

gratifying figures, upon which we must be allowed to congratulate Mr. Martin Bennett, the Manager at Hartford, who is in charge of the United States business of this old and highly reputable company. There are conditions, no doubt, in fire insurance business which at times seem to conspire against the most cautious management; but there is something more than mere luck in a company having a loss ratio of only 52.68 per cent. It means exceptionally skillful underwriting and sagacious management.

**THE EFFECT OF HARD TIMES ON LIFE INSURANCE.**

At the last convention of the Actuarial Society of America, a paper was read by Mr. W. T. Standen on "The Effect of Hard Times on the Standard Selection of Life Risks." As the title indicates, the question is dealt with strictly from an actuarial point of view. It has another aspect to which we propose to pay attention. We may be allowed to point out that the statistics presented favor Mr. Standen's theory more strongly than he has pointed out. His contention, briefly put, is that the anxieties caused by "distressing conditions of trade and commerce" increase the mortality of the people, as they bring on and aggravate those diseases which are produced by over-tension of the whole nervous system. "Hard Times and all the evils they entail are among the most persistent enemies of longevity, and therefore most harmful in their effects upon life insurance." From 1859 to 1869 there was a gradual expansion of trade in the United States. Money was accumulating steadily, and was plentiful. From 1859 to 1868 the total life insurance was raised from \$141,497,978 to \$1,528,984,685, the rate of increase being a yearly average of fourteen millions. In that decade of prosperity the percentage of death losses was tending downwards. In 1859 the ratio was .93, than came a series of declinations, until in 1868 the minimum of .69 was reached. On the 27th September, 1869, a panic broke out, which swept like a tornado over the States, wrecking railways, banks, insurance companies, and business firms wholesale. The effect upon life insurance business was felt for many years. In 1868 the increase over 1867 was \$367,200,000, the increase in 1869 was \$307,700,000; in 1870, \$187,267,000; in 1871, \$77,577,000; in 1872, \$13,281,000; then came a drop year by year, until 1879, when the total volume of insurance was \$583,923,800 less than it was ten years before. Through the whole period in which this depletion of business was going to, the Hard Times cloud was more or less spread over the business sky. The record in regard to the ratio of death losses is very significant. Up to 1869, when affairs were prosperous, the percentage of claims had been sinking; in 1869, when the financial troubles commenced, they began to rise, and all along the line of years, when the total sum of life assurance was falling away from "Hard Times" influences, the percentages of death losses were steadily enlarging. Thus we get this series, 1869, 0.82; 1871, 1.09; 1874, 1.19; 1876, 1.31; 1878, 1.41; 1881, 1.46. The minimum of total insurance coincides very closely

in those years with the maximum of death losses percentage. Taking the returns of the life companies doing business in New York, where the effect of "Hard Times" in the seventies was especially severe, we find the decreases in new business almost alarming. In 1874 the total new insurance issued was \$329,994,000, in 1879 it had shrunk to \$150,767,000. In that term of six years the death loss percentage rose from 1.19 to 1.41. In 1880 the tide had run to "low water mark," and began to flow back.

The resumption of specie payments in 1879 put the credit of the States on a sounder basis than it had been since the outbreak of the Civil War in 1861-2. The business of life assurance reflected the clearer atmosphere, now the Hard Times cloud had passed off. In 1880 an expansion commenced, which has gone on uninterruptedly since that year.

The following table gives the movements in life insurance since 1859 in five year periods up to 1872, and yearly from 1879 to 1894, the percentage of increase being shown for each period, also the percentage of death losses as given in Mr. Standen's paper.

Year.	Total Insurance.	Increase or Decrease.	Percentage of Change.	Percentage of Death Losses.
1859....	\$141,497,978			
1863....	267,658,677	126,160,699	.88	0.6
1868....	1,528,984,685	1,261,327,908	471.	0.1
1872....	2,114,742,591	585,757,906	.37	1.20
1879....	1,439,961,105	674,781,426	-.32	1.41
1880....	1,475,994,672	36,033,567	2.50	1.45
1881....	1,540,089,680	64,095,008	4.30	1.46
1882....	1,637,648,872	97,559,192	6.30	1.37
1883....	1,763,730,015	126,081,143	7.70	1.40
1884....	1,870,745,521	107,015,516	6.07	1.33
1885....	2,023,517,488	152,771,967	8.17	1.39
1886....	2,222,413,050	198,895,562	9.80	1.32
1887....	2,474,507,120	252,094,070	11.30	1.32
1888....	2,761,577,128	287,070,008	11.60	1.35
1889....	3,144,677,311	383,100,183	14.00	1.24
1890....	3,542,955,751	398,278,440	12.60	1.27
1891....	3,861,584,383	318,528,632	9.00	1.14
1892....	4,199,444,397	337,860,014	8.70	1.34
1893....	4,511,056,550	311,592,153	7.40	1.30
1894....	4,657,583,046	146,546,496	3.26	1.25

\* The year 1879 shows a decrease of \$674,781,426 below the total of 1872.

Mr. Standen's paper gives the average death rate to insurance in force for periods of five years each.

From 1859 to 1864	0.87	From 1880 to 1884	1.40
1865 to 1869	0.73	1885 to 1889	1.32
1870 to 1874	1.16	1890 to 1894	1.28
1875 to 1879	1.35		

The lesson he draws is that insurance business should not be unduly stimulated in business centres which are most especially affected by "Hard Times." Another point is, that regard should be had to any tendency in applicants to those diseases, such as those affecting the heart, or diabetes, or Bright's disease, which become dangerous under severe mental depression. The periodicity of hard times suggests also a recognition of times of "boom" being certain to bring reaction, so that the wisest course is to avoid over-stimulation of business, the results of which in the long run are not so satisfactory as those secured by a company keeping the even tenor of its way, making each step an assurance of permanent advance.