

Yale Readings in Insurance
LIFE INSURANCE

Edited by
Lester W. Zartman

Revised by
William H. Price

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YALE READINGS IN INSURANCE

LIFE INSURANCE

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PREFACE TO THE SECOND EDITION

ALTHOUGH the plates of the first edition of the "Yale Readings in Insurance" as edited by the late Professor Zartman have been preserved, the publishers decided upon a re-editing of the "Readings" rather than a mere reprint.

In the former edition, chapters on employers' liability and workingmen's insurance were included in the companion volume on "Fire and Miscellaneous Insurance." In the present editions, an endeavor has been made to group all chapters relating to insurance of the person in one volume, and chapters relating to the insurance of property in the other volume. In such a division, employers' liability insurance is one of the few branches which it is difficult to classify. From the point of view of the employer, such insurance is essentially property insurance; in the view of the employee, however, it is essentially personal insurance. The trend of recent thinking, and of very recent legislation, emphasizes the personal aspects. Hence a chapter on this subject has been transferred from the old "Fire and Miscellaneous" volume to the new volume on "Personal Insurance," and there has been added a new chapter which indicates the most recent problems in this branch of insurance. Two chapters on government insurance have also been transferred to this volume, because government enterprise in insurance has been more concerned with the risks of persons than with those of property.

The other new chapters in the present volume relate to life insurance, which is by far the most important branch of personal insurance. One chapter,

dealing with the development of life insurance mathematics, strengthens the historical treatment of the subject. Two chapters, dealing with limitation of expenses and annual dividends respectively, present the most conspicuous reforms in life insurance which followed the upheaval of 1905-6.

Another chapter presents the algebraic method of calculating net premiums in life insurance. An experience of several years with classes in the University of Wisconsin and Yale University has convinced the present editor that it is worth while to ask students of life insurance to refresh their memories in algebra. The algebraic exposition will then prove the easiest as well as the clearest explanation of the calculation of premiums. This method has the merit, also, of showing how premiums are actually computed, whereas the arithmetical exposition explains a method too cumbersome for practical use. On the other hand, those to whom the algebraic exposition appears forbidding, will be able to omit this chapter, if they study the other chapter on net premiums with sufficient care.

It has seemed advisable to introduce an analytical table of contents, and this has rendered the alphabetical index superfluous.

WILLIAM H. PRICE

NEW HAVEN, June, 1913

PREFACE TO THE FIRST EDITION

THE "Yale Lectures on Life Insurance" appeared five years ago. Although a considerable edition was printed, the unexpectedly large demand soon exhausted it, and as the plates were destroyed, for two years the lectures have been out of print.

It seems desirable that either a new edition of the lectures should be printed, or that something new should be published in their place. The latter alternative has been chosen, and instead of simply reprinting the old lectures, the plan has been adopted of selecting special readings, partly from the "Yale Lectures," partly from other sources. This plan was preferred for two reasons. In the first place, many changes have taken place in the insurance business since the old lectures were given, and much new and valuable material has appeared. In the second place, it has been thought that by not confining the readings to the old lectures a more comprehensive treatment could be secured. In this way it has been hoped to broaden the scope of the new readings, and thus to increase their usefulness. Only four of the lectures included in the old volume are reprinted, and three of these have been partly rewritten. Some of the matter now published has never appeared before, and much of the remainder has been revised.

In selecting these readings, the aim has been to avoid those authors who treat the subject in technical language, as well as to avoid those who make the subject more simple than it really is, and thus conceal its real problems. The broad selection of material would not have been possible without the coöperation of others. It is a pleasure to acknowledge the fine spirit of publishers in permitting reprints from copyrighted books, and the willingness of authors to revise articles where changed conditions made revision desirable.

LESTER W. ZARTMAN

NEW HAVEN, August, 1909

PREFACE TO YALE INSURANCE LECTURES

Published as reprinted from "The Alumni Weekly," 1903-1904.

YALE UNIVERSITY, in launching a course in insurance on lines not previously attempted, gave official recognition of the profound importance and significance of the subject, considered both from the standpoint of society and the individual. Insurance had before been taught both at Yale and at other universities, but never on lines which entered so thoroughly and so deeply into the history, philosophy, economy and science of the subject. In opening this course, Yale broke new ground and the lectures which formed the main body of the course in insurance, of the Academic year 1903-4, brought together an amount of material on this subject which had never before been gathered in any such form or to any such extent.

This is said in full recognition of the large and most valuable body of insurance literature already in existence. It is the point of view taken in the preparation of this material which gives it its peculiar value to the students of the subject and to those who are interested in it either as a business or as a profession. The object of the course was to give the student such a knowledge of the fundamental principles of insurance and such a view of its extent and its method of operation as would enable him to judge accurately of its power as an economic force, and would further prepare him for wise action when the duties of his profession or business required him to guard himself or others from possible loss. It was further intended to furnish a broad, preliminary view of insurance for those who intended to enter it later, either as a business or as a profession.

These two classes of men are found in very large quantities outside of the list of students of any and all American universities and the publication of these lectures is intended to give them, as well as those who are making an academic study of insurance, the advantages which were first given to the students of Yale, who elected this course. It is also believed that these lectures will be welcomed by those who are actively engaged in insurance work because they put in such clear and interesting form many of the most important facts, principles and problems of the subject. In other words, it is hoped that the publication of these lectures will furnish not only a text-book for those who have the advantages of academic study but a source of information to the general student and of practical assistance to the insurance worker.

Those into whose hands this volume will fall, will, we think, unite in grateful acknowledgment to all the men who gave their services in the preparation of these lectures out of their study and experience. To them the editors of this book certainly wish to render their sincere thanks for their co-operation in the preparation of the volume, and no less to the men, Mr. A. A. Welch of Hartford and Dr. John M. Gaines of New York, whose services in the difficult work of the quiz made the first and experimental year at Yale a success, and helped so materially to establish the lines on which this subject could in the future profitably be continued as an integral part of the education furnished by a university.

THE EDITORS

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