

## Recent Developments in Life Insurance Practice

Among the recent developments in the life insurance world has been the life insurance trust. This form of trust dates back very few years, and only within the last three years has it assumed large proportions.

This development requires the close cooperation of both life insurance and trust companies, and in a few words, is generally arranged by depositing life insurance policies made payable to the trust company as beneficiary in trust for the person who is to receive the benefit of the trust. When the policies mature, either by the

In the case of a partnership, the question of buying out the interest of a deceased partner, if the business is to continue, is not one of desirability but one of necessity. The death of a partner spells legal death for the partnership. Even if there is a partnership agreement providing for the purchase of a deceased partner's interest, this agreement is only as good as the ability of the surviving partners to carry it out. It is therefore very clear that substantial funds must be available if the interest of a partner is to be purchased at his death and the most prac-

policy is written in two forms. Either to provide a monthly income for life for the beneficiary, guaranteed for a minimum term of years in the event of the beneficiary's death, or to provide a guaranteed income for a certain term of years until the beneficiary can adjust himself or herself to changed conditions. The income policy is usually one of at least two policies taken out by the head of the family to provide for the future. The other policy, calling for a lump sum at death to pay unpaid bills, funeral expenses, hospital and doctor's expenses which ordinarily accumulate at death, thereby enabling the beneficiary to enjoy the benefit from the income policy of all debts paid.

This brings us to another development in the life insurance world, the programming of insurance.

Today, all well informed life insurance agents can act as advisors to their clients and by means of a well considered plan which can be put into force over a term of years as the client's income expands, provide for an insurance program covering a "clean-up" policy, an income policy, additional policies for each child, and policies to cover any other particular need which may be called for due to the particular circumstances of the client, such as a policy to retire a mortgage.

The placing of life insurance on the scientific basis reached by modern developments is such that the percentage of lapsed policies is decreasing rapidly, for today the insurance agent acting in his capacity of advisor places policies with his clients which answer definite needs, thereby satisfying his client and causing him to make sacrifices to keep his program in full force. A properly sold policy rarely if ever lapses. The inclusion of the total disability clause making it possible for a policy to continue in force even though through physical disability the insured loses temporarily or permanently whole or part of his income, is another modern insurance convenience. —Contributed.

### The Insular Life Assurance Co., Ltd.

MANILA, P. I.

**L**ow rates  
liberal conditions  
local investments  
loans on real estates repayable monthly instalments, at  
low interest

If a mindful man with a fixed salary dies, he will only leave a small saving to his family

### FOR ABOUT ₱31.00 ANNUALLY

our company guarantees the payment of ₱1,000 to your wife or sons in case of death, or to the insured himself if he survives the policy.

Call or write for particulars to:

HOME OFFICE  
4th Floor, Filipinas Bldg.  
Plaza Moraga, Manila, P. I.  
P. O. Box 128

C. S. SALMON  
3rd Floor, Gaches Bldg  
Escota cor. T. Pinpin 11  
P. O. Box 734, Manila

V. SINGSON ENCARNACION, President

J. McMICKING, Manager

HEADINGTON TREASURER

death of the insured or the expiry of the endowment period, then the proceeds are received by the trust company properly invested and the trust immediately begins to operate. The advantage of this arrangement is obvious. Instead of leaving insurance in a lump sum to inexperienced beneficiaries, the life insurance trust eliminates danger of poor investment and assures the beneficiary or beneficiaries a certain uninterrupted income for life, or for a term of years fixed by the trust.

The insurance trust is also extensively used for business insurance; usually, for one of two general purposes: to provide a cash indemnity for the loss of a key man in a business, or to provide funds for the purchase of an interest belonging to the estate of a partner or member of a close corporation.

Few people realize the value of a wage earner to his family. If a man is earning ₱5,000 per annum, figuring 5% as the maximum interest to be earned on a gilt edge security, then that man is worth ₱100,000 to his family. It is true that few if any wage earners earning the amount above mentioned can afford to pay the premium on a ₱100,000 policy to replace his earning power after his death, but at least he can own sufficient insurance to provide after his death by means of an insurance trust, an income large enough to provide the necessities of life for his beneficiaries, if not for life, at least until such time as his children are able to earn their own living or until they are able to adjust themselves to a smaller income than that received during the lifetime of the father.

Again, referring to the value of life insurance to those owning stock in a close corporation, it is certain that almost any business man would prefer to have his family receive the value of his stock than the stock itself. Also, those actively engaged in the management of such a business would much rather keep the stock in their hands than have an inexperienced beneficiary or her legal representative vote the stock.

tical way of providing these funds is through life insurance. Properly to handle this matter, the creation of a life insurance trust agreement setting forth the terms of the transaction and the agreement is essential.

Of late years, the income policy is taking the place of a lump sum settlement it being generally known that the average beneficiary is not sufficiently versed in financial affairs properly to handle a large sum of money. The income

At the first directors' meeting in July, John L. Headington was elected treasurer of the American Chamber of Commerce of the Philippine Islands, vice B. A. Green, who had resigned from the post to which he had given competent attention for many years. Mr. Headington is an old member of the directors' board also. He is the manager of the Philippine Button Corporation and excellently qualified for the treasurership of the chamber of commerce.

## The West Coast Life Insurance Company

offers

a full line of modern life insurance contracts designed to meet every need of business or personal protection.

For particulars and quotations consult the

## Philippine Branch Office

West Coast Life Insurance Co.

Kneedler Building

Manila, P. I.

Telephone 2-36-74