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History of Life Assurance in the United Kingdom. By CORNELIUS WALFORD, F.I.A.

(*Concluded from* p. 315.)

6.—LIFE ASSURANCE—1844 TO 1870.

The earliest event of the year 1844 was the presentation to Parliament of the "First Report" of the Committee on Joint-Stock Companies, appointed in 1841. The report set out by stating that, as a good deal of the information affecting persons was in the nature of *ex parte* statements, caution would be required in promulgating it: hence much of the evidence collected would be stated summarily. I shall confine myself here to the passages bearing upon Insurance Associations.

"The Bubble Companies which were the immediate occasion of this enquiry, being concerned in effecting assurances and granting annuities, the attention of your Committee was naturally directed to Companies and Societies engaged in that most important class of undertakings. They believe that, generally, they are deserving of the highest credit on account of the respectability of their management and the soundness of their schemes; but instances of abuse which have occurred justify and demand enquiry. Accordingly, your Committee have taken some evidence on the subject, and for the purpose of obtaining further and more complete information, they issued, at the close of the last session, a list of queries, in answer to which they have received returns from a considerable number of those Companies.

"Your Committee propose, as soon as the information to be supplied by the answers to these queries can be properly collected, to prosecute their enquiries in this direction, with a view, on the one hand, to suggest such practical facilities and encouragements as it may be in the power of the Legislature to afford to these Companies for the furtherance of the system of Life Assurance, so important to the well-being of the Nation at large; and on the other, to prescribe such reasonable precautions as may be requisite to ensure the faithful observances, on the part of such Company, of the extensive obligations into which they enter with the public."

The Report then proceeds to detail the proceedings it had unravelled regarding "Seven Insurance, Annuity and Loan Companies, and Three Mining and General Companies"—but it is not necessary to our present history to follow the narration there given. The legislation which followed was directed to prevent the recurrence of the fraudulent practices hitherto resorted to.

Joint-Stock Companies Registration Act.—As an immediate consequence of the preceding Report, there was enacted the Joint-Stock Companies Registration Act, 7 & 8 Victoria, chapter 110. The preamble recited that it was expedient to make provision for the due Registration of Joint-Stock Companies, and after complete Registration, to invest such Companies with the qualities and incidents of incorporation, with some modifications; *and to prevent the establishment of any Companies which should not be constituted and regulated according to the provisions of this Act.*

It defined a Joint-Stock Company to be:

Every partnership whereof the capital is divided into Shares, and so as to be transferable without the express consent of all the co-partners:

Every Assurance Company or Association for the purpose of assurance or insurance of lives against any contingency involving the duration of human life, or against the risk of loss or damage to ships at sea, or on voyage, or to their cargoes, or for granting or purchasing Annuities on lives:

Also any Institution enrolled under any of the Acts relating to *Friendly Societies*, which Institutions shall make Assurance on Lives or against any contingency involving the duration of human life, to an extent upon one life, or for any person to an amount exceeding £200:

Whether such Company, Society, or Institution shall be Joint-Stock Companies, or Mutual Assurance Societies, or both:

Every partnership which at its formation, or by subsequent admission (except any admission subsequent on Devolution or other act at law), shall consist of more than 25 members.

The Act was not to apply to existing Companies except as specially therein provided; or to incorporated Companies at all. Its two leading features were:

1. *Provisional Registration.*—This was a preliminary step. Before proceeding to make public, whether by way of prospectus, handbill, or advertizement, any intention or proposal to form any Company for any purpose within the meaning of this Act, certain particulars concerning the same were to be returned to the Registry Office to be formed for the purpose of this Act.
2. *Complete Registration.*—No Company was actually to commence business until this second process had been attained, under severe penalties.

A copy of every balance sheet must be registered.

This was the first general Act under which Insurance Associations could gain a common legal constitution. Under its provisions many hundreds of Insurance Companies were founded, some of which are still in existence. Under its supposed sanction, too,—that is, after compliance with all its requirements,—many fraudulent insurance projects were launched upon the world; and mischiefs far greater in extent, because more numerous, followed than had preceded it. The measure therefore constitutes an epoch in Insurance History. (*See* 1853.)

One of the modes adopted in practice of limiting the liabilities of Shareholders in Companies founded under this Act, was by introducing into the Policies issued by Assurance Associations a proviso that the property and effects of the Company for the time being should alone be liable for any moneys payable under that contract—a clause which had probably been devised for the protection of the members in Mutual Associations at an earlier period; and which did, in fact, afford protection against all but simple contract debts.

The new Act was in force for the two last months only of the year 1844. Some 14 Life Offices—several of them combining other branches of business—were founded, but only one or two under its provisions. It is from the events of the next year therefore that we must look for any indication of the effects of the measure upon Insurance interests. The first Company registered under this Act was the *Monetary* Life office.

Number of Life Assurance Offices in existence.—It is material to note that, of the Life Assurance Associations, the existence of which I have already noted, there were in existence at the end of 1844 some 80; but this number includes several that were little more than Friendly Societies. Mr. Lewis Pocock enumerated at the earlier part of the year but 70. The *Handbook of Life Assurers*, 1842, had enumerated 82.

During the year 1845 there were projected in all 92 Assurance Companies, of which 39 were completely registered and the remaining 53 but provisionally so. Of this total 20 of the completely registered Companies undertook Life business, and 27 of those provisionally registered were designed to carry on Life business. Of the total Companies of the year, no less than 47, or more than one-half of the whole progeny, had Life business in contemplation. *Of these Companies not one is existing at the moment of writing!*

In 1846 there were 32 Insurance Associations completely registered, and 20 provisionally registered—total 52. Of these, 24 contemplated Life business.

In 1847 a Bill was introduced to Parliament, having the following preamble: "Insurance on lives having proved very "advantageous to the families of persons effecting the same, and "for other purposes, it is desirable to encourage Insurance, and "with that view to secure as much as possible that the claims on "account of such policies shall not be defeated by objections on "the part of Insurance Companies." This attempt to interfere with the rights of contract between the Companies and their policyholders, was most properly promptly rejected by the House of Commons. Opportunity may be here taken to remark upon the small amount of litigation which has resulted from the hundreds of thousands of Life Assurance contracts which have been entered into. Those who have had opportunities of judging have sometimes felt that a more determined front to resist frauds might, with advantage, have been assumed. But, on the other hand, in all business dealings litigation should be avoided when possible: the results are too uncertain to justify the outlay of money and the waste of time and energy involved.

Founding the Institute of Actuaries.—But the really important event of the year 1847, as affecting Life Assurance interests, was the founding of the Institute of Actuaries. The first Article of the Constitution of this body tells its purposes in plain language:

"The Institute of Actuaries of Great Britain and Ireland is an Association founded for the purpose of elevating the attainments and status, and promoting the general efficiency, of all who are engaged in occupations connected with the pursuits of an Actuary; and for the extension and improvement of the data and methods of the science, which has its origin in the application of the doctrine of probabilities to the affairs of life, and from which life assurance, annuity, reversionary interest, and other analogous institutions derive their principle of operation. It embraces as its peculiar province of inquiry all monetary questions involving a consideration of the separate or combined effects of interest and probabilities."

Limits of Foreign Travel and Residence.—The establishment of the *Colonial* Life Assurance Company in Edinburgh in 1847, by the late Mr. W. T. Thomson, marks an important epoch in the practice of Life Assurance. Hitherto, no settled practice regarding foreign residence and travel had been agreed upon. All was capricious and arbitrary. But an attempt was now made to place "extra risks" upon a rational as also an economic basis.

Amongst the 15 Life Offices founded in 1848 there were three which claim especial notice in any history of Life Assurance. These, taken alphabetically, are:

1. The *Gresham* Society (a proprietary Office) which, starting on lines not entirely original (as is shown under date 1824), and trying the experiment of insuring lives so far below the standard of health as not to be accepted at ordinary rates (with results not deemed satisfactory), accepted the dictum of critics, that there were more Offices than could find business in the United Kingdom, and opened for itself connections on the Continent of Europe.

2. The *Indisputable* Life, which came into existence on the plea that the contract of Life Assurance was of an almost sacred character—so sacred, that the policy once issued, and the premium regularly paid, no tribunal should intervene to prevent the absolute payment of the sum stipulated. Pamphlets were written and circulated in tens of thousands inculcating these views, and entirely ignoring the fact that the trust reposed in Directors and Managers implies that the honest policyholders must be protected from the frauds of the dishonest ones; that the funds are to be administered for the benefit of the members generally, and no preference be shown to dishonesty and craft. By the irony of fate, one of the first claims made upon this hypervirtuous Company involved questions which could alone be adjudicated in a Court of Law; and so it may be said that the theory of indisputability so set up, speedily revenged itself upon its propounders.

3. The *Prudential* Life Office. This Company had on 31 December 1883 in its Industrial Branch alone, more than 5 millions of policies existing, upon which during the year it had received over 2½ millions sterling in premiums, and had paid nearly one million in claims to 100,000 families.

This year, too, there was printed, by order of Parliament, the first series of the "Balance Sheets" rendered by the Companies, registered under the Act of 1844. It will be more reasonable not to dwell upon these now, but to wait until the next issue in 1852.

The following are estimates of Life Assurance business in force at the dates named:

	Millions sterling
1849—Sum Assured in *English* Offices (*vide* Thomson's *Proof Sheets*) *	150,000,000
1852—Sum Assured in *Scotch* Offices (Thomson). .	34,000,000
1856—*United Kingdom* (Thomson's *Proof Sheets*) .	200,000,000

Mr. F. Hendriks made the further comparative estimate of the sums insured in the three principal countries of Europe in 1851, namely,

	£		£	s.	d.
Great Britain & Ireland	150,000,000	Giving per head of the population	5	8	6
Germany . . .	8,000,000	" "	0	2	6
France	1,000,000	" "	0	0	6

Annual premiums payable under these contracts in Great Britain, £4,500,000.

I may explain that I have already given, and shall continue to give, the estimates regarding the amount, &c., of Life Assurance in force, as they arise in point of date. The facts can then be estimated in regard to all the surrounding and concurrent circumstances.

The Assurance Magazine.—The year 1851 is notably characterized by one main event, namely, *the establishment of the*

* Mr. Samuel Brown adopted a statement based upon the return of life-policy stamps issued in the year 1849, showing the approximate amounts of the policies so issued:

Stamp Value	Number of Policies	Average Sum insured	Aggregate Sum insured
£ s. d.		£	£
0 2 6	1,417	40	56,680
0 5 0	7,661	80	612,880
1 0 0	10,627	300	3,188,100
2 0 0	4,455	750	3,341,250
3 0 0	3,153	1,500	4,729,500
4 0 0	334	3,500	1,169,000
5 0 0	253	5,500	1,391,500
	27,900	519	14,488,910

The total value of stamps sold in the year being £33,689. 7*s.* 6*d.*, the aggregate of claims paid that year by the British offices was estimated at £2,500,000. The total number of policies in force he estimated to be 300,000, on 225,000 lives—giving 4 policies to every 3 lives insured. The average amount of each policy he estimated at £666. 13*s.* 4*d.*

Assurance Magazine, the design of which was to supply the members of the Insurance and Actuarial professions with information on topics having a special interest for them; also as a medium for the interchange of ideas on questions of theoretical or practical interest.

The *Journal* has now reached its 24th Vol., and stands as a proud monument to its originators and conductors; and a most excellent recently published index to the first twenty volumes adds greatly to their value.

The Insurance Controversy.—In 1852 there broke over the Insurance world that great storm, now known historically as the "Insurance Controversy." Mr. Robert Christie, of Edinburgh, addressed the then President of the Board of Trade, as the self-constituted champion of Insurance interests, in effect of the older Insurance Offices, and demanded "*A thorough scrutiny and* "*investigation into the affairs and responsibility of every Life* "*and Annuity Institution in the United Kingdom, with a view* "*to such enactments as shall protect extensive public interests* "*from the alarming prospective evils of fraud and of ignorance.*" This appeal was supported by a condensed statement of the results of the trading of 25 of the new offices from the date of their promotion, up to dates respectively given in a return made to Parliament, from which the figures were drawn, and which, in short, showed that these 25 Offices had an average of about $3\frac{1}{2}$ years' trading, received in the aggregate on account of paid-up Capital, Life Premiums, and Annuity purchase-money £745,010, and had disbursed in expenses of management £287,339, and paid in claims and annuities £87,989—leaving but £369,700 available to meet engagements under Insurance contracts in force. In other words they had expended about 50 per-cent of their entire receipts. Of the 25 Offices so named, three are in existence to-day in a thriving condition, one has recently passed away by amalgamation, others had amalgamated in a respectable manner previously, and only one can be said to have had a disreputable ending. The very bandying of the names of young Life Offices before the public in such a fashion was, in itself, enough to destroy them; and in several cases did effectually do so.

While these 25 Offices had to bear the brunt of the attack, the others were not allowed to escape "scot free." "My impression" (said the same writer in the same appeal), "nay, my entire "conviction as to others, notwithstanding the flaming accounts of "their prosperity, contained in reports and speeches at annual

" meetings, is *that they are rotten, and are in effect, though not* " *in design, fraudulent.*"

It may be convenient to state here (a little in advance of current dates) that the entire number of Insurance Associations registered under the Act of 1844 had, up to 30 April 1853, numbered 311—this was in 9½ years; but of these 140 only had become completely registered and commenced work, and of the latter only 96 were in existence at the date of the return. The total number of Life Assurance Offices (*i.e.*, Insurance Offices transacting Life business) in the United Kingdom old and new about the end of 1852 was 174, namely, entirely *Mutual* 42; proprietary, or having a guarantee fund independent of the premium fund, 132. The combined share capital of 177 of these latter was £72,391,740. The implied contention was that these existing offices were more than sufficient to transact all the Life Assurance the Kingdom needed; and hence, that no profit could result to new enterprizes: that, indeed, the supply of Life Offices was greater than any present or probable future demand.

At this time a Parliamentary Committee was appointed nominally to consider the Law relating to Friendly Societies—but in fact to solve the peculiar legal situation as bearing upon "Nomination" policies, still being issued by several of the new Life Offices. In the evidence given various suggestions were made by Actuaries and others towards a solution of some of the difficulties then dividing the Life Assurance world. The Committee recommended exemption from all Stamp Probate and Legacy duties, in common with Life policies not exceeding £500; but Parliament did not assent.

Perhaps that which did most to facilitate what immediately followed was the *Letter of J. Hooper Hartnill, Editor of the Post Magazine, to the Rt. Hon. E. Cardwell, M.P., President of the Board of Trade, on the inoperative character of the Joint-Stock Companies Registration Act as a means of preventing the formation of Bubble Assurance Companies, or of Regulating the action of those honourably and legitimately instituted.* In this letter was contained a most trenchant narration of certain insurance projects; of the character of the men; of their antecedents; of the amounts and nature of their depredations—time, place and circumstances all stated. It was impossible after such an exposure that enquiry could be withheld.

On 8 March 1853 a Select Parliamentary Committee was appointed *to take into consideration the subject of Assurance*

Associations. The Committee was fairly and impartially constituted. It called before it Actuaries, representatives of all classes of Assurance Companies, and others competent to give useful evidence on the subject under enquiry; and by the middle of August its Report, with the Minutes of Evidence taken, were presented to Parliament.

Early in the year 1853 several meetings of the Institute of Actuaries took place to consider the working of the Act of 1844; and at a meeting held on 19 April, at which the President, Mr. John Finlaison, and 66 other members were present, the following Resolutions were passed:

"1. That the Act of 1844 has created an invidious distinction between the offices established prior to 1844 and those established since; and *that the Act in question ought to be forthwith rejected and provision made for putting all existing offices on an equal footing.*

"2. That whilst this meeting recognizes the propriety of allowing the competition in business of Life Assurance to remain unrestrained, it cannot lose sight of the fact that a rate of expenditure much greater than was previously necessary is hereby occasioned; and the meeting is therefore of opinion that every company to be hereafter established should be required before commencing business to prove the possession of an investment in Government securities of a Capital of at least £10,000 (under conditions similar to those imposed in the case of Joint-Stock Banks) as some guarantee to the public of its ability, under present circumstances, to carry out the contracts which it may enter into.

"3. That in the opinion of this meeting no legislation in Life Assurance Associations can be permanently effective that does not exact tests as to the respectability and acquirements of persons allowed to practice as Actuaries."

These resolutions were placed before the Parliamentary Committee. The Report presented by the Committee was in every respect a most fair one; but it is quite certain that the Committee did not regard the situation from the same stand-point as the Institute of Actuaries as a whole had reviewed it—and far less the "dissolution" point which some individual members of that body had assumed. The report as a whole should, perhaps, find a place here—but on the ground of space my present quotation shall consist of two paragraphs only:

"6. With regard to the general condition of existing companies as far as any evidence has been laid before your Committee, they feel it their duty to report, that it is more satisfactory than they had been led to believe before they entered upon their enquiry. No doubt instances of great abuses and flagrant frauds have been disclosed by the witnesses examined, but in general these consisted of an open violation of all law, more akin to swindling than to regular trade, and such as it would be difficult for any legislation to prevent, so long as private persons exercise so little precaution in the conduct of their own affairs. But while the Committee are enabled to speak in these satisfactory terms of existing offices, so far as the evidence has gone, their attention has been called to the great facilities which exist under the present state of the law, for insurance companies, in common with others, being brought into existence with no reasonable prospect of or guarantee for success, and not unfrequently without any *bonâ fide* intention of transacting business. It appears, by a return made to your Committee from the office of the Registrar, that since the passing of the Act in 1844, no fewer than 311 insurance companies of various kinds have been provisionally registered, of which only 140 were completely registered, and of which only 96 continue to exist at this time. And while your Committee have reason to believe that some of the companies which have ceased to exist during that period have been absorbed in other companies by whom their business has been taken over, yet at the same time they have no doubt that considerable traffic has been carried on in the mere creation of companies which never had any real prospect of a *bonâ fide* existence.

"7. So far, then, as regards the present state of the law, as established by the Act of 1844, it appears to be a very general, if not a universal, opinion, that it requires some amendment, and in which your Committee fully concur. They are deeply impressed with the opinion, that as the law now stands, it does either too much or too little; too much, inasmuch as any legislative enactments professing to protect the public in such matters, have a certain tendency to weaken and impair that individual vigilance which would be more surely exercised if no such attempt were made; and too little, inasmuch as the securities which the law provides are ill calculated to affect the object at which they aim. On the part of all the witnesses examined, your Committee found a laudable desire to improve the existing state of the law, differing no doubt widely in their views, as to the best mode of accomplishing that object. On the part of the old offices of extensive business, the witnesses who more particularly represented them, expressed their desire to be placed under one general rule, to make such annual reports, and to afford such other tests as could be given without an undue interference with their business, for the purpose of securing one safe and uniform system, by which a reasonable security may be afforded for the respectability and solvency of insurance companies."

In view of future protection, the Committee was of opinion: "That the business of Assurance Companies differs so much from "ordinary business, that it will be advisable to repeal all the "provisions of the Joint-Stock Act, so far as they relate to "Assurance Societies, and to deal with them in a separate Act."

The immediate effect of the Committee was not to lessen the number of new Insurance projects. In 1854 no less than 37 were completely registered, and 29 provisionally registered. Of the completely registered companies 24 were devoted to Life

Assurance, either alone or in conjunction with some other branch of Insurance. In 1855 and 1856 the number of new projects was large; in 1857 there was a falling off, which events to be narrated may account for.

Legislation.—It will be convenient now to review the course of legislation during the next few years. Parliament took no immediate action on the report of the Committee of 1853. In 1855 there was enacted a measure (18 & 19 Victoria, c. 133) for limiting the liability of members of certain Joint-Stock Companies—but Insurance Companies were excluded from its operation. In 1856 Mr. Wilson, the Secretary of the Treasury, introduced a Bill with a view to the improvement of the law regarding Insurance Companies; but partly from the measure being incomplete, and largely from the opposition of the older offices, the Bill was withdrawn at an early stage. One of its provisions was that registrations and publication of accounts should apply to *all* existing as well as all new Insurance Associations. By a blunder of legislation the following state of matters arose. An Act of this same Session (the 19 & 20 Vict., c. 47) for the Incorporation and Regulation of Joint-Stock Companies was passed; and by it was repealed the Acts of 1844 and 1845 respectively; but such repeal was not to take effect as to any Company registered under the Act of 1844 until such Company had obtained registration under this new Act—designated the Joint-Stock Companies Act, 1856. Yet the second section of this very Act declared that its provisions should not apply to persons associated together for Banking or Insurance.

The Insurance Offices were thus entirely left out in the cold as far as legislation was concerned. This state of things continued during the remainder of 1856 and into the next year. In 1857 there was enacted the 20 & 21 Victoria, c. 80, which declared that the Act of 1856 was not to be deemed to repeal the Act of 1844, so far as Insurance Companies were concerned.

Amalgamation.—The unsettled state of the law regarding Assurance Associations, and the disturbed state of public feeling regarding the security of the offices, combined in some degree with unfavourable commercial prospects, led to a considerable falling off of business with many of the Life Offices during part of 1855 and nearly the whole of 1856. As a consequence, no less than 26 of the Associations passed out of the list of going concerns during the last-named years; while only eight new ones were created. Now, therefore, commenced a new mode of disposing of business of Life Offices—this was by the process of amalgamating their business, capital and effects with older-established or more vigorously-conducted Companies. The *Eagle* Insurance Company, under the able direction of Mr. Jellicoe, took a prominent part in this movement, and absorbed several Life Offices of great respectability which did not find themselves strong enough to continue a separate existence; as also, it must be admitted, some others to which this description could hardly apply.

Nearly every one concurred in the expediency of lessening the number of Assurance Offices. But abuses soon crept in. While it was advantageous in every way to place weak Companies under the protection of strong ones—the terms of the arrangement being equitable on each side—it was useless and dangerous to place two struggling, or financially-impaired Offices together: they could afford each other no enduring support, and might readily become a source of combined weakness.

The numbers of new Insurance Offices during the years 1857–59 were much less than during the previous years from 1845 downwards; while the number of Amalgamations and other "departures" were very considerable. In 1857 no less than 30 Life Offices were so disposed of, while but two new ones came upon the scene. In 1858 about 22 Offices passed away, many of these considerable ones, and few came on to supply their places.

Days of Grace.—In 1858 an important decision occurred on a question of practice which had not been previously rendered clear by any legal decision, and wherein the authorities were conflicting, namely, concerning the question of death during "the days of grace", *i.e.*, the period allowed by custom in the United Kingdom within which a Life Policy may be renewed. The case which now arose was under a policy of reinsurance (but that did not affect the principle involved)—*Pritchard* v. *Merchant and Tradesmen's Mutual Life.* The original policy contained a proviso for 30 days' grace. The premium became due on 13 October, and days of grace therefore expired 12 November, on which day the life assured also expired. On 14 November the plaintiff sent the reinsuring Company a cheque for the premium. On the following day receipt was sent "for the premium for renewal of the policy to 13 October 1856, inclusive",—both parties being ignorant that the life assured was then dead. It was *held* that the payment *did not, under the circumstances, revive the policy.* This decision created a great deal of alarm amongst policyholders; the public press, hardly ever well-informed upon Insurance questions, fanned the flame of discontent; and nearly all the Life Offices in the United Kingdom declared that it was their practice to pay claims arising during the "Days of Grace."

The Scotch Offices.—Those offices, placed in the order of their foundation, were:—1. *Scottish Widows* (1815); 2. *North British* (1823—Fire 1809); 3. *Edinburgh* (1823); 4. *Scottish Union* (1824); 5. *Scottish Provincial* (1823); 6. *Standard* (1825); 7. *Scottish Amicable* (1826); 8. *Scottish Equitable* (1831); 9. *Caledonian* (1833 — Fire 1805); 10. *Northern* (1836); 11. *Scottish National* (1841); 12. *Scottish Provident* (1837); 13. *City of Glasgow* (1838); 14. *Life Association of Scotland* (1838); 15. *Colonial* (1846). The Managers of these offices formed an association amongst themselves, and all matters of practice were discussed and joint action usually taken. At the instance of Mr. Robert Christie they united in making a return of their position as at the end of 1861; these are the results obtained:

Annual Income from premiums and interest on accumulated funds	£2,200,933
Accumulated funds	£12,807,057
Sums assured, with bonuses thereon	£54,692,877

Limited Liability extended to Assurance Offices.—The year 1862 constitutes, in one important respect, a new era in the history of Life Assurance, for from this period henceforth Life Assurance Associations, whether mutual or proprietary, could obtain a form of incorporation, sufficient for all business purposes, and at the same time could secure a limitation of the liability of their members to such an amount (in proprietary companies at least) as should be mutually agreed upon. In mutual offices much care was still required to guard the interests of members against liabilities beyond their agreed contributions in the way of premiums upon their policies.

These advantages were secured by "The Companies Act, 1862" (25 & 26 Victoria, c. 89), which regulates not only the formation of but the winding-up of companies generally. Every association registered under this Act has to register a "Memorandum of Association," defining the nature of its proposed business; this can never be altered, and if the Directors in the conduct of the business exceed their powers, the act would be deemed *ultra vires*, and the shareholders would not be liable. The Directors might indeed incur personal responsibilities. But to guard against these dangers it is usual to prepare "Articles of Association", wherein the powers are defined in detail. The "Memorandum" and the "Articles" are filed at the Registry Office of Joint-Stock Companies, together with a list of shareholders, corrected annually; and these, all or any of them, might be inspected by *anyone* on payment of 1*s*. Under this Act it was not necessary to file any balance sheet annually or otherwise. (*See* 1870).

The real advantage of the Limited Liability Law is—apart from the technical advantages just enumerated—that responsible persons may become shareholders, with the full security that they know the utmost measure of their loss in the event of things going wrong. And the effect of this undoubtedly is to improve the status of proprietary bodies in Insurance Offices generally.

The effect of the Act upon the projection of Insurance Offices could not be realized until the following year (1863) when of 27 offices founded—there were others projected—only nine undertook the business of Life Assurance; and in the several following years the figures were about the same. It cannot therefore be said that this last legislation lent any especial inducement to the formation of Insurance Companies.

Post Office Assurance Scheme.—In 1864 the Government Scheme of Life Assurance and Annuities, to be worked through the Post Office, was brought into operation under the authority of a special Act of Parliament (27 & 28 Vict., c. 43). The minimum sum for which a Life policy could be granted was £20, the maximum £100. The portion of the scheme relating to Annuities is very elaborate. The rates of premium for Life Assurance were based upon the English Table, and were very reasonable. The scheme was received with a flourish of trumpets by the press—or by that portion of it not devoted to Assurance interests. The *Economist* said: "Mr. Gladstone has just presented to Parliament his Table "for selling small deferred annuities or assurances to the poor. "They are worth a little study. The day will certainly come— "may possibly come while Mr. Gladstone is alive—when the "greatest of undeveloped economic forces, the principle of insur- "ance backed by the State Guarantee—*i.e.*, of Insurance which "really insures,—may be applied upon a somewhat extensive "scale." The project has, nevertheless, proved to be an absolute and ridiculous failure. During the first ten years ending with 1874 there had been issued a total of 4,478 Life policies, assuring £343,797—those remaining then in force being 3,630, insuring £284,069. Of the Annuity contracts of various classes there had been issued in the like period 6,531 contracts, the purchase-money under which had been £80,374; and there remained in force 5,930, representing £70,600 of purchase-money.

The simple fact is, there is *genius* required in the conduct of Insurance—the genius of well-directed enterprize. All the Life Assurance that would result from voluntary action in the United Kingdom could easily be transacted by some half-a-dozen offices. It may be useful to state in this connection that the average age at which lives are insured in the United Kingdom is 35; the average age of Government Annuitants at the time of purchasing annuities is 63. The one class insures against premature death; the other against prolonged life.

When the data upon which the "Seventeen Offices' Mortality Table" was deduced in 1843 was under investigation, the fact became revealed that the duration of the *Irish* lives (*i.e.*, lives resident in Ireland) had been inferior to that of lives of the same age resident in England. The cause could not be entirely unravelled; but some of the offices transacting Life business then put up their scale of premiums as a precautionary measure. There was often a difficulty regarding proof of age, in consequence of the defective system of birth registration which prevailed in the South of Ireland, but that did not account for the variation. Subsequent events revealed the fact that systematic frauds had been carried on there, whereby intemperate and other under-average lives had become insured; and that this system was usually carried on by means of *personation.* A remedy had to be applied, and the simple one was devised, of extending the "Gambling Act" of 1774 to that portion of the United Kingdom. This was effected by a short Act of Parliament, 29 & 30 Victoria, chapter 42—"An Act to Amend the Law relating to Life Assurance in Ireland." No person could thenceforward lawfully insure a sum upon any life in which they had not a pecuniary interest. Subsequent frauds have been discovered on a somewhat extended scale, but this Act has stood in good stead in such cases.

This year constituted a somewhat remarkable one in the annals of Life Assurance. Then passed out of separate existence, by process of absorption, the *Amicable* Society, founded 1706, and also several other important offices.

Assignment of Life Policies.—Difficulties, chiefly of a legal or technical character, had long existed regarding the assignment of Life Assurance policies; and the process had been attended with some expense also. By the *Policies of Insurance Act* of 1867, the whole matter was simplified, and a simple form furnished to be used in such cases. The office might charge a fee for registration not to exceed 5*s*.

A plan of "Settlement Policies" was this year devised by Mr. Bunyon, who has done so much to expound the law of Life Assurance, alike in his special work on that subject and otherwise.

In 1868 an important return was made to the House of Commons, of Life Policy Stamps, issued during the six years 1863–68, from which the *maximum* new assurances were calculated with the following results:

Years	Industrial Policies		General Policies		Totals	
	No.	Amount Insurable	No.	Amount Insurable	No.	Amounts
		£		£		£
1863	110,115	2,752,875	70,453	26,596,825	180,568	29,349,700
1864	169,357	4,233,925	70,816	26,291,425	241,173	30,525,350
1865	211,577	5,289,425	73,808	26,627,750	285,385	31,917,175
1866	215,308	5,382,700	71,848	26,314,700	287,156	31,697,400
1867	206,186	5,154,650	64,655	24,248,350	270,841	29,403,100
1868	396,296	9,907,400	68,056	23,666,650	464,352	33,574,050

The effect of the commercial disaster which overtook the country in 1866 is here clearly seen in its effect upon the returns of the following year. The cause of the enormous growth of the business in this 1868 is not so easily apparent—the growth was entirely in the industrial department.

The year 1869 was distinguished by two important events:

1. *Institute of Actuaries' Mortality Table.*—This year was completed, under the superintendence of the Institute of Actuaries, a new Mortality Table, based upon the experience of Assured Life. It had been for some time felt that the rapid strides made in Life Assurance during the quarter-of-a-century which had intervened since the preparation of the "Seventeen Offices' Table" (1843), rendered it most desirable that the results should be tested in a scientific manner. Accordingly, a scheme was propounded for collecting the required data. Twenty of the more prominent British Life Offices contributed returns, extending to 147,000 lives, of persons who had been admitted to assurance, after passing medical examination as healthy lives; while of these 24,000 had died. These are the short results. The full history of the table is given in the volume published by the Institute. The table is generally known as the "*Institute of Actuaries' Table*", but is sometimes spoken of by American writers as the "Twenty

Offices' Experience." An elaborate series of monetary values based upon it has been published also by the Institute; and for all ordinary purposes of life contingency computations this table is superseding all others.

The mortality experience of the *Scotch* Offices which had contributed to the general results of the foregoing Table was afterwards analyzed separately by Mr. James Meikle, under the superintendence of a Committee of Actuaries of Scotch Offices, and furnishes some special results of great value.

2. *Failure of the Albert Life Office.*—In the month of August the entire Assurance world was convulsed by the sudden stoppage of the *Albert* Life Assurance Company which had been founded in 1838, under the designation of the *Freemasons and General Life*, &c. Early in its career it had absorbed several small Life Offices; but during the period from 1857 to 1862 it absorbed, by amalgamation and otherwise, a number of much larger Companies—several of which had themselves absorbed other Offices. Afterwards it took over the business of several Life Offices having important connections in India. Thus, by the end of 1865 it had, directly and indirectly, absorbed no less than 26 Life Offices—and, with its own business included, presented the feature of 27 Offices supposed to be combined in one—with a premium income of £330,000 per annum. Periodical (so-called actuarial) Valuations had been made, and a surplus of assets was reported. In 1868 the original manager died. The new manager took the commendable course of calling in skilled advice. It then transpired that a Valuation made in 1866 on the "net premium plan" had shown a deficiency of more than a quarter-of-a-million. Steps had been then taken to reduce and finally to stop surrender-values being paid, but it was too late. The credit of the Office had become so far affected that it was looked upon with suspicion. The Actuarial world had divined that there was something wrong, but its extent could not be known. When the real facts became patent, it was seen that (under the then state of the law) there was no course but to stop. The income had been decreasing since 1866; the claims were increasing, and with the payments for annuities and management expenses added, the outgo was greater than the revenue. The stoppage was followed by investigation into the causes of the deficiency, and it was then found that almost the entire deficiency in the funds was occasioned by the sums which had been paid or misapplied in acquiring the businesses of the various companies taken over. An effort was

made by a Committee of policyholders and others to reconstruct this Company, and for a time there seemed a fair prospect of success; but the legal difficulties arising, nominally from the complexities consequent upon the various amalgamations, finally broke down the project. Then it seemed likely that a life-time of litigation would ensue; and assuredly it would have done so if the ordinary processes of winding-up in the Court of Chancery had been pursued. Eventually, Parliament intervened, and under the authority of a special Act (1871) Lord Cairns was appointed arbitrator, with full powers to adjudicate upon and determine the rights of all parties. He entered upon the task with vigour, and although the difficulties at first seemed overwhelming, by the middle of 1875, or in little more than four years, at a cost of £70,233, the whole business was disposed of in a manner that gained marked approval. The costs during one year and nine months in the Court of Chancery had been £71,668. The awards made from time to time tell their own story of the vast interests involved in this first great failure of an Insurance Office.

Failure of the European Life.—There probably was not a well-informed man associated with Assurance interests who did not foresee that the break-down of the *Albert* would certainly involve the stoppage of the *European* Life, although it certainly took longer to bring about the accomplishment of this second downfall than could have been supposed. The Office did not actually succumb until 1872; but it is convenient to treat the two events together, the circumstances being so precisely analagous, and as a matter of fact the *European* was dead from the day the *Albert's* doors were closed. The *European* had been founded in 1819, as a proprietary Company—it would be more correct to say an *European* had been founded in that year. The *People's Provident* had been founded in 1853. In 1858 these two Companies amalgamated, and in the following year the joint concern assumed the original title of *European,* although it was in truth now a distinct Company. The *People's Provident* had itself taken over various Life Offices before its union with the *European.* The combined Companies soon entered upon a like crusade of acquiring the businesses of other offices, in the most indiscriminate and, as is now known, the most reckless manner. By means of these combinations the annual income had been largely increased, and in 1868 the gross revenue reached £363,503. The claims were increasing in a rapid rate. The assets were less than half-a-million, but there was uncalled capital of about the same amount.

A call was made: before it was paid a petition to wind-up the Company was presented. This was in September 1869. Other petitions followed. Independent Actuaries were called in; and a very large deficiency was declared. A conflict of actuarial opinions ensued. An effort was made to bring in new Directors and reconstruct the Company. Other petitions followed, and upon one of these an Order was made in July 1871, and provisional liquidators were appointed. An attempt was made to "reduce the contracts." This failing, negotiations were opened to transfer the entire business to another company; to this all parties seemed willing to assent, but an investigation of the risks induced the negotiating company to decline to proceed with the arrangement—the mortality experience had been 10 per-cent above the proper rate, and it was supposed many of the best lives had withdrawn from the Company. On 12 July 1872 the affairs of the Company passed into the Court of Chancery for a compulsory winding-up. An investigation showed that no less than 46 Life Offices had become merged into this one, and the conflict of interests which must result was appalling to contemplate. Bills were introduced into Parliament for compulsory enquiry into the affairs of the Company, and for the appointment of an arbitrator. The latter was passed (1872), and Lord Westbury was appointed arbitrator. He died, and was succeeded by Lord Romilly, who also died during the progress of the arbitration. Finally, in (1875), Mr. Reilly, who had acted as assessor to Lord Cairns under the *Albert* arbitration, was appointed to close the affair, with appeal to the Court of Chancery in certain cases. By 1879 the whole affair had become closed, and the total cost of the proceedings of the winding-up was found to have been £182,151.

By reason of the disaster which had fallen upon these Companies—very largely, no doubt, in consequence of ill-considered and even dishonestly-promoted *Amalgamations*—this mode of disposing of unsuccessful Life Offices fell much into disrepute; and the good which had resulted in more prudently-conducted transactions of this nature was altogether ignored. Returning reason has shown that Amalgamation is the one remedy which, in many cases may be resorted to with advantage to all parties.

Here ends what has been not quite logically termed the "prehistoric" period of Life Assurance Chronology.

7.—Life Assurance—1870 to 1883.

The year 1870 is a most memorable one in the history of Life Assurance in the United Kingdom, from several causes next to be enumerated.

1. *Life Assurance Companies Act.*—The Act of 1862 placed Insurance Companies upon precisely the same footing as other Joint Stock Associations regarding their legal constitution, powers of disposing of their business, non-registration of accounts, &c., &c. There was only one special regulation applying to Banking and Insurance Companies exclusively, namely, that they should prepare half-yearly a statement of their capital, assets and liabilities, and post the same in a conspicuous position in their usual place of business. There were Actuaries and others who had long contended that Insurance Associations, by reason of the peculiar nature of their business, demanded more special legislation. The events narrated at the close of the last section certainly lent force to their arguments, and in consequence of the panic which ensued, it became almost necessary that some legislative protection should be attempted. Equally able and far-seeing men deprecated panic legislation; but finally all parties agreed upon a common line of action, and a measure was passed through Parliament known as the Life Assurance Companies Act, 1870, namely, the 33 and 34 Vict., chapter 6, "*An Act to amend the law relating to Life Assurance Companies*", consisting of 25 clauses and various schedules, the substance of which was as follows: Every new Life Office was to deposit £20,000, in such securities as were usually permitted in Chancery Funds, before certificate of Registration of such Company could be granted. The interest resulting from the fund to be received by the Company, and the fund itself to be repaid when the accumulated Life premiums reached £40,000. Companies transacting other business than Life Assurance to keep Life Funds distinct. Accounts to be registered annually in the form prescribed by the Act. Actuarial reports in more detailed form to be deposited with the Board of Trade after each periodical Actuarial Investigation. Copies supplied to share and policyholders on demand. Deed of Settlement to be printed and supplied to share and policyholders on demand, on payment of 2*s*. 6*d*. or less. As to *Amalgamations*, petitions are to be made to the Court to sanction the same after advertizement in *Gazette*, and after statement of material facts relating to proposed arrangement has been sent to each policyholder of each of the amalgamating offices. If policyholders representing *one-tenth* or more of

entire business object, Court not to affirm arrangement. Statement of all arrangements and agreements between companies and parties concerned in any amalgamation of Life Offices to be deposited with Board of Trade. All documents filed under Act may be received in evidence. Heavy penalties for non-compliance. Life Companies may be wound up on application of one or more of the policy or shareholders, after security for costs shall have been given, and a *prima facie* case established. Then followed an altogether new and important feature: " 22. The Court, in case " of a Company which has been proved to be insolvent, may, if it " thinks fit, *reduce the amount of the Contracts* of the Company, " upon such terms and subject to such conditions as the Court " thinks just, in place of making a winding-up order." Board of Trade to bring before Parliament annually all statements of accounts and reports deposited under this Act. The schedules relating to balance sheets and valuation returns form a not unimportant part of the Act, and are particularly explicit and practical.

The Act was amended in the following session, on a point regarding the deposit required to be made by new companies, and orders for return of the same. And again, and more materially in 1872, first as to the deposit, and then as to the separation of the life fund from the other funds of companies carrying on other branches of insurance business; again, as to powers of winding-up of Life Offices, there should be concurrent powers to wind-up the affairs of any office which had been incorporated with a company previously to such winding-up. The most material point in this Amending Act arises under section 5 regarding the basis of valuations of life policies in companies wound-up under the Act of 1870. The "Seventeen Offices' Experience Table", with interest at 4 per-cent, is to be employed.

2. *Married Women's Property Act.*—Another Legislative Act of 1870 which has a bearing upon Life Assurance is the Married Women's Property Act, section 10 of which provides that a married woman may effect a policy of insurance upon her own life or the life of her husband, for her separate use, and the same and all benefit, if expressed on the face of it to be so effected, should enure accordingly, and the contract in such a case should be as valid as if made with an unmarried woman. The Consolidating and Amending Act of 1882 gives power to a married woman to effect a policy on her own life for the benefit of her husband, or her husband and children. This is an important piece of legislation, but points of complexity continue to arise in practice in

carrying out their provisions. Where such policies have been effected by husbands in view of defeating the rights of their creditors, the latter may demand, out of the sum insured, an equivalent to the premiums so paid.

3. *American Life Offices in the United Kingdom.*—During the first half of the present century, several of the British Life Offices established agencies in the United States, and transacted a limited business there. The *Royal* commenced there in 1842. The *Eagle and Albion* (combined), and the *International* in 1844; the *British Commercial* in 1848; the *Liverpool and London* in 1853. The *Colonial* (1846) had also an agency there, I believe. The remarkable development of the Life Assurance Associations of the United States during the decade 1850–60 practically drove the British Offices from the field, so much so, that at the close of 1862 the first five offices named had only an aggregate of 2,608 policies existing there, assuring a little over £570,000. They had in effect retired from active competition. It had often been threatened that the American Offices would in their turn establish agencies in the United Kingdom. Experiments were made in a quiet manner, and considerable results were obtained, especially in the North of Ireland, and in some of the manufacturing districts of England. Finally, early in 1870, two powerful and progressive American Life Offices established themselves in London.

One of the first questions which arose under the Life Assurance Act 1870 was in respect to Life Assurance Offices commencing business in the United Kingdom after the passing of that Act. The two great American Offices, the *Equitable* and the *New York* Life, had each been carrying on business here before the Act came into force. As to the later comers, it was held by the Board of Trade that they were in the light of the provisions of that Act called upon to make the deposit. One of these companies paid in the deposit, and within forty-eight hours—its premium accumulations being over £40,000—made application for and promptly obtained an order for repayment of the deposit.

Statistics of Life Assurance.—There was a very general belief that the discredit brought upon Life Assurance by the events of 1869–72 (the Albert and European scandals) would cause a material falling off of business, at least in Europe, and there were causes in operation in the United States—a species of crusade to stamp out the weaker offices—which it might be expected would create a like effect there. Hence there was considerable curiosity to obtain statistical returns. When they were available it was seen that there had been a considerable falling off in new business, thus:

Countries	1869		1870		Decrease	
	No. of Policies Issued	Amount Insured	No. of Policies Issued	Amount Insured	No. of Policies Issued	Amount Insured
		£		£		£
Great Britain	50,086	24,158,687	45,328	20,252,467	4,758	3,906,220
Germany . .	95,696	12,278,431	66,516	8,991,689	29,180	3,286,742
United States	181,683	97,097,167	179,746	81,241,951	1,937	15,855,216

In the returns for Great Britain the industrial policies (under £25) have been excluded. Comparative returns could not be obtained from France and some other European countries; but Germany probably affords a fair illustration of the effect produced in Continental Europe generally.

It will be useful to reproduce here an estimate of the Life Assurance business of the world for the year 1870, as prepared in Germany, by Herr Karup, I believe.

Country	No. of Insurance Associations	Amount Insured
		£
United Kingdom (1870)	113	340,000,000
United States (1869)	69	406,400,000
France (1868)	16	62,200,000
Germany (1870)	30	24,000,000
Austria	11	13,000,000
Remainder of Europe . . .	25	30,000,000
Rest of World	30	37,400,000
Totals . .	294	913,000,000

The amount of Life Assurance per head of the population in each country on the basis of the above totals, spread over the estimated populations, produced the results following:

Country	Population	Insurance per head
		£
United Kingdom	30,200,000	11·23
United States	36,700,000	11·07
France	38,200,000	1·64
Germany	39,000,000	1·39
Austria	13,000,000	·99
Remainder of Europe	177,600,000	·17
Rest of World (including Australia)	953,300,000	·40
Totals . .	1,288,000,000	·73

It thus appeared that the amount of Life Assurance upon every man, woman and child in the world averaged just under 15*s*. In the United Kingdom and the United States the average amount was within 1*s*. the same. But there is a prodigious amount of "Industrial" and Friendly Society Assurance in the United Kingdom not included in this return.

New Life Offices and Liquidation of Old ones.—The immediate effect of the Life Assurance Companies Act was most materially to repress the formation of Life Assurance Companies, and this still continues. As a matter of fact, I believe but six new Life Offices of the class contemplated by the Act have been founded in the 13 years the Act has been in operation, and about the same number of Life Offices, registered under the Friendly Societies Acts, have come into existence. These last are included in the returns of the present number of existing Life Offices. During the same period, various Life Offices have been amalgamated—still the best known mode of disposing of offices which cannot maintain an independent existence,—and there are others which might, with advantage to their policyholders, adopt this course. Some have passed directly into liquidation under the directions of the Court of Chancery. Here they became too often the prey of designing attorneys and unscrupulous liquidators. The oft-quoted evil deeds of "promoters" pale before the legalized iniquities of compulsory winding-up. As a result of these various changes, the number of Life Offices in the United Kingdom is a decreasing quantity. In 1872 there were 115 offices included in the annual returns; in 1877 there were 109; in the following year, 107; in 1883 there were but 105 Life Offices embraced in the Life Office returns, and of these 25 carried on their business in conjunction with Fire Insurance. Since 1861 very few companies of this compound character have been formed.

The limitation of the number of Life Offices has given to Life Assurance the advantage of a species of protective monopoly, whatever that advantage may be worth in these free-trade times. It is, indeed, very true that there are still in existence a sufficiency of Life Offices to transact the Life Assurance at the moment needed: but that argument does not quite cover the whole ground. Mr. Sprague said, in a letter addressed to the *Insurance Record*, under date 1 July 1873:

"I believe I am right in saying, that all improvements in Life Assurance, of whatever character, have been originally introduced by new companies; and this must also be so from the nature of the case. Speaking for myself, I say unreservedly, that I believe the system of Life Insurance, as at present practised in this country, admits of very substantial improvements in the direction of giving greater advantages to the assured; and I shall view with pleasure the foundation and growth of a new company . . . . . . which should aim at conferring on the assured such further advantages."

I need offer no comment on the enlightened views here expressed, further than to remark with satisfaction upon the character of the searching investigations which are being made into all points of practice by the rising members of the Institute of Actuaries, as also of the Actuarial Society of Edinburgh, and the Insurance and Actuarial Society of Glasgow.

The latest event of special note as to individual offices is the long-expected collapse of the *Great Britain* Life that occurred in 1881. The power under the Act of 1870 for reducing contracts was brought into play. A scheme was prepared under competent actuarial advice, sanctioned by the Court of Chancery, and adopted in the common interest of all parties; and it seems not unlikely that the former reckless mode of winding-up Life Offices of any magnitude may be regarded as entirely a thing of the past.

Life Assurance Accounts and Returns.—The annual accounts of Life Offices, as also the Reports of Actuarial Investigations required to be returned under the Life Assurance Act 1870, have been ordered by Parliament to be printed, and hence results annually a volume which is full of interest, while a series of such volumes constitutes a mine of valuable information, regarding which no information used to be volunteered. In this respect, too, all Life Offices, old and new, are placed upon precisely the same footing. It is true that the aggregate of the accounts here contained does not represent the full measure of Life Assurance in England. A large amount in sums below £200 per policy is transacted by offices registered under the Friendly Society Acts. Taking the returns, as annually condensed and published by Mr. Wm. White in his *Insurance Register*, we obtain many facts not generally collectively given. Thus the returns for 1872 showed that 115 Life Offices (omitting the American Offices) had an

Income from Premiums of	£10,256,057
,, ,, Interest and Dividends . .	4,158,987
,, ,, Consideration for Annuities .	273,427
,, ,, other Sources	240,164
Total Income .	£14,928,635

While the same offices paid in

Claims and Bonuses	£8,156,216
Surrenders	498,938
Annuities	413,113
Commission and Expenses of Management .	1,437,050
Dividends and Bonuses to Shareholders . .	403,240
Reduction of Premiums, Income-Tax, &c. .	816,039
Total Expenditure .	£11,724,596

Leaving a balance of £3,204,039 on the year's trading to be accumulated in augmentation of the Life and other funds.

The aggregate annual income of these offices is seen to be close upon 15 millions sterling; the aggregate Life and Annuity Funds to amount to over 92 millions; the share capitals and accumulations to about 10½ millions; the aggregate amount of Assurance in force to over 343 millions; the ratio of expenses of management to income 14 per cent.

I pass over a period of ten years and then institute a like comparison. The returns for 1882 from 107 offices give the following results:

Income from Premiums	£14,175,312
" " Interest and Dividends . .	5,569,158
" " Consideration for Annuities .	603,292
" " Profits on Investments and other Sources	275,747
Total Income .	£20,623,509

While the same offices paid in

Claims and Bonuses	£10,506,664
Surrenders	749,745
Annuities	500,330
Commission and Expenses of Management .	2,743,096
Dividends, &c., to Shareholders . . .	500,831
Cash Bonus and Reduction of Premiums . .	873,338
Income-Tax (£54,576) and other Payments, &c.	102,082
Total Expenditure .	£15,976,086

Leaving a balance of £4,647,423 on the year's trading to be accumulated, &c. The aggregate Life Funds at the end of the year reached £134,011,957, covering sums assured under contracts 435 millions; the share capital and accumulations reached more than 11 millions; the ratio of expenses being under 14 per-cent. In consequence of an obvious defect in the schedules the amount of new assurances effected each year is not stated.

It is apparent from a perusal of these decennial returns *that Life Assurance is advancing in a far more rapid ratio than population.* It is most probable that it has done so all through the present century, but no certain proof can be adduced for the earlier periods. If the business results of the American Offices operating in the United Kingdom were included, the evidence would become much more striking.

Friendly Societies.—A Royal Commission on *Friendly Societies* had been appointed in 1870. The third Report of this Commission, published 1873, contains many details of interest upon Life Assurance generally, as also upon the Post Office scheme of Insurance, and Industrial Assurance. The various reports published under the authority of this Commission throw a flood of light upon the Provident Associations of this country. In 1875 new consolidating and amending legislation was applied to the Friendly Societies of the United Kingdom, of which there were believed then to be 21,659 registered Societies, having 1,787,291 members, with accumulated funds of £8,630,525. If the unregistered societies were added it was believed the members would be over four millions, with funds of about 11 millions. The funds are more particularly designed to meet sickness claims, and what precise proportion is available for death claims I am unable to state.

Add to these figures the amount of *Industrial* Assurances existing in various offices, with the returns of the ordinary Life Offices, as above given, *plus* the large business of the American Life Offices (not separately given), and the aggregate Provident Savings of the British people in the direction of Life and Health Assurance may be approximated.

Stamps on Life Insurance Policies.—The following will throw light upon various points in this enquiry. If the Legislature failed to reach the business of Life Assurance in 1692, they were not long to escape; but the new mode was moderate and just as compared with the former one. In 1694 a stamp duty of 6*d.* was imposed upon all policies of insurance. In 1698 this was increased to 1*s.*, and in 1711 an increase of 2*s.* 4*d.* was made upon all policies, to continue for a period of 32 years—making in all 3*s.* 4*d.* No unstamped policy could be used in proceedings in Law or Equity. In 1713 an additional 6*d.* was added, making 3*s.* 10*d.*, quite irrespective of the amount of the policy. In 1757 another 1*s.* was added, but as some of the former levies had expired, the sum per policy was therefore only 2*s.* 6*d.* In 1765 a distinction was made between policies issued in London and the country—in the former case, the stamp was 2*s.* 8*d.*; in the latter, 5*s.* 6*d.* In 1776 the stamps were again increased to 3*s*. 2*d*. and 5*s*. 6*d*. respectively. In 1777 an additional 5*s*. was imposed on policies of and over £1,000—hence, a policy of that amount or above required a stamp of 8*s*. 2*d*. in London, and 10*s*. 6*d*. in the country. There was a penalty of £10 for signing and sealing a policy not duly stamped. In 1797 all former Acts were repealed, and the stamps were declared to be 6*s*. and 11*s*. respectively. In 1801 Life Insurance policies are first specifically mentioned; but no change in stamps was made. *In* 1804 *Life Policies were exempted from all stamps;* but the exemption was of short duration. In 1808 life policies of under £500 were charged 15*s*.; over, 30*s*. In 1815 occurred a considerable advance: below £500, 20*s*.; up to £1,000, 40*s*.; £3,000, 60*s*.; under £5,000, 80*s*.; £5,000 and upwards, 100*s*. In 1835 a reduction as to policies not exceeding £100, namely, not exceeding £50, 2*s*. 6*d*.; £50 and not exceeding £100, 5*s*. In 1853 a reduction to 1*s*. per £100 was effected. In 1860 the stamp on policies not exceeding £25 was reduced to 3*d*. Under the Consolidating Act of 1870 the amounts were not altered, except that a policy not exceeding £10 requires a stamp of 1*d*. only; for £25, 3*d*.; for £50, 6*d*.; then 1*s*. per £100 up to £1,000, and all fractional parts of £1,000 additional 10*s*. For these duties no adequate advantages in the way of returns of the numbers of stamps used have been systematically obtained.

Conclusion.

Opinions are invited as to the general principles upon which legislation on Life Assurances should proceed. Beyond the indications conveyed in the preceding sketch, the writer would add hereon, that except in providing well-considered laws under which Life Offices in common with all other commercial associations may secure corporate privileges; may be protected from all vexatious interferences in the enjoyment of these; may be speedily reached through their responsible officers in the event of wrong-doing; and may be compelled to make their financial situation known to all concerned therein—beyond these things, the less legislative interference the better. Especially should there be no advantages to one class of company over another—of the old against the new; it is the weak which need the greater measure of protection. On the whole the present legislation affecting Life

Offices seems just, and the greatest care should be exercised in making further advances.

As regards the *Contract of Life Assurance* it is apparent that the tendency of late years has been in the direction of simplicity. In the early days of Life Assurance the contract was indeed simple enough. With the development of the large proprietary companies, in the first half of the present century, the conditions became more complicated, and in some cases increasingly severe. Stipulations, general rather than technical, should be provided against fraud; but for all legitimate business requirements, such as permission to travel and reside in foreign countries; permission to surrender annual premium policies for fully paid-up policies; facilities for admission of age, and rendering policies of certain standing absolutely indefeasible, are all steps in the right direction, and for the common good; while special advantages to any particular class are only to be gained at the expense of the whole. The modern practice of paying claims immediately upon proof of death as of right, appears to the writer of doubtful advantage, and will sometimes be attended with positive danger. Three months is a rational period, and very few estates are in a position to be wound up earlier than that. Solicitors are not always the most safe custodians of insurance monies, and the cases where real advantages would result are quite exceptional.