

The Philosophy of Life Insurance

By



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Professional insurance is a tough business, and selling life insurance can be difficult. Sometimes we need to rekindle our energy, regain sales momentum, and surmount professional fatigue and psychological burnout.

Of course, we can always create various lists of specific behaviors and activities to do to revitalize ourselves professionally and personally. But one activity most fundamental to renewal is reflection — thinking about ideas that are beyond the exigencies of each day. So for a few minutes, don't think about making a list, completing a task, setting objectives, managing an agency, calling on a prospect, making a sale, or improving the bottom line.

A Socially Responsible Product

Instead, take some time to think about the nature of life insurance. Life insurance originates in the recognition of an individual duty to be socially responsible. It emphasizes both the immediate and long-term benefits of acting responsibly toward dependent individuals and society in general. Moreover, the method by which insurers protect individual insureds and society as a whole rests on the socially respon-

sible mechanism of pooled risk sharing.

Insurance companies utilize pooled risk sharing to indemnify loss as a capital value. Inherent in this concept is the recognition that loss, be it loss of life, health, home, car, business, income, or profit, is a universal risk. When loss occurs, it affects the individual, society, and the country's social organization and economic structure.

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A Philosophical Framework

Dr. Solomon S. Huebner, the father of modern life insurance, established the concept of "human life value" as the economic and philosophical framework of life insurance. Huebner's concept of the human life value is more than just a proposition that a human life has an economic value. Conceptually, human life value involves several important concrete elements, among them the following socioeconomic re-

lations and characteristics:

- Human life value is the capitalized value of an individual's earnings that support family members, other dependent loved ones, and business partners. The value of one life in relation to another is the foundation of life and health insurance.
- The monetary value of a human life derives from an individual's talents and will to put them to productive use. These life values or economic forces of the individual consist of personal qualities such as character, experience, judgment, intelligence, ingenuity, personal skill, initiative, industry, perseverance, technical and managerial ability, and driving force. Adam Smith noted that every person has property in his own labor. Since that labor is the foundation of all other property, it is "most sacred and inviolable." Similarly, Huebner contended that human life values greatly exceed all property values in importance. Without human life values, there would be no property values. In the United States, human life value may be worth 10 times the asset value of real and tangible property, according to Huebner.

- From an economic perspective, Huebner viewed the family as a business, a person's "first and most important business." Like any business partnership, the family partnership is legally dissolved at the death of either partner. Therefore, the family should be run according to business principles and protected against financial impairment or bankruptcy due to the loss of its strategic life value. Life insurance performs this function. It eliminates fear and worry and enables families to work more efficiently and productively.
- The protection of human life value provides the economic foundation for the education and development of children in a family if the breadwinner becomes disabled or dies prematurely. Life insurance emphasizes the family relationship; it is a "bulwark of the home," protecting and preserving the family unit. It allows responsible adults to carry out what Huebner called their "sacred duty" to protect their loved ones, especially their children.

Focus on Cooperation and Personal Responsibility

The person who buys life insurance assumes individual responsibility to others who are dependent on him or her. This act of individual responsibility is done in recognition of one's social responsibility to one's family, business associates, community, and nation.

Despite all the criticism of the life insurance industry, it is, by mission, socially responsible. Life insurance allows individuals to pool risk and share costs to protect dependent loved ones from impoverishment, without passing on this responsibility to their community and society.

This pooling and sharing illustrates that a basic principle of life insurance

is cooperation. While a special kind of private property, life insurance is essentially a social instrument that cares for individuals. It recognizes the value of the human life. No other financial product recognizes this concept in its individual and social dimensions. Next to the government, life insurance is the chief provider of social and economic security.

Were he alive today, Dr. Huebner might say to those of us involved in the insurance industry what he told Fidelity Mutual agents in 1920: "You have a right to feel real happiness every time you close a policy which has been honestly fitted to the needs of your client. Every time you write a policy you bolster up a home against misfortune."

Life insurance buffers families and businesses from misfortune and enables them to face uncertain futures with the assurance of economic security.

Reflect on the value of life insurance when you need to rekindle your fire. Be proud to be a life insurance professional. Remember, life insurance provides an important service. It promotes individualism, community and economic liberty.

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