What is security? Perhaps the greatest insight into security is in the Latin definition of the word *securus*, meaning “without care.” Viewed positively, security is a good and productive force—peace of mind, freedom from anxiety, freedom from uncertainty, freedom from fear. With a sense of security, we are able to concentrate on the productive aspects of life and living. Viewed negatively, insecurity is a bad and unproductive force characterized by doubt, apprehension, worry, fear, anxiety and other destructive and debilitating feelings.

All people want security. But as society has advanced the nature of man’s search for it has changed. Primitive man’s chief concern was the elemental protection of his life from hunger, from weather, from beasts and his other enemies. Advancing civilization brought a lessening of some sources of insecurity, but an increase in others, including pestilence, famine and despotic rulers. With the industrial revolution, man made further progress.

It’s a fact—perhaps not too well known, but still a fact—that any great degree of economic security, or any great development of the insurance business that does much to provide economic security, is nearly impossible except at times and in places characterized by a considerable economic and industrial development, a general respect for law and order, a basically sound currency, and reasonable stability of government. Favorable concurrences of these conditions have obviously not existed for too long, and the Roman historian Livy, may not have been thinking of insurance when he wrote some 2,000 years ago words that have been translated to say, “Nothing stings more deeply than the loss of money—and security.”

On the other hand, maybe Livy did have insurance in mind when he expressed in those words man’s need for economic security, for he may have known that almost 2,000 years before his time the Code of Hammurabi had shown the essentials of insurance to be known to Babylonian traders. Hammurabi had also provided that if a man were robbed and the criminal not apprehended, the government would “render back to him whatsoever of his that was lost”—a sort of very early Social Security Act.
Also, Livy may have known that some 900 years before his time the merchants of the island of Rhodes had added important refi
ments to marine insurance when they devised the Rhodian Sea Law. Storms and pirates were taking their toll of trading vessels, not to mention imagined losses to ship-gulping sea monsters or to sailing off the edge of the world into the surrounding void. The Rhodians designed a system whereby when a ship failed to return, each merchant absorbed a portion of the loss rather than allowing the unlucky individual owner to be ruined.

This early insurance, whatever economic security it created in the specific situations it covered, did not perceptibly increase the security of the great majority of people. Yet we owe a great debt to the merchant chiefs of the Mediterranean, for they formalized the voluntary mutual assistance and risk-sharing principles on which all insurance is based.

The Greeks, whose reverence for human life exceeded that of any people who preceded them, were the first to apply these principles to men’s lives. Their burial societies, not only met the burial expenses of deceased members, but also provided for at least some of the temporary financial needs of their widows and orphans.

The business-like Romans left evidences that they had developed rather complex forms of commercial insurance, and that they gave continuity to the concept of life insurance through their payments to the survivors of soldiers. As a matter of fact, some 2,000 years ago the Roman, Ulpianus, for that purpose provided a table of life expectancy so accurate that only slight changes have been made since then.

Although the Greeks and Romans did make great strides in the discovery of insurance principles and in the wider application of these principles to more people, they brought increased security to only a very small fraction of the population. In the time of adversity, like the death of the family’s breadwinner, the great majority still had to depend for their economic necessities on the uncertain good will and generosity of their relatives and friends, who themselves might or might not have resources to share.

The snail’s pace development of man’s cooperative efforts at achieving economic security halted altogether with the fall of Rome to the barbarians and the advent of the Dark Ages. The feudalism of those days has been described as a compulsory form of security: in return for his loyalty and labor for his ruler a man hoped to obtain protection and the necessities of life for himself and his family. This was not an ennobling form of security—and it existed only at the whim of the lord of the manor and only so long as the latter remained as strong or stronger than his rivals. This rather insecure form of security may still compare favorably with the
present situation of a significant proportion of mankind living in
countries not yet showing any considerable economic and industrial
development, respect for law and order, soundness of currency, or
stability of government.

The Renaissance marked the rebirth of mutual assistance efforts
on the part of western man. The merchant and citizen guilds, later
the friendly societies of England, other groups in other places, all
used insurance concepts to protect the security of their members.

The great fire of London in 1666, while destroying five-sixths of
the city, had two beneficial side effects upon man’s security. One, it
destroyed that section where the plague that periodically swept the
city was concentrated, and which has been credited with controlling
the future outbreaks of the disease. Two, fire insurance sprang into
being from the city’s embers, enabling men to protect their homes
from the financial consequences of the disaster of fire. This is an
another example of the fact that out of mankind’s greatest dis-
arsters have often arisen humanity’s means of salvation.

It was then, too, that life insurance policies and annuities entered
the scene, usually being offered to the public by companies under-
writing both fire and life risks. So pertinacious were the agents
who solicited for these companies that an outraged poet of the day
complained:

By fire and life insurers next
I'm intercepted, pestered, vexed
Almost beyond endurance.

And though the schemes appear unsound,
Their advocates are seldom found
Deficient in assurance.

Among the numerous complaints were some whose titles seem
absurd even to our speculative generation of the 1960’s:

Assurance of Female Chastity
Assurance From Lying
Insurance from Death by Drinking Gin
Insurance Against Going to Hell

But out of this great misconception of the true purpose of insur-
ance—and it wasn’t humorous at that time—came the clearing of
the way for legitimate life insurance underwriting.

It is quite true that often in those early days of insurance, fire
and particularly life policies were either woefully underpriced or
overpriced by reason of misconceptions as to the principles in-
volved. Efforts to clear up these misconceptions led to actuarial
science, dealing with the mathematics of life contingencies—that is,
the probabilities of life and death which were long greatly mis-
understood. As a matter of fact, they are still surprisingly myste-
rious, despite the fact that all the really basic principles of actua-
arial science had been developed and presented in text books by the
time I studied the mathematics of life insurance at the University
exactly forty years ago.

This reference to my early insurance student days reminds me of
what probably ought to have been the frightening story I read at
the time about a life insurance man who was such a complete in-
surance man that he filled many notebooks with statistical observa-
tions of phenomena concomitant with life and death, attempting
to analyze each and thus extend the frontiers of his understanding
and knowledge of insurance.

In today’s terminology we would very likely say that this had a
psychosomatic effect on him, for at a really not advanced age he
discovered one day while analyzing his notebooks that he had been
sleeping longer each night than the night before—fifteen minutes
longer, to be precise. This continued. The time arrived when he
slept for 23 hours and 45 minutes. On awakening he hastily called
his wife, children and grandchildren about him, gave them such
advice as the wisdom of a lifetime suggested, and bade them an
affectionate farewell. At the end of fifteen waking minutes, he
promptly fell asleep again, slept for precisely 24 hours—and then
quietly expired.

To my youthful mind that was a highly admirable example of
complete absorption in one’s chosen vocation. Now that I am older,
I confess that I feel happy to observe that my sleep habits show
no such disquieting regularity to which my wife will attest.

Actuarial science, as I have indicated, was a mature science
when I came to it, and I promptly became convinced that the life
insurance problems of the future could be solved by the experience
and wisdom of the past. These have supplied the basic and im-
mutable principles; but the actual developments and innovations in
my lifetime were to be so extraordinary that no one would then
have conceived them to be possible of accomplishment in a short
forty years.

No one forty years ago would have guessed to what extent new
policies could be developed to provide new comprehensive programs
of life insurance and annuity benefits, “new” even if the elements
of each program were as old as actuarial science. No one would
have foreseen the development of new uses for life insurance in
the business world, such as to protect businesses in the event of
death of key executives, or to provide necessary additional security
for loans, or to assure orderly continuance of partnership busi-
nesses after the death of one partner, or to assure Uncle Sam his
estate tax, with a sufficient amount left for the deceased’s family.
During the past forty years there have been extraordinary changes in the methods by which life insurance is presented to the purchaser, enabling him to analyze his financial situation and buy the particular policies that fit into a logical program of protection for the insurance needs of his family. This valuable programming approach, together with other improved procedures and strengthened standards of competence, have happily changed the public image of life insurance agents from that of rather ineffectual but annoyingly high-pressure salesmen, failures in other lines of endeavor (all too generally true in fact forty years ago) to now, in many cases, trusted confidential advisors of quasi-professional or professional stature, with their own designation—that of Chartered Life Underwriter, which is equivalent to the CPA in accounting.

The life insurance business is usually counted among the very conservative institutions in our economic and social life. It must be conservative, because it is a trust sort of operation in which, above all else, policyowner's reserves must be safeguarded and adequate funds maintained to assure claim payments to all those who will suffer the losses insured against. While the insurance man's need to be conservative may somewhat too often condition him to oppose desirable, even inevitable change, it is extremely difficult in the modern business world for any insurance or other business organization to maintain the status quo for any length of time. In fact, an obsession with security through the maintenance of the status quo is the enemy of long term growth and even of existence. It must be replaced by an intense desire to respond to new situations arising in a changing world. Insurance history provides many happy examples of such response.

During the early days of life insurance in this country, that is in the 1800's, policies became null and void if the insured traveled too far from home, into the then unhealthy or dangerous regions of the southern and western states, or into less settled parts of the world or if he engaged in a duel, or even if he left the earth in a hot air balloon! In the days when horses and wagons were the usual means of land transportation, railroad engineers, firemen and conductors had to pay extra for life insurance protection, and anybody with nerve enough to serve as brakeman on a freight train just couldn't get insurance at any price. Similarly, it was years after Kitty Hawk before aviators and their passengers could get life insurance covering them in flight.

In contrast, one week before Major Gordon Cooper blasted off on his twenty-two orbit space flight in 1963, the Aetna Life Insurance Company issued a $100,000 life insurance policy to Cooper and to each of the six other original astronauts. Their life insur-
ance protection for their families was good anywhere on earth or in outerspace. Yes, even on the moon, if and when some of those men do get there.

A great many other details of the life insurance business and its history might interest you. I must, however, move into the final phase of my discussion of the part that life insurance plays in man’s search for security—in helping him achieve economic security.

Does this economic security mean protection against change in man’s economic condition, to enable him to maintain the status quo? Not by any means. We must not forget the paradox that an obsession with security through the maintenance of the status quo is the enemy not only of all progress, but also ultimately of security itself.

Even if it seems to raise another paradox, let me try to explain how insurance, by protecting the status quo against certain risks, can enable a prudent man to incur other risks in order to progress far beyond the status quo. A few examples may indicate what I mean.

Life insurance has provided many a man’s widow and orphans with their main or only means of self-respecting subsistence. Often it alone has enabled the members of the bereaved family to remain in what may be called their own world, something near to the kind of life they have been used to, with some of the comforts and amenities of our civilization in addition to the necessities of life, and with the right kind of opportunities for the bringing up and the education of the children. That is one side of the life insurance coin; the other is that the ownership of an adequate amount of life insurance enables a prudent man to incur larger financial obligations and to take greater financial risks for the furtherance of his career and, if he is successful, for the ultimate benefit and satisfaction of his family. He can do so in reliance on life insurance to pick up his financial responsibilities to his family if death interrupts his attainment of his business or professional objectives.

Then, too, the tendency of recent decades toward early marriages and having children young gains with life insurance a measure of economic prudence. The parents of a young girl can even prepare for this by buying insurance on her life with the provision that if and when she marries she can transfer it on to the life of her bridegroom.

Insurance provides a bulwark against these hazards to economic security, bulwarks it would be unthinkable to be without, for economic misfortune rarely if ever affects only the few persons whom it directly strikes. If there is no method of relieving the financial consequences of individual catastrophe, society as a whole suffers
both from the nonpayment of the liabilities of the insolvent and from the interruption of the productive activities of all concerned. And the other side of the coin is that in the absence of the security that insurance can promise, man would not dare to invest either his money or his efforts in the business and personal activities and operations which make the modern world what it is and lead to the great developments which the passing decades observe.

I should like to conclude with a short commentary on the life insurance business' own quest for security. How can the insurance business insure itself? I do not at this point have in mind the technical, but nonetheless important, matter of protection through reinsurance against too large claims or catastrophic aggregations of claims. What I am thinking about is the long term security of the insurance business. This will come from its adaptability to change, from the new protections it provides against the financial consequences of the new hazards and perils which our country's developing economic and personal life incurs; from the extent to which the security provided by insurance to business and industry, and individuals, makes it prudent for business and industry, and individuals to exercise the boldness and adventurousness which a good pace of economic and personal progress will always require.

For all business—in fact for man himself—there can be no security that is not grounded on courageous and wise adaptation to the new situations that our changing world will bring. Man's search for security will continue to be a major personal and governmental preoccupation, but its pursuit ought not to obscure all other values, and especially those on which security itself depends.

The words of Somerset Maugham as he watched the fall of France in the first year of World War II are arresting—

"Those who value security above freedom will lose their freedom, and having lost their freedom, they will lose their security also."