



Pacific Mutual News

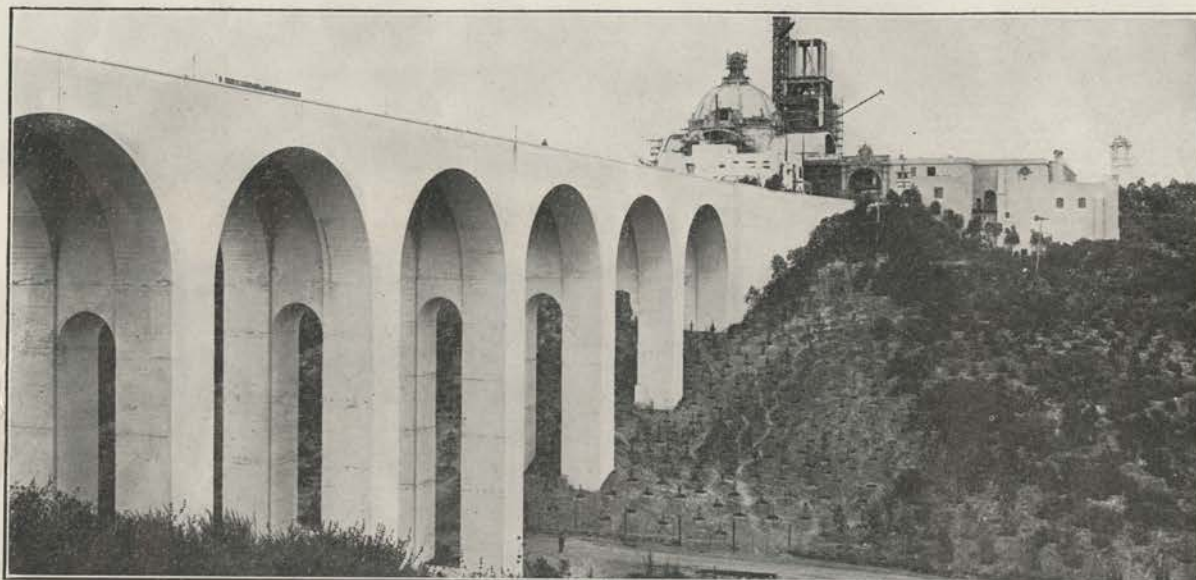
POLICY HOLDERS'
SEMI-ANNUAL NUMBER

LOS ANGELES, CALIFORNIA, AUGUST 1, 1914.



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Within a Quiet Patio, Just off the Prado, Panama-California Exposition, San Diego, California



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Puente Espanol Over Canyon Cabrillo at the West Entrance to the Exposition

THE EXPOSITION AT SAN DIEGO

By MR. MARK. S. WATSON, Director of Publicity



YOU who have seen sterile spots, picture to yourself Balboa Park, San Diego, as it was five years ago. Get an idea of a barren mesa set in the midst of a series of canyons quite as barren. Understand that the entire soil is adobe, baked hard by the sun, growing nothing except hardy sage or cactus with here and there a depressed-appearing pepper tree wondering whether it was worth while to live any longer. That is what Balboa Park was.

Wave your magic wand. Keep the same contour, but flood the soil with seas of water, uproot the sage and cactus, and in their stead plant cypress and palm and acacia and eucalyptus. Cover one of the small plateaus with pepper trees, with lawns of clover or lippea or thick heather growing beneath. Lay out gardens and in them place rare flowers and shrubs. Line the streets with trees. Wave your wand again and cause to spring up a city of Spanish design, with dome and tower and pinnacle with arched colonnade, with cool patio, with graceful pergola. Over the white mission walls train clambering rose and bougainvillea, and in the courts and at the entrances place a multitude of other shrubs and vines. Surround the city with rose-covered trellis, and people the streets with caballeros, with Spanish guardsmen, with bright-clad dancing girls moving to the hum of mandolin and guitar. And there you have Balboa Park as it is today.

Present Styles in Magic Wands.—It has taken more than a magician's wand to do it in these prosaic days. It has taken shovel and trowel and derrick and other implements with which the writer has only

a speaking acquaintance. It has taken brawn and brain and energy, but the effect, notwithstanding, is magical.

Today you walk or ride up an easy grade from the waterfront, and reach the edge of a 1,400 acres tract which but a little time ago was desert. It is so no longer. Before you lies a great arch, beyond, a long white bridge with a stretch of nearly a quarter of a mile, its seven arches rising from a pool one hundred and thirty-five feet below. At the far end is another archway. You pass beyond, and—presto, there is the magic. In a few steps you have left behind you a twentieth century city, and in you stroll to the romantic days of old Spain. Here is the great dome of a Spanish cathedral, and there the sober, plain doorway to an old mission, just such a mission as Fray Serra built a century and a half ago in his long overland march from San Diego de Alcala to the red man's country in the north. And here is an old Spanish residence, its hospitable archway inviting the passerby into a shaded patio, thick with palm and fern and a strange variety of shrubs which the northerner does not recognize. The Prado is bright with sunlight and activity, the patio is cool and quiet and stirs a lazy understanding of how it was that just such scenery fostered languor, and art and romance. A very real picture it is of an old country which has existed only in dream for the last two centuries.

When San Diego set about planning the Exposition there might have been built an exposition with Greek or Roman temples such as world's fairs of the past have built. Nothing new would have been created. Instead, the natural scenery was considered and



PACIFIC MUTUAL NEWS



Looking East Along the Prado from Just Inside the West Entrance

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utilized, and to harmonize with it there was reconstructed a Spanish city, entirely new in the way of exposition work, and—being a complete renaissance—entirely new to the majority of Americans.

The Role Necessity Played in the Drama.—The coast will recall that San Diego's Exposition was chartered six months before that at San Francisco. But the northern city came into the field with its plans for the Panama-Pacific International Exposition, and when it became apparent that this would be a reality, and that it would follow largely the style of Chicago's world's fair and St. Louis' world's fair, and would be presented on a great scale, it became apparent that San Diego could not follow these old lines without competing with San Francisco, and competition would doubtless have injured both 1915 projects. It was apparent that in the interest of both, San Diego must create a new type of exposition. The manager studied the expositions of the past with extraordinary care, and one by one selected the flaws, threw these ideas aside and substituted new ideas for them.

Why the Old Style Was Wrong.—The exhibits of former expositions were studied carefully, and it was gradually seen that the prime objection to them had been that they were lifeless. The show of food products had been identical with the every day exhibit in the shops—something that the visitor from afar could have seen in his grocery, just around the corner in his home town. They were more elaborate and they were in a new setting, but that was the only difference. The same was true of the machinery exhibits, of manufactured goods of every sort. And then there came a definite understanding of what the trouble was, why it was that visitors had left the old time world's fair with a clear recollection of Pike and Midway and no interest at all in the exhibits. And the old ideas of finished products as exhibits were abandoned. It was decided to show

processes, to let the visitor indulge his natural desire to "watch the wheels go 'round," to become interested in the serious things and to go away with a definite gain in education.

How the New Idea Works Out.—Imagine yourself then at San Diego's Exposition. Imagine yourself outside a large reservation sowed to different grains and grasses, with the heaviest implements, motor-driven or horse-drawn, mowing up and down the reservation, in the open air, demonstrating exactly the service they perform in large farm operations. There are millions of people in this land who have never seen the wonders of modern farm machinery, and who would never see them if their only chance was to see the machinery idle. But allow them to see machinery in operation, to see one man at the wheel doing in a half day more work, with the aid of modern invention, than the farmer of two or three decades back and a half dozen farmhands could do in a week—let the city man see that and he is going to look for a long time.

Let him stroll down the Alameda and see the other sort of farming—the model intensive work, again under the open air, occupying a tract so large that its details can be carefully studied. Let him see, not a stack of fruit or vegetables or berries, but orchards of peach and apricot and apple and cherry, with the ground beneath the trees set out with thick rows of vegetables, a vineyard at one side, a berry field at another, a kitchen garden in the rear, with tiny troughs of the irrigation system running everywhere. Let him see that this small patch of five acres is producing more than a twenty acre tract under old-style methods. Let him see the model bungalow in the center of the little farm, the gardener's cottage, the model poultry yard at the rear, concealed from the front by a trellis covered with vines.

Let him go across the street and see the model citrus orchard, characteristic of the great citrus coun-



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Arts and Crafts Building

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try of southern California, the greatest in the world. He will not see a stack of oranges as at previous world's fairs, but will see the oranges growing, with lemons in the next division, and grape fruit and kumquat. Again he will see not products alone, but processes—and he will be interested.

The tea plantation is another example of this new idea, not an array of tea boxes such as appear in the corner grocery, but rows of healthy young tea saplings, brought here from Ceylon and set out in American soil, with Singalese natives nursing the trees and preparing the product for serving in the pavilion. That, emphatically, is new to America. In the same spirit all the other outdoor exhibits and indoor exhibits are presented, each carrying a definite appeal which even the casual observer must feel.

The Application of the New Idea.—What is the meaning of it all? That question is going to be answered in the years to come, not with the pen, but with the agricultural reports for the southwest, with the trains of cars carrying farm products out of the southwest, and materials for construction or manufactures for sale into the new agricultural territory. Keep this point in mind, that just as the style of exhibits has changed, so the purpose has changed.

World's fairs have been held as memorials of some great event in history, the discovery of the western continent, the Louisiana purchase, or other great events. The real purpose, if the managers were frank enough to confess it, has been the "booming" of a small community. San Diego's purposes are different. To begin with, this is a celebration not of something accomplished, but of something which remains to be done. The canal will be finished on January 1, and on that day the San Diego Exposition will be opened, but it is a heralding of what is to come, not what is here.

What the Future Holds For the West.—The statisticians of the Exposition took the government census figures, the rail and water rates, and then made some interesting reports. A carload of steel from Pittsburg was carried by rail to eastern tidewater, then by water through the Canal to San Diego, then by rail into the back country. A carload of carpets was carried in the same way from Worcester, furniture from Grand Rapids, and other commodities from the principal points of origin. Then like carloads were carried across to the southwest entirely by rail, the freight cost carefully checked all the way.

These two classifications of rates were compared, and it was found there was a fairly definite line cutting off a big area with San Diego at one corner. Every point west and south of that line, it was found, could obtain its steel, its carpets, its furniture more cheaply via the Canal and San Diego than by any other route. And that meant just one thing, that the goods for that section must inevitably come by way of San Diego, and that shipments for the east from that section must just as inevitably go by the same route.

Then the government census figures were taken in hand. The section thus set off included southern California, all of Arizona and New Mexico, most of Nevada, southern Utah and southwestern Colorado. In this vast area there was in 1910 a total of 8,000,000 acres of farm land under cultivation. But there were 36,000,000 acres of land, potentially just as good, not being cultivated. Some of this land needs to be irrigated, but water is easily available, and can be put on the land just as easily as it was put on adjoining land. The prime need is for settlers.

Agricultural Possibilities Enormous.—Here then can be guessed the big, broad purpose of the San



PACIFIC MUTUAL NEWS



Diego Exposition, the peopling of the southwest, the upbuilding of the agriculture, the creation of a new and mighty inland empire within the territory of the United States. Do you know that the 8,000,000 cultivated acres in 1910 produced \$143,000,000 in farm products? Use your own figures to decide what it will mean when 36,000,000 more acres are producing at the same rate—say, three-quarters of a billion dollars in farm products each year. Does that mean nothing to the nation? Does it mean nothing to general business?

The Exposition is not creating that opportunity but it is calling it to the attention of the world. Magazine stories have not done it, nor lectures, nor land shows. It is necessary to bring the people to see in order to lay the opportunity squarely before the man with agricultural training, and—quite as important—before the city man who has no farm training, who wants to get out of town and back to the land but does not know exactly what will await him. That is what this Exposition will do. It will present him, not with mere figures, not with an uninteresting display of products, but with processes and prove to him that such things can be done today.

Beyond a doubt this will be the most important service of the 1915 Exposition. It is not a small local boom but a genuinely patriotic service. It is the most impressive service of the sort that has been rendered.

The Lighter Side of Life.—There is a plenty to arouse interest of other sorts. Always the purely amusement features must be considered, and of them there are many scattered along the "Isthmus"—the name given to the old time Pike or Midway—various native villages, a graphic spectacle illustrative of the "Luck of Roaring Camp," a concentrated show of the old California Missions, which are among the most important of California antiquities, sensational rides, displays of aquatic and forest and plain life, theatres and the like. A particularly interesting concession is that of the "Painted Desert," showing the life of the Indians on the plains and in pueblos—again "processes, not products," for the Indians will weave their rugs and shape their pottery and build their adobe houses and their wooden hogans all



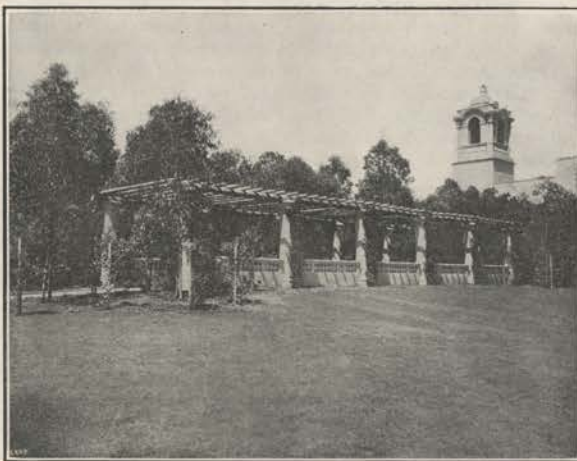
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Patio of Southern California Counties Building

through the year, in the open reservation. Should one care to buy a rug he can see it woven, or he can see his pottery made or his bead waistcoat embroidered.

The Smithsonian Institution, the School of American Archaeology and other scientific organizations have collaborated in furnishing the display for the large group of buildings near the west entrance. One large building is given over to a display of the arts and crafts of the several American tribes. Another shows the evolution of man in the west, from the primeval stage down through the centuries to the highly specialized modern type—shows it graphically with models, with weapons and implements of the different periods, all gathered from original sources. The display which will be housed in these large structures will be of permanent scientific interest, and incidentally will remain the property of the Exposition, as the foundation of a complete museum of Americana, to remain in the California and Ethnology buildings after the Exposition is over.

Utilizing Opportunity.—The west is optimistic about the effects of 1915. Without any celebration the opening of the Canal would be of tremendous significance, but with the opportunities thus called to the attention of the east, and the world at large, the significance must prove greater. The western states have recognized the importance of it, and their buildings at San Diego, stretching along the broad plateau just below the main group of buildings, offer individual exhibits calculated to show the particular application of the general facts presented elsewhere.



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Looking Across One of the Broad Lawns



Southern California Counties Building

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Mutuality of Profits Under Participating Policies

The issue in regard to the manner in which The Pacific Mutual Life Insurance Company of California segregates its profits under its participating and non-participating business was very recently submitted to the Insurance Commissioner of Colorado. After a thorough examination of the records at the Home Office the Insurance Commissioner prepared a formal report which is printed below in its entirety.

REPORT ON SPECIAL INQUIRY REGARDING DISTRIBUTION OF PROFITS IN THE PARTICIPATING AND NON-PARTICIPATING BUSINESS OF THE PACIFIC MUTUAL LIFE INSURANCE COMPANY

This investigation was made in order to settle a question which had been officially presented to the Colorado Insurance Department. The matter at issue may be stated in the form of four questions:

1. "Does the Pacific Mutual Life Insurance Company keep separate records as regarding Participating and Non-Participating life insurance;

2A. Does it correctly determine the profits of its non-participating business;

2B. Does it correctly determine the profits of its participating business;

3. Are any dividends paid to stockholders of the Company from the participating business?"

The annual statements filed with the Colorado Insurance Department refer to the business of the Company as a whole, separating merely the Accident business in one statement and the Life business in another, the non-participating and participating business are not segregated. I find, however, at the office of the Company in Los Angeles complete records are kept separating in very clear fashion the non-participating business from the participating business. This segregation was decided upon in the year 1908 and is the direct result of the following resolution of the Board of Directors.

(There follows at this point in the report a complete transcript of the Minutes of the meeting of the Board of Directors of the Company held on October 22nd, 1908, at which the resolution referred to was unanimously adopted and which was as follows:)

"WHEREAS, the States of New York, Louisiana, Minnesota, North Dakota, Colorado, Wisconsin and Delaware require that separate Gain and Loss Exhibits be made for Participating Life business and for Non-Participating Life business;

WHEREFORE, BE IT RESOLVED, that this Company keep separate accounts for its Participating Life business and for its Non-Participating business; and

WHEREAS, the stockholders of this Company did, on or about the 20th day of October, 1906, pay into the Company the sum of Three Hundred Thousand Dollars (\$300,000) as stockholders' surplus, in addition to the sum of \$1,000,000 already paid in by them as capital stock, and the total amount of \$1,300,000 is now held by the Company over and above the aggregate of the net value of all outstanding policies, the policyholders' surplus and all general liabilities of the Company.

NOW, THEREFORE, BE IT RESOLVED, that the



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Home Economy Building from Plaza de Panama

said sum of \$1,300,000 be included with the assets of the Non-Participating business, and that the accounts thereof and of all earnings thereon and accretions thereto, and of all profits, savings and earnings of the Non-Participating business, shall be kept in the accounts of the Non-Participating business; and

BE IT FURTHER RESOLVED, that all of the surplus of the Company (except the surplus belonging to the Accident Department) now in hand over and above the said amount of \$1,300,000 (paid in, in cash, as above) shall be allotted to the Participating Life business; and that the accounts thereof and of all earnings thereon and accretions thereto, and of all profits, savings and earnings of the Participating business, shall be kept in the accounts of the Participating business;

BE IT FURTHER RESOLVED, that a distinct and separate set of books shall continue to be kept for the business of the Accident Department of the Company, and that the assets now belonging to that department, covering the liabilities and surplus of the Accident business, shall continue appropriated and set aside for that department, and the accounts thereof shall continue to be kept in the Accident Department books.

BE IT FURTHER RESOLVED, that the Executive Committee is hereby authorized and instructed to carry this resolution into effect and to apportion such expenses of the Company as are incurred for the joint account of the Participating and Non-Participating businesses, or for the joint account of either or both and the Accident Department, equitably between said businesses and said Department, such expenses being:

- A. Salaries and allowances for agencies, including managers, agents and clerks;
- B. Agency supervision, traveling and all other agency expenses;
- C. Salaries and all other compensation of officers, directors, trustees, and Home Office employees;

- D. Rent;
- E. Advertising, printing and stationery, postage, telegraph, telephone and expressage;
- F. Legal expenses other than those included in Item 13 of Disbursements in the Annual Statement;
- G. Furniture, fixtures and safes;
- H. Insurance licenses and department fees;
- I. Tax on franchise;
- J. Exchange;
- K. State Department examination expenses;
- L. Library Bureau;
- M. General Expenses.

Of course it might be argued that the Directors can at any time rescind this resolution. However, I regard this as an improbable assumption for the following reason: such a separation is required by the laws of three states in which the Company is operating, in these states it has in force nearly eighteen millions of business. This volume is large enough to constitute a very decided motive for desiring to continue its operations in these particular states.

In accordance with the above cited resolution of the Directors on October 22, 1908, the separation of Non-Participating and Participating business was made with the beginning of business on January 1st, 1909 (i. e., close of business December 31st, 1908).

At that time the Non-Participating premium paying business of the Company was about 6½% of its total volume of business. This would almost justify one, were he in a friendly frame of mind, rather than in an impartial frame of mind, to state that the separation of the Participating and Non-Participating business was begun "practically from the beginning."

I have carefully reviewed the method used by the Actuarial and Comptroller's departments and consider it to be correct. The method of beginning on December 31, 1908, was, in a measure, unavoidably arbi-



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The Palm Jungle as Seen from the New Mexico Building

trary, but it was altogether reasonable. The Company reasoned as follows: the stockholders had paid in \$1,000,000 which therefore belonged to them; they had also paid in \$300,000 toward surplus which also belonged to them; therefore the capital and surplus of the Non-Participating department was started as \$1,300,000. (Without doubt the Non-Participating business has earned some surplus, but the Company did not take advantage of this in any way for the benefit of the stockholders.) To this \$1,300,000 of capital and surplus they added the liabilities (which had been carefully computed) of the Non-Participating department and this sum gave the total liabilities of the Non-Participating department. Since the liabilities must equal the admitted assets, the latter item was therefore known. They then determined the portion of the non-admitted assets which belonged to the Non-Participating department; they also calculated the non-ledger assets of the Non-Participating department. The sum of the admitted and the non-admitted less the non-ledger assets gave the ledger assets of the Non-Participating department of the Company.

The remaining assets of the Life Company obviously belonged to the Participating department. (The assets of the Accident Department have been kept separate and distinct since 1908.)

These figures constitute the point of departure, and since that time the computations have been fully and carefully made, so that the Income, Disbursements, Assets, Liabilities, Gains and Losses of each Department are fully known. To be specific, the start on January 1, 1909, was on the following cash basis:

Capital	\$1,000,000.00
Non-Participating surplus	300,000.00
Participating surplus	205,068.81
Surplus in Accident Department.....	27,575.38

Until the year 1911 the increase of surplus in each department was determined by keeping a separate Gain and Loss Exhibit. In 1911, however, the Company decided that the records should be more com-

plete than this, and, going back to January 1, 1909, computed the separate statements for each department for each year from that date on. Subsequent to 1911 the Company had been keeping complete statements of its total business and its Non-Participating business each in full accordance with the printed form of the National Convention of Insurance Commissioners.

The profits and losses of the Company come from five main sources:

1. Loading
2. Interest
3. Mortality
4. Surrenders
5. Investments

I find that the loading (expenses) is correctly apportioned in ratio to the premium income; that the interest gains are fairly distributed to the Participating and Non-Participating departments; that the mortality gains are correctly distributed from the actuarial records; that the investment profits and losses are divided in proportion to the assets of the departments.

The answers therefore to the questions enumerated at the beginning of this report are as follows:

1. The Pacific Mutual Life Insurance Company does keep separate records as regards Participating and Non-Participating Life insurance.

2A. It does correctly determine the profits of its Non-Participating business.

2B. It does correctly determine the profits of its Participating business.

3. No dividends are paid to the stockholders of the Company from the participating business. I have checked the stock dividends paid from January 1, 1909, to January 1, 1914, and found that they had all been paid from the profits in the Accident Department and in the Non-Participating Department.

(Signed) S. EPSTEEN,

July 2, 1914.

Commissioner.



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Corner of Model Citrus Farm in the Foreground

THE FOREGOING REPORT

Shows conclusively that the Pacific Mutual in this most important matter fully protects the equities of its participating policyholders and that every dollar's worth of profit accruing under its participating business is returned to such class of policyholders. Therefore, the Pacific Mutual Life Insurance Company so far as profits are concerned in its participating business is purely mutual. In addition to this our participating policyholders, as well as our non-participating, have the tremendous added security represented by the capital stock by virtue of our unique California laws governing the liability of stockholders.

Pacific Mutual participating policyholders receive every cent of profit earned by participating policies and have the same protection as policyholders in a purely mutual company, plus the added security of the stockholders' responsibility.

VALUE OF A MAN'S LIFE

We recently had a suit down in Louisville, says Henry J. Powell in *The Educator Monthly*. A man was killed in a railroad wreck, and his family brought suit for \$10,000 damages. One of the first questions the lawyer representing the railroad asked of the widow and those who were bringing this suit was: "What did you value your husband's life at?" The widow said that was a thing she could not value. The lawyer on the other side objected, and the court sustained his objection. Then the first lawyer said, "Well, what did he value his life at? How much insurance did he carry?" "Two thousand dollars was all." "Well, that is all he must have valued his own life at." The point carried well, and that is all they got out of that case. For if a man didn't value his own life, certainly the courts are not going to do so.

A GOOD PLAN

Some years ago I was giving much thought to the preparation of a will. My children were quite young, my boys being something like fifteen and twelve years of age respectively. There was also a younger daughter. It was impossible for me then to form any idea of the business character and judgment of my two sons. Should I leave to their unlimited discretion upon coming to their inheritances the management of their properties, or should I put them in trust? The first would, in the event of their proving improvident or incapable, make them liable to be deprived of the support which I was desirous of providing. The second would make my lack of confidence in my sons a matter of record, the stigma of which might attach to them all their lives. In this perplexity it occurred to me that I might take sufficient insurance, to be held in trust, the proceeds of the trust to be paid them so long as they should live, and the principal be available for them to dispose of by will upon their deaths. Then I could make a will, clear of restrictions which should contain no suggestion of doubt as to my children's capacity. I accordingly took out four policies, creating four trusts, one for my wife and one for each of my children. This transaction has always been a source of gratification to me and I have commended the same plan to many others.—Alba J. Johnson, President Baldwin Locomotive Works.

There is a sense in which one may INSURE HIS INSURANCE. The average beneficiary does not know how to handle to advantage the insurance money that is left her and too frequently wastes it or loses it by foolish investment. Instalment insurance, preferably on the monthly plan, is a sure solution of this difficulty. It will insure the insurance you will leave to your widow as long as she shall live.



Pacific Mutual News

PUBLISHED BY

The Pacific Mutual Life Insurance Company

LOS ANGELES, CALIFORNIA

GEO. I. COCHRAN, PRESIDENT

GAIL B. JOHNSON, VICE-PRESIDENT

AUGUST 1, 1914

EDITED BY C. I. D. MOORE, SECRETARY



A copy of this issue of *Pacific Mutual News* is mailed to every life policyholder

THE COLORADO COMMISSIONER'S REPORT

We would call the special attention of our policyholders to the report printed elsewhere in this paper of Hon. S. Epsteen, Commissioner of Insurance for Colorado, following his personal investigation at the home office of the Pacific Mutual of the manner in which this Company disposes of the profits of its participating and non-participating business. Mr. Epsteen made a careful examination of our records and has answered the questions raised in a manner that should entirely satisfy everyone interested in the Company.

The main issue is set forth in the question, "Are any dividends paid to stockholders of the Company from the participating business?" The Commissioner's answer, based on his findings, is right to the point. "No dividends are paid to the stockholders of the Company from the participating business. I have checked the stock dividends paid from January 1, 1909, to January 1, 1914, and found that they had all been paid from the profits in the Accident Department and in the Non-Participating Department."

THE CALIFORNIA EXPOSITIONS

In the Policyholders' Number of the *NEWS* six months ago we had a good deal to say about the great Exposition which will be formally opened in San Francisco on February 20, 1915,—the **Panama-Pacific International Exposition**. As time advances we are more and more impressed with the stupendous magnitude of this undertaking, which in so many ways surpasses everything that has been previously attempted in world expositions. We have today, July 13th, received a letter from one of the Exposition managers advising us that "about forty thousand paid admissions a week" are now being received, seven months before the opening. What will it be in 1915?

This issue of our little paper attempts to give its readers some idea of the **Panama-California Exposition**, which will open at San Diego on January 1, 1915, and remain open throughout the entire year. Our first article, "The Exposition at San Diego," was prepared by one of the Exposition directors, Mr. Mark S. Watson, at our request. We would call attention to the fact that the management has exerted itself to prepare an exposition that will be entirely new and unique in every particular and such that the two great California Expositions will not be in competition with each other. Emphasis should be placed on the fact that the exhibits at San Diego will be of processes rather than products and therefore instructive to the fullest extent.

A study of the few cuts we are displaying will convince everyone of the striking artistic beauty of the San Diego Exposition. That its directors have created "a thing of beauty" will be the verdict of all who will visit it. That it will prove "a joy forever," both to visitors and to the citizens of San Diego, in

the permanent good results that will follow, we feel warranted in expecting. It will be of interest to the multitudes who will come to California next year by direct railroad routes to know that they can see both the San Francisco and the San Diego Expositions without any extra expense for railroad fare, although they are some six hundred miles apart.

The Pacific Mutual is planning an exhibit at San Diego and will erect an exact facsimile of the "Wawona," the giant sequoia tree which we have used as our trade-mark for so many years, running it up to a height of sixty feet. When at the San Diego Exposition do not fail to visit the "Big Tree" and make yourself known to whoever may be in charge as a Pacific Mutual policyholder.

OUR GREATEST MONTH

June of this year for business received eclipsed every previous month in the Company's history. The amount of life insurance received during the month was \$3,945,280, which is better than our previous best record by \$905,480. The prevalent business conditions throughout the country only add to the lustre of this fine achievement.

We have but one explanation to offer for our exceptional June record—the faithful work of our loyal agents. They went to work at the very beginning of the month and kept at it right up to the close. There were some unusual individual records made, perhaps the most remarkable being that of Mr. M. M. Brown, of Oswego, South Carolina. He has occupied an invalid's chair for the last sixteen years, because of an accident which deprived him of the power of locomotion when a boy, yet he has to his credit for his June business no less than thirty-four applications calling for \$69,500 of insurance.

Among the agencies, the Los Angeles Agency, which has Southern California as its field of operations, did a phenomenal business and produced \$1,129,490 of life insurance. It is doubtful whether any agency of any company has ever even approximated this record west of the Mississippi River. There was nothing startling in the methods employed to secure this result. Efficient agency organization and each agent working full time and at his best practically tell the whole story.

AMERICANS UNDERINSURED

There are over \$20,500,000,000 of legal reserve life insurance in force in the United States today, back of which are assets held by the companies amounting to \$4,650,000,000. **Yet Americans are underinsured.** Twenty billions of sound life insurance places this country far in the lead of all other nations in the matter of life insurance protection, but that vast sum seems small when compared with the life values in the United States, which are estimated to be \$350,000,000,000. Our much talked of billions of insurance



PLAIN WORDS TO POLICYHOLDERS

Same Being Some Old Wine in New Bottles, Which May Clear
the Head and Not Hurt the Stomach

By VICE-PRESIDENT GAIL B. JOHNSON

No form of business renders more real service to humanity than that of insurance,—insurance in all its branches. It may be fairly questioned if there is **any** business which contributes so much to the general welfare. It is a gospel of service. The measure of service to mankind should be the measure of appreciation by the state. Unfortunately, this does not hold good with respect to insurance. Instead of having the hearty co-operation of the various states, insurance is a target at which sharp and sometimes poisoned arrows are slung from forty-eight powerful state bows. All sorts of poison is used on the arrow heads but the most injurious may be named **exorbitant taxation** on premium receipts.

It is right, proper and in fact necessary that government should supervise and regulate the business. A very small tax, however, would adequately provide expenses for the various State Insurance Departments. Any assessment above the needs of those departments is a tax on thrift and takes away from the savings and the protection for which the people—the policyholders—labor and pay.

The only effective shield which can protect this target from poisoned arrows is **public opinion**. The great body of policyholders should know, and through them the legislators should understand, that the poisoned arrows can only cripple the usefulness of the Companies,—that the real harm is to those who pay the premiums. Companies generally would gladly reduce premium rates if relieved of excessive taxation and the uncertainties of legislation.

Slightly over a million dollars a year would pay all the expenses of the various State Insurance Departments, whereas over thirteen million dollars are collected annually from the companies as a direct tax on premiums.

This is not written in any spirit of apology for your Company's returns to policyholders in the way of annual dividends on premiums paid or surrender values. We have no apology to make,—none is necessary, but simply that you may **know** that such returns would be far greater, not only from the Pacific Mutual Life Insurance Company but from every good company, were it not for the unnecessary burdens of excessive taxation and uncooked legislation.

would pay only a little less than six cents on the dollar.

We spend annually in this country for unnecessary and often harmful indulgences enough money to provide a very large part of these missing billions. Last year we spent for alcoholic drinks a sum sufficient to pay for \$50,000,000,000 of old line insurance, taking the average premium received by the companies (about \$35) as the basis of our figuring. On the same basis in 1913 we puffed away \$15,000,000,000 of insurance in tobacco smoke. And so on down the line. Is it not passing strange that so many men think they can afford to purchase a hundred and one of the unnecessary of life and cannot afford the greatest of all necessities—adequate protection for the dependent and helpless wife and children?

We have indeed a long road to go before we can claim any right to the title—a provident people. Five millions of our women are today earning their own living, because out of every one hundred men who die only three leave an estate of \$10,000 or over. There are close to a million widows over sixty-five years of age in this country absolutely dependent upon charitable people or the state for support, and many millions more of helpless orphans whose condition is even more deplorable. Could all the facts be known, failure to provide through adequate life insurance would be the verdict in a vast majority of such cases.

Americans are not only improvident but woefully inconsistent in the matter of insurance. Our insurance against death, which not a single man of us can escape, is very inadequate, as we have pointed out, while on the other hand could the figures be produced it would be seen that the fire insurance on our buildings practically covers their insurable value, yet only a small percentage of them will ever burn.

TOO MUCH FOR POSTAGE

According to the **National One-Cent Letter Postage Association**, the American people are paying altogether too much to have a letter carried from one point to another in this country, while the publishers of second-class matter—periodical or magazine literature—are enjoying the service of Uncle Sam's mail carrying facilities largely at the expense of the general public. Here are some of the figures published by the Association.

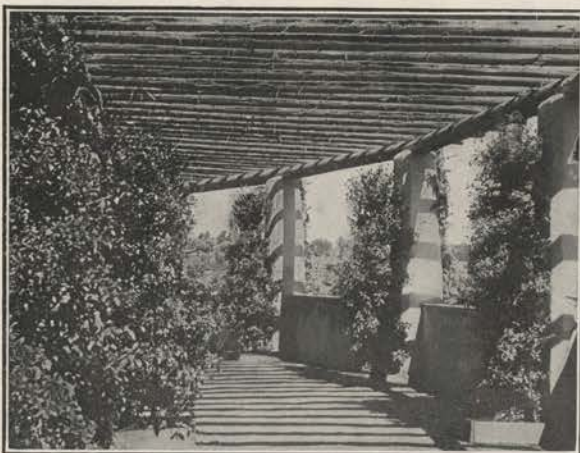
For the fiscal year ending June 30, 1913, the total expenses of the Post Office Department were over \$262,000,000. During the year first-class mail—letter postage—produced about \$175,000,000 of revenue, and second-class mail less than \$10,000,000. There were less than 200 million pounds of first-class matter carried during the year, as against more than 1000 million pounds of second-class matter. The senders of the first-class mail matter paid 84 cents per pound while the publishers of periodicals paid only one cent per pound.

For the ten years ending June 30, 1913, the total revenue derived from first-class mail has aggregated over \$1,300,000,000 and for the same ten years second-class mail paid in all under \$73,000,000. The net profits to the Department for that time from letter postage was some \$600,000,000, while second-class matter netted a loss of about the same amount. This looks very much as if publishers of magazines and other periodicals have been enjoying a "Special Privilege," subsidized at the expense of the people who have patronized the letter mail service.

To illustrate one result from this situation, it is reported that a publishing company, which last year made a net profit of several million dollars, paid for postage \$650,000, while it cost the government over

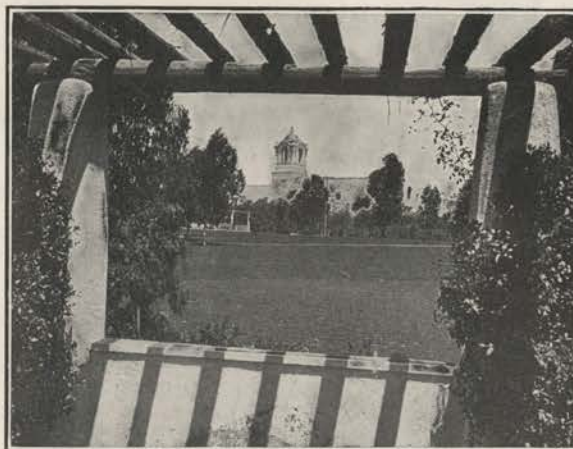


PACIFIC MUTUAL NEWS



—Copyright, Panama-California Exposition

Under a Pergola at Edge of Canyon Cabrillo



—Copyright, Panama-California Exposition

Arts and Crafts Building Seen from Same Pergola

\$4,000,000 to handle their output. Moreover, this firm displayed over \$11,000,000 of advertising in its publications, which it distributed for almost nothing.

Some of the undesirable features of this situation, apart from the injustice of requiring one class of people to pay the government for service enjoyed by another class, are the enormous impetus that has been given to the publication of periodical literature, more than seventy-five per cent of which is worthless trash, and the development of an excessively large number of periodicals on each of many topics. In the last twelve years about four thousand new periodicals have been started each year, an average of eleven a day. Fewer and better periodicals would serve the public better. Most of them are "leg-pullers, living on advertising sandbagged from the patrons."

To remedy this situation, the National One-Cent Letter Postage Association, which has been in existence for some time, is working assiduously for one-cent letter postage, as the name of the Association suggests. It has adopted as its slogan, "Half your letter postage is a tax." To cut the present letter postage in two can of course be done only by increasing the rate on second-class matter, which should pay from six to ten times as much as it is now doing to reimburse the Department for the expense incurred in handling it.

Unfair Division

From the bed room of the twin boys came the mingled sound of loud weeping and hearty laughter, so father went up to investigate.

"What's the matter up here?" he inquired.

The joyous twin indicated his weeping brother. "Nothing," he chuckled, "only nurse has given Alexander two baths and hasn't given me any."

Eat less—Breathe more.
Talk less—Think more.
Ride less—Walk more.
Clothe less—Bathe more.
Worry less—Work more.
Waste less—Give more.
Preach less—Practice more.

—Ex.

AN INDIAN GIFT

When I was a boy, whenever any of my play associates gave a gift and then took it back again he was accused of giving an "Indian gift." Great opprobrium always attached to such gifts in our childish minds.

But do you know, a great many of us grown ups are still guilty of the habit of giving "Indian gifts." We have long lists of such people on the books of our Company every year, as do other companies,—people who give policies of insurance to their families and then take them back again.

When you took out that policy on your life a while back, solely to protect your wife and children, that was a handsome gift you made them, but when you failed to pay the premium that fell due you took it back again. Don't get into the habit of taking back your gifts. Be a "white" man and pay up.

The Bet Was Lost

An Irish waiter, named Kenny, was noted for his wit and ready answers. A party of gentlemen, who were staying at the hotel, heard of Kenny's wit, and one of them made a bet that he would say something Kenny wouldn't answer at once.

A bottle of champagne was ordered; the one who had made the bet took hold of the bottle and commenced to open it. The cork came out with a "bang," and flew into Kenny's mouth.

"Ah," he said, "that is not the way to Cork!"

Kenny took the cork out of his mouth and replied: "No, but it's the way to 'Kill-Kenny.'" —*Tid-Bits.*

The Pacific Mutual has approximately 200,000 life and accident policyholders on its books. This means that this Company is affording insurance protection directly to not less than one million people.

Carefully compiled statistics show that out of every 100 men age fifty 97 have lost their entire savings. At that age ONLY ONE man in 5000 can regain what he has lost. When you are fifty, WHAT? A good life insurance policy will answer this question with certainty.



Education the Great Conservator of Health

By DR. W. W. BECKETT, Medical Director

Prof. Irving Fisher, of Yale University, states, in a memorial relating to the conservation of human life as contemplated by a bill providing for a United States Public Health Service, that "Achievements by research institutions show that—given adequate appropriations and a capable corps of laboratory investigators—there is scarcely a problem of modern hygiene which cannot be definitely settled within a few years, or, at most, decades."

Laboratory investigations and scientific modern hygiene will do much to better the health conditions of our country, but if we are to get the full benefits of the investigations and hygienic methods, the public must be educated to their proper application. Scientific knowledge is now only in the minds of specialists and must be diffused among the people before it can be put into proper action. Those countries in which the death rate is being the most rapidly reduced are those in which the spread of knowledge of hygiene is most widely diffused.

The country which now leads the world in low death rates, as well as rates at which it is improving its mortality conditions, is Sweden. Sweden and the other Scandinavian countries are the only ones in which vital statistics exist in which it is found that the mortality has been lowered for every age of life. Other countries have made equal progress with Sweden in overcoming the infectious diseases by means of government regulations, but Sweden goes further than this and overcomes the chronic diseases by affecting the habits of the people themselves by educational methods.

In Germany the national health agency issues such popular articles as "How to keep well and capacitated for work," "How to live well and at a reasonable cost," "The alcohol question in relation to health and disease," "The social evil and far-reaching consequences of vice diseases." Dr. Konar says: "These articles contain an immense amount of valuable information which cannot fail to lessen disease by its educational influence." Our country should scatter broadcast just such popular articles.

It is a fact that since France began the practice of placarding the wells in early summer with circulars telling mothers what precautions to take with the milk fed their babies during the hot season, the infantile mortality has fallen off to an astonishing extent, especially in the poor quarters of the city. So much death is due to ignorance—not carelessness or poverty, but to sheer ignorance—that knowledge of the most elementary kind, if properly and effectively disseminated, would at once very materially improve health conditions.

There is nothing more certain than death nor more uncertain than life. There is no human being to whom this does not apply. Every one who can get insurance should insure. This is a rule to which there is no exception.

In the last few decades that portion of the human race found in the United States has been gaining vitality at the root, but has been dying at the top. In other words, while there has been a marked de-

Senator Owen in one of his speeches said: "A department of human conservation—called, for convenience, a department of health—would naturally deal with instructing the people of the United States in well ascertained facts with regard to sanitary engineering, sanitary construction of streets, milk supply, and food supplies generally; the proper care of the markets; the control of insect life, which is so frequently the cause of disease, as in the cases of the malaria and yellow fever mosquito; the extermination of the house fly, with its typhoid-fever germ; and the education of the people through circulars, authoritative publications, through the schools, and through special instructors on the rules of right living."

"The instruction of the people as to the value of fresh air, clean air, clean bodies, the proper use of the bath and hot and cold water, and the proper precautions to guard against infectious diseases. It would disseminate full and complete knowledge relative to diseases of sex now prevalent throughout the United States and throughout the world by reason of the gross ignorance of young people arriving at the age of puberty with no knowledge whatever upon this vital topic and thus exposed by gross ignorance to the most dangerous maladies."

Dr. William A. Evans has well said: "We are not criminal in our instincts but poorly educated. The laws of community life, the laws of infant growth, will never be obeyed until the people have more knowledge. The only potent law is the law of public knowledge and opinion."

Educational work by the City and State is needed before the people will obey the health laws, and national health educational work is needed to aid that of the City and State. Our Government has an Agricultural Department but no Health Department. A National Health Department would be a great educational institution. The Government goes to great expense to teach its farmers how to prevent and cure disease among their hogs, sheep, cattle and crops by distributing literature and, if necessary, will send out an expert. Why not the Government teach its citizens how to prevent human disease? Why not have national, state and city exhibits illustrative of the hygiene of occupations, of safety appliances, foods, sanitation, ventilation, etc.? Our own State Health Department some years ago fitted a car with an excellent exhibit and visited most of the large cities and towns of the State giving daily lectures on health topics. Not until our Government gives us an efficient Health Department, assisted by State and Municipal Health Departments, educates our people in all that pertains to the prevention of disease, will our mortality be materially reduced.

cline in infant mortality, the death rate from age forty up has been increasing. We need to give closer heed to how we eat, drink and live.

The older we grow and the better we become acquainted with men and the conditions surrounding human life, the more firmly are we convinced of two things—every man should insure and he should begin when young.



PACIFIC MUTUAL NEWS



AN INSTRUCTIVE CHART

On the opposite page we have reproduced from the reports of the Government Census Bureau a chart that should be of interest to everyone. It will be noticed that the chart gives in a graphic way, for each of the twelve years covered, the death rate per 100,000 of the population. This death rate is only for the Registration Area of the United States, which comprises those States that have kept a record of vital statistics. This includes about two-thirds of the population and three-eighths of the land area of the country.

A glance at the chart shows what diseases have wrought the greatest havoc, also for what diseases there has been an increase or a decline in the death rate during the period. While tuberculosis stands at the top of the entire group of diseases and has reaped an enormous harvest of death in the United States, there has been a marked decline in the death rate. While 201.9 people, to use the exact figures, in every 100,000 died of tuberculosis in 1900, the death rate in 1912 was 149.5, a reduction of over twenty-five per cent. This is very gratifying and is due no doubt almost entirely to the effective measures that have been instituted to prevent and combat this dread disease.

The decline in the death rate due to pneumonia, which stands next to tuberculosis in the number of victims claimed, is also very marked. Medical science has advanced in these twelve years in the methods employed in treating patients afflicted with pneumonia, and the results are very apparent.

Notice where typhoid fever appears in this chart, and also the decline in its rate. In 1900, 35.9 of every 100,000 people in the registration area succumbed to this malady, but in 1912 the rate was only 16.5; a reduction of fifty-four and a fraction per cent.

The four degenerative diseases in the chart, namely,—heart disease, Bright's disease, apoplexy, and cancer, all of which are confined almost exclusively to adult life, are the only diseases which show an increased mortality. Heart disease, which claims the largest number of victims of the four, has also the greatest increase in its death rate. The exact figures for these four diseases are:

	1900.	1912.	Increase.
Heart disease	123.1	151.2	22.8%
Bright's disease	89.0	103.1	15.8%
Apoplexy	67.5	75.7	12.1%
Cancer	63.0	77.0	22.2%

Cancer, as this table shows, does not have as high a death rate as the other three, yet that rate has been increasing almost as rapidly as in the case of heart disease.

The place occupied by children's diseases in the chart is also very interesting. They are nearly all at the bottom of the list and every one of them shows a decline in its death rate. This speaks for itself as to the improvement in the sanitary conditions surrounding our children and the more intelligent methods practiced in preventing and treating their diseases.

This chart as a whole presents only one real cause for alarm, namely,—the very decided increase in the mortality from degenerative diseases, as already pointed out. While we have been successfully fighting tuberculosis, the mortality from these degenerative diseases has been steadily climbing, until in 1912 the line representing heart disease crossed the tuberculosis line, as indicated in the chart. In that year 151.2 died of heart disease as against 149.5 from tuberculosis. The only successful way to fight these degenerative diseases successfully is to eliminate the causes, which are without doubt the excesses and business stress of our modern life. Temperance, in its broadest sense, in eating as well as in drinking, in work as well as in every other variety of indulgence, is the only effective preventative. In the older life insurance companies, taken as a whole, about 42 per cent of the deaths among policyholders are caused by diseases of the heart, blood vessels and kidneys, and about 43 per cent of the declinations for life insurance, are due to the same.

As the chances for early impairment of health from these diseases are increasing, the danger of delay in obtaining adequate insurance protection is increasing at the same rate. If this chart emphasizes anything it is the importance of insuring in the younger years of life.

GOOD ENOUGH FOR THE KING

The other day we read in the newspapers that King George V. of Great Britain had just received the proceeds of a large endowment policy which he had taken out a number of years ago. We call this to the attention of those who imagine that life assurance is something designed for the benefit and participation of the lower and middle classes alone, and not for those in receipt of established and independent incomes.—*Sunshine.*

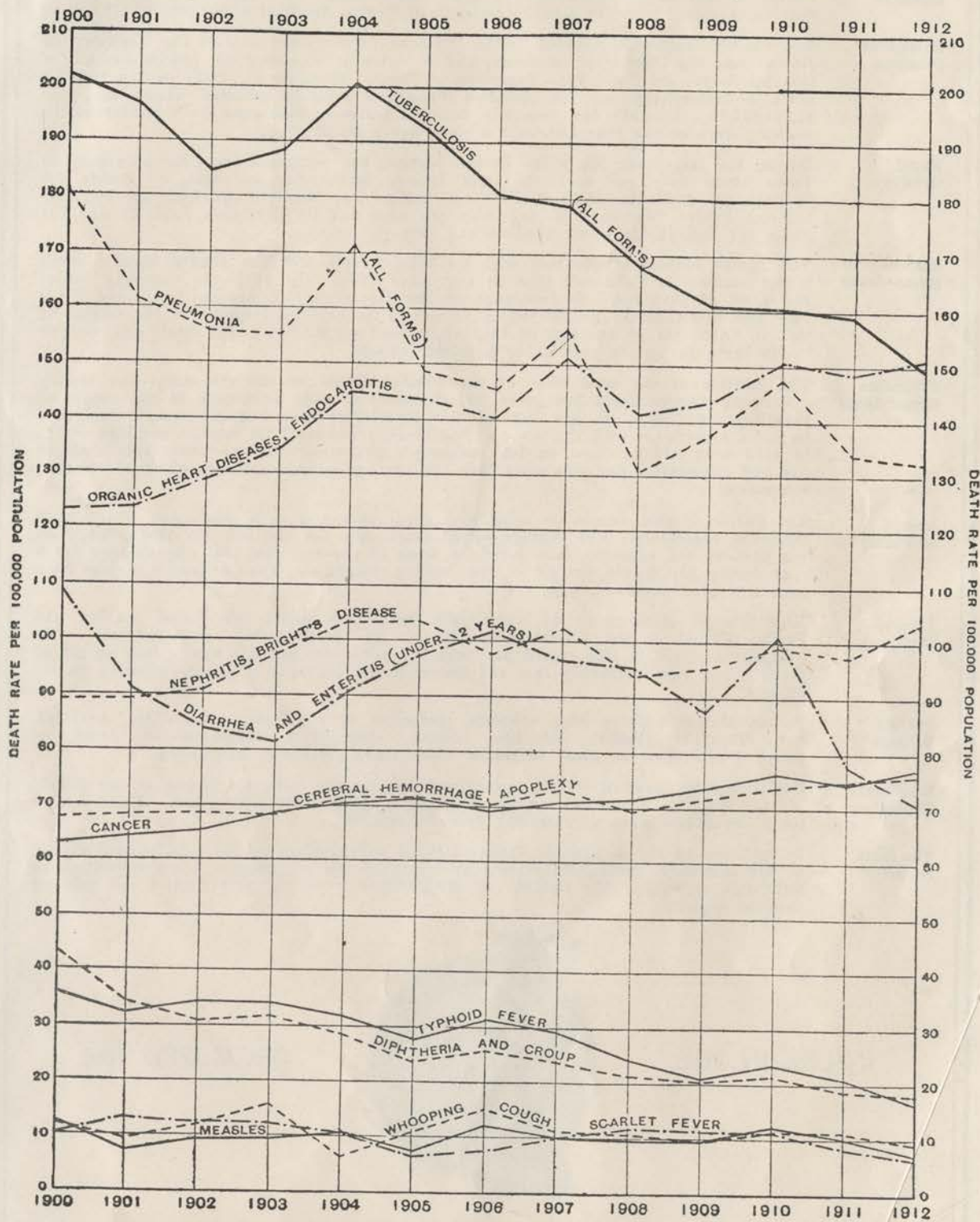
100,000 TOO LATE

It has been conservatively estimated that at least 100,000 applicants for life insurance were declined by the regular life insurance companies of the United States during 1913. The three largest companies alone declined to insure over 25,000 applicants last year. The vast majority of all these persons could have secured the protection they desired if they had applied for it earlier in life. Doubtless many had turned down several opportunities to insure with the offhand remark, "Oh, there's plenty of time." A corresponding number will be declined this year, and next year, and each year thereafter, because of having waited too long. The moral is obvious—the time to apply for life insurance is when you can get it.

—The Eastern Underwriter



CHART SHOWING MORTALITY FROM SPECIFIC DISEASES, 1900 TO 1912.



PACIFIC PROSPERITY POINTERS

OF INTEREST TO THE AGENT AND THE INSURED

Financial Strength	The latest exact figures (December 31, 1913) show the Total Admitted Assets of the Pacific Mutual to be \$29,338,151.99; Total Cash Income for the year \$9,079,865.75; Surplus, Assigned and Unassigned (exclusive of Capital Stock of \$1,000,000) \$2,379,530.20.
Extent of Business	The Pacific Mutual is licensed to do business in forty-five States, the Territory of Hawaii and the District of Columbia, and is actually operating in practically all of this territory. Its Total Life Insurance in Force (December 31, 1913) on the paid-for basis is \$145,040,193 and the Accident Premiums actually collected during the year \$1,944,836.04. In 1913 the Company issued a policy of insurance every minute of the working days of the year and paid a claim every six minutes.
Rapid Growth	During the last seven years the Pacific Mutual has increased its Life Insurance in Force about fifty per cent, its Cash Income seventy-five per cent, its Assets one hundred per cent, its Accident Premium Income one hundred and fifty per cent, its Interest Profits two hundred and fifty per cent and its Dividends Paid To and Set Aside for Policyholders two hundred and fifty per cent.
Standing in Home State	The Pacific Mutual stands well with its home people and has always done a much larger business in California than in any other State. In 1913 the Company issued \$7,064,063 of paid for Life Insurance on the lives of Californians and at the end of the year had in California \$45,369,165 in force. In its Accident Department the amount at risk in California at the end of 1913 aggregated \$83,214,000, and it issued and renewed in the State during the year 32,120 Accident policies.
Profitable Investments	The location of the head office of the Pacific Mutual on the prosperous and rapidly developing Pacific Coast has given the Company a great advantage in the matter of investing its funds. It has handled this department of its business conservatively and in strict accordance with the law and has steadily increased its interest earnings, which in 1913 were 6.15 per cent on the Company's total mean invested funds. This is almost one and one-quarter per cent more than the average interest earnings of all the leading companies.
Low Mortality	The Pacific Mutual selects its risks with great care and as a result has had a low mortality experience. The average actual death rate for the last ten years was 61.15 per cent of the expected rate, which is some 12 per cent less than the average death rate during the period for all of the leading companies. The Company's savings from mortality are therefore large.
Liberal Dividends	High interest earnings on its investments and a low death rate have enabled the Pacific Mutual to pay liberal dividends to its participating policyholders. The Company's record in this regard has been the very best and through a long period of years it has been uniformly fair and liberal in its treatment of all participating policyholders.
Perfect Policies	Pacific Mutual policies offer complete protection at a minimum cost—Life, Accident, Total Disability, Health, Old Age, Income, Corporation Insurance—all forms of personal protection in ideal contracts which leave nothing to be desired.
Honorable Record	For prompt payment of its obligations and fair dealing with its claimants the Pacific Mutual has an unexcelled record covering a period of forty-six years. It has paid to its policyholders since organization over \$37,000,000.
The Best Security	In addition to the safeguards thrown around policyholders by the legal reserve system of life insurance, the Pacific Mutual by virtue of the provision in the Constitution of California governing the liability of stockholders gives its policyholders the greatest possible security.



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