

Life Insurance—A Protection for Poor or A Profit Tool for Rich

Yanlin Zhu (B00812966)

September 30, 2018

TA: Harry Critchley

Life Insurance—A Protection for Poor or A Profit Tool for Rich

In the article *Life Insurance, Medical Testing, and the Management of Mortality*, Porter (1999) reveals the truth that the insurance companies are creating and maintaining stable mortality rates by using statistics, medical testing, and information gained from authorities. According to Porter (1999), those who fear they are in poor health and facing the risk of death would be more likely to buy life insurance. This is the so-called "adverse selection" by actuaries. When treating these adverse selections, the insurance companies used to exclude them from the coverage or charge them higher premiums. Therefore, people prefer to hide their health situation or even cheat the insurance companies. Under this circumstance, the author believes that "the shift toward standardization and objectivity" (p. 246) of insurance medicine is not a natural result of science but "an adaptation to a very particular context of use."

I cannot entirely agree with his point of strengthening the regulation of insurance medicine. Actually, I do not think the existence of insurance medicine is necessary. As insurance, the purpose of the life insurance is to transfer the risk of the heavy burden caused by health problem and death from the policyholder to the insurer. It is more than investment but a social benefit which protects poor people from the unpredictable accidents. I do understand that the insurance companies need to be accountable to the shareholders' profit by analyzing the mortality rate and setting up obstacles since they are commercial businesses, not charity organizations.

However, the profit-driven nature of capital has already made the running mode of

current life insurance unsuitable for the social needs. It deviates the life insurance from its original intention—it was designed to balance the risk from individual to the whole society. It should be a part of the social security system rather than to exploit the poor to serve the rich. My point is, even seems idealistic and communist, to turn the life insurance from commercial insurance to a state-own, non-profit, socially beneficial insurance. Supported by government authority and expenditure, it can gather resources from whole society to help those in emergency need. It is fair since anyone can benefit from it and it has no obligation to evaluate whether this policyholder will lead to profit or loss.

In conclusion, the existence of the insurance medicine is caused by the profit-driven nature of capital. The insurance companies will analyze and try to control the mortality rate of their policyholders to make sure they will earn profit not lose through this deal. This makes the life insurance a profit tool for rich. Only if the insurance industry is under the regulation and financial support of the government, it could be a part of social security system, a protection for the poor.

Reference

Duarte, M. (2017). *Network sovereignty: Building the Internet Across Indian Country*.

1st ed. Seattle: University of Washington Press, pp.1-25, 144-149.