The Safest Place on the Planet for Your Money

By Michael G Isom - 2017

Securing your legacy with the AIS Triangle™ is a way to grow your money at up to 5% per year. Your gains are 100% tax-free. The money will grow for the rest of your life. And there's no risk.

Today, we're going to look at risk. I'm going to show you where we're putting our money. Then I'll explain why it's the safest place on the planet for your cash.

The Oldest Companies in America You've Never Heard Of

We put our money into a special type of company. You've probably never heard of these companies, even though they're among the oldest companies in America. Most financial professionals haven't heard of them, either.

• I made a list of 35 of these special companies doing business in America today. The oldest company on the list is 177 years old. The average age of these companies is 106 years. Nineteen of them have been in business for more than a century.

• These companies are rare. No one has formed one in a very long time (worldwide), and no new ones are likely to ever be formed again.

• Demand for their product never changes. Even in a Great Depression or an economic boom. This industry doesn't have a business cycle.

• Statistics drive profits in this industry. As long as their equations are accurate—which they are, because they've been using them successfully for decades—they make predictable profits. If I had to bet on a group of companies being around 100 years from now, I'd choose these.

• Acquiring one of these companies is illegal. This is why Wall Street has no business with these companies. And it's why you've probably never heard of them.

• These companies do NOT trade on the stock market. Their values don't fluctuate like traded stocks.

• Because there are no shareholders, Wall Street analysts and money managers cannot pressure them to make short-term decisions. Their managements are free to pursue long-term strategies. As a result, these corporations are known to be among the most conservatively managed companies in the world.

• They generate tons of cash, and they pay large dividends to their owners every year.

• **They don't use debt.**

The World's Safest Industry

The companies I'm describing are a special breed of life insurance company. I'll explain why they're different from regular life insurance companies in a moment. But first, let me explain why life insurance is such a great industry for safety-conscious investors...

Life insurance is one of the oldest financial products in existence. The sale of life insurance in the U.S. began in the late 1760s. Life insurance has proven itself through two world wars, a revolution, a civil war, the Great Depression, and numerous other recessions.

There hasn't been a single life insurance contract default in the last 300 years in America.

Can you think of any other product that has proved itself like this? Popular investment products today include mutual funds, ETFs, 401(k)s, and IRAs. None of these products have been around for more than a few decades.

Life insurance is a recession-proof business. People need it regardless of what's going on in the economy. It's also a mathematical business, like running a casino, but with even better odds. As long as you price your risk correctly and you don't do anything stupid with the premiums you collect, you won't lose money over the long term.

Of all of the different types of insurance companies, life insurance companies are the safest.

Consider common insurable events such as fires, earthquakes, hurricanes. They're rare. So scientists have fewer examples to study. The damage claims can be astronomical. And you can't predict when these types of events will occur.

Now consider life insurance. A person's death is certain. Life expectancy is predictable for large groups. There's plenty of data. And the insurance company knows what the payout for death claims will be.

Insurance companies hire data-crunching experts called "actuaries." Actuaries study this data. Then they create life insurance policies for the insurance company's customers. As long as the actuaries do their jobs and the insurance company has enough customers, you can virtually guarantee it'll be profitable.

During the Great Depression, more than 9,000 banks went bankrupt. According to a hearing of the Temporary National Economic Committee in 1940, only 2% of the total assets of all life insurance companies in the U.S. became impaired between 1929 and 1938.

Because the life insurance industry was so strong, it played a big part in keeping the country afloat and helping many troubled businesses get back on their feet.

One example is of department store mogul James Cash Penney. The great stock market crash of 1929 almost wiped out J.C. Penney. He was able to borrow funds from his life insurance company to keep his small department store chain in business through the recession. Today, JCPenney has 1,000 stores and is worth $5 billion.

The same pattern appeared after the stock market crash of 2008-2009. We examined several of the safest insurance companies and found that less than 1% of their investments were "nonperforming."

Not only did the recent financial crisis not affect these insurance companies, they continued their century-long track records of paying dividends.

But, as anyone who invested in MetLife stock knows, not all insurance companies are equal. For our Income for Life strategy, we're interested in only a tiny—much safer—subset of the life insurance industry.

An Elite Sub-class of Life Insurance Companies

There are two types of life insurance companies: stock life insurance companies and mutual life insurance companies.

Stock life insurance companies are life insurance companies that trade on the stock market. They issue stock, and they trade like any other public companies. Hartford, MetLife, and Prudential are all examples of stock life insurance companies.

Mutual life insurance companies do not trade on the stock market. **They don't have shares, and you can't buy into them through the stock market.** They're like credit unions, except the policyholder is an owner in the insurance company.

Mutual life insurance companies are much safer than their "stock-issuing" cousins.

For one thing, stock life insurance companies have a conflict of interest. On the one hand, their customers want them to be as safe as possible. But on the other hand, the stockholders want higher returns on their investments. This encourages stock life insurance companies to take risks with their money.

Mutual life insurance companies serve only one master... *the policyholder*. There are no outside shareholders to split profits with. So safety and stability are the only goals of the insurance company. Mutual insurance companies still generate profits for their owners. It's just that profits aren't the primary motivation.

Because of this conflict, you're more likely to see stock insurance companies borrowing money, advertising, and using other aggressive growth strategies. They'll invest in riskier assets to appease hedge funds or large shareholders with higher returns. They're also more likely to fudge their quarterly earnings releases to make their results seem better.

Mutual insurance companies are more likely to focus on safety than on growth. They'll keep large cash reserves, for example.

The AIS Triangle™ strategy involves giving our money to these mutual life insurance companies. And in return for our money, these companies are going to guarantee the growth of our money for the REST OF OUR LIVES.

Right now, they're paying rates up to 5% tax-free per year, but that could increase, as I'll show you in a future essay...

In Prosperity,
Michael G Isom