

FOOTE (Geo. F.)

AN ADDRESS

UPON THE

SUBJECT

OF

Life Insurance

BY

GEORGE F. FOOTE, M.D.

TYLER & RUTHERFORD,
AGENTS,
Office 628 F Street, N. W.,
Washington, D. C.

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PUBLISHED BY

THE NEW-YORK LIFE INSURANCE CO

346 & 348 BROADWAY.

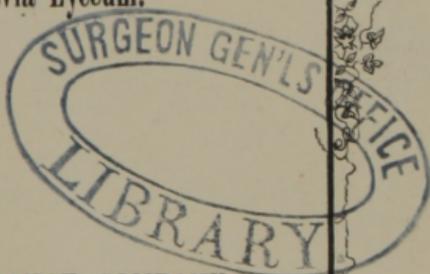
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LIFE ASSURANCE.

WE live in a progressive age; the world is teeming with new discoveries; the arts and sciences are advancing in rapid strides; the march of improvement is onward toward the goal of perfection; and "man hath sought out many inventions" to benefit his creature man.

There probably has never been a period within the history of the world in which so much has been done to benefit and ameliorate the condition of the human family, as is being done at the present age. Every year gives birth to new associations, the objects of which are the promotion of human happiness. It is the theme of all societies; all advocate charity, and claim to be philanthropists. Aside from that divine organization, the Church, there are innumerable benevolent associations, from nearly all classes, the designs of which are to better protect mankind and extend the fostering care of friendship to the helpless and needy. Indeed, it is the boasted object of all free, civil and religious institutions to elevate all classes to a standard of equality, so far as relates to opportunities for acquiring knowledge and the necessary competence of this world's goods—of which every one is considered to have (without reference to birth) a natural right to as much as shall, at least, place him above want and suffering.

And the *most potent* of these benevolent associations is that of LIFE INSURANCE, which has saved from suffering and want many thousands who now bless the provident hand that, while living, made the necessary preparation for their maintenance in anticipation of their decease. When this shall be-

come universal, and the boon of every family (which we hope one day to see), there will then be a more general and equal distribution of property, and we shall no more hear of destitute widows and orphans being thrown upon the cold charities of the world. Suffering and want, hunger, cold and nakedness, wretchedness, misery, distress of body and mind, and, we might add, crime in some of its most revolting forms (for want often leads to, and is the parent of crime), will be strangers, where now they stalk abroad, around us, and in our very midst.

To mitigate the ills pertaining to our mortal existence, it is clearly a philanthropic measure, and should receive our earliest attention, ranking first among the secular duties of life. It has been truly said, that "*Life Insurance*, which is entitled to and receives a high rank among all benevolent and useful institutions, is now engaging the attention of those thinking men who are accustomed to reflect deeply on the past, and to form just anticipations of the future; being received with the greatest favor in those countries where education is most diffused, and where the obligations of social life are most regarded."

Age of Life Insurance.

The oldest company in England was established nearly 150 years ago. Others soon followed, which are still in successful operation, and have large accumulations. In this country they have been in successful operation for about twenty years. Though many experiments have been made, many plans devised, to cheapen the yearly annuities in order to induce men to favor certain companies, which have brought into existence many ephemeral ones, yet to the present time there has been no failure of

any well-regulated company, when unconnected with other business, whose officers duly attended to their duty, and were honest men.

Uncertainty of other Investments.

In all branches of business, whether manufacturing, commercial, or agricultural, success depends upon a variety of contingent circumstances. A man *may* profit by his investment, or he *may* lose. There can be no positive and sure calculations made of a stipulated amount of profits or returns. Whatever may be the probabilities with the most accurate and mathematical calculations, there always are more or less uncertainties attending any speculation. The caprice of fortune rules despotically over all branches of business. This is even the case with many forms of insurance—indeed, we may say, all but a well-regulated Life Insurance. In fire and marine insurance, the chances are supposed to be as a thousand to one, that a building is not burned or a vessel lost, subject to the caprice of fortune. No correct and absolute data can be formed. A succession of good luck will enrich a company in a few years, while a calamitous *fire*, destroying but a small proportion of one of our great towns, would be sufficient to bankrupt nearly every fire company in the State. Again, monies expended in fire or marine insurance (as well as in most other forms but life) bring no returns, *unless* we suffer a loss which must equal or exceed the amount of money we are to receive. For this chance we have to pay a premium, which, at the end of a year, if our house has not been burned, or at the end of a voyage, if our vessel has not been lost, is an investment from which we get no return, and, so far as we are individually con-

cerned, is so much money thrown away Life Insurance exhibits the contrary of all this.

Certainty of Life Insurance.

Pervading all nature, we find certain fixed and permanent laws which never change; as that, by the force of gravitation, water seeks its own level—or by the application of heat, it is converted into vapor—or by the abstraction of heat, into ice; the earth turns upon its own axis; the sun rises in the east; crystals assume certain forms in particular salts, which never vary, &c. So, in the calculations for Life Insurance, which are based upon the laws of mortality, obtained from observations in various parts of the world for the last two hundred years. From these are deduced the expectation of life, and tables are formed from which we can learn the average of expected life at any age. As, for instance, we learn that 1,000 persons, at the age of 25, will yet live to average about $37\frac{1}{2}$ years each; at the age of about 30, about $34\frac{1}{2}$; and at the age of 35, just 31 years each; and so on. Now, these facts are found to be as certain and as fixed a law, as any other before mentioned. Observations in Paris, London, Carlisle, Northampton, and this country, made by the most experienced actuaries, obtain (within a fraction) the same results. Having these tables before us from which we can adduce the average of expected life at any age, we have only to charge each individual that sum which, in the number of years he is expected to live, will just amount to the sum for which he insures. It matters not if the first of 1,000 should decease the first year, the next one may live twice the expected term, and the whole are certain to make as many payments as will amount to the whole sum for which they are all insured. Now, as the

premiums for insuring on life are based upon these facts, together with the experience of many years, they cannot fail to render a Life Policy a sure resource when death occurs. So that Life Insurance may be truly said to be a matter of certainty.

Uncertainty of other Insurance.

In fire risks there can be no certain data for calculations. We cannot tell how many buildings may burn in a year or a given number of years, and the best of calculations are but a hazard, the result of guess work, a mere chance affair; and that may be said of all other insurances, excepting life. All other risks are uncertain, even after many years. But the cessation of life is certain; death is sure to come.

Again, a fire may consume but a part, or any other loss may be but a partial one. But in Life Insurance, death takes the whole; there are no savings; the loss is a complete one. And all calculations are based upon these certainties. Consequently, no life company can ever fail where its affairs are managed with integrity and competent ability.

Accumulations.

But there are other considerations in Life Insurance, aside from the stipulated sum for which each one insures, viz: the accumulations. All money paid in, except what is necessary to meet current expenses and losses, is invested in State or United States Stocks, or loaned on bond and mort-

gage on real estate worth 50 per cent. more than the amount of the sum loaned. These investments, of course, are drawing interest, which interest is again reloaned, making an investment at compound interest. These interests are an accumulation to the benefit of the company, which in a few years, in a successful one, whose expenses are proportionate to their business, amounts to a large sum.

To give an idea of the gains of compound interest, \$20 invested yearly, commencing at birth and remaining untouched, amounts, at the age of 30, to \$1,550; at the age of 40, to \$3,095; and at the age of 60, to the enormous sum of \$10,660. Twenty dollars a year for sixty years is only an investment in principal of \$1,200; yet, with the compound interest, it amounts to nearly nine times the whole sum invested.

Dividends.

All accumulations above losses and expenses, in proprietary or stock companies, go to the stockholders; but in the mutual companies, they are divided equally among the life members, in proportion to the amount of their respective premiums. In a purely stock company, the friends of the insured get only the amount of the policy. The accumulations and savings of these companies in time become quite large, and the parties interested in the stock (not the insured) realize great incomes, which, in reality, properly belong to and should be paid to the insured, who have invested their money. This is the case in all well-regulated Mutual Life Companies, which are now having the preference in public opinion over all others.

Advantages of the Mutual System.

One of the oldest mutual companies is that of the "Equitable Society for Assurance, of London." This has been in successful operation for about 100 years, and many cases of large profits accruing to the assured are reported by the company, showing the practical advantage of the insured participating in the net profits of the business.

CHAMBERS' JOURNAL, in a very able article on the subject of *Life Assurance*, states that "after a careful examination of the two plans, (*stock and mutual*,) with some benefit from practical experience, we do not hesitate to declare our conviction that the MUTUAL SYSTEM IS THE ONLY ONE WHICH THE PUBLIC at large are concerned to support. Of the STOCK system," the same author remarks, that, "in one instance under our immediate notice, TEN THOUSAND POUNDS of paid up capital now stand, after seventeen years' business, at the value of £70,000 in the stock market, being 600 per cent. of premium. What is it that has so much increased its value? Only those surplusages of payment by the public which in a MUTUAL OFFICE would all come back to the assured." "In fine, the system of MUTUAL ASSURANCE, 'pure and undefiled,' is that which the public should, for its own sake, and partly for the sake of morality also, support. It is an institution contemplating unmixed good to mankind."

PROFESSOR DE MORGAN, one of the best authors on Life Assurance, observes, (immediately after giving an opinion in favor of the mutual system as contrasted with the stock,) "that there is nothing in the commercial world which approaches, even remotely, to the security of a well established and prudently managed Life Insurance Company."

Who should Insure.

With this description and reliability of Life Insurance, let us consider more in detail its especial object. Who should avail themselves of these institutions? We answer *all*, both rich and poor; all classes and denominations; the clergyman, the layman, the lawyer, the doctor, the merchant and mechanic, the farmer and laborer. Every one who has a family or friends dependent on him for support, should effect an insurance upon his life for their benefit in case of decease. *The rich* should do it, because: First,—they have the means to provide a certainty against the chances of fortune, which often give to riches wings, and they fly away in an unlooked-for hour, leaving those who fancied themselves secure against want, but only paupers, when death takes from them their provider and protector viz.: a husband and father. Secondly, because they cannot invest their funds in a more sure and profitable manner, with a greater certainty of a safe return, with interest, than in Life Insurance.

The poor man should do it, because, however small the income, a little can be invested for the future want of those who otherwise are to be left destitute when he comes to die! A reality which is sure, at no distant day, to happen.

The professional man should do it, because, though in life and health, with his practice, he finds a ready means of support and education for his family, perhaps of surrounding them with the refinements and luxuries of wealth, yet death too often takes the whole, and those who have never known a care, are left to penury and want.

The man, professional or non-professional, who is dependent upon a salary for a sustenance, should do it,—because with life the income ceases, and to

the loss of a husband and father may be added dependence upon heartless relations, and exposure to insult and poverty.

This is particularly obligatory upon *clergymen*, who, with a limited salary and closest economy are only enabled to sustain themselves respectably, with scarce a thought or possibility of providing a future competency for their families, when they shall have been called to render up an account of their stewardship. Indeed, we hold it to be a duty of every church to provide a life policy for their pastor, or at least to add to his salary beyond his immediate wants a sum enabling him to do it.

The merchant should do it, because of all classes there are none more exposed to the changes and vicissitudes of fortune than he—though rich to-day; to-morrow poverty may stare him in the face; though apparently independent, yet should death suddenly come upon him, his executors would scarce find enough to meet his obligations, after forced sales, and the usual sacrifices attending the closing-up of business.

General Dearborn, for many years collector of the port of Boston, said in a public address: *After an extensive acquaintance with business men, I am satisfied that among one hundred merchants and traders, that not more than three ever acquire independence."*

Another Boston writer says, that the statement made by General Dearborn, so startling and appalling, induced an examination with much care, which proved it to be true; and that an examination of a memorandum made in 1800, of every person on Long Wharf, compared with a similar one made in 1840, showed only five in a hundred remaining; the the rest having *failed, or died insolvent.*

The young man should insure for his own, his parents', his sister's benefit, which he can readily

change, if he chooses, to the benefit of a wife, or wife and children, when he shall come to have them, without any increase of yearly premium.

The man with incumbrances upon his property should insure to the full amount of it, to enable his family, in case of decease, a ready means to meet all payments, and secure to them a comfortable home.

Creditors should insure the life of debtors, as the means of securing the ultimate payment of doubtful debts. A policy of Life Insurance is also applicable as collateral security, when credit is to be obtained, or money borrowed.

Objections to Life Insurance Answered.

First. It is stated that if the same sum that is expended yearly in Life Insurance were placed in a Savings Bank, or put out at interest, it would in a few years *amount* to as much as an insurance policy. We readily grant this fact, but in reply would ask, what surety is there that a man will live a *few years*, or the term of his expected life even? Or, again, what surety is there that he will put out this stipulated sum at interest, yearly? Past experience, at least, teaches that but a few men do it; the 10,000 widows and orphans in our midst, give evidence to the fact that it has not been done but in a few instances. Suppose a person at twenty-five years of age, whose premium on \$1,000 would be \$20.40 a year, should put this sum out at interest, at the end of one year, if he should decease, his family gets barely \$20.40, with interest added, making \$21.82 only, *whereas* from a life policy they would get \$1,000, with his proportions of the accumulations.

Secondly. It is objected that it is a kind of lottery or species of gambling: that to make it a successful

investment, an early death is necessary, &c. But this is a great mistake, and is only made by those who know nothing of the principles of Life Insurance. There is no gambling about it—there is even far less chance in it than in the ordinary business of life. As has been before stated, the expectation of life at every age is known, and each man is charged that sum per year which, in the given number of years he is expected to live, will amount to the sum for which he insures, which his family receives at his death, together with the accumulations. If he dies soon, they then get simply the sum for which he insures, with a small accumulation. If he lives beyond the expected term of life, they get the amount of his policy, together with the addition of a large amount of accumulations; and he who lives to pay the most will receive the most. It is, in reality, a more equal distribution of property, according to the expectation of life.

Thirdly. It is objected to, on the grounds that it is profiting in the death of a husband or father. Hence we often hear of the superstitious idea that “Life Insurance is the price of blood.” This of course arises from ignorance, as precisely the same objection would lie against any and every sort of provision made for the family in anticipation of death! Even the detail of property finds in it the same objection; yet we never hear that these squeamish persons ever refuse a dowry, a legacy, or heirship.

The truth is, that Life Insurance is simply setting aside and investing a yearly sum, with the certainty of a safe return with accumulations; whereas other investments, with a profitable and sure return, are not so easily found, and often end in an entire loss.

It is an association formed by individuals, who unite together, under a contract, to support each

other's families in case of death. In order to accomplish this, it becomes necessary to establish a fund, which is done by a yearly contribution, duly apportioned among them, according to their expectation of life, and the amount to be received by the family at each one's decease.

Fourthly, and lastly. It is objected to on the grounds that it is distrusting the goodness of *Providence*. And the hypocritical pharisee, who is too supremely selfish to deny himself the indulgence of some unnecessary and perhaps filthy habit, in order to provide his wife and children against want, offers as an apology for his conduct *his trust* in Providence, as if Providence would smile upon or countenance such blasphemy. Such a trust is sure to end in disappointment.

In the language of a celebrated divine, "What right has a man to trust to *Providence* to do for him what Providence has enabled him to do for himself? The wisdom and goodness of Providence are shown in giving man the power, and placing him in circumstances in which he can exercise it. A neglect to use and exercise this power, is a *disregard* of Providence and his manifest designs. Does a man show his trust in Providence by entertaining the expectation that, though he shall neither plow or sow, yet somehow a crop shall spring up, which he shall be permitted to reap? Or rather, is not the right trust shown by plowing and sowing, planting and watering, and then, after all, looking to God for the increase. All that our limited power and wisdom can accomplish, it behooves us to do; and after that is done, there will still remain an abundant scope for the exercise of a *trust in Providence*."

Life Insurance of Greater Moment than other Insurance.

Scarce any one of intelligence at this age doubts the propriety of securing his house or property by an insurance against the possibility of a loss by fire or otherwise; and yet this is absolutely of far less importance to the family, than an insurance upon their only reliable property invested in a husband and father, which is constantly exposed to the hazard and uncertainties of life. Should a loss occur in the former, industry, perseverance, and economy will in a few years replace it; in the latter, it is a complete and fatal one, and can never be regained in this world. Truly sad is that fate which brings with it poverty and want, when the certainties of that loss by death, shall come to be realized.

Early Attention to Life Insurance.

Life Insurance should then receive the earliest attention of every one who has a family or friends dependent on him for support. The welfare of those we have sworn before high Heaven to protect, demands it. The offspring whom God has given us, and to whom we owe a fostering care, demands it. The welfare of society demands it. The laws of God, of man, of human sympathy and kindness, demand it. We owe it to ourselves, to our consciences, to all that is near and dear to us, to make such adequate provisions as are within our means, for those who have a right to that protection which the laws of kindred nature claim. Indeed, it should be a privilege as well as pleasure to every good and free citizen; and in the language of the apostle,—

Hark! hear those dear ones, who once had a fond father to caress them, now crying for bread. Witness the pang that shoots through that anxious and careworn mother's breast, as she raises her eyes to heaven, and with a broken heart and suppliant tone pleads for her innocent offspring. She murmurs not; but she feels that her burthen is more than she can bear.

Witness the horrors of poverty attendant upon a neglected widow, whose greatest exertions are remunerated only with a miserable pittance, surrounded, as she may be, with her helpless children—suffering for the necessaries of life; and then but for a moment reflect that our own families, our own wives, and dear ones, are daily exposed to the same sad fate, so long as we live without providing a certainty against their future want.

This is not an overdrawn picture. In the capacity of a physician for the last fourteen years, we have witnessed numerous instances of families reduced to penury and want by the death of a husband and father, whose former circumstances were in every respect as good as many of ours; and far better than some who imagine themselves rich in this world's goods.

When ought an Insurance to be Effected?

Now. First, because it is less expensive than it will be when you get older. Second, because, if in health, you will pass a medical examination and be accepted. Third, life is uncertain, and delays are dangerous.

In proof of the first, we have only to state that the premium rates, per year, are increasing as you grow older, so long as you remain uninsured. Whereas, when insured, you continue to pay, during

your natural life, the rates per year that are chargeable at the age you make the first payment.

A man at 43 years of age pays as much per year for a policy of \$2,000, as one at 20 pays for a policy of \$4,000; and at 50, as much for \$2,000 as one at 20 does for \$5,300. This, with the accumulations made to each person insured in the form of *dividends*, alone offers great inducements to insuring young.

In regard to the second, no Insurance Company will take a risk where the person applying is not in sound health, with a fair prospect of long life. Hence, it behooves all who think of insuring, to avail themselves of its advantages before the ravages of disease have marked them, and rendered their chances of acceptance doubtful.

Third, and lastly What greater evidence do we want to prove the uncertainty of life and the dangers of delay, than a moment's reflection; during which, our own observations and past experience shall occupy our mind? How many can each one of us call to remembrance of mothers, orphans, and dependent parents, victims of the uncertainty of life and this dangerous delay? How many, but for it would have enjoyed a comfortable livelihood, who now suffer in abject poverty and want? Do not our innermost feelings respond to the declaration that

Delays are Dangerous?

Procrastination is the thief of time; disease may come upon you; death may overtake you; and in an hour, when you think not, you may suddenly be cut off, and that without a remedy to your family.

Wait not then for a more convenient season; accept the boon while it is near, and at the earliest

possible convenience provide for your own household the means of an honest livelihood when time shall cease to know you more.

What if I should Die To-night?

Let each one himself ask that question:—Suppose I were called to render up my stewardship, leaving this for the world of spirits *to-night*, what provision have I made to secure the comforts of life to those who are dependent on me for their daily sustenance? Would those who are dear to me be safe from the pangs of want? Would this dear wife, and those aged parents, be independent of the cold charities of the world? Would these dear children, committed to my care, have a comfortable home and the means of education? Would there be no sacrifices of property by forced sales, to meet the demand of creditors, or the wants of those I leave behind me?

If we can answer these to our own satisfaction, then are we prepared, so far as they are concerned, to account for the “talent” entrusted to our care, returning it with usury.

In view of all these facts, ought we not, while in health, surrounded with the comforts of life, and the means within our power, to prepare ourselves to die at a moment's notice, leaving our families and those dependent on us in as good circumstances as we should do, had we but a warning of the day and hour beforehand. Yea, fully prepared, so that at any hour we can part with our near and dearest friends, and at any hour meet our *God*.

Opinions of Eminent Men on Life Insurance.

“A POLICY OF LIFE ASSURANCE is always AN EVIDENCE OF PRUDENT FORETHOUGHT; no man with dependent family *is free from reproach* if not insured.”—*Lord Lyndhurst.*

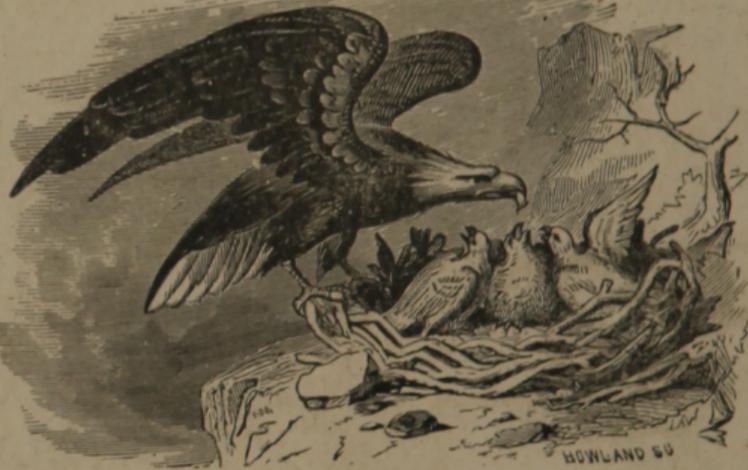
“LIFE INSURANCE *possesses exclusively the power of creating at once an adequate provision against the destitution of dependents in case of death.* The value of this function needs no eloquence of ours to illustrate it.”—*Professor E. Wright.*

“I am free to express my opinion of their value, especially to men in the circumstances in which ministers of the Gospel are. I have wondered that they have availed themselves so little of the advantage of such institutions. I know of no way in which they could so well provide for their own wants in advanced years, or of their families when they die, as by availing themselves of these advantages.”—*Rev. Albert Barnes.*

“No matter what may be the object of your solicitude—BE ASSURED—whether you are thinking of the maintenance of general health, or of comfort and competence in your old age, or of the interests of wife and children when you may be no more, or of a provision for your boy when he reaches mature age, or of the happy marriage and the wedding portion of your little daughter, one day to be, you hope, a blushing bride, now a tiny prattling fairy of two or three years—never mind the subject matter—BE ASSURED.”—*Charles Dickens.*

“Life Assurance contributes effectually to make life itself longer, society happier, the aggregate prosperity of the community greater, and just so far as it shall extend, while still conducted on sound principles, it will multiply the kindly bonds that connect men, while encouraging economy, invigorating enterprise, justifying hope in each individual, and shedding the light of a more serene happiness into many households.”—*Rev. R. S. Storrs, Jr., D. D.*

“Your affairs may become involved, and your property be taken for debt. Your stocks and shares may fall in value. But a Policy of Life Insurance can not be taken for debt; can not be alienated from your heirs; and if you have chosen your company discreetly, is subject to no commercial risks. It is as nearly sure as anything earthly can well be.”—*Henry Ward Beecher.*



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