

PREFACE.

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TO all parties holding Life Insurance Policies, whether in the Old Line Companies or in the Co-Operative Societies, this Book may be found convenient at least, and to all others it will be more or less instructive, for which it has been with great care expressly prepared, with a desire that it may accomplish the desired end. The school-girl gathers flowers in the garden and makes a bouquet; the writer gathers facts and makes a book. If the bouquet is beautiful and the book useful, it is enough. Had the flowers been of the girl's own manufacture, the bouquet would have been without fragrance, and were the book to contain but the ideas, opinions and theories of the author, it might be worthless. Theories that have been proved, facts that have been established, and laws that have been authoritatively explained, are better material for a book, if properly arranged, than would be the thoughts of the author's own coining, even though he may be "wise in his own conceit." To make use of the language of others, is but to back opinion by authority.

Life Insurance presents great opportunities for fraud on the part of both the insurer, insured and assured, but it is a necessity of modern society. The general public have but limited ideas of the business, or the methods of carrying it on. The Life Insurance field is assiduously cultivated, and it will continue to furnish opportunities for fraud and robbery on the part of the Managers of Companies until the Policyholders awake to the importance of a personal knowledge of the business and its details. Of all forms of contract, the Life Insurance contract is the least understood. This is unnecessarily so, and it should not be so. Equity and right are matters of importance in Life Insurance.

The net value or legal value belongs to the insured, and should be given to the Policyholder on surrender or lapse. (See J. L. Greene in New York *Tribune*, March 28th, 1885.) True, its forfeiture to Companies is a large profit, but that profit is the profit of pure gambling. A Mutual Life Insurance Company, with the forfeiture clause in its Policies, is an engine for plunder in the hands of dishonest Managers. Commercial value is in addition to net value. Surplus and Reserve in a Mutual Life Insurance Company belong to the Policyholders, as they are the unearned and unexpended part of their premiums.

The Reserve Fund is said to constitute the wealth of Life Insurance Companies. It is not *wealth*, but a *debt* from the Corporation to its Members. It is a great Trust Fund confided to the Managers. It has nothing to do with the Insurance except to diminish the risk. It represents so much of the Policy absolutely bought and paid for, and belongs to the Policyholder as does a deposit in a Savings Bank, and to forfeit it for any cause is great injustice.

An analysis of a Life Policy is necessary to distinguish the two ownerships of insurer and insured, as well as to show how the account stands with the Company, and the dual character of the Policy. No settlement should be made with a Company on surrender or lapse of a Life Policy without Actuarial advice. No person should insure his life without first consulting a disinterested and unbiased Life Insurance Mathematician.

To Policyholders I would say, send or bring your Policies and get an honest opinion and honest service, as you cannot afford to fight gigantic monopolies unaided and alone.

KING BRUCE.