

## Life Insurance As An Economic Force

(By Orville Thorp, Before N. A. L. U. at San Francisco.)

Economics relates to wealth, and wealth pertains to values which are transferable. The three primary agents in the production of wealth are land, labor and capital.

In every enterprise there is a fundamental principle which is vital to its existence. The attainment of power is the high aim of the individual. No man can attain his maximum power until he makes use of the principle of economy.

Every man who produces more than he consumes has a life of monetary value to some one else.

Legal reserve life insurance offers to the young man an opportunity to manage with frugality the earning value of his life. By enabling him to do things otherwise impossible, it gives him the nucleus for the building of an estate for himself. By virtue of this ownership he becomes a better citizen, looking forward to larger business interests. Starting in life with the firm financial foundation which the possession of a substantial life insurance policy gives him, the young man can withstand financial stress and financial storms, because he is well grounded on a financial rock.

Since the entire business and social fabric of our people depends ultimately, for finance, upon the young man, he must be started early in life on the road to success and be helped to enlarge and strengthen his earning ability. It becomes a strong economic force in the life of the young man when for unselfish reasons, primarily, he lays aside a definite sum for future contingencies. The payment of his first premium is the beginning of the arrangement of his work toward a definite purpose. This knowledge and the conviction that he is building safe bulwarks for himself, gives his confidence, self-respect, initiative to dare further, and serves generally to make him a stronger producer.

The forming of an early habit of systematic saving, which the maintenance of a life insurance policy requires, is an important element in the conservation of the products of labor. This habit will prove to be a veritable asset in later years, assuring self-support in old age. The habit of saving is itself an economic force. "It fosters every virtue, teaches self-denial, cultivates the sense of order, trains to forethought, and so broadens the mind."

Man's life value is frequently the equivalent of large capital, but considered alone, it is not in a form to render him any service, or to assist him in producing greater wealth.

Here life insurance is of much assistance. For instance, a man 35 years of age with an earning capacity of \$2,000.00 per year above family expenses, having an expectancy of 31 years according to the American Experience table, on an assumed interest rate of 5 per cent, has a life value of \$31,184.00. But he can't utilize a dollar of this future life value to assist him in creating additional wealth, or obtaining credit from the bank or the individual lender. The chance of death destroys the entire security and reduces a valuable asset to an uncertainty. Today his life value is worth \$31,184.00. Tomorrow it may be but a memory.

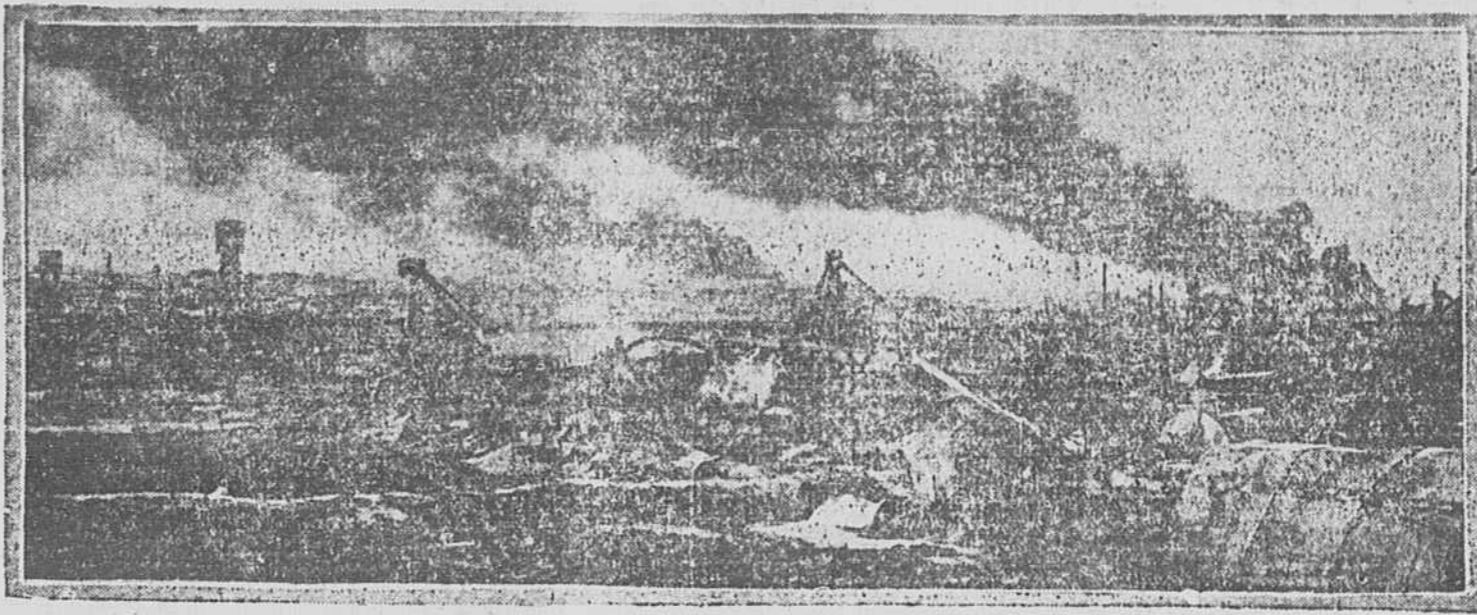
With life insurance, this intangible value becomes concrete, for the insured has incorporated his life, capital into a life value stock company with all the stock issued, fully paid and non-assessable. With such desirable security, he can borrow money, from new lines of business, and contract obligations for future maturity. The hazardous element is eliminated from his life. He goes forward with new spirit, is clothed with greater power because he has added to his labor, capital, the result of which is increased wealth.

When under contract, men will meet obligations which, otherwise, might be disregarded. Most honest men are plan well but execute poorly. Then, he who really provides for the future of his family is the man who places himself under contract sufficient to safeguard its equity in his life. Economically, he preserves to his family the value of his earning ability.

Legal reserve life insurance inspires faith and confidence on the part of the insured because it is void of speculation, being constructed on a scientific plan. Since every phase of the business is conducted along safe and conservative lines, and every provision of its contracts is based upon unquestionable facts, it stands for solidity and permanency. Being aggressive, yet conservative, and absolutely safe, it is profitable to the insured. High in its aims, true in its standards, extensive in its benefits, exalted in its very nature, its influence for good citizenship, besides the personal gain to the individual, is far reaching. Life becomes a driving, pulsating, irresistible force which leads him to create products of value. His mission broadens and his character is remolded and tempered by the influence of the distinctive qualities and economic principles of life insurance.

Great achievements of individuals may be traced to the foundation source of family soundness, and the

## Austrian Oil Wells Fired by Russians on Retreat From Galicia



wealth of nations is founded around the hearthstone of pure and noble domesticity. The bread winner and the bread-saver are the two pillars upon which rests the real responsibility of family existence. The benefits of life insurance accruing to them serve as an economic force, the boundless results of which it would be difficult to estimate.

The family unit and home are virtually synonymous in social progress. Manifestly, it is better for the family that it owns the house in which it dwells. "A man's house is his castle." Ownership of the homestead means much toward the well-being of the family. Personal interest is fostered and home ties are strengthened the result of which is greater love and affection in the home. However, in many cases, since it would be neither safe nor wise to create a debt in order to own a homestead, the husband must depend upon accumulating sufficient capital, saved from his income, to buy it.

This frequently necessitates a long delay which operates against family efficiency. But, life insurance helps him to change uncertainty into certainty. By its use he can safely create a debt against his future earnings, for this much needed asset. The purchase can be made and a mortgage given to secure the obligation which can be paid out of the husband's future income. Should he die before all payments are made, the insurance money will complete his contract and retire the debt. This makes it possible for the home provided to achieve

that which is vital to the heart of every citizen, a permanent homestead for his family.

In the same beneficial way, the farmers and stock raisers throughout our country can, and need to, employ life insurance to assist them in buying and improving farms. The foundation of a nucleus for making a family independent of a home permanent, results in contentment fostered by an absence of fear, and intrepidly born of a sense of protection, which trains for better, more useful and beneficial citizenship for the community, the state and the world.

The desire to make the world better, with less of sorrow and distress and more happiness, for his having lived, is the great human force that is encouraging man to protect his income with life insurance.

Quality is the warp in the cloth of life. It is the culture, refinement and worth in character. Its attainment forms one of the definite elements in our contribution to humanity. In the evolution of our race, it determines whether or not we have been failures, leaving behind us trails of disappointment, sorrow, nothingness.

Through the operation of life insurance, the complex problems of child welfare, child labor and juvenile health, mental, moral and physical, are being materially unscathed. Young life is shielded and bereaved mothers are enabled to maintain the family units, thus permitting the young lives to develop normally.

A recent census of the paupers in one Philadelphia almshouse showed

that out of 1,110 cases there were only three who had been beneficiaries of life insurance, and these, through improvidence, had lost all. In another like institution, of 130 cases observed, there were none. If, through life insurance, these public institutions are finally eliminated, not only will there have been saved to the state large funds for progressive development, but the standards and aims of citizenship will be raised to sturdy independent advancement. Under these conditions the aggressive, thrifty, productive man will no longer have his earnings taxed to maintain public almshouses and to protect obligations contracted by others.

Inasmuch as the intellectual life of a nation is the acumen which vivifies its individual and international undertakings, which inspires its several accomplishments, and secures its proper place in history, it is paramount that her children, her future citizens, receive every advantage which education can give them. It is only just that they should enjoy the benefits, science and life. It is their right to know and because they know to do, and because they do, to be something in the world. It is the enlightened mind which sees clearly, judges truly, and executes surely, that is the hope of the nation.

Here, again is the institution of life insurance a boon to humanity. It aids in providing education through funds left by deceased parents, being used in the schooling of bereaved children. By the use of his life insurance policy as collateral security,

many a youth, strong physically, has been able to borrow money for a higher education. By pledging endowments to educational institutions and then insuring their lives in order to make the gifts secure, many public benefactors have been enabled to perpetuate the usefulness of colleges and universities.

For 21 years, parents and state spend much money in providing for and educating a man. But what if he should die? The value of this life would be destroyed. The partnership firm of family and state would lose its investment. Though at the cost of much personal sacrifice and money, they developed this great value, yet it is now controlled by the young man, and they cannot, without his consent, prevent the hazard of its loss. But he, by insuring his life equal to his life value, can provide against this loss. It is clearly his duty to protect his benefactors since he owes them a debt of both money and gratitude.

While capital and credit are necessary to the success of any business, by far the most important factors are good managers and loyal, skilled workmen. The personal element in every successful human endeavor, is of great value. Managers, heads of departments and superintendents of labor become so deeply engrossed in the very life of a business that they and the business become practically one. The value of such service adds wealth to the enterprise. These men generally become financially interested in the organization. Often their families depend upon this interest for

support. Whatever affects the firm will necessarily affect them. The lives of such men cannot be replaced in the work without great loss. The business, deprived of their knowledge and counsel, suffers. The firm, by insuring these valuable lives in its favor, can and should avert possible loss through their death.

About 10 years ago a very aggressive, far-seeing man organized a printing and office supply company. He became the life and motive power in the business. About two years ago, he applied for and received policies of life insurance aggregating \$162,000.00, payable to his company. Recently a serious illness resulted in his death. It was a great loss to the business. The amount of the policies was paid into the treasury of the company. All obligations were liquidated and the business continued. Today it is prosperous and is a large asset to the man's estate.

Savings banks, trust and loan companies furnish much needed capital for the active demands of modern business and agriculture, but by far the larger amount is supplied by life insurance companies. Therefore, while the individual and the family, primarily, are the recipients of its benefits, the great agricultural and business world is vitally concerned in its operation. There are approximately 32,000,000 policies providing insurance of \$30,000,000.00 in force in the United States. Claims amounting to over \$69,000,000.00 are paid annually. Assets of \$5,690,000.00 are held by all the companies against total outstanding insurance. This extraordinary amount of money invested for American policyholders has become a power in the accumulation of wealth and in solving the financial and economic problems of our American people. The life companies now hold real estate and far mortgage loans amounting, approximately, to \$1,750,000.00, and at least \$2,000,000,000.00 in corporate stocks and bonds.

As a business, life insurance shows greater progress during the past quarter of a century than any other American industry. It is reaching the hearts and minds of the people. It is, therefore, of great economic value to our national life. The very principles upon which it is constructed and operates, are of themselves economic. It strikes the heart of our national being. It stimulates a keener appreciation and a better understanding of the universal economic and moral forces, which are so vital to the progress and welfare of our people, our states and our nation.

### A Perfect Right.

A woman mounted the steps of the elevated station carrying an umbrella like a reversed saber. An attendant touched her lightly, saying:

"Excuse me, madam, but you are likely to put out the eye of the man behind you."  
"Well, he's my husband!" she snapped.—Chicago Herald.

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The FARMER ought to get a fair price for his cotton. We have been working on this proposition for some time, and we are glad to announce that

We are prepared to loan the FARMERS of ANDERSON COUNTY enough money to prevent a sacrifice of their 1915 cotton crop at 6 per cent

If the price continues below the cost of production, we do not think the farmer should be forced to put his cotton on the market. With this idea in view we have prepared ourselves to help you.

If you wish to avail yourself of our services we would be glad to have you confer with some of the officers of the bank whenever it is convenient to you.

# CITIZENS NATIONAL BANK OF ANDERSON, S. C.

J. H. ANDERSON, President

J. F. SHUMATE, Cashier

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