a person who is in the habit of "living freely." If the proposer be a "free liver," his friends may also be, and often are, "free livers," so that even though his method of life, if it were made known, would cause the proposal to be rejected, very often we find in such cases that the reports received from the friends cast not the slightest doubt on the question of sobriety.

When the proposer is introduced by a reliable agent, who is acquainted with him, there is generally little cause for doubt, as the agent's report will bring out the facts. But in a great many cases the agent is not sufficiently intimate, and in others the knowledge that his commission will depend on the information he gives may induce him to withhold details which he thinks of little importance, but on which a board of directors would place considerable weight.

The information obtained from the proposer himself is seldom of any value. Most men think themselves temperate whatever their habits may be, and, of the rest, some have little hesitation in misleading. One meets some cases of strict conscientiousness, but these are few in number. The answer to the inquiry, "Are you temperate?" if given in the affirmative, need not carry conviction. Some offices insert queries in the medical report to ascertain the usual quantity of stimulants the proposer is in the habit of taking, but even that precaution is seldom sufficient, for as a general rule the information given will err on the side most favourable to the proposer.

The foregoing will explain how a proposal on a life ineligible on account of habits of intemperance may come to be accepted. The papers may present no difficulty, and a policy may be issued to become probably an early claim. Such cases cannot be guarded against. All that lies in our power is to look carefully into all proposals where a note of warning is sounded, and when the friend replies that a proposer is not sober, or has at one time been in-