UNDEVELOPED FIELD IN LIFE INSURANCE.

Mortality Rate and the Importance of Good Sanitary Conditions—Cost of Insurance.

The success or failure of a life insurance company, assuming honest and intelligent management, depends upon three things—the expense rate, interest rate and mortality rate; and in a thoroughly established, well conducted company these factors are of approximately equal importance. This is the conclusion of Mr. Hiram J. Messenger, F.A.S., actuary of the Travelers Insurance Company, who recently submitted a report on the undeveloped field in the life insurance business. As a rule, he continues, companies have paid great attention to the expense rate and the interest rate in all its bearings upon the business, but in the matter of mortality rate in all the wonderful development of life insurance in this country the past sixty years the efforts to secure a favorable mortality have been practically confined to the benefits resulting from a careful initial selection of risks, while the question of what can be done to lower the mortality rate and to keep down the claims by efforts to postpone or to prevent the death of the insured while the policy is in force has hardly been given serious consideration.

Here is a field of work which it is possible to make of really great importance. Life insurance executives have the reputation of being shrewd, practical, level headed business men who know their own interests. Here is an opportunity for them to do a great work for humanity and at the same time directly benefit their own companies and policy-holders. Here is a wholly neglected field of activity having a direct bearing upon the financial success of the business which they are conducting. There is no question of decided improvement in the mortality rate of the country during the past fifty years as the result of progress in sanitary science and its practical application, and while this improvement has been greatest at the younger ages it has been very considerable at the insurable ages under forty, and about three-fourths of the insured take out policies under forty.

Policy-Holders Have Gained.

There is no doubt that policy-holders have gained millions of dollars as the result of this improvement. There is no doubt that the possibilities of improvement in the future are fully equal to the improvement which has taken place in the past. It would be a great mistake, however, to attribute all of this gain from favorable mortality to the benefit resulting from initial selection of risks by the medical examiners. A very large part of this gain is due to a lower mortality resulting from improved sanitary conditions, for which improvement life insurance companies and their officials have very little right to take credit. Mortality statistics for the general population, mortality statistics on certain classes of uninsured lives where the question of medical selection does not enter, show a very decided improvement in recent years for ages under forty.

In order to appreciate this phase of the subject, and especially its important bearing upon life insurance, it will be well to consider for a moment the immense gains resulting from a comparatively slight improvement in the mortality rate. The regular life insurance companies in the United States, not including the industrial business, are paying about $150,000,000 a year for death claims. This is about $12.00 per thousand dollars of insurance in force. If the rate of loss was reduced from $12.00 to $11.00 per thousand of insurance the companies would gain in reduced claims about $12,500,000 every year.

For Medical Examinations.

To secure a favorable mortality these companies are paying about $6,000,000 a year for medical examinations and inspection reports before the risk is accepted—and practically nothing for this purpose after the policy is issued. If they were to expend half as much in a combined general effort to lower the mortality rate probably the results in dollars and cents would be fully as great as results obtained from the money already expended on initial medical examinations. The average policy is for about $2,500, and the average premium about $100. If a company postpones the death of one of its policy-holders for one year it means an advantage to the life prolonged which can scarcely be measured in dollars and cents. To other policy-holders who in the last analysis pay the death claims it means that they receive one more premium ($100) and have another year's use of the amount of the claim ($100) —making a total of $200 additional receipts as the result of postponing the insured's death for one year. If this could be brought about by the expenditure of $5.00 or $10.00 or $25.00 it does not require any unusual acuteness to see that the investment is a good one for policy-holders.

These considerations, together with the results of the investigation made of sanitary conditions throughout the country, lead to the conclusion that what is wanted is an organization in each city throughout the whole country of a number of intelligent, substantial and influential men with practical common sense, interested in all work to improve the sanitary condition of all our cities and having enough technical knowledge of modern sanitary science to know the relative importance of things, what ought to be done and how to do it. It is possible to form such an organization in every city in the country (a sort of a league of municipal sanitary clubs) and if they could only have the backing and general direction of some really powerful and influential body there would be no doubt of the results.

In every city of fifty thousand inhabitants in this country it is possible to find among the managers, the leading agents, the medical examiners and the legal financial representatives of the insurance companies fifteen to twenty men of standing, of influence and of a high average standard of intelligence. From these men, together with two or three of the leading health officials and a few other men of prominence interested in such questions, could be formed an organization, which if directed and given to understand that they would be thoroughly supported by the organized life insurance companies of the country, could exert an influence in bringing about better sanitary conditions—which would mean the saving of millions of dollars to the life insurance policy-holders of the country.

Saving in Cost of Life Insurance.

With such an organization in a city of fifty thousand inhabitants, working intelligently and earnestly, knowing that they have the powerful support of the great life insurance interests of the whole country, it would not be long before every city in the country would have proper authority to compel residents living on streets having sewers and city water to connect their houses with the sewers, and the power would be used. It would not be long before there would be a very great decrease in the number of instances where there is a vault unconnected with the sewer and a well giving surface water on the same premises, and drainage from the former to the latter. The unsanitary public markets with their swarms of flies would be rapidly done away with and in time completely abolished. The ordinances for screening of meats and perishable provisions would be more thoroughly enforced. The unsanitary dumping grounds for city garbage within the city limits would be done away with and incineration or some other sanitary method of disposing of city waste would come into general use. Each city of over fifty thousand inhabitants would have a well equipped department of bacteriology with an expert in charge, and the practical results would soon be seen in a great decrease in the death rate from infectious and contagious diseases. It would mean a blessing to humanity and millions of dollars saved in the cost of insurance. There is no doubt as to the result if a movement of this kind is undertaken and properly pushed.

There is just one really great difficulty, and that is in getting the life insurance officials to appreciate the importance and value of the work and in getting them to work together—earnestly, unitedly and harmoniously—sinking their own individual company interests in an effort to work for the common good. The proposition is not theoretical—it is eminently practical. Unfortunately it is difficult to get most people really interested in such a proposition. The trouble is that the fearful results of unsanitary conditions are with us all the time and have been with us for years. We become accustomed to them, and consequently it is hard for us to wake up to the situation and the possibilities.

DIAMOND VALE COMPANY

The shareholders of the Diamond Vale Coal & Iron Mines representing eighty per cent., and the bondholders of the Diamond Vale Collieries, representing ninety per cent., met at Ottawa recently to consider the position of the two companies.

Mr. John I. McCracken, an Ottawa lawyer, presided. Mr. T. J. Smith, managing director, who has just returned from England, was present and explained the present standing of the companies.

After some discussion a resolution was unanimously adopted on the motion of Mr. Orme, seconded by Mr. P. Aitchison, two principal shareholders, stating that having heard Mr. Smith's statement, and report on the properties of John Morrison, a mining engineer of Newcastle-on-Tyne, the meeting recorded its satisfaction with the explanations that Mr. Smith had been working for the good of the companies and its confidence in his integrity. It will be recalled that some of the shareholders have asked for an investigation into the conduct of the companies, affairs.