

**NOTES ON LIFE  
INSURANCE. WITH  
APPENDIX, PART 1-2**

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Notes on life insurance. With appendix, Part 1-2 by Gustavus W. Smith

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**GUSTAVUS W. SMITH**

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# NOTES ON LIFE INSURANCE.

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PART FIRST—THEORETICAL.

PART SECOND—PRACTICAL.

*WITH APPENDIX.*

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“The rate of premium which must be charged in order to carry out an insurance contract, is the problem which stands at the threshold of Life Assurance.”

DR. FAIR.

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SECOND EDITION

REVISED, ENLARGED, AND RE-ARRANGED.

BY

GUSTAVUS W. SMITH.

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GENERAL *Speculator &c.*

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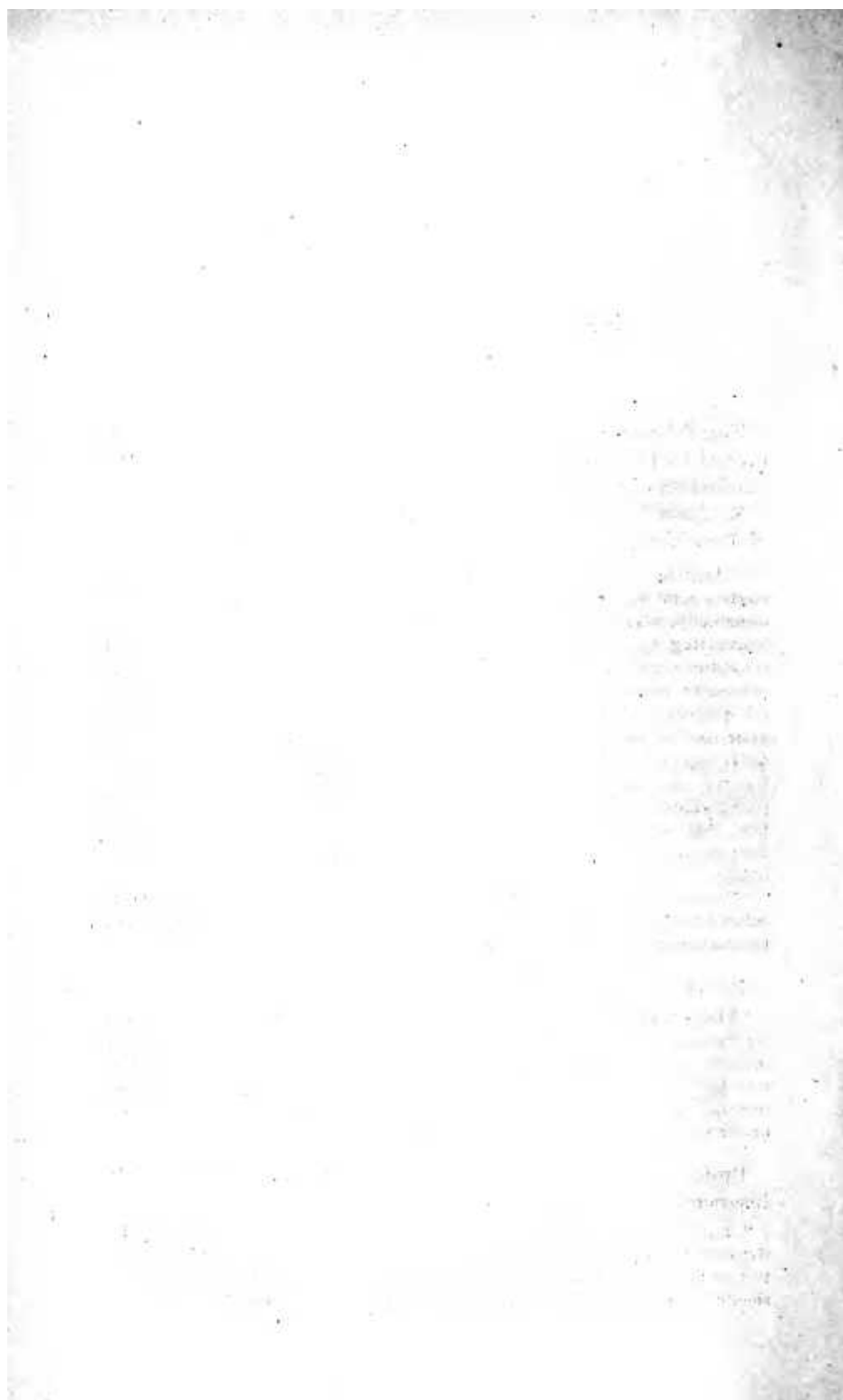
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"DOES the system itself rest on principles and laws so certain and stable as to justify a reasonable conviction that if the system is fairly and honestly administered, the bread that is cast on its waters will be surely found, though after many days?"

(JOHN E. SANFORD, 1868.)

"WHAT is wanted is that the school-house and the press, the universal educators, shall take up the matter, not in the interests of companies or their agents, but in that of the public and its coming generations. The companies have nothing to fear but every thing to hope from the most thorough discussion of their plans and the exposure of all the details of their management."

(ELIZUR WRIGHT, 1872.)





In case a renewal premium is not paid, the policy-holder has no right in equity, at his own option, to demand the return to him of any portion of the reserve. The original contract was for insurance : the policy-holder's contributions to the reserve fund are intended to provide for future insurance, and all that he is in equity entitled to is the insurance that these contributions will at that time effect.

(SEE PAGE 139 OF THIS WORK.)

In case a policy-holder does not pay his renewal premium : "The company ought to give him paid-up insurance, and can base it upon his contribution to the reserve fund." " This being done, the policy-holder has received the full value of his payments, in the commodity in which the company deals." " The theory that all the computed reserve is the individual property of the insured, to be demanded and received at will, is unsound and unsafe."

(PROF. BARTLETT, 1875.)



## PUBLISHERS' NOTICES.

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THE following extracts are from some of the many letters addressed to the author of *Notes on Life Insurance*, soon after the publication of the first edition, 1870.

Mr. JOHN PATERSON, mathematician, Insurance Department, State of New-York, writes :

"I hesitate not to say that, in matter and manner, the work opportunely meets a great public want. To the unmathematical portion of the business community, who may feel interested, or even only curious, about this great financiering speculation, which has so recently, as it were, flooded almost the entire continent, it reveals in plain words, by successive steps, the entire process of management, and dispels all the presupposed mystery in which the question was involved—all this by ordinary arithmetic, the well-selected examples in which are clearly solved. Further than this, the algebraic deductions will bear the strictest scrutiny, and might well serve to initiate the tyro in actuarial science, while the advanced student may find some corroboration in the author's critical views. It is a household word with him, that what is usually termed the reserve is a 'Trust Fund Deposit,' does not in any sense belong to the company, but is a debt due to the policy-holder.

"The comments in the second part of the treatise deserve the thoughtful consideration of all officials, as well as incumbents, who stand under the banner of this mammoth institution of the age."

Mr. H. A. GRISWOLD, of Louisville, Ky., writes :

"I have read your *Notes on Life Insurance* with the greatest interest, and congratulate you on the ability with which a subject, usually so intricate and incomprehensible, is made intelligible to ordinary minds. No great mathematical knowledge is required : the algebra is within the scope of ordinary school instruction, and even this moderate amount is not necessary, provided the inquirer will assume the accuracy of a few formulæ."

Professor WILLIAM H. C. BARTLETT, Actuary of the Mutual Life Insurance Company of New-York, says :

"It gives me great pleasure to say that the *Notes on Life Insurance*, by General G. W. Smith, is a very valuable contribution to our stock of information on the subject, and I very heartily commend the work to public favor. It should be in the hands of every insurance agent in the country."