

### An Expose of Life Insurance Management.

The Western Rural has frequently referred to the enormous expense attending the management of life insurance, and to that still worse feature, the lack of safety in such insurance, as it has been conducted. We have taken pains to collect some startling facts in regard to the matter. It has been the fashion almost time out of mind for many who had families dependent upon them to procure a Life Insurance Policy, by way of providing something for wife and children to subsist upon when death ordered the bread winner to depart to the world where one does not have to earn a living, pay taxes, read Tupper, or attend Church fairs. Those who were poor insured because they had nothing but love and a life insurance policy to bequeath to their heirs: those who were rich did likewise because every other kind of riches occasionally take wings and disappear. Almost everybody, however, felt certain that the policy was a safe investment. The mild-mannered, unassuming, and proverbially shy life insurance agent said so, and explained how self-sacrificing men had organized life insurance companies for the purpose of caring for their fellow men, who did not know how to take care of themselves, and taking charge of any surplus money they might have. In brief, life insurance became the rage, and the man who failed to invest in it was considered worse than heathen and a fool into the bargain. A good many gentlemen with spacious souls and well developed abdomens were found willing to wear themselves out, *pro bono publico*, in the exhaustive toil incident to the positions of president, secretary, treasurer, director, and what not of life insurance companies without any compensation worth mentioning. That these philanthropists did not work for pay will be apparent by the following bit of information concerning a representative of "Old Line" Life Insurance Company, showing the miserable pittance with which it requites valuable services: Mr. Hyde, President of the Equitable of New York, testified under oath before the Legislative Investigating Committee, that he was paid the wretched bagatelle of \$7,500 a year as salary. To be sure, he admitted, he had a little allowance—a sort of a reward of merit—of \$50,000 more, and then in order to encourage him, he was allowed to receive \$20,000 in addition from another concern, of which he was made "nominal" agent, in order to secure the inestimable advantage of his great name. But he only got \$77,500 altogether, and the thirty-nine other officers of this corporation starved on salaries which ranged all the way from the sum for which poor Hyde slaved for

two or three hours a day down to \$1,995 per annum. The foregoing figures certainly prove the disinterestedness of the office managers of the corporation referred to.

The history of these "Old Line" Life Insurance Companies furnishes some interesting statistics. Within the last twenty-seven years forty-five of them collected in premiums the comfortable little aggregate sum of \$877,577,309, and paid out for death claims during that period \$213,326,566. Between the foregoing sums is an inconsequential difference of \$664,250,743, which is somewhere, while within about the same period sixty-five other "Old Lines" supposed to have been as substantial as the everlasting hills have been swept out of existence. \$101,430,235 of somebody's money went with them, and they left behind a broken promise or a downright lie for every misappropriated dollar. It is generally believed that figures are reliable witnesses. Conceding this, it is rather amusing to look over the annual reports of some of the smaller companies doing business in the State of New York. From these reports it appears that eleven of them have during the four years last past received in cash the aggregate sum of \$27,939,465. This sum certainly should have paid all their losses and expenses, and added largely to their assets also; but those terribly truthful figures prove that while in some cases their liabilities have largely increased, their assets have diminished to the extent of \$4,409,962, in the short space of forty-eight months. These exhibits make cheerful reading for a rainy afternoon for those who have their money locked up in the vaults of those monster corporations which build palaces with funds earned and expended the Lord only knows how.

At the rate at which the assets of the above mentioned companies are disappearing (their assets aggregate less than \$40,000,000) it is easy to figure out how long it will take them to go the same way so many others have gone before them, that is, into the hands of receivers. The Mutual Life, another "Old Line" company, in its report to the Insurance Department (under oath, be it remembered) shows among other things that its income for the past four years amounts to \$69,943,263, while the total payments to policy holders for that period footed up \$52,665,197, and that their assets increased during the same time but \$9,533,663. The account stands thus:

Total income for four years	\$69,943,263
Total amount paid to policy holders in four years	\$52,665,197
Increase of assets	\$9,533,663

"Gone where the woodbine twineth" \$7,744,463

Total income for four years	\$39,045,456
Total paid to policy holders in four years	\$30,925,702
Increase of assets in four years	\$8,119,754

The Equitable reports as follows:

Total income for four years	\$39,045,456
Total paid to policy holders in four years	\$30,925,702
Increase of assets in four years	\$8,119,754

"Departed for that bourne from whence no traveler returns" \$7,263,120

The New York Life makes this comfortable showing:

Total income for four years	\$89,445,417
Total paid to policy holders in four years	\$20,027,712
Increase of assets for four years	\$11,515,513

Passed up the spout \$7,007,132

The Connecticut Mutual deposes and says its total income for four years:

Total income for four years	\$34,023,259
Total paid to policy holders in four years	\$24,914,500
Increase of assets for four years	\$2,810,659

Non est combutabur. \$6,279,721

Just here an instructive mathematical problem is suggested in the order of sequence, and is especially referred for solution to those who believe that "Old Line" Life Insurance is a profitable investment. If these four companies squandered, as it appears, or got away with, or in some way effectually disposed of otherwise than legitimately \$27,000,000 of the policy holders' money in four years, what sum would be required to represent the amount which the forty other companies of cormorants have taken from the people for no value returned in that time. One of the above model companies proclaims with pardonable pride that in 1882 it issued 15,086 policies, covering risks to the amount of \$62,262,279. Through an oversight, probably, it omitted to mention that during that period 7,500 policies, covering risks to the tune of \$30,000,000, or over, terminated. They also neglected to state (inadvertently) that 1,843 of their policies, covering \$7,403,763, although made out in due and ancient form were never delivered to anybody, and that 1,606 of their policy holders got their eyes open during the year, and seeing the danger ahead surrendered their policies representing \$8,439,388, while 3,197 more sensible individuals allowed \$10,992,985 to lapse.

The careful consideration of similar statistics has let a good many clear-headed men to ask of late, whether this "Old Line" Life insurance is not, all things considered, a rather expensive luxury. It would seem so to the unprejudiced mind, and yet the half has not been told. In this connection it may be well to mention that Mr. Shepherd Homans, who was for years the actuary of the Mutual Life, made in 1877, before an investigating committee of the New York Legislature, a startling statement regarding that company, from which the following is extracted: "I refuse to audit an account which I thought was incorrect. There were false statements in it which led to an investigation of the dividend system of the company. \* \* \* They made a fearful blunder, and violated the charter and all principles of equity. \* \* \* They made a fearful blunder, which has been corrected by the payment of \$2,000,000, within a few months, to rectify that blunder."

Q. "What was this mistake that cost them two million of dollars to rectify?" Mr. Homans—"It was by distributing the surplus of the company, in violation of the resolution of the Trustees, and the decision of the Referees, to whom it was submitted for final decision. What I complain of is, that the affairs of the Mutual Life are kept from the Trustees. Mr. Vice-President McCurdy keeps the minutes, and I say that in reference to the Insurance Committee, about which I had most knowledge, that it was manipulated in such a manner that they could not know the truth of the matters before them! They were kept from them, and misstated time and again! What that company wants is a fair and full investigation, by disinterested persons on those allegations. I have made them in my official capacity as actuary, and they have been investigated and the facts have been proved. They have been condoned and covered up."

These \$2,000,000, be it remembered, come out of the pockets of those who placed their money in good faith in what a disinterested investigation proved to be nothing better than an association of—let the reader say what. For further and interesting particulars see page thirty-two of the report of testimony taken before the New York Legislative Committee on Insurance, in 1877, by its official stenographer. In the course of that same investigation some suggestive questions were asked Mr. McCurdy, the Vice-President of this company and the answers given are, to say the least, refreshingly cool. Q. "After your connection with the company were there any bonuses voted to the officers of the company?" A. Yes. Q. How much was that bonus? A. I don't recollect. Q. Well, about how much? A. I think I got about \$6,000. Q. How long had you been connected with the Company? A. Oh! I had been connected with the company over a year. Q. How much did the aggregate of the bonuses amount to? A. I have no recollection, sir. Q. Can't you give us within half of a million? A. Hardly." Exemplary philanthropist! He received, as near as his recollection will enable him to state, \$6,000 over and above the yearly salary for which he had agreed to serve the company and could not tell within half a million dollars how much of the money held as a sacred trust himself and his brother officials shoved down into the pockets of their jeans with an effrontery which would have made Mr. James, of Missouri, savage with envy, the whole having been charged up as dividends paid to policy holders. After perusing the foregoing the reader of ordinary intelligence will be apt to form a conjecture as to what becomes of those huge surpluses of which the "Old Line" Insurance Companies gather in and never