

*History of Life Assurance in the United Kingdom.* By  
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LIFE ASSURANCE is the compound growth, first, of our commercial necessities, aided largely by a love of speculation, and later, of our progressive civilization. For the former, rough and ready means of estimation were resorted to; for the latter, a long and elaborate course of progressive investigation was needed.

The development of the business has extended over some three or four centuries, perhaps more. It has passed through three distinct phases, as (1). The Experimental Period; (2). The Speculative or Transitional Period; (3). The Period of Scientific Exactitude. These periods, of course, more or less overlap each other, but they each possess very marked distinctions.

PRELIMINARY SURVEY.

It has to be remarked that during the constantly recurring epidemic visitations of the middle ages, anything depending upon the duration of human life could but be a lottery. There were no means even of approximate estimate other than tradition could supply. Life insurance, except as a bet or hazard between two or more individuals, was therefore impossible. And yet it was practised to an extent of which we can only judge by collateral circumstances—one of these being the existence of forms of contract exactly adapted to the nature of the business. These early contracts were indeed based, alike in form and expression, upon those adopted in Marine Insurance, which, it is generally admitted, had an earlier origin than that claimed for Life Insurance.

The class of Life Insurance chiefly in use during the experimental period was that of assuring mariners, *i.e.*, masters of ships, against death or captivity during the prosecution of their voyage; in insuring merchants against captivity by pirates—for in early times merchants accompanied their maritime ventures. The mode of undertaking these risks was by individual underwriters taking certain defined portions thereof at so much per-cent premium.

Again, there were also contracts for children's endowments, and various other contingent risks, specially devised in view of evading the *usury laws*, which latter were sought to be strictly enforced, by the Romish Church in the first instance, and afterwards by enactments in our own Statute book; and there being no funded system of National finance in existence by which money could be steadily improved at a fixed rate of interest, until near the close of the seventeenth Century (1690),\* all manner of Life Annuity dealings were entered into as a means of gain and investment.

The speculative or transitional period is one of much interest. All subordinate offices in the service of the State were the subject of sale and purchase—sale by the patron, purchase by the incumbent. It was obvious that the value of a "place for life" depended upon the age of incumbents; but there were no scientific means of determining this proper value.

Church lands, and houses built thereon, were granted upon lives—"leases for lives"—usually three; on the death of the last of which the property reverted to the Church, and was only regranted, if at all, upon the payment of a considerable fine. Life Insurance was much needed to render such transactions financially safe.

Mutual Contribution Societies were founded; and in default of the means of calculating the expected mortality amongst the members, but little regard was paid to age on admission. The old were, indeed, frequently admitted on the same terms as the young, or where a distinction came to be made it was not based upon principles of computation, but was simply arbitrary; and various expedients had to be devised to meet the circumstance that nothing could be fixed in the way of accruing benefits.

Many Annuity Societies were formed in various parts of the kingdom; but in the absence of available scientific data on which to base their operations, they proved most delusive. Reversionary interests could not be accurately valued, and hence were the subject of speculation only. Even schemes of National finance were ventured upon in an equal absence of guiding principles: and extravagant advantages were offered—see the Early Schemes of Government Life Annuities, to say nothing of Tontine projects. Friendly Societies were founded without even an approximate idea of the pecuniary equivalents to be demanded for the benefits

\* In Venice a public funding system was brought into use as early as 1173. In Florence in 1340.

offered. Finally, there came the stage of scientific exactitude in the progress of life contingencies.

Life Assurance Associations could now undertake, in return for certain fixed contributions, to guarantee on the expiration of the lives respectively insured, certain specific advantages. Such Associations might therefore be founded and carried on either by trading Companies, who entered into contracts in view of profit; and who, from the beginning, possessed funds which made the contract certain of performance in the absence of fraud. Under such conditions Life Insurance could be advantageously applied to many business purposes, wherein the element of certainty was the one thing needed; and the absence of speculation commended it to the judgment of prudent men, as a means of making provision for families.

In order to pass from the first of the preceding stages to the last, many steps had been necessary. First, in regard to the abatement of Pestilence; steps were taken in most of the municipal towns, in the direction of cleansing the public streets, into which animal and vegetable refuse and other abominations had been heretofore indiscriminately thrown. As to the Metropolis, which usually suffered more severely than the smaller towns from plague visitations—its burning in 1666, was the “baptism of fire” by which alone it became purified, and rendered even capable of its future development as the capital of the kingdom.

*Bills of Mortality* came to be regarded as of importance in the light of being barometers of the Public Health. They were introduced into the principal towns by slow degrees; and their results were placed on permanent record. From the Bills so kept were afterwards deduced the true data for life measurement.

The *Laws of Chance* came to be developed, originally very much in the interest of the all-prevailing gaming which pervaded Europe during the seventeenth and most of the eighteenth Century. A yet higher class of mathematics soon afterwards elaborated the doctrine of mathematical probability. The application of these higher mathematical methods to the data supplied by the Bills of Mortality and other mortality observations, led to the development of the science of Life Contingencies.

The first Mortality Table scientifically constructed by means of which the probable duration of human life could be accurately computed, was prepared by Halley, the Astronomer Royal of England, and submitted to the Royal Society in 1622.

It seems necessary to state that Halley's table did not immediately lead to an adoption of the improved methods of computation which it made available. This was probably because its results were deduced from foreign observations, which it may have been thought did not apply to life in England.

Attempts were therefore made during the next Century to construct other tables based upon English observations—especially upon those of London; and afterwards upon those of the central Town of Northampton.

From the accomplishment of this last result by Dr. Price in 1769, dates what may be termed a general adoption of Life Assurance for its best and noblest purposes.

This preliminary survey of the stages through which Life Assurance has passed in its course to perfection, is made with the view of preparing the mind for a more comprehensive review of the facts which are to follow. Stated generally, the progress has been a threefold one—Juridical, as applied to the form of the contract and its construction; Mathematical, as applied to the assumptions of the law of Mortality, and the correct deduction of the financial elements; Social, as securing the confidence necessary for its extended use as a branch of domestic economy.

It is now necessary that we enter upon a more detailed survey of the main incidents upon which the fabric of Life Assurance has been built up; and it will be convenient in so doing to preserve the distinctive periods which I have assumed to be marked out in the progress of the business. It has not been deemed necessary to encumber the text with references to constantly recurring authorities; but in most cases the leading source of information is indicated.

### I.—EXPERIMENTAL PERIOD.

In a work called *Le Guidon*, sometimes *Le Guidon de la Mer*, believed to have been compiled for the use of the Merchants of Rouen, during the fifteenth Century—but of which there exist many editions of various dates—we gain the first glimpse of the mode of Life Insurance as carried on in Europe in the later middle ages. The author says, in his enumeration of the branches of insurance then practised—probably in the sixteenth Century :

“ In other countries (than France) where the bodies of people may be captured, and reduced to bondage, there are various usages for the insurance of the body and life of man, whether they be of free condition, or slaves; which customs will not be mentioned here,

because in France, men of whatever nation are of frank and free condition.”

It may be assumed that this branch of Insurance had reference mainly to indemnity against captivity.

It may be mentioned in this connection that there existed in London during the Anglo-Saxon period (827 to 1013) a Guild, the primary object of which was the recovery of stolen live stock or slaves. It quite resembled in its constitution the Mutual Contribution Life Associations of a later period. One of its regulations was this :

“ A theowman [*i.e.* a slave] shall be compensated for at the maximum rate of half a pound, or according to his value—the money to be raised by a call, as before mentioned. If he has stolen himself [*i.e.* run away from his owner] he shall be stoned, and every brother who has a slave shall contribute 1*d.* or a halfpenny, according to the number of the brotherhood. If the slave shall make good his escape, he shall be compensated for according to his value.”—*Walford's Guilds*, pp. 24, 25.

Returning to *Le Guidon*, the author further says :

“ Another kind of Insurance is made by other nations upon the life of men, in case of their decease upon their voyage, to pay certain sums to their heirs or creditors. Creditors even may insure their debts, if their debtor remove from one country to another ; the same can be done by those having rents or pensions, so as in case of their decease, to continue to their heirs such pension or rent as may be due to them. Which are all stipulations forbidden, as against good morals and customs, from which endless abuses and deceptions arose, whence they have been constrained to abolish and prohibit the said usages ; which is also to be prohibited and forbidden in this country (France).”

These things are spoken of as having primarily existed and been abandoned. Now there is most abundant evidence of such having been the case, by passages in the Maritime Codes of the various European nations.

In 1574 there occurred an event which would have rendered the early history of Life Assurance in England easy of demonstration—but for a calamity : the primary event was that Queen Elizabeth granted to one Richard Chandler the right to make and Register all manner of Assurance policies which should be granted upon any ships or merchandise, or upon “ any other thing or “ things, in the Royal Exchange in London, or any other place “ within the City, by any manner of persons, of what nation, “ condition, or quality soever.” Under this patent Chandler

established a "Chamber of Insurance" in London, similar to those existing in Barcelona (founded probably in the thirteenth Century), in Bruges (founded 1310), in *Amsterdam* (1598), in *Antwerp*, and in many other places. The object of which Chambers was to register all Contracts of Insurance negotiated, and to record the terms thereof for reference in case of dispute—no policies probably being written in some cases. The calamity which destroyed this Chamber and, it is presumed, its records, was the Great Fire of London in 1666. But for this event, records of the most profound interest would have been available: for the more exceptional the nature of the contract, the more necessary would have been its registration (*see* 1583).\*

*Earliest known Life Assurance Policy.* On the 18 June 1583, was made at the Office of Insurance "within the Royal Exchange" in London (which no doubt was the Chamber of Insurance already referred to), a Contract of Life Assurance concerning which very full details have been preserved in consequence of a dispute of a technical character, which was raised by the underwriters. As this is not only the earliest contract of the kind made in England, which is available for reference, but is also the first recorded Life Insurance case before the English Courts, I propose to set out the contract *in extenso*.

"In the name of God, Amen. Be it knowne unto all men by these presentes, that Richard Martin, Citizen and Alderman of London, doth make assurance and causeth himself to be assured upon the naturall life of William Gybbons, Citizen and Salter, of London, for and during the space of xij monethes next ensuinge after the underwriting hearof by the assurers heerafter subscribed fullie to be complete and ended. The which assurance wee the persons heerafter named, merchantes of this Citie of London, for and in consideracion of certeine currant money of England by us received at the subscribing hereof, of the said Richard Martin, after the rate of viij<sup>li</sup> sterling per-cent (whereof we acknowledg ourselves—and everie of us by these presentes trulie satisfied and paid) do take upon us to beare. And we do assure by these presentes that the said William Gybbons (by what addiceon soever he is or shall be named or called) shall by God's grace contynue in this his naturall lief for and during the space of xij monethes next ensuinge after the underwriting hearof by everie of us the assurers, or in default thereof everie of us to satisfye, content and paie, or cause to be satisfied, contented and pay<sup>d</sup> unto the said Richard Martin, his executors, administrators or assignes, all such severall summes of money as we the assurers shall heerafter severally subscribe, promising and binding us eche one for his owne

\* For a detailed account of these Chambers of Insurance, see the *Insurance Cyclopædia*, under that title.

part, our heiers, executors and administrators by these presentes, That if it happen (as God defend) the said William Gibbons to dye or decease out of this present world by any wayes or meanes whatsoever before the full end of the said xij monethes be expired, that then we, our heiers, executors or assignes w<sup>th</sup>in two monthes next after true intimation thereof be to us, our heiers, executors or administrators lawfullye given, shall, will and truly content and pay, or cause to be contented and paid unto the said Richard Martin, his executors, administrators or assigns all such summe and summes of money as by us th' assurers shal be hereafter severally subscribed w<sup>th</sup>out any further delaye: It is to be understood that this present writing is and shall bee of as much force, strength and effect as the best and most surest pollicy or writing of assurance which hath bene ever heretofore used to be made upon the life of any person in Lumbard Street, or nowe w<sup>th</sup>in the Royall Exchange in London. And so the assurers be contented and doe promise and binde themselves and everie of them, their heiers, executors and administrators by these presentes to th' assured, his executors, administrators and assigns for the true performance of the promises according to the use and custome of the said street or Royall Exchange: And in testimony of the truth, the assurers have hereunto severally subscribed their names and summes of money assured. God send the said William Gibbons helth and long lief. Given in the office of assurance w<sup>th</sup>in the Royall Exchange aforesaid the xvij<sup>th</sup> day of June 1583."

The persons who underwrote the policy, and the amount which each so bound himself to pay were as follows: John Barker, 50*li.*; Leonard Holydaye, 25*li.*; William Browne, 25*li.*; John Castelin and Anthony Marlor, 25*li.*; Henry Clitherowe, 25*li.*; Edmund Hogan, 33*li.* 6*s.* 8*d.*; John Stokes, 33*li.* 6*s.* 8*d.*; Henry Colthirst and Nicholas Stile, 25*li.*; John Newman, 25*li.*; Symon Lawrence and Oliver Stile, 25*li.*; the Executrix of William Towerson deceased, 33*li.* 6*s.* 8*d.*; William Becher, 25*li.*; and Robert Brooke, 33*li.* 6*s.* 8*d.* The rate of premiums was viii upon the hundred.

The insured came to his death on the 29 May, and intimation thereof was made to the underwriters severally. These latter refused to pay on the technical plea that the insured did live twelve full mouths, accounting after the rate of 28 days to every month. The Commissioners appointed in the City of London to determine such causes, and also Richard Chandler, the Clerk of Office of Assurance by whom the contract was drawn, determined that the contract was intended to continue in force for a whole year. It was in 1587 determined by two Judges of the Court of Admiralty, to whom the question had been judicially referred, that the underwriters must pay. This was undoubtedly a most just verdict. The age of the life insured is nowhere stated (*J.I.A.*, xvi, 423).

In 1622, Gerard de Malynes, merchant in London, published his famous work, *Vel Lex. Mercatoria, or the Antient Law Merchant, &c.*, which contains a chapter "Of the Office of Assurances, and the antient custom of the same"; and the nature of the assurances there made is described in much detail.

*Inter alia* :

" Other assurances are made upon the lives of men, for divers respects : some because their estate is merely for term of life, and if they should have children or friends to leave some part of their estate unto, they value their life at so many hundredth pounds ; and if he do depart this life within that time the assurers pay the money : as it happened of late that one being engaged for, Sir Richard Martin, Knight, Master of the Mint, caused 300 *li.* to be assured upon the life of the said Sir Richard, being some 90 years of age, and therefore gave twenty-and-five *per centum* to the assurers. The antient knight died within the year, and the said assurers did pay the money.

" Also one Master Kiddermaster having bought an office of the six Clerks of the Chancery, and taken up money of others, caused for their assurance for many years together 2,000 *li.* to be assured upon his life, after four and five in the hundredth, until he had paid that money, which is very commodious."

It is clear that the first case here stated was one of Life Assurance, pure and simple. The rate of premium chargeable under the *English Table* (Healthy Districts) would have been £26. 15s., without any loading for expenses ; under the Institute of Actuaries' Tables (4 per-cent) £33. 14s. The second case cited was an insurance of the money sunk in the purchase of a *place for life*, the rate being £4 or £5 per £100—which was a very good one for a short-term insurance.

The author proceeds:—" Likewise a traveller undertaking a voyage to Jerusalem or Babylon, delivering out money payable at his return, will providently assure a sum of money upon his life, either to secure some men that do furnish him with money to perform his voyage, and to put forth the greater sum, or to leave some means unto his friends if he should die and never return."

Here is the earliest mention of Life Assurance being employed as a provision for families. The first portion of the paragraph is rather involved, and probably describes two modes of insurance practised at that period and long before : 1. A man going into foreign parts, say on a religious pilgrimage, having more money

than was required for his purpose, lent sums to his friends upon the condition that they paid, say, twofold on his return. They underwrote his life, to secure such a sum of money as would be required. 2. A merchant going on a trading expedition borrowed money of his friends upon the condition of repaying twofold the amount on his coming back. He might be required to insure a sum in case of his failure to return; or he might offer to do this himself, so as to secure the advance upon easier terms.

Malynes proceeds to laud the Office lending these facilities to merchants and others:

“ So that this Office is most necessary in all human actions; and men cannot invent or imagine anything but the value of it may be assured, as you may judge from the former examples. And herein must be noted that assurers are very fitly compared unto orphans, because they may endure much wrong, but cannot commit any; for they are to be ordered and commanded by the Commissioners’ sentence, and must perform the same: to which end the Lord Mayor of London (for the time being) hath authority to commit them to prison, if in case they do not satisfy the same within a limited time, until they do it.”

It requires to be pointed out that the words “ this Office ”, at the beginning of the preceding paragraph, no longer meant the “ Chamber of Insurance ” of 1574. This Chamber had now become the “ Office of Assurance ”. *See later.*

It may be taken for granted that the usages for assurance described by Malynes were of long standing—that is to say, they had become customs. He had a large knowledge of mercantile affairs, and his work passed through many editions. I have here quoted from the first, but have modernized the spelling, in view of lessening obscurity. That he understood the necessary requirements of Life Assurance, from an underwriter’s standpoint, is made clear by the following passage in Chapter 27, “ Of the particulars to be observed in Assurances ”:—“ The assurance upon the lives of men whether aged or young, of good qualities and diet, of disposition, gentle or quarrelsome, a traveller or dweller, being somewhat extraordinary, every man is best able to consider it by the acquaintance of the persons ”. I think the word *extraordinary*, here used, is to be understood in the sense of *more special*.

*Office of Assurances.*—It will be convenient at this point to make some further reference to the functions of the “ Office of Assurance ”, which (as I have already intimated) had grown out

of the Chamber of Insurance of the preceding Century. We may again take Malynes for our guide :

“ Whereas the policy of assurance remaining with the assured  
 “ is registered *verbatim* in the Office of Assurances, to the end that  
 “ if the same should happen to be lost, yet by the said register the  
 “ partie may recover of the assurers the several sums by them  
 “ assured. . . .

“ For by the custom of assurances it is intended that, to avoid  
 “ cavilations, every assurer should be bound *ipso facto* to the said  
 “ assurance, having a respect to the augmentation of trafficke and  
 “ commerce, according to the maxim, ‘ It is better to suffer a mis-  
 “ ‘ chief than an inconvenience ’ ; the mischief being attributed to  
 “ one or some particular persons, and the inconvenience to the  
 “ whole commonwealth in general. . . .

“ Hereupon the party assured doth procure his testimonials,  
 “ witnesses, or any other evidences concerning the said loss, de-  
 “ claring the manner, the place, the cause, with all circumstances,  
 “ either by examinations in the said Office of Assurances or in the  
 “ Court of Admiralty, with all such other proof as by letters and  
 “ all other means he can attain unto. . . .

“ The matter of loss being well examined and made plain, the  
 “ Commissioners then, with a mature deliberation, do set down  
 “ their determination and sentence : That the assurers shall pay  
 “ every one the money by him assured ; and if thereupon any one  
 “ do deny to make payment accordingly, then (upon certificate of  
 “ the Lord Mayor of London and some of the said Commissioners  
 “ made of his refusal) they have by Act of Parliament (as aforesaid)  
 “ authority to commit the said assurer to prison, there to remain  
 “ until he do pay or satisfy the said sentence or final decree, which  
 “ no man of any credit will incur. And thus is this laudable  
 “ custom established in England ; and beyond the seas they are  
 “ compelled by the magistrates to perform the like ordinances or  
 “ sentences pronounced in the like cases of assurances.”

The judicial functions here referred to had been conferred upon the Court in 1601, under the authority of Statute 34 Elizabeth, chapter 12. Commissioners were thereby appointed to hear and determine disputes under policies of assurance ; which Commissioners were to meet “ weekly at the Office of Insurance on the west side of the Royal Exchange, for the execution of their Commissions, without fee or reward.” The Lord Mayor was one of these Commissioners.

We shall very soon be introduced to some cases of Life

Assurances brought before this Court for determination. But it becomes necessary to record that later during this Century the practice of the Office underwent some change, the nature of which is set forth by Molloy in his *De Jure Maritima* (1676), as follows :

“Assurances are either public or private. *Public* when they are made and entered in a certain Office or Court called the Office of Assurance, on the Royal Exchange in London; and the same are called public for that it is free for any man to resort and see that another hath assured upon his adventure. *Private* is when an assurance is made, but the assured keeps the same secret, not deeming it fit that any should see or know their cargo or adventure, or what perils they have given or assurances they have made; and the same being never entered in the Office, is known by the name of a private assurance. By the Common Law they are both of the same validity, as in reference to obtain satisfaction from the insurers, if loss or damage shall happen to the adventure. But by the proceedings erected by the Statute 43 Elizabeth, c. 12, only those that are entered in the Office of that Court can be sued or determined there.”

It is seen, by the phraseology employed, that marine insurance policies were mainly in contemplation. But Life Assurances were equally free to use the forms of the office, and machinery of the Court; and I have many reasons for believing they did so.

After the Great Fire of London in 1666—whereat I have assumed that the early records of this office were destroyed—the office was removed to Gresham House (*vide* Act for rebuilding this City); but probably it was much less resorted to than previously. It continued to exist: for in the *London Gazette* of 2-6 February 1720, there appeared an advertisement to the effect that fraudulent practices were suspected prejudicial to the Office; and information was invited. The establishment of Lloyd's Coffee House in 1710, and the establishment of Chartered Insurance Corporations in 1720, probably gave a final quietus to this formerly most useful Institution. The Policies of Insurance Court had indeed long previously found itself in conflict with the Superior Courts at Westminster.

In 1649 there came before the Court of King's Bench the case of *Denoir v. Oyle*, which throws some light upon the practice of the Courts regarding Life Assurance policies. A prohibition was prayed against the Policies of Insurance Court on the ground that its Commissioners were proceeding on the trial of the assurance of a man's life, which it was here contended was tryable at the common law, as it was before the Statute of Elizabeth (1601, which erected that Court) was made; and as indeed appeared by

the preamble of that Statute. Chief Justice Roll said that the assurance of the life of a man was not within the Statute, although a policy on a man's life on buying of an office was; but this case was different: for the man whose life was here assured, was going to sea upon merchant affairs; and his life might be as well assured as the safe return of the ship he was going in. But upon further hearing, a prohibition was granted. The simple fact was that the sureties (his bail) had insured the life of the captain to secure recoupment in case he did not return and surrender.—*Style's Reports*, pp. 166-72.

In 1690 there was before the Court of Chancery the case of *Whittingham v. Thornborough*, where the facts were these: the defendant Thornborough, had caused a policy of Insurance to be drawn for the assuring the life of one Edward Harwell for a year, and left it at the office of Samuel Luplow (probably an Insurance Broker), to get subscriptions at 5 per-cent premium; and in order to draw in the plaintiffs and others to underwrite the policy, procured one Marwood, a near neighbour of Harwell's, to underwrite £100; and he giving out that he knew Harwell to be healthy and likely to live, and the plaintiffs relying on such information, underwrote the policy—Mr. Whittingham for a £100, the other four for £50 a-piece. Harwell soon after died, a verdict had been obtained at law for the sums underwritten by plaintiffs.

It appeared at the hearing of the cause that Thornborough had no estate or interest that depended upon Harwell's life; that Marwood's subscription was only colourable, to draw in others, and that Harwell was in a languishing condition—though Marwood had pretended that he was a healthful man. The plaintiff on discovering the contrivance, tendered a return of the premium, and took steps to prevent others from being drawn in, as a large subscription had been designed. *It was given in evidence that the defendant had by a like contrivance secured a subscription of between one and two thousand pounds on an insurance on the life of William Sweeting.* The Court decreed that the policy should be given up to be cancelled; and granted a perpetual injunction against the verdict at common law. Full costs were given alike as to the action and this suit; the premiums received to be credited on account of such costs.—*Vernon's Chancery Cases*, ii, p. 205.

In 1693 that ingenious computer Leybourne, in his *Panarithmologia*—“a sure guide for purchasers, sellers or mortgagers of “land, leases, annuities, rents, pensions, etc., in present possession

“ or reversion ”—describing the branches of insurance, which then prevailed, said “ Other assurances are made upon the lives of men and women, at a rate that is moderate. For by this means, if you buy any place or office that is worth £1,000 or more, or less, and you have not money enough to purchase it, you borrow £400 or £500. Now if you die, and are not in a condition to pay this money, it is lost: but if you insure your life, then your friend that you did borrow of will have his money honestly paid him.” —P. 38, *Appendix*.

*First Glimpses of Light*.—Hitherto all had been all speculation and darkness. This new period takes its rise with the first efforts towards true light. But we must retrace our chronological record during the Century under review.

In 1698 an important point of Insurance Law was settled. A policy of £100 had been made on the life of Sir Robert Howard for one year from the day of the date thereof. The policy was dated 3rd September 1697, and Sir Robert died on the 3rd September 1698, about 1 o'clock in the morning. The underwriters refused to pay on the ground that the policy had expired. The Court held (1) that “ from the day of the date ” excluded that day, whereas the words “ from the date ” includes it, so that the day of the date was here excluded; (2) that the law makes no fraction in a day; yet in this, he dying after the commencement and before the end of the last day, the insurer was liable because the insurance was for a year, and the year was not complete until the day be ended. —Vide *Salkeld's Reports*.

## 2.—SPECULATIVE OR TRANSITIONAL PERIOD.

It is one of the most remarkable features in the history of Life Assurance, that at the very moment when the business could, for the first time, have emerged from the reign of Experiment into the more satisfactory path of something like mathematical certainty—at that moment the course of events led it into a channel almost purely speculative. This was probably due to the temper of the times rather than to any other single cause. It is certain that the first step towards associated operation was intended to be respectable, although its basis was not very substantial; it is equally clear that the movement of 1706 was intended to be in the direction of permanence; but it will be made too apparent, as we proceed, that the very attractiveness of the features of the business seemed to render it the prey then, as it has done since, to a band of most

unscrupulous adventurers. It seems of the utmost consequence that the events of this period should be carefully surveyed: without this, no deductions can be drawn which will be permanently reliable.

*The First Mutual Contribution Life Office.*—The earliest project of associated Life Assurance was made in 1699. It was called “*The Society of Assurance for Widows and Orphans*”. Its founder was Mr. Stansfeld, “at St. Austin’s Gate, near the east end of St. Paul’s, London”. The association was to consist, “when full”, of 2,000 members, who were to contribute five shillings each towards every death that occurred among the members, this contribution being designed to raise £500 on the death of each member, contingent upon all members paying up. I will give a brief outline of the main provisions of its “Articles of Settlement”.

The scheme was to commence as from 6th April 1699, to be kept in some public place in the City of London; two register books were to be provided and kept in the said office—one for entering the name and age of every subscriber, and the names and ages of his wife and children, or of any other person or persons to be provided for; and the other for entering the claim of every widow, or of every orphan or orphans, person or persons, made upon the Society, and the sum or sums of money paid upon every claim. These books to be open to the examination of subscribers. All claims and matters relating to the “Society” were to be heard and determined by thirteen persons, who were named, and who were all persons of good social position, as clergymen, &c. They were to be Trustees for the year. Any three of them might hold a “Court” for admission of subscribers, and any five of them for determination of other matters, being lawfully summoned by the “Master of the said Office”. Vacancies might be filled. Trustees to be appointed every year by the votes of the subscribers.

Every subscriber on registering his name and the names of those for whose benefit the Assurance was to be made, was to pay 5s. for entrance, and 5s. more to meet the next claim; and should these have a policy under the seal of this office, nominees might be named, and from time to time changed, for all benefits under the policy. Policies might be changed on paying the cost of stamp. In case of death, *timely notice to be sent to this office, that its “Visitor” might see the person deceased.* An affidavit of death to be made by parties interested in the policy, supported by a certificate of death under the hands of the minister and churchwardens of the parish, or of three substantial housekeepers.

Persons on entering were to sign the deed, and within six months were to appear at the office before three or more Trustees, and have their policies approved and signed by the Secretary in their presence; at which Court every subscriber should, if required by the Trustees, or by the Master of the Office, produce *Certificate of his age*, and also an affidavit *that he had not any known distemper upon him, and that he was in a very good state of health*, and the Trustees should have power to refuse the person *if it appeared he was sickly and infirm*, or did not produce the Certificate, or that in any other respect he was not qualified for membership. Any person of the clergy or laity, “excepting such as live in the marshy and unhealthy parts of England”, might be admitted by proxy, if known to some of the Trustees, or to the Master of the Office, or to some two subscribers or substantial housekeepers living within the Bills of Mortality, as a person of good report; also not above 50 years of age, as also a Certificate signed by the ministers of three neighbouring parishes, testifying that they did believe him to be in health, and of such an age as he declared himself to be. All members being outside the Bills of Mortality to have a proxy to pay contributions and quarterages.

There was a stringent provision against *personation*, and in the case of persons who had become members becoming *soldiers and dying in warfare, or dying at sea, or in Foreign parts*, all interest in the Society and its funds was to be forfeited.

There were well-considered provisions for giving notice of and getting in contributions. On the death of any person after six months' membership, the Master to be ordered to pay £500, abating a proportionate amount if there were not the full 2,000 members; also deducting 3 per-cent towards defraying charge of office. The Master of the Office to settle the value of £1,000 in ground rents as guarantee of fidelity. The remuneration of the Master of the Office was to be 1s. quarterly from each subscriber, the 5s. entrance fee, and the 3 per-cent deduction from the death claim.

Any subscriber not paying contributions within seven days after notice to lose all benefit in his previous payments, and his policy to be cancelled. But members might by a deposit of money provide for future contributions, and have account rendered. Subscribers dying by hands of justice to forfeit all contributions made.

Mr. Stansfeld, the Master of the Office, was to have full power to control the office and regulate the staff; also to alter the regulations, subject to the approval of the Trustees.

The number of subscribers did not get completed very rapidly. In 1704 there were 600 members; in 1705 there were 908; in 1707 the number had increased to 1,104; and early in the working of the scheme the age of entry was reduced from 50 to 45. Notice of the change was given, with this further condition:—"When the Society shall consist of 1,200, it is designed to be reduced to 40; when of 1,600, to 35; when it is full, to 30 years of age".

The following estimate of the supposed working of the scheme was published:

"The probable charge of this Society may be thus calculated: The number of people within the limits of the Bills of mortality are supposed by some to be 2 millions, by others  $1\frac{1}{2}$  million: by all to be at least a million: out of these there die about 20,000 a year, as appears by the general Bill of mortality, etc., which is 1 in 50, supposing the number of people to be 1 million. Now if but 1 in 50 dies out of the whole number, including women and children, sickly and infirm people, and such as are ancient and Decrepid, we may reasonably calculate that not above 1 in 50 shall die in our Society, which is to consist of such persons as are in health, and of the different ages above mentioned; and this is but 40 in 2,000—so that the probable charge when 'tis full, will be but £10 per annum, and while 'tis increasing in proportion to what it has hitherto done, the advantage must be very great. The Joint Stock is now about £220, and he that has been in from the beginning has paid but £14."

The date at which this illustration was issued does not appear; but it was probably within five years of the start. There was another paragraph in the later prospectus from which I am now quoting which is important, as going to show that the scheme had the idea of Life Assurance as a family provision, an idea now but not originally implied. Thus:—"If the Subscriber be a Clergyman that has a good liveing, or one that has good business, or that has an office, whose salary and perquisites are considerable, his family is morally secured of a good subsistence. As long as the Subscriber lives they have his income to depend upon, and at his death £500." And it added: "A jointure of £10 or £15 per annum is but a small provision for a wife; but if such an Estate were settled to maintain her title to the Joint Stock of this Society, when it is full she will have, at her husband's death, £500, which will purchase an Annuity of £50 per annum upon land security, and free of all reprisals."

Among the early members were James Augustus Blondel, M.D.; John, Lord Bishop of Chester; also the Bishops of London, Gloucester, Llandaff, Oxford, Worcester; Edward Coke,

Gent., Sir John Cooke, Kt., LL.D.; Charles Davenant, LL.D.; Sir Wm. Duncombe, Bt.; John Exon, LL.D.; Bishop Floyd; Saml. Newton, Mathematician; Thomas Spurgin, "Embalmer"; and numerous Goldsmiths, Silversmiths, Merchants, Scriveners, and other persons of social distinction.

The office hours were from 9 till 12 and from 2 till 6, every day except holidays; Court days, the first and third Tuesdays in each month.

The forms to be filled up on applying for admission to this Association were the following, or their equivalents:

1. *Certificate of Age*.—We, . . . . . Rector of . . . . . in the County of . . . . . and . . . . . Vicar of . . . . . and . . . . . Curate of . . . . . in the County of . . . . . do well know . . . . . of the Parish of . . . . . in the said County, Gent. or . . . . . etc., and we do believe him to be in a good state of health, and of about the age of . . . . . years, and under the age of 45 years . . . . .

2. *Affidavit*.—A.B., of . . . . . in the County of . . . . . Gent. or Yeoman, &c., make oath: That he, this deponent, to the best of his knowledge, is about the age of . . . . . years, and under the age of 45 years, and that this deponent hath not any known distemper upon him, and that he is now in a very good state of health.

This Affidavit might be made before any Justice of the Peace.

There was no "Proposal Form" in the sense now understood. The Form of *Policy* in use was as follows:

OFFICE OF ASSURANCE FOR WIDOWS AND ORPHANS. London, the . . . day of . . . . . 16 . . . This Policy of Assurance is given unto . . . . . contributor to the Society of Assurance for Widows and Orphans, on the behalf of . . . . . his now wife, and also on behalf of . . . . . his sons and daughters, or the survivor or survivors of them, upon the Joint Stock and Credit of the said Society, begun in London the 6th April, 1699, for payment of £500 of lawful money of England, unto . . . . . of the Parish of . . . . . in the . . . . . of . . . . . for the use and benefit of . . . . . his now wife . . . . . sons and daughters of the said . . . . . or the survivor or survivors

of them, within two months after the death of the said . . .  
 now the husband of the said . . . and the father of  
 the said . . . subject to the conditions and agreements  
 mentioned in the Articles of Settlement of the said Society,  
 agreed to and signed by the said . . . on the behalf of  
 his wife and of his sons and daughters above mentioned: Provided  
 that the said . . . is and shall be living at the end of  
 six months, to be accounted from and after the . . . day  
 of . . .

In Witness whereof the Seal of the said office is hereunto  
 affixed the day and year first above written . . . Registrar  
 approved by the Trustees . . . Secretary.

This was the first of the *Mutual Contribution Life Offices*.  
 It seems desirable to call attention to the fact that all the  
 essential conditions of Life Assurance were here provided for.  
 The lives were to consist of persons in good health, and not over  
 a specified age; persons whose social position enabled them to be  
 identified. Military, Naval and seafaring risks were excluded,  
 and also deaths by the hands of justice. There was to be a  
 probationary period (six months) within which if death took place  
 there should be no claim. This last regulation was to compensate  
 for the absence of medical examination—a practice introduced at  
 a later date.

All these details, and indeed every incident connected with  
 this pioneer Society, seem to be of great interest, not the less so  
 that its very existence has heretofore escaped observation. In  
 1708, we learn from Hatton's *New View of London*, the office was  
 held in Racquet Court, Fleet Street. The claims paid by the  
 Society were advertised in the newspapers of the day. The first  
 that is mentioned in the year 1707 realized £220. From  
 Christmas, 1707, to Christmas, 1708, there died 24 members, and  
 the amount collected realised £5,398. The payments to these  
 varied from £221¼ to £225¾. It was made a regulation that all  
 Subscribers pay 5s. within 7 days of the death of a Member,  
*in order to provide for the next claim*. Early in 1711 several  
 claims were paid, among them one on the life of Sir Nathaniel  
 Loyd, nominee of Sir John Cooke. But after this year we learn  
 no more of this Society, except by way of postscript to an  
 advertisement of the Amicable Society (1706), issued in March  
 1714: "Beware of Societies without a Charter; remember that  
 of Racquet Court." But see 1712.

In the following year (1700) the same Mr. Stansfeld founded another and similar association, which became designated *The Second Society of Assurance for Widows and Orphans*. This was to consist of 1,000 members only, hence the sum to be raised on each death could not exceed £250. The entrance and other fees were to be less than in the other society. No claims were to be paid until "there be actually £250 in the joint stock". Operations were not to commence formally until there were 600 subscribers. The general regulations were much the same as in the former case; but the nominee feature was expanded, by adding powers for changing them, &c. The master of the office was to give security in ground rents to the value of £500, to secure a sum sufficient to have always £250 in hand to pay claims. The reasons for starting this second society are very obscurely stated—for instance, it was started to be a means to help to fill up the first! Strong inducements were held out to join early, as afterwards the younger ages would be selected in preference to the higher ones. It was thought some would join both. "The First Society, which has already made a considerable progress, has supply'd several widows, and is ready to answer all claims that may happen." Among the twelve promoters there were three Doctors of Divinity. The two societies worked on side by side for some years, and then suddenly disappeared from the scene—eclipsed, probably, by a later creation.

On the 8 November 1704 there was founded in London the "*New Assurance Office upon the Lives of Men, Women and Children*, established at the 'Bull and Dragon' (otherwise called Lincoln's Inn Eating-house), in Portugal Street, at Lincoln's Inn back gate." The advertisement issued by the promoters tells its own tale pretty fully, and says the institution is—

"Of that excellent constitution that by a man's assuring his Wife's life and his own, for the benefit of each other and their children, there will come into the family £500 upon the death of both of them, viz., £250 upon the death of the first, and the like sum upon the death of the other. The charge of each Subscriber will be 7s. 6d. paid down at subscribing (2s. 6d. thereof being to go towards paying the first claim) and after that paid out, then 2s. 6d. upon the death of every subscriber, and 6d. per quarter. A widow may assure in this office for the benefit of her children and grand-children; likewise any single man, or single woman, may assure upon any man, woman, or child's life, for his or her own benefit. And if a person whose life is assured, goes beyond sea, or into the wars, the life may be changed. The number of Subscribers are to be 2,000. The person's life to be insured is for the present year not to exceed 55; and none above 50

years of age to be admitted the next year; and no child's life is to be assured under the age of 12. By which assurance and the Articles hereunder written, it plainly appears how this office will greatly tend to the public good of mankind (and how charitable it is): for here the fatherless and widows may be relieved of their distress; a man may provide for his wife, and the wife for the husband; parents provide for their children, and children for their parents; and friends and relations for one another. The design is just and honourable; the benefits and advantages proposed certain; and the charge of each Subscriber but small and inconsiderable: which going out by little and little may easily be saved by the diligence and industry of some; as well as spent out of the common daily expenses of others." . . .

Mr. Charles Pratt was appointed the master of this office, he being its founder. The internal regulations, as set forth in the Articles of Settlement, were on the same lines as those of this First Society, with a few modifications. The family-provision feature is here brought into more prominence. After a few years of working (precise date unrecorded) some supplemental regulations were made, amongst which was the following:

"*Item.*—That several people called *Quakers*, and others, being desirous of coming into this Society; but they not burying in Church Ground, are not willing to trouble the minister or church wardens for a certificate. Whereupon it is thought fit and agreed that for such persons a certificate of three or more substantial and creditable housekeepers of the parish where such Subscribers lived and died, shall be acquivalent with that of the minister and church wardens; and their solemn affirmation, or any other honest testimony with that of an oath.

"*Item.*—That if any nominee, or person to be provided for, shall happen to die, or disoblige the Subscriber who assured for such person's benefit, such Subscriber may at pleasure deliver up and cancel his other policy, and have a new policy, upon paying only 1s. for stamps, and therein put other nominees or persons to be provided for; and so from time to time, as often as the Subscriber pleaseth, provided he or she hath the custody of the policy in his or her own power or keeping. But when such policy is made over in the name of a trustee, or wife and children, or as a jointure, or as security for any one for money lent or owing, in such case the policy is not to be altered without the consent of all parties.

"*Item.*—Whereas it have been objected that when a man hath been a Subscriber and Contributor to this Society for many years, and his occasions should call him in the war, or to go beyond the sea, and then he should die, the money he hath been out, and his interest in this Society would then be lost. It is therefore thought fit and agreed, that any Subscriber may at any time before he goes, cancel his policy and have a new policy, and put in the life of some other healthful person residing in England, not exceeding his own age, such as shall be approved by the Trustees or any three of them; and have a new policy again upon paying 1s. for the stamps, and so *toties quoties.*"

(To be continued.)