"CHEAP" LIFE INSURANCE.

THE "game of life," as to pecuniary results, is a very uncertain one, and to make sure of some provision for dependents life insurance was devised. But it required nearly a century of trial to so demonstrate the soundness of its theory and prove the value of its practical results as to secure general recognition of its worth by the business world. That accomplished, another feature was added, making it a protection for one's own old age, as well as for his family, thus happily blending duty and self-interest. Founded upon the solid rocks of experience and compound interest, it has become the grandest and most stable of business institutions—its work the wonder of the world.

Knowing that the highest qualities of financial skill and practical wisdom have been employed in perfecting the system, and that it has so won the confidence and patronage of those best able to judge its merits as to count its contracts by the billion (exceeding the present National debt), we might expect that only a high grade of talent would venture to improve it or offer a substitute. Ignorance and cupidity, however, are powerful foes to man's progress and happiness, and the very human desire to get "something for nothing" made it quite natural for innocent ignorance to wish that a thousand dollars might be bought for less than ten hundred, and for cunning cupidity to promise it. And this was the origin of modern "cheap life insurance." Since to simply collect and disburse money does not increase it, while the friction of expense of necessity diminishes it, it is quite apparent that no institution (bank, insurance or other,) which draws from its depositors or members only the money to meet current demands can pay back as much as it receives. The co-operative, or assessment, life insurance company is a collecting and disbursing agency, and its contracts to pay a million or more of dollars mean that every dollar of those millions is to be drawn from the pockets of its members, besides enough for expenses. Genuine life insurance, designed to both equalize and lighten the burden of life, seizes the powerful aid of compound interest, and so increases the money of the insured as to meet expenses and return to them a large amount in excess of total payments by them. So firmly established in principle and so eminently successful in practice has scientific life insurance become, and so weak and uncertain has its counterfeit (the assessment scheme) proven, no one would be tempted to put money into the latter were it not for its promise of "cheap" insurance—that is, of a dollar for less than 100 cents.

Is there, then, in reason and finance, such a possibility as a contract which shall yield money without exacting dollar for dollar? In ordinary affairs of business, such as trade, manufacturing, etc., into which the element of speculation largely enters, it is possible to invest one dollar and get two in return, although, as a general fact, even such investments simply earn legitimate interest; but in an enterprise purely financial nothing can be gained except by such interest earnings.

As between legitimate life insurance and co-operativism, then, there is this plain question: Which system obtains the largest aid from the accumulative power of compound interest, and, by such aid, most fully assists its patrons in meeting the demands upon their purses, thereby making the institution permanent, as well as, in the long run, really the least expensive?

Life insurance is a contract to pay money which must come from one or both of two sources. The insured may pay, besides expenses, enough only to meet the death losses as they naturally occur, and so pay an average of ten hundred dollars for each thousand of insurance; or he may, at first, pay more than this, the excess to be reserved and put at interest for future use, when inability to pay, or the increased risk of old age, makes the burden too heavy to be easily borne. The first plan makes the pocket of the insured the only resource. The second plan just so far relieves his pocket as the interest earned helps to meet expenses and claims; but another, and a very important, advantage attends its use, and that is the benefit of placing the heaviest part of the burden on middle life, and so relieving future, and often less productive, years of what might be an over-load.

Fortunately we are not obliged at this day to experiment in this matter. Time has tested it thoroughly, and the results are written in plain facts and figures before our eyes. On one page is the record of a century, with its beneficent deeds, somewhat marred by the ill effects of bad management and wrong-doing, yet grand and admirable in general character and substantial worth. On the other page is the story of countless efforts to accomplish the impossible, to give capital prizes to every holder of a ticket in a lottery—the gifts of which are bestowed only upon those whose claims are first presented.

The testimony of the ablest mathematical experts, of State officials and of experience establishes the fallacy of the assessment plan of life insurance. So emphatic has been some of this testimony, especially that given in the failure in recent years of over five hundred assessment companies, and the now frequently expressed opinion of many of their most intelligent patrons as to the temporary character of the plan, that various improvements have been proposed, which, it is claimed, will redeem the business from its condition of chronic bankruptcy and make it permanent. To seem to accomplish this, some of the phrases, terms and tables of genuine life insurance have been employed, and the inconsistent juggles are paraded as plans of safe and cheap insurance. "Cheap," of course, they must pretend to be, for only by such bait can any one be lured from a system known to be sound to trust money in an experiment.

One of these improved companies cuts a slice off its assessments and holds it back from payment of death claims that it may ape the name of "reserve," as used by legitimate insurance, but with as little consistency as would be evinced by calling any guess or chance quantity a mathematical sum.

Another of these "co-duperative" concerns has in its reformation not only undertaken to improve a system, but has also planned to reform itself. Having been or-