

ASSESSMENT

Life Insurance.

The Average Age and the Average Cost will Increase.

The advocates of assessment insurance insist that they can keep the assessments from increasing by keeping the average **age** of members from increasing by the admission of new and young members. This is so transparent an error as scarcely to merit notice, but one example will show the the impossibility of preventing the increase of the average age. Take a society with 8,182 members whose average age is 35. The total years of age is $8,182 \times 35 = 286,370$ years. The deaths for ten years (according to the mortality table) will be as follows: 1st year, 73; 2d, 74; 3d, 74; 4th, 75; 5th, 76; 6th, 76; 7th, 77; 8th, 78; 9th, 80; 10th, 81; total, 765.

At end of the tenth year they have 7,417 members, age 45—

7,417 x 45=	333,765 years.
Add 765 new members at age 35=	26,775 “

And you have 8,182 members, 360,540 years, whose age is 44.06 years, an increase of 9.06 years. If you add 765 members at age 20, the average age is $42\frac{1}{2}$ years; an increase of $7\frac{1}{2}$ years.

The average age will increase; the young and healthy **WILL** drop when they begin to see what they are paying for the old members who are dying. It is impossible to keep the average age at 35. The co-operative men assert that insurance with them cannot cost more than \$8 to \$12 per \$1000. To show the falsity of this, take a society with 10,000 members, aged 35, insured for \$1000 each. Here is a liability of \$10,000,000! The expectation of life at age 35 is 31.78 years, say 32 years. This \$10,000,000 must, therefore, be paid in 32 years. 10,000 members paying as much as \$12 a year for 32 years will pay only \$3,840,000, or \$6,160,000 less than the liability. Now if the members cannot be required to pay more than \$12 per annum, how is the deficit of \$6,160,000 to be made up? If they pay only \$12 a year, how long will it require to pay the \$10,000,000? Answer: 83 years. This would require that they attain the average age of 118 years! or 51 years over the expectation, according to the table of mortality.

Actual Net Cost of Insurance.

While the **NET** cost of \$1000 insurance, at age 35, is only \$9, the cost rapidly increases to \$11 at age 45, \$18 at age 55, \$40 at age 65, \$62 at age 70, \$145 at age 80, \$445 at age 90, and \$1000 at age 95. These facts illustrate, among other things, the greater advantages of an **AVERAGE** or **LEVEL** Premium, which is never **EXCESSIVE**, and which prevents the Policyholder from being **FORCED** to abandon his insurance without any return for premiums paid when overtaken by old age, as at best, Policies on the Assessment plan have no value for surrender. By the “Level Premium” plan, owing to increasing dividends, the tendency of insurance is to become **LESS** costly with advancing age and inability to pay; whereas, with the “Assessment” plan, the cost increases in proportion as the ability to pay diminishes.