A WORD TO METROPOLITAN POLICYHOLDERS

During 1961 at Metropolitan, the most significant development was the widespread acceptance of our Family Security Check-Up service, through which Metropolitan Agents brought increased security to our growing family of policyholders. Public response to this comprehensive service demonstrated, as never before, the desire of people throughout North America to provide security for their families.

Metropolitan payments to policyholders and their beneficiaries, amounting to more than 1.8 billion dollars, contributed vitally to the security of families in the course of the past year. Once again, this amount was the largest ever paid in benefits in any year by any company in the life insurance business.

Although the primary purpose of our investments has been to meet our obligations in the future and to hold down the cost of insurance, at the same time Metropolitan funds have helped to spur the future growth and economic well-being of the United States and Canada. These funds were invested at the rate of more than $7,000,000 each working day during 1961.

The return on new long-term investments made in 1961 was 5.48 per cent after allowance for investment expense. On our investments as a whole, the net return was 4.20 per cent, which was the highest return achieved in the post-war era—though still far below the 5 per cent earned in the late 1920's.

Policy dividends, a factor in family financial security since they help to reduce the cost of insurance, amounted to more than $389,000,000. New annual dividend scales became effective in 1961 for our personal life insurance policies; these represented an average increase of 9 per cent over the previous scales.

Although the cost of commodities has risen sharply over the past two decades, in general the cost of our personal life insurance is actually less today than it was 20 years ago.

While term insurance has a number of valid uses, particularly to provide protection for temporary needs, we again stressed the fact that for permanent protection other plans of insurance are generally more suitable. Unlike term insurance, they do not require substantial increases in premium outlay as the insured gets older, and the reserves accumulated make possible cash and loan values that are of substantial benefit in time of financial emergency.

Health protection is recognized today as a major element in the family's security picture. Metropolitan marked its 40th year of service in the personal health insurance field by introducing its new Senior Citizens policies.

This form of protection for those 65 and over was enthusiastically received by the public; a strong factor in its acceptance has been the desire of adult sons and daughters to purchase such coverage for their parents.

In the expanding field of health insurance, Metropolitan again pioneered new policies which provided hospital, surgical and medical benefits, as well as disability income. At the year end, more than 11 million persons were protected by Metropolitan personal and group health insurance policies.

Looking ahead, the one major threat to every family's financial security continues to be the possibility of inflation. We are encouraged by the growing awareness that inflation raises the cost of living, depreciates savings and discourages thrift. While in 1961 inflation has been held in check, all of us have a stake in continuing this battle.

Providing still more efficient service to policyholders, another advance in the application of electronics to insurance was made by Metropolitan during 1961. Two additional data processing systems were delivered and put to work at our Home Office.

It is with a deep sense of loss that we record the death on April 21, 1961 of our fellow Director, Mr. John I. Downey. Mr. Downey was long associated with the Bank of New York, serving as honorary trustee at the time of his death. He was formerly president of the Fifth Avenue Bank, which later was merged with the Bank of New York. He had joined our Board of Directors on March 25, 1941. We are fortunate in having as his successor Mr. W. Earle McLaughlin, president of the Royal Bank of Canada.

This message would be incomplete if we did not express our thanks to the devoted and capable men and women of Metropolitan for another impressive year of service providing the security sought by our policyholders. Our Field Force, Home and Head Office employees again have shown that they are motivated by the ideals of service that have long characterized our organization.

Cecil J. North
President

F. W. Ecker
Chairman of the Board