

**A CENTURY OF  
AMERICAN LIFE INSURANCE**

A CENTURY OF  
**American Life Insurance**

A HISTORY OF THE MUTUAL LIFE INSURANCE  
COMPANY OF NEW YORK 1843-1943

BY SHEPARD B. CLOUGH

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**MANUFACTURED IN THE UNITED STATES OF AMERICA**

## *Foreword*

**B**USINESS ENTERPRISES have a most variable span of life. Their infant death rate is shockingly high; on the other hand, they may live indefinitely. The Bank of England, though not the oldest of British companies, is now in its two-hundred-and-fiftieth year and seems a better "risk" in the twentieth than it seemed in the seventeenth century. No actuary has yet ventured to compute a mortality table for these strange creatures. When one of them becomes a centenarian, there is more occasion for congratulation than when a "natural person" does so. Those who celebrate do not have to repress the thought that dissolution must be close at hand. Also, long life is better evidence of past usefulness in a business enterprise than in a human being. For these man-made beings live on suffrance; if they had not served some lasting purpose, they would not have survived so long.

The biographies of aged people are not always significant. Neither are all the life stories published by old enterprises. Too often the storyteller is one who knows little about the business he extols or about its role in economic evolution. He puts in all available anecdotes and eulogies; he leaves out statistics and complaints. Errors and omissions in management are glossed over unless they are both trivial and amusing. There may be some excuse for saying nothing but good of the dead in a funeral sermon, but that is not becoming conduct in the living when speaking of their own past conduct. Any business enterprise that has rounded out a century can make a genuine contribution to the history of its times if it will let some competent writer use its records candidly.

The Mutual Life Insurance Company of New York provides in this volume a model that other business enterprises may well emulate. When its hundredth anniversary approached, the company sought the services of a professional historian to prepare an account of its career. It put its records at his disposal and gave him a free hand in using them as his judgment dictated. The result is an illuminating history not merely of The Mutual Life but also of the industry in which it has been a leader.

While Dr. Clough has not sought to write a popular book, he has written one that will be read by many men with diverse interests. The

development of mortality tables based upon an ever-broadening basis of experience, the diversification of life insurance contracts to fit different needs, methods of selling policies, administrative organization, the relation of trustees to executives, the types of investments made, gross and net yields obtained, governmental investigations that uncovered abuses, the services and the shortcomings of regulatory commissions, the relation of life insurance to the whole economy in which it has expanded so rapidly despite occasional setbacks—all these and many related topics are dealt with faithfully.

American historians have paid scant attention to business enterprises except when they have become involved in political struggles, as did, for example, the second Bank of the United States. Presumably, the basic explanation lies in the secrecy in which business men long shrouded what they thought of as their private affairs. Even the man who had nothing illegal or immoral to conceal did not want competitors to learn overmuch about his costs, his customers, or his profits. A historian who appreciated the role played by business and wished to make it clear was baffled. He could learn far more about technology than about the organizations that apply it. So the nation that entrusted its welfare most unreservedly to business enterprises has known little about the conduct of these agencies, and that little has been a biased sample overweighted with stories of the misdeeds uncovered by muckrakers and prosecutors—two useful but unpopular tribes who often get and give a wrong impression when they are trying to bring out hidden truth.

A combination of developments is now making secretiveness old fashioned—partly pressures from without, partly consciousness within that good business means good service and that the people served are entitled to know how affairs are managed. But there still remains much suspicion of business aims and practices—suspicion that no informed person will say is baseless. Those who hope that the United States will resume the practice of free enterprise after the war and long maintain it recommend a policy of frankness. Business men must win public confidence because of their integrity, efficiency, and fairmindedness if they are to remain the captains of our industry. The first desideratum is to practice these virtues; the second is to make the practice known. If ill has been done along with good, that, too, should be disclosed. But example is better than precept, and the reader holds an example in his hand.

WESLEY C. MITCHELL

*New York City*  
*January 15, 1946*

## *Preface*

**A**LL RATIONAL HUMAN ACTION is taken in reference to one's own experience or to the reported experience of others. No machine is built that does not embody many aspects of preceding contraptions; no sales program is undertaken without thought of sales records; no public policy is adopted without some consideration of the effects of analogous policies in the past. Everyone is thus to some extent a historian. The professional historian, however, makes a specialty of studying, recording, representing, and explaining the past of mankind. As a scientist, he endeavors to organize and interpret knowledge, with rigorous restrictions on his personal or environmental biases and a full determination to arrive at those conclusions which are justified by the evidence before him. As a contributor to the formation of public or private policy, the historian indicates long-term trends, shows the position of current problems in these trends, and considers institutions, that is, ways of thought and behavior generally prevalent in a group, in relation to changing environment.

The economic and business historian can, it is believed, throw light upon economic and business problems. By delineating long-term trends and by considering economic and business institutions in the light of changing conditions, he can bring to the attention of executives many of the fundamental issues that become obscured by the everyday handling of detail. Furthermore, he can by the intimate study of the affairs of business increase his own professional competence in organizing and explaining data. In my own case, the experience which I had at The Mutual Life impressed upon me the importance of many issues to which I had previously given inadequate attention. I can recommend heartily the writing of business history to those academicians who would broaden their horizons by a knowledge of practical affairs.

My work at The Mutual Life was, however, done under the most auspicious circumstances. Not only was I permitted access to all the Company's records, but the conclusions which I reached and to which I gave expression were entirely my own. I was shown the greatest

courtesy by President Lewis W. Douglas, Executive Vice-President Alexander E. Patterson, and various members of the Board of Trustees. I had access to the expert advice of officers of the Company. To them I wish to extend my grateful thanks for the technical assistance which they gave me and for the time which they devoted to discussing various parts of the book with me.

I would also express my gratitude to a host of other employees of the Company for the help which they rendered me: to Mr. Walter S. Story and Mr. Clarence Emmerson for helping me locate records; to Miss Fannie M. Dana for drawing the charts; to Miss Florence V. Sexton for the laborious task of attending to editorial details; to Mrs. Mildred D. McGrath for typing the manuscript; and to Mrs. Eleanor S. Bagley for overseeing much of the checking of data that is so necessary in a work of this kind. I should also like to extend my thanks to the Insurance Society of New York for use of their library and to the Columbia University Press for the excellent manner in which they handled the intricate details of transforming a complicated manuscript into a book. Especially am I indebted to Miss Ida M. Lynn, whose critical acumen prevented slips that had escaped the practiced eyes of many readers.

SHEPARD B. CLOUGH

New York  
January 21, 1946

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