

From: Provision for the Day of Need

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A committee report prepared by W. E. Read
and submitted to the General Conference Officers
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CHAPTER VII

Principles in the Counsels on Life Insurance

In the light of the principles involved in rightly understanding inspired declarations, let us look again at what Mrs. White has written on life insurance. The reader will undoubtedly agree that there are found outstanding points emphasized in the Testimony article entitled "Life Insurance. These might be listed as:

1. The hazards to the spiritual experience of one who "engages in Life Insurance."
2. The financial risk of an investment in "Life Insurance"
3. That it is proper to avail ourselves of the protection offered by fire insurance and automobile insurance.
4. Means which should be used in God's cause should not be placed in the enemy's ranks.
5. The promises of God constitute the Christian's life insurance.

This brings us to the question: If the Christian as counselled in the Spirit of prophecy is to make provision for the time of need, if his family "is to have something to rely upon" should he, the wage-earner, "be brought into straightened places," or "the family be deprived of the means" ordinarily earned "to sustain them;" (Adventist Home, p. 396) why should making provision in the form of Life Insurance be frowned upon as imperiling the spiritual experience?

Fortunately for us all, the article, as studied in its larger context, provides at least in part, an explanation.

Center for Adventist Research
Andrews University
Berrien Springs, Michigan

Read again the closing paragraph of this "Life Insurance" article. At first it may appear that there is little connection between what is mentioned before,-- the warning against the spiritual hazards and financial risks of life insurance, and this long, closing paragraph introducing various infatuations aimed to ensnare Sabbath-keeping Adventists "in haste to be rich," naming "patent rights" and "various inventions." But does not the mention of these matters as an integral part of the article "Life Insurance" place each of these specifically mentioned

items in one and the same class, with the same spiritual and financial risks?

Observe Ellen G. White's remarks in the Testimony article on life insurance as to why any "get rich quick" scheme, whether "life insurance" or "patent rights" or "other enterprises" of the 1860's and 1870's is a hazard to spiritual experience.

"Satan is constantly presenting inducements to God's chosen people to attract their minds from the solemn work of preparation for the scenes just in the future. . . .

"Satan leads his agents to introduce various inventions and patent rights and other enterprises that Sabbath-keeping Adventists who are in haste to be rich may fall into temptation, become ensnared, and pierce themselves through with many sorrows

"Satan has many finely woven, dangerous nets which are made to appear innocent, but ^{with} which he is skillfully preparing to infatuate God's people.

"There are . . . an endless variety of enterprises constantly arising calculated to lead the people of God to love the world and the things that are in the world.

"Through this union with the world, faith becomes weakened, and means which should be invested in the cause of present truth are transferred to the enemy's ranks." Vol. I, pp. 550, 551.

Thus Ellen White wrote of "life insurance", of "patent rights," of "various inventions," and of "other enterprises" in the one article in the year 1867. In close proximity, and in the same volume of the Testimonies, mention is made several times of "patent rights" and the deleterious spiritual and financial effects to those who were trading in them. Does not the full survey of the "Life Insurance" article indicate that the burden of the message is a warning against the "get rich quick" craze of the post-Civil War days--a craze which led to the spirit of gambling and its resultant excitement and infatuation, with loss of funds and imperilled spirituality?

But life insurance as ^{we} know it today does not fit into this setting. Could it be that "life insurance" of the 1860's was different, and did more naturally fit into this setting? Looking into the matter and summing up the involvements of Life Insurance from 1860 to 1905, and to a degree in 1910, we find that:

1. A study of the operations of life insurance companies reveals a shocking amount of injustice, studied fraud and immoral practices, as well as no regulated government control.
2. There was no adequate legislation in the states, to safeguard the interests of the innocent policyholders, and because of this, many companies deliberately defrauded the public.
3. Most insurance in earlier days was written by stock companies intent on making large financial gains.
4. Reckless financial policies which caused the failure of hundreds of companies, resulting in terrible losses to policyholders.
5. The unjust settlement of lawful claims and unjust forfeiture of policies, created capital to the companies at the expense of the policyholder.
6. There were gambling and lottery practices, repulsive to Christian ideals, which led to reactions described by Charlton T. Lewis in an address in 1890 in Boston, when he remarked:

"I can't know, but some of the gentlemen I see before me are old enough to remember a time when it was made a serious objection to canvassers for life insurance policies in civilized communities that the whole business of life insurance was a gambling game; that it is a transaction in which you made a bet and you must die to win it. I can remember very well, and it is not too long ago but many a younger man than I could remember it, when life insurance solicitors were turned out of houses and offices in the city of New York, on conscientious grounds, and when religious newspapers questioned whether on the whole it was not an attack upon that faith that every man ought to feel in the providence of God, to attempt to guard against death by having his life insured." --Insurance, p. 695, McGraw-Hill Book Co., Inc. 1946 (NY & London)

7. There was greed and outright gambling on the lives of disinterested persons, and even murder for life insurance gain such as indicated in the following:

"Matters reached such a pass that agents could not enter a territory in furtherance of their 'graveyard' insurance projects without a written consent from the agency manager--and the suggestion that such consent could or could not be had is not the least remarkable feature of a very strange situation. A Shamokin, Pennsylvania, newspaper of the period, referred to the superior moral stature of a special agent whose company, 'objected to insuring persons already dead,' but he betook himself to a new section and other almshouses which offered better results from his labor. One of the speculators dared to take a policy out on the life of President Garfield's mother. The salutation, 'How's your man!?' became ribaldly common, and there is a case on record of five persons being hanged for holding down under the waters of a creek and drowning a pauper upon whose life they had taken out policies aggregating \$35,000. Michigan later had a form of the same abuse of the life insurance principle.

"Speculators went through the state insuring the lives of old persons--in other words, betting on their deaths. The law finally stepped in and put a stop to a procedure not only vicious in itself, but found to attract a wide train of other crimes." Ibid. pp. 743, 744

8. Even as late as 1910, four years after some laws were enacted to correct the abuses in life insurance, there were still many flagrant abuses, as uncovered by a committee of the National Convention of Insurance Commissioners, appointed to make an investigation of fourteen or fifteen companies. Their time was limited, since they wished to report to the convention, but the report reads:

"The disclosures made by them were shocking in the extreme. Instead of basing the adjustment of claims upon equitable principles, some of the companies examined resorted to every form of trickery and deceit, and even forgery and theft, in order to escape their honest obligations. This was all the more outrageous in view of the fact that these frauds were perpetrated upon the poorer classes who, in the very nature of things, should be given every possible protection." Ibid. pp. 503,504

Little wonder that Ellen White classed Life Insurance with gambling, "get rich quick" enterprises, and wrote that "but few realize any return from Life Insurance." Little wonder that this gambling spirit created an infatuation which led to a departure "from the simplicity and purity of the gospel, weakening faith and lessening spirituality." Little wonder she spoke of the squandering of means placed "in the enemy's ranks" as Satan "skillfully drained" the purses of God's people. Little wonder that she "was shown that Sabbath-keeping Adventists should not engage in Life Insurance." Little wonder she said that the promises of God were the only life insurance policy she could recommend. The statement when read in the setting of the times and subsequent statements, the last written in 1909, are seen as warnings which saved Seventh-day Adventists from a course of action decidedly antagonistic to the very spirit of the message.

But what of Life Insurance today? Does the injunction of the 1360's and succeeding years deny the conscientious church member today the privilege of protecting his family and perhaps providing for his retirement through some form of investment which may be termed "Life Insurance." Because such insurance is linked with the life and death of the wage earner, the term "Life Insurance" is employed today in connection with most financial plans which make provision for the day of need. This is so, regardless of the fact that there is but a remote relationship between the speculative practices of earlier years called "Life Insurance", and the well-regulated and carefully administered plans today

operating under that title. Most forms of life insurance written today might be more accurately termed "Survivor Insurance."

In the reputable insurance company today, operating under rigid laws, life insurance is written in two general forms:

(a) Straight life, or term insurance, which is on much the same basis as fire insurance. That is, for a consideration of specified annual payment, or premium, one is assured that his beneficiaries will receive a specified sum should death occur during the period the insurance is in effect.

(b) The much more common Annuity Insurance, which is a combined plan of forced savings and life insurance, the policy calling for the building up of a life insurance estate of predetermined amount, so that at the end of a specified period of time, he has deposited a certain amount with the company which, with its earnings, is his, and may be disbursed in monthly payments when the age of retirement is reached, or in the event of untimely death, will be paid in the total agreed amount to insured's beneficiaries.

There are two elements which enter into such insurance.

1. The regular investment made in the insurance builds up a reserve fund from which the benefits are eventually paid. Thus the insurance company acts primarily as an investment agent to the one who enters into the appropriate contracts with the company.

2. The life insurance provision obligates the company to pay in full a prearranged amount in the event of the death of the insured wage earner. Over-all rates are established at such a point as to care for such a risk based on carefully computed actuary tables. In this phase of insurance we have in a very practical and systematic way, the burdens of the aged, the needy, and the bereaved, shared by the larger number of those making investment in this well-managed and carefully administered plan. In the main, however, the wage earner, in the time of his maximum income, puts in reserve as an earning investment that which will meet the needs of his family in the time of his lessened or terminated income. The investment is made in an organization controlled by banking laws, and so managed that this money is safely invested, and, in most cases, with larger returns and greater security than would be possible for the wage earner unskilled in financial matters were he to attempt

to manage his own investment. These are the simple and basic principles of life insurance as written today. There are, of course, variations of the plan to meet the needs of the individual family.

If it is proper to put away something for a rainy day, is it wrong to put it away in an insurance company?

From the practical viewpoint, we might sum it up this way: Life insurance is one form of property. Money or property is but saved labor. During the earlier years of life, a man has labor to spare. But the day comes when the ability to earn falls off. Saved dollars help one to provide for the support of self and family at such a time. Such savings are property, whether in the form of a savings account, or in the form of an estate which a man has established by contract with a Life Insurance Company. The estate established in this way is real, valuable, and disposable.

It should be observed that in the years 1906 and 1907 life insurance was placed under rigid state laws, and today much of the insurance is written by mutual companies organized to serve their members.

The Spirit of prophecy counsel calls for provision to be made to meet the needs of the destitute, the aged, and the bereaved, by calling upon the members of the church to share in these burdens.

"Let relations take care of their own poor relations, and let the church take care of its own needy members." --Ellen G. White, MS 44, 1900 (Pub. in Welfare Ministry, p. 238)

This counsel touches our responsibility in the matter of the bereaved, the needy, and the aged. In this counsel of fifty years ago it was made clear that the members of the church were to share one another's burdens; the load was to be more or less equalized, so that none would suffer unduly or have too heavy a load to carry.

To meet such needs in present changed conditions, often beyond the abilities of families or the church to cope with, so called "Life Insurance" appears to offer one avenue of approach by banding a large number of wage earners together in such a way as to equalize the burden created by premature death or retirement.

It would then appear that certain types of insurance, in a degree, offer to provide that which is called for in principle in the Spirit of prophecy counsels both for the care of the needy and to provide for the rainy day by placing in reserve "a portion" of the wages that would be "in no case touched, unless suffering actual want." Adventist Home, p. 396.

"A little competency, untouched should you become sick, that the charities of others would not be your dependence." Letter L7, 1877.

Social Security and survivor insurance place the protection on a government operated basis and opens the way for almost anyone who so desires to avail himself of appropriate protection.

As one studies carefully all of the E.G. White statements as they relate to life insurance, he becomes aware of the repeated reminders that "Christ has purchased " us by the "sacrifice of His life." Our bodies are the "temple of the Holy Ghost." We are not our own. "We are a chosen generation." "As a people, we are in a special sense, the Lord's." God has a "special care" for His people. "They should not distrust His providence by engaging in a policy with the world." Through "union with the world, faith becomes weakened," there is a departure "from the simplicity and purity of the gospel," and every such departure "lessens our spirituality."

These cautions stand out in bold relief emphasizing the hazards which may beset us as we strive to make provision for the day of need, if in constructing something with our hands we imperil the feeling of dependence which the Christian has toward the all-important, intimate relationship with God. At the same time, as has already been emphasized in this document, the Christian is under obligation to make reasonable provision for the day of need, but in so doing, he must take into account all the factors which have a bearing on the question as a whole.

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