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RISK MANAGEMENT AND INSURANCE: INTEGRATION OF BIBLICAL PRINCIPLES IN THE STUDY OF HUMAN LIFE VALUES

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Introduction

A person's security has many facets such as social, psychological, cultural, spiritual and economic. The attainment of economic security is a vital goal for most persons. In this essay we will be concerned with economic security, which can be defined as the achievement of a feeling of certainty and comfort, sense of fulfillment and mental peace through acquisition, ownership and use of economic goods.

In order to attain economic security humankind engages in economic activities. But in all activities in which human kind is engaged risk is prevalent. Hence the vital role of insurance.

Objective of the Essay

The objectives of this essay are: First, to underscore the important role of life insurance in management of the risk of loss of human life value in an economy. The second objective is to point out as to how the biblical values could be raised and recommended in the discussions which are already there in the subject of risk management and insurance: management of the loss of human life values.

From the outset I like to make clear that this paper considers insurance as one of the instruments used in mitigating the risk to which a family or organization is exposed. Insurance is not a tool to be used by speculators so as to make gain form death of an individual or loss of property. Neither should it be used as an avenue where God's children withdraw resources from the cause of God and make investment so as to make gain. The writer strongly believes that God's children should generously give part of their income for the cause of God and use wisely the remaining portion to protect family or enterprise from havoc that risk would play.

Risk

Risk is a condition in which there is a possibility of an adverse deviation from a desired outcome that is expected or hoped for. It is uncertainty regarding loss (loss of human life value or property value). Risk is prevalent in many activities in which man is involved. Following Frank Knight's approach there are two types of risks, namely quantifiable or insurable risks and non-quantifiable risks.

Risk Management

Whether it is a household or business enterprise, coping with risk is a challenge before them. The first step to be taken in an endeavourer to ameliorate the consequences of the risk is to isolate quantifiable risks from non-quantifiable ones. Risk may be avoided totally or partly retained, transferred, shared and reduced, or even eliminated. What to be done with risk is an issue on which an entity (households, business enterprise or whoever) should meditate so as to make wise decision and hence risk management.

A good management process would always see to it that provisions are made for the insurable risks, whereas a scientific method is followed to minimize the undesirable consequences of non-insurable risk.[1]

Insurance [2]

At this point, it is important to point out that not all activities can be insured.[3] This is the very reason for the important role of an entrepreneur in the economy.[4] The main task before any management is to handle the uninsurable risks. Whereas, the insurable risks can be avoided at a cost. The essential principle of insurance is cooperation or pooling of the risks of loss that might occur to a large enough group of persons, but that actually through the law of averages will happen only to small number in such group. The important function of insurance is the transferring or shifting of risk from one individual to a group and sharing losses, on some equitable basis, by all members of the group. Through the agreement to share the losses, the economic burden of the loss is spread throughout the group.

Human Life Value

The human life value, which is the monetary worth of human life, is the basis of life insurance. The concept of human life value comes from the fact that men or women at work generate income, and there are values in their earning power, which need to be protected from being lost in the same way property values, are protected.

The problem with human life value is that, it is not easy if not impossible to arrive at an exact measure of an individual's future earnings because of the difficulty involved in forecasting a person's longevity and difficulty in satisfactorily predicting one's future earnings.

Further, the human life concept is used for different purposes. For instance from the point of view of one's dependents, organization and the like. For the individuals dependents the human life value is the monetary benefits they expect to get from bread winner, whereas for an organization the human life value of the same individual is the monetary value of the services he or she renders to it. This means, the human life value is based on the fact that an individual whose earnings are in excess of his/her cost of self-maintenance has a monetary value to his/her dependents or organization.

In a simple way it can be said that, the capitalized value of that portion of an individual's earning earmarked for supporting the dependents in the family, associates in business and others who benefit from his/her economic earning capacity may be defined as human life value. Thus the definition of human life value depends on the context in which the concept is used.

Life Insurance

The basis of life insurance is the monetary worth of human life. Life insurance enables to extend to human life value the same scientific treatments that are applied to the organization, management, and liquidation of property values. The need for conservation of human life values is so vital to family welfare, the very economic and social cornerstone of the society and nation.

Capitalization and Indemnification Human Life Value

Capitalization of economic value of human life is possible through life and health insurance. By guaranteeing this capitalized value in the event of death, disability or sickness, life insurance tries to perpetuate the earning capacity of an individual life for the benefit of its dependents. While the human life value generally rises over time through effort and experience, the dependent family gets accustomed to a higher standard of living. With the breadwinner's sudden death, the whole value will be swept away. Hence, it is absolutely essential that there should be mechanisms by which economic value of the deceased can be preserved. Life insurance (as also health insurance) acts as a hedge against such a loss. It is this act of life insurance, which makes it a scientific method by which the economic value of human life is preserved.[5]

Human Life Value is Subject to Loss

The human life value is subject to loss on account of (1) premature death, (2) total and permanent disability, (3) temporary disability, (4) unemployment, and (5) retirement.

Further, any event that adversely affects an individual's earning capacity has a corresponding impact on his or her human life value or potential estate. The potential estate may be entirely lost by death or permanent disability.

Importance of Human Life Value

There are several reasons, which make human life value so important. In most cases the family sustenance is dependent upon the current earnings of the breadwinner. Thus the life of the breadwinner has an economic value to the family's dependent members. In this sense a family can be recognized as an economic unit organized around human life values.

The other important aspect is the relation between human life value and the property value. Were it not for human life value, there would be no property values ... it is the human life value that is the cause and property values are the effect.

Even if a family possesses a substantial amount of property, one should not over look or minimize life insurance needs. Moreover, it is difficult to see that logic of neglecting insurance of the potential estate because of a material estate. Each is a distinct possession and thus the two are separate.

INTEGRATION OF FAITH AND LEARNING

1. Risk Taking and Faith

The existence of risk (uncertainty regarding loss) requires that one need to have faith and try to achieve the goal he/she made. Without certain degree of confidence (faith) it is not possible to incur expense today hoping that the outcome would be good tomorrow. Thus, faith is the anchor that links the individual with the goal set for tomorrow. That is why the Bible says, "faith is being sure of what we hope for and certain of what we do not see" (*Hebrew 11:6*).

2. Security

Individuals make economic security as one of their vital goals. But a person's security should be looked at in its totality. That is the economic, the social and the spiritual securities. In academic discussions, often the economic and social issues are raised. But that is not all an individual needs. In fact the Bible clearly states that man should primarily seek spiritual security in Matthew 6:31-33. "So do not worry, saying, what shall we eat? or What shall we drink? or 'What shall we wear? For the pagans run after all these things, and your heavenly father knows that you need them. But seek first his kingdom and his righteousness, and all this things will be given to you as well."

3. Risk Management and Stewardship

The Webster New dictionary defines a steward as "a person morally responsible for the careful use of money, time, talents or other resources, especially with respect to the principles or need of community or group". Whether we recognize it or not, we are stewards, supplied from God with talents and facilities and placed in the world to do a work appointed by him (*Adventist Home p. 367*). Risk management requires that one has to be good steward. The management/individual should understand the risk to which an entity is exposed, measure it and weigh its consequences. To this end, the advise of expert in the field can be used to make proper decision, because each type of risk would require a different approach. Thus, risk management calls for good stewardship where proper care should be taken for the assets (human or non-human) at the disposal of the individual or organization. The Bible emphasizes this point in 1Corinthians 4:2, "Now it is required that those who have been given a trust must prove faithful." See also Luke 12: 42.

4. The Rules of Risk Management

"What good will it be for a man if he gains the whole world, yet forfeits his soul? Or what can man give in exchange for his soul?"(*Matthew 16: 26*).

The first rule of risk management says: **do not risk more than you can afford to lose**. According to this rule, those losses with the greatest potential severity merit first attention. Thus, the human life value (potential estate) as well as life itself, which is the cause of property value (material estate) deserves first attention. While protection can be given to the human life value through insurance, life can be insured for eternal life by knowing the only true God and Jesus Christ whom He sent (*John 17 : 3 , John 3:16*).

The second rule says, consider the odds. This rule tells that one should quantify the probability that the loss may occur. The Bible tells us that we should properly consider the cost before we make any plan. Luke 14:28 says, "suppose one of you want to build a tower. Will he not first seat down and estimate the cost to see if he has enough money to complete it?". Thus one must carefully consider all the odds that would result in loss of human life value.

The third rule says, do not risk a lot for a little. That is we do not have to lose a lot just to save the small amount we pay in a form of premium. In the same manner one should not lose the kingdom of God (which is for eternity) for the joy of this world (any thing that would distract us from God), which is for short term.

5. Legal Issues of Insurance Contract and the Biblical Principles

There are three hazards that cause problem in the business of insurance. The three basic types of hazards are physical hazards, moral hazards, and morale hazards. **Physical hazard** is a condition stemming from the physical characteristics of an object that increases the probability and severity of loss from given perils.

Moral hazard is dishonesty or character defects in an individual that increases the frequency or severity of loss. Moral hazard is present in all forms of insurance and it is difficult to control. Dishonest individuals often rationalize their actions on the grounds that, "The insurer has plenty of money." **Morale hazard** is carelessness or indifference to a loss because of the existence of insurance. Having careless attitude toward preventing losses, for example the tendency of physician to provide more expensive levels of care when costs are covered by insurance. Another one is the inclination of courts to make larger awards when the loss is covered by insurance the so-called "deep-pocket" syndrome. The moral and morale hazard are contrary to the teachings of the Bible and counsels of the spirit of prophecy (*Adventist Home pp 391-398*) that human kind have integrity in business. " ... he who would take advantage of another's misfortunes in order to benefit himself, or who seek to profit himself through another's weakness or incompetence , is a transgressor both of principles and of the precepts of the word of God "(*Ministry of Healing p. 187*). "So in everything, do to others what you would have them do to you, for this sum up the Law and the prophets" (*Matthew 7:12*).

There are fundamental principles on which the business of insurance is based. One of them is the **principle of utmost good faith.**

An insurance contract is based on the principle of utmost good faith. According to this principle a higher degree of honesty is imposed on both parties to insurance contract than is imposed on parties to other contracts. The principal effect of the principle of utmost faith lies in the requirement that the applicant for insurance must make full and fair disclosure of the risk to the agent and the company. The risk that the company thinks it is assuming must be the same risk that the insured transfers. Any information about the risk that is known to one party should be known to the other. If the insured intentionally fails to inform the insurer of any facts that would influence the issue of the policy or the rate at which it would be issued, the insurer may have grounds for avoiding coverage. The biblical principle as stated in the Ten Commandments (*Exodus 20: 15 -16*) and several other places in the scripture underscores that one should not steal or bear false witness. Thus, the biblical principle explicitly supports the fundamental the principles of insurance.

The Principle of Indemnity states that the insured should be restored to approximately the same financial position that existed prior to the loss. Most property insurance contracts are contracts of indemnity. If a covered loss occurs, the insured should not collect more than the actual amount of the loss. Thus while a person may have purchased coverage in excess of the value of the property, that person can not make a profit by collecting more than the actual loss if the property is destroyed.

But the principle of indemnity does not apply in the case of life insurance because of the uniqueness of the loss of human life. That is the family that suffers the loss of the deceased cannot be restored to the same psychological and social position even if the financial loss could be recovered. Only God could do that at the resurrection (1Tessalonians 4: 13-18, 1Corinthians 15: 13-23).

6. Loss of Human Value

The human life value is subject to loss on account of personal risks. The counsel of insurance companies is that as it is necessary to take motor or fire insurance to protect acquired property against loss it is essential to protect the potential estate (human life value) from total or partial loss by taking life insurance policies. The Bible gives powerful principles that help in reducing personal risks. They do not cost any money.

a. The Risk of Premature Death, Risk of Disability and Sickness

The lifestyle of individual may result in premature death or disability or sickness. Often wrong eating, drinking and working habit expose one to such risk. At the same time it should be clearly understood that not all who get sick or die or disabled are because of wrong eating or drinking habit. There are other events, which may be beyond control of the individual.

The Biblical principle is that one should have health of the body, health of soul, and prosperity in the secular affairs. Whoever devoutly prays will have them abundantly. The word of God is important factor in the maintenance of health (Proverbs 4: 20-22, Matthew 4:4, Romans12: 1,1Corinthians 10:31,1Corinthians 3:17).

It is the promise of God to keep sickness from those who trust and obey His will. The law of diet (Levitics11: 46 – 47); The laws of hygiene (Leviticus 14:15, Number 5: 2-3): The laws of respecting labor and rest (Exodus 20: 9-10): laws of respecting morality (Exodus: 20:14) and other laws are the best principles of life God gave to humankind.

The other important biblical principle is temperance (2 Peter 1:5-6, Titus 2:12, Philippians 4:5, 1Corinthians 9:25). It includes eating properly (Ecclesiastes10: 17), complete self control (1 Corinthians 9: 27), avoiding intoxicants and all harmful food and drink (Eph 5:18, Proverbs 20:1, Proverbs 23: 29- 30, Isaiah 5:11).

True temperance is the wise and proper use of that which is good and total abstinence from all that is harmful, for the best of physical and spiritual living. Good health is encouraged by proper use of living habits, wholesome food, pure water, exercise, sleep, a happy look on life, and faith in God. These are great medicines. As long as the children of God followed His counsel on health they were blessed with good health (Psalms 105:37) because God is the true healer (Exodus 15:26, Psalms 103: 3). The promises of the Lord are still valid in modern world.

b. Health Insurance

The risk of sickness and accident are sometimes labeled as risk of "living death". The effect becomes worse if one does not recover within short time. Health insurance from life insurance companies gives coverage to unexpected illness and injuries that could result in catastrophic medical expense for the individual and his or her family

In life insurance risk is classified into standard risk, preferred risk, substandard risk, uninsurable risk. Preferred risk includes persons whose mortality experience as a group is expected to be above average and to whom the insurer offers a lower than standard rate. This group consists of non-smokers, alcohol free people for whom many insurers offer a preferred-risk rate. Uninsurable risk includes applicants that may be uninsurable because of high physical and moral hazard. The biblical teaching of alcohol, tobacco, and unhealthy food free lifestyle, which is emphasized in Adventist education, would help one to get a policy at discounted rate.

c. The Risk of Unemployment

The economic value of human life is lost due to permanent or temporary unemployment. This result in loss of income, which affects the dependents as well as the individual. Such threat of loss of income due to risk of unemployment requires similar technique used in management of other personal risks. Usually, the options are limited in duration and amount, and also the coverage is vastly overpriced. Under such circumstance one should learn lesson from the experience of Paul and others who provided their needs without dependence on anyone (Exodus. 20: 34, Acts 18:13, 1 Corinthians 4: 12, 2 Thessalonians. 2; 2 Thessalonians. 3: 8). Having skill in certain enterprise and dignity for labor are useful tools when such problems arise.

d. Human Life Value and Protection for the Family

A family is an economic unit organized around human life. There is a close similarity between a family and an enterprise. As an enterprise is to be organized, operated and wound up (when necessary), a family also has to be set up, managed and its economic value to be finally liquidated.

1Timothy 5: 8 States that, "If any one does not provide for his relatives, and especially for his immediate family, he has denied the faith and worse than an unbeliever."

The main objective of taking life insurance is to provide for protection of the family. Every family is dependent for its subsistence or sustenance upon an income that varies from case to case. In some cases, the family income may be secured from the return on invested funds that have been accumulated over time or are inherited. In a very large number of cases, however, the family subsistence is dependent upon the current earning of its breadwinner. The life of the breadwinner has an economic value (this is true of other earning members of the family as well) to the family's dependent members. The rational for the existence of life as well as health insurance is this value of one life to another. Similar is the case in regard to value of one's life to his business associates. More generally, an economic basis for life insurance exists wherever continuance of a life is financially valuable to others. The need for and logic of appraising and capitalizing the inherent value in a human life for purposes of life insurance are, therefore, obvious

Life Insurance protects homes, protects family from disintegration, eliminates dependency and contributes to education of children and helps family to own home without encumbrance. The unfavorable effects of family break down manifest themselves in the form of juvenile delinquencies, ill health, child labor, and mental break down. Insurance bogs down to misery to protect family from such unfortunate developments centering in family disorganization, by providing facilities, which enable individual with reasonable foresight and prudence to leave estate sufficient to support family.

e. Risk of Superannuation and the Biblical Principles

In Psalms 90:10 the Bible states that, "The length of our days is seventy years or eighty, if we have the strength; yet their span is but trouble and sorrow, for they quickly pass, and we fly away."

Supperannuation- the risk of living too long- is probably less threatening than premature death. Nevertheless, it is a risk that deserves attention because the old social arrangements, which used to be a source of security to the old, are fast breaking apart. This is taking place even in developing countries because of urbanization, industrialization and increased mobility. The institutions of extended family with its philosophy of a support to its older members are losing importance. Besides, because of advance in medicine, the age structure of the population is changing resulting in greater longevity even in developing countries. There are indicators that after a couple of decades a large population of old people will live in developing countries.[6]

Superannuation calls for preparing well for retirement. As in the case of the biblical famine of ancient Egypt (Genesis 41) resources need to be accumulated during the income –fat years to be consumed during the income-lean years. The amount to be accumulated depends on the standard of living the individual wishes to maintain after retirement and the rate of inflation. The general counsel from the Bible is that humankind learn from the small creatures such as ants.

"Go to the aunts, you sluggard; consider its ways and be wise! It has no commander, no over seer or ruler, yet it stores its provisions in summer and gathers its food at harvest." Proverbs 6:6-8 (see also Proverbs 30:25).

Such are the important counsels in the scriptures so that people make provision for old age. Besides, the obligation resting upon children to honor their parents is of lifelong duration. If the parents are feeble and old the affection and attention of the children should be bestowed in proportion to the need of father and mother (*Adventist*

Home p. 360). This would save several from the undesirable type of life after retirement.

f. Education of Child

The training of the young is a matter of the highest importance (*Fundamentals of Christian Education pp.57,113)*. Juvenile insurance policies help one in accumulating fund for the education of the child.

Human life value and its protection form the main link between the present generation and the succeeding generations. The actual realization of the breadwinner's potential net earnings forms the economic foundation for the education and development of children in the event of the premature death of the breadwinner or permanent disability as well as the protection of the children against the need to financially support the parents in their old age.

g. Owning House

Owning house is one of the most important needs of the family (*Adventist Home pp. 372-373*). The best option is to have residential house free of debt. In case the family acquires houses with loan the family is exposed to risk. There are possibilities in which case the head of the household (or even both) die before mortgage has been retired. Mortgage redemption policy helps the family to pay off the mortgage in the event of death of the head of the family (see 1Timothy 5:8).

7. Determining the Amount of Insurance to Acquire

Before buying the insurance policy to protect the economic value of human life from being lost one should make plan. Proverbs 24: 27 states that, "Finish your outdoor work and get your fields ready; after that build your house." The emphasis is on making plan and proper decision. No one should allow human want to grow naturally without plan.

There are mainly two approaches for determining the quantum of life insurance an individual should carry: (1) the human life value approach, and (2) the needs approach.

a. Human Life Value Approach

As outlined above, this approach suggests capitalizing, through life insurance, that part of an individual's potential earning capacity that is utilized for the maintenance of dependents. Hence, the quantum of life insurance to be taken depends upon the extent to which we intend to capitalize an individual's life value and protect his/her potential earning power. In this context, one has to estimate the amount of income earned through personal efforts that the family will lose in case the personal earnings are extinguished by the individual's death.

A simple approach to estimating human life value involves determination of the following four quantitative factors.

i. Estimation of the individual's anticipated annual earnings net of taxes, tithe and offerings. ii. Determination of the amount of his/her expected future annual personal maintenance expenses iii. Estimating the individual's working life expectance. iv. Selection of an appropriate capitalization rate. Once these items are decided the human life value could be estimated.[7]

b. Needs Approach

The other approach, called needs approach, to the estimation of the amount of life insurance an individual should carry is to assess the needs that the family would have to satisfy in the event of the death of the breadwinner. This method has been considered more practical than the human life value approach from the viewpoint of sales.

i. Amount that is required to meet the expenses connected with the last illness of deceased bread-winner and those occasioned by his death, paying off his outstanding debts, death and estate duties, probate costs, etc. **ii.** Readjustment income, that is, amount required to allow the family to gradually adjust its standard of living as a result of the breadwinner. **iii.** Income for the family until the children become self-supporting. **iv.** Provision of income for life for the wife of the breadwinner after children become self-supporting. **v.** Amount required to meet any special needs such as redemption of mortgage, educational, fund emergency fund.[8]

It may be observed here that all decisions connected with the establishment of needs and financial objectives have to be made by the family in consultation with the life insurance agent. Similarly, the order of priority of needs and of the financial objectives has to be determined by the family since the premium-paying ability of the family may militate against the current realization of the desired program of life insurance.

After identifying needs and financial objectives of a family and their order of priority, the next step is to determine the amount of income or other benefits that are available from other sources, like provident fund and pension, investment income, current life insurance coverage, expected inheritances, etc., for meeting these needs. The amount of additional life insurance to be taken may be determined on the basis of the difference between the funds required to meet the family's financial objectives and those available from other sources. In any case, the premium-paying ability of the family finally constrains the amount of life insurance coverage it can have and the remainder of the coverage, if any, has to be obtained as soon as it becomes financially practicable.

Moreover, when a family's needs will undergo change as a result of the birth of children, changes in sources of income and such other factors, it is incumbent on the family to periodically review the life insurance programme to specifically take into account these changes. Besides, life insurance cover has to be increased to meet a rise in the cost of living analogous to adjustment of property insurance to meet a rise in property values.

Both the human life value and the needs approach require all to learn to keep accounts. Some neglect this work as non-essential, but it is wrong. All expenses should be accurately stated (*Adventist Home 373*).

Conclusion

Attainment of security is so vital for any individual. The existence of risk in all activities in which human kind is involved makes it even more important. Risk can be reduced, transferred, shared, avoided, or retained. There are different kinds of risk that surrounds human life. Life insurance is a scientific mechanism by which the economic value of human life is preserved for the benefit of the dependents or organization. Thus, individual or organization with good foresight makes sure that provisions are made for the protection of the potential estate.

Summary

Integration of Faith and Learning

In the study of the risk management and insurance course important biblical principles could be raised. Some are listed below.

1. A person security should be looked at in its totality because humankind needs spiritual security as well. When we seek spiritual security all other things shall be added unto us.
2. The business of insurance calls for bearing the burden of one another, which is in line with the biblical principle. That is the principle of sharing the burden of one another (Galatians 6:2).
3. The existence of uncertainty calls for faith (which is the substance of the things hoped for Hebrews 11:1) in what we do.
4. The human life is worth more than the monetary value for the creator of life.
5. The fact that the principle of indemnity does not apply to life insurance is an indication that insurances can indemnify only the loss of the economic value of human life. But God can restore life to a far better state.

6. The risk of old age (superannuation) reminds us of the biblical value that we take care of the old ones. The biblical principle is that we save for the rainy days (Genesis 41:48, Proverbs. 30: 25)
7. The risk of living death reminds one of the facts that a person may be alive but dead. This happens when one does not know Jesus whom God sent (John 17:3).
8. The principle of utmost faith, indemnity, insurable interest, subrogation that emphasizes honesty in business of insurance are in line with the biblical values such as do not steal, do not bear false witness. If the biblical values are followed there will not be moral and morale hazards.
9. Risk management (making provision for unforeseen things) is part of stewardship.
10. By following the biblical principles of diet, hygiene, labor and rest, morality, it is possible to minimize personal risks.
11. The biblical principle, which requires one to make provision for the need of his/her dependents (I Timothy 5: 8) is line with the need for the protection of human life value.

Notes and References

1. The adverse effects of uninsurable risks can be mitigated by and large through the technique of diversifications. For instance most financial and commercial risks can be controlled, partially, through portfolio diversification and operations in the derivatives markets.

2. Insurance is defined in different ways. From the view point of the individual insurance is defined as an economic device whereby the individual substitutes a small certain cost (the premium) for a large uncertain financial loss (the contingency insured against) that would exist if it were not for the insurance. From the view point of society insurance is defined as an economic device for reducing and eliminating risk through the process of combining a sufficient number of homogenous exposures into a group to make the loss predictable for the group as a whole.

3. There are six conditions for insurable risk. First, there must be a large numbers of exposure units. Second, the loss most be accidental and unintentional Third, the loss must be determinable and measurable. Fourth, the loss should not be catastrophic. Fifth, the chance of loss must be calculable. Sixth, the premium must be economically feasible

4. This is what professor Frank Knight made clear in his book "Risk Uncertainty and Profit". The spirit of venture (risk taking) is so important to the development of an economy, especially to developing economies where there are numerous projects surrounded by risk and uncertainties. The desire for security has inhibiting effect, because it prompts caution and causes individuals to avoid ventures. This means in the absence of risk hedging mechanism, resource will not flow to risky enterprises easily.

5. The preservation of the economic value of human life enables the insured to be free from the stress and strain that comes from the lack of the necessary provision against the risk of loss of the potential estate. Life insurance which provides the means for protection according to the needs and perhaps the ability of individuals imparts satisfaction and mental peace which enables the insured to devote his time and talent to the activities in which he is engaged. The increase in efficiency of human capital that in turn increases productivity benefits individual and the nation at large.

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