

THE TREND OF LIFE INSURANCE IN THE UNITED STATES.

With the advent of the official report of the New York Insurance Department for 1895 on the business of life insurance, and which includes all the principal companies doing business in the United States, we are able to make comparisons with former years and to see the trend of the business. Considered in its various aspects there is much which is encouraging, though big commissions still hold first place and big expenses generally still prevail. The tendency, however, even in this regard, are apparently for the better, while the discarding of the absurd fiction of reporting as new business a lot of "not taken" insurance by two of the largest companies is a move in the right direction. The enormous percentage of lapses in the past, while still large, has materially decreased, indicating a better class of business, obtained through more rational methods. In order to show what the record of the past ten years has been as to lapses and surrendered policies we append the following table, compiled from the New York Report :

YEAR.	Insurance Issued and paid for.	Death Claims and Endowments Paid	Ratio	Lapses and Surrenders.	Ratio
1886...	\$383,307,479	\$36,166,115	9.4	\$125,930,415	32.8
1887...	449,188,591	39,786,526	8.9	139,756,409	31.1
1888...	530,275,309	46,019,376	8.6	175,106,798	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	238,998,293	33.0
1891...	750,419,332	56,438,525	7.4	326,582,068	43.6
1892...	782,903,037	64,167,295	8.3	354,276,889	45.2
1893...	836,257,708	67,279,402	7.3	402,290,996	48.0
1894...	751,193,495	66,039,649	8.8	470,140,564	62.5
1895...	708,617,750	72,589,253	9.4	417,791,293	54.3
Totals.	6,683,306,395	550,029,426	8.3	2,846,978,274	42.9

From the above it will readily appear that since 1890 the lapses and surrenders have steadily increased until 1895, when, as compared with 1894, there was a considerable decrease—something over eight per cent. of the insurance issued and paid for. From 1886 to 1894 the lapse and surrender ratio combined had almost doubled, the lapse ratio, considered by itself, having more than doubled, for in 1886 it was 21 per cent. of the insurance issued and taken, while in 1894 it had gone up to 44.4. In 1895 the lapses alone were 36.8 of the insurance, an improvement of 7.6 over the previous year. The surrenders showed a decrease of about two-thirds of one per cent. It will be noticed that the terminations from deaths and matured endowments were slightly increased in 1895, though only a little above the average for the ten years, and exactly the same as in 1886. The terminations from "expiry" and "change" were \$66,326,160 in 1895, or 11.9 per cent. of the total terminations. In order to further show the comparison on the basis of terminations for the two years past, we may summarize as follows :

	Total Terminations.	Deaths and Endowments, per cent.	Lapses, per cent.	Surrenders, per cent.	Expiry and Change, per cent.
1894	\$603,312,685	11.04	55.37	22.56	11.03
1895	556,706,703	13.04	50.81	24.25	11.90

It will be seen that the total terminations in 1895

were \$4,663,982 less than in the preceding year, although the insurance issued was more by \$17,424,255, and of course the amount of insurance in force was considerably larger than in 1894. We have seen that terminations from deaths and endowments were proportionately larger last year than for several former years, and that, as compared with 1894, expiry and change together show practically the same ratio. Surrenders increased nearly one and three fourths per cent., and yet the gain in insurance in force was a good deal larger proportionately than in 1894. We find that after deducting all terminations from insurance issued and taken, the net gain for 1895 was \$211,911,047, while in 1894 it was only \$147,886,810. This more favorable showing for the former year is due to a lower lapse ratio, as above shown. In 1895, on an increased amount of insurance issued, the lapses were \$51,279,773 less than in 1894. We interpret this fact as indicating the beginning of a more conservative policy on the part of the American companies, which for some time past have indulged in methods which to a good extent have sacrificed every interest to the one consideration of volume in new business. The official reports show that during the past two years, and notably last year, there was a decided falling off in new insurance actually issued on the part of those companies which have in the past been famous contestants for first place as business-getters, a state of affairs that we chronicle with great pleasure. We have repeatedly pointed out in these columns during the past five years and more the mischievous tendencies of the high pressure, big commission methods which have prevailed in life insurance, and have demonstrated that the enormous lapse ratio and the mania for "big business" necessarily stand in the relation to each other of cause and effect. Under the stimulus of before unheard of commissions and bonuses, an army of agents in the field, backed by cartloads of showy literature, including "estimates" of results to the policyholder as seductive as a mining prospectus, have, by combined persuasion and rebating, induced thousands of men to insure for large amounts as "a flyer," a large percentage of whom never intended to pay a renewal premium. Other thousands have been persuaded to take policies double their ability to carry permanently, as the agents well knew, but the business all counted for a big commission aggregate or a fabulous bonus. A permanent interest in the persistence of the policyholder through an extended renewal commission to the agent has come to be the exception where once it was the rule. The natural result was just such as ought to have been expected, and reached its most striking phase in 1894, when, with legitimate terminations of insurance (from deaths, endowments, expiry and change) amounting to a little more than \$133,000,000, the companies only saved on the books less than \$148,000,000 out of more than \$751,000,000 issued and taken. All the rest went off by lapse and surrender. We believe, however, that the day of padded new business returns, of buying policyholders with rebates, and of methods which belong only to the traveling showman, has passed. The practical aban-