

LIFE INSURANCE.

(The Ben Williams Prize Essay.)

Consider life insurance first in regard to its size as compared with the other great business of this country.

What are the great business interests of this country in the order of their magnitude? First in size is agriculture. In 1890, the total value of farm lands, together with farm implements and machinery and live stock on farms, was approximately \$16,000,000,000. Second in extent is the business of railroads. The amount of railway capital, June 30, 1898, was over \$10,800,000,000. Third in magnitude is banking. June 30, 1898, the total resources of all the national banks, savings banks, state banks, private banks and loan and trust companies of the country were over \$9,900,000,000. Manufacturing takes fourth place. The total capital of the manufacturing establishments of the country in 1890 was over \$6,500,000,000. Fifth in magnitude is life insurance. Fifty-four legal reserve life insurance companies of this country had assets on the 3rd of December, 1899, of over \$1,600,000,000.

It must be borne in mind, however, that the life insurance business is concentrated under the control of a much smaller number of men than the other interests mentioned as follows:

The agriculture of the country was carried on by over 4,500,000 farms; the railroading of the country was performed by 2,057 railway corporations; the banking was transacted by 9,732 banks; the business of manufacturing was carried on by 355,415 separate establishments, while only sixty-two life insurance companies transacted all the regular reserve life insurance business of the country, and, of this number, thirty-seven companies did over 94 per cent. of all the business.

The sixty-two regular life insurance companies had contracts outstanding December 31, 1899, in which they promised to pay at the maturity of the contracts nearly \$8,000,000,000, a sum over \$100,000,000 more than enough to pay off the aggregate national debts of the United States, England and Germany combined.

Please bear in mind that the comparisons made are extremely fair to the new insurance interests, for I compare in magnitude only one branch of the insurance business, life insurance, with all branches of agriculture, railroading, banking and manufacturing.

The concentration of management in life insurance above noted, and the beneficence of its works give life insurance an influence far out of proportion to its magnitude as compared with other financial interests.

The growth of life insurance the past thirty-two years has been a marvel. In that time the assets have increased more than twelve-fold, the insurance in force almost seven-fold, the total income almost nine-fold, the new business written almost three and one-half fold, and the payments to policyholders over twelve-fold. Probably its growth has been greater than that of nearly all other lines of business. What can we predict as to the growth of life insurance during the next thirty-two years? If the same ratio of growth continues, the figures thirty-two years hence will be: insurance in force, \$56,000,000,000; assets, \$10,200,000,000; total income, nearly \$3,300,000,000; payments to policyholders, nearly \$1,500,000,000.

These figures seem fabulous, but an accurate prediction thirty-two years ago of the growth to date would have seemed even more fabulous.

Probably life insurance will never equal in magnitude of capital the aggregate manufacturing interests or the aggregate farming interests. It certainly can never equal in magnitude of resources the aggregate of the banking interests, because the banks are the clearing houses or arteries of all business done in a country. It is possible, however, that life insurance may some day exceed in size the railroad interests.

Life insurance probably approaches as near socialism as will ever be practical for mankind, and it has none of the objectionable features of socialism. Life insurance has to be paid for. Effort, therefore, is required to get it and keep it. It, therefore, encourages and enforces industry and thrift at the same time that it furnishes the grandest system of co-operation ever formulated and applied by man. All this is accomplished without neutralizing individual merit and ability, as socialism would do.

The great function of life insurance has been described very aptly as that of the equalizer of misfortune, the distributor of wealth.

If it could be determined by exact statistics, it would be interesting to know just how many bankruptcies and business failures have been averted by means of life insurance money, just how many widows have been saved from the pinch of poverty, just how many families of young children have been kept together, just how many young men and young women owe to it their education, just how many old fathers and mothers have had their declining days rendered more endurable and comfortable by it, just how many people have been kept from pauperism and crime by its benign agency, just how much of so-called charity and out and out giving has been rendered unnecessary, and of just how great a burden the state has been relieved.

It would be perhaps still more interesting to know just what proportion of the combined civilizing influences that are to-day at work upon the social fabric of our country is attributable to life insurance. The taking of life insurance has an ennobling effect upon the individual. For it is the spirit of unselfishness that leads a man to take life insurance for the protection of his loved ones. The man who is unselfish and dutiful in his relations to his family will be the most likely to be unselfish and dutiful to the state and to the nation.—Mason.

OCEAN ACCIDENT WINS OUT.

Liability underwriters are greatly interested in the decision of the Illinois Supreme Court granting a writ of mandamus against Superintendent Van Cleave and in favour of the Ocean Guarantee & Accident. The Insurance Department declined to issue a licence to the company to do certain kinds of business on the ground that it was not authorized under the law to grant a certificate for more than one group or class of business. The company contended that the Act of April 21, 1890, giving State companies the right to organize for all classes should be held to permit foreign corporations to do similar business and this view was sustained by the courts.—N. Y. Bulletin.