

# **THE INVESTMENTS OF LIFE INSURANCE COMPANIES**

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The investments of life insurance companies by Lester W. Zartman

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**LESTER W. ZARTMAN**

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OF LIFE INSURANCE  
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# THE INVESTMENTS OF LIFE INSURANCE COMPANIES

BY

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## PREFACE.

THE subject of this book was chosen in 1903 at a time when insurance questions did not command much public attention. Since then has appeared the present almost feverish interest in problems of insurance. There had long been, however, in insurance circles rumors that the funds of certain life companies were being improperly used. It was therefore one purpose among many others in making this study to investigate these rumors.

Before the work was completed, such an inquiry was rendered largely unnecessary by the official investigation by a committee of the New York Legislature. Consequently in the present book little emphasis is laid upon that phase of the subject, and we have been enabled to devote a larger part of our attention to the more congenial task of tracing the beneficent influences which life insurance accumulations have exercised upon the economic development of the country and the relation of those accumulations to social welfare.

The calculations employed in chapter three are so laborious and intricate that errors may quite possibly have crept in; for the computation of these rates by the method adopted required a repetition of the process of finding one annual rate as described on page seventy-two

some five thousand times. Great care has been taken, however, to verify the calculations.

For much aid in the preparation of the statistical tables and in the gathering of data, I am indebted to my wife. I am also under obligations to Professor Irving Fisher of Yale University, who has read the manuscript and to whose criticisms and suggestions much of the work in its final form is due, and to Professors David Kinley and Maurice H. Robinson of the University of Illinois, who in the early stages of the work rendered me much assistance.

Finally, I wish to express my thanks to the Faculty of the Department of Political Economy in Yale University for permission to incorporate in this book its prototype, my thesis for the degree of Doctor of Philosophy.

LESTER W. ZARTMAN.

NEW HAVEN, CONN., *November, 1906.*



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# THE INVESTMENTS OF LIFE INSURANCE COMPANIES.

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## CHAPTER I.

### INTRODUCTION.

LIFE insurance has come to occupy an important place in our economic development. This has come about only in recent times. Just as there are men living who have witnessed the great development of railroad transportation, there are men who have seen life insurance begin with a few companies and reach the commanding position of the present day. True it is that before the Revolutionary War, a small band of clergymen organized a company for the purpose of paying death benefits, a company still existing, but it was not at that time conducted on the principle of the present day companies, nor did it fill an important place in the life of that time. During the colonial period and up to 1800, there was some life insurance business done, but it was carried on by individual underwriters and the number of policies written was exceedingly small.