

History of Life Assurance in the United Kingdom. By
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(Continued from p. 133.)

Amicable Society.—We now arrive at the period of the formation of the Fourth Mutual Contribution Life Office established in London. This was designated the *Amicable Society for a Perpetual Assurance*; and it was destined, if not to be perpetual, to live long enough to become famous. It differed in some material respects from its predecessors, the chief distinction being that the contribution to its funds was fixed at £6. 4s. per annum. The first 2,000 members to pay, in addition, 5s. to the registrar and 5s. to the joint stock of the office; and all subsequent members were to pay 10s. to the joint stock. The founder and the registrar of the society was John Hartley; and he was to receive, permanently, 1s. per quarter out of each contribution.

The plan of working was this: the number of members was to be 2,000. Amongst those who died in the first year *one-sixth* of the total contributions was to be divided; in the second year, if the full number of members were enrolled, £4,000 was to be divided; in the third year, £6,000; in the fourth, £8,000; in the fifth, £10,000; and so on for ever afterwards—with a proportionate reduction if the full number of members were not enrolled. The full contribution from the complete roll of members would be £12,000 per annum; the undivided surplus was to accumulate, together with the proceeds from the sale of annuities—a new feature in Life Assurance. The uncertain element was the amount that would be realized for the fixed contribution. This depended entirely upon the number of deaths during the year, the sum appropriated for annual division being equally divided by the number of deaths. Each person had an interest, therefore, in recommending none but healthy lives. There was no limitation of age for membership in the first instance; but the Court had the power of rejection. Candidates for admission attended before the committee, and were put through a species of cross-examination as to health, habits, &c. There was no medical examination. There were powers to change nominees. The original subscribers were men of good social position, and by their influence obtained, in the following year, a Charter of Incorporation from Queen Anne. This Charter authorized the commencement of business as from 25 March 1706. The association had been formed in the preceding year.

The number of subscribers during the first year was 875, of whom 29 died—a very heavy mortality; only £875 was divided, the proportion of each being therefore £30. 3s. 8d. only. In the second year the full 2,000 subscribers were enrolled, 96 died, and the share of each was £41. 13s. 4d. Third year, full number being made up by new entrants; 122 members died, and the £6,000 divided gave £50. 3s. 6¼d. per share. In the 4th year only 87 deaths; share of funds, £91. 19s. 0¾d. At that time the accumulated stock had reached £25,000, and the stipulated £10,000 was henceforth annually divided amongst the nominees of deceased members.

This mode of working, which was financially safe, converted the Society into a species of Mortuary Tontine, except that the smaller the number of subscribers dying in each year the better for their nominees. The heavy mortality of the first three years—

the result of an undue anxiety to fill up the regulation number—combined with the absence of limit of age and medical selection, caused the speculation to be a very poor one for the representatives of those who died. The established tariff for life assurance amongst the underwriters at Lloyd's and elsewhere, who undertook life risks, was, and long had been, £5 per £100 for one year; here they had paid more and received much less! At a later period, the age of membership was limited to between 12 and 55 years of age.

The *Amicable* had no sooner become established than it was in conflict with the *Society of Assurance for Widows and Orphans*. It was one of those open, old-fashioned fights, wherein each said the worst it could of its opponents, without resorting to actual abuse. The idea of being "perpetual", was greatly ridiculed by the earlier Society. "Perpetual is too great for any humane undertaking, and especially for one of this nature. This must be granted if we consider the frailties and vices of men, the hazard that lies in employing a great stock in order to improve it; the tricks, the fraudulent combinations and practices which Companies and Societies are liable to when the temptation is great." Some of these predictions were in part realized a few years later when, in 1713, Mr. Hartley, the principal officer of the Society, absented himself with some £6,500 of its funds. This event caused great inconvenience and loss of repute to the Society, and was not its only early misfortune. It turned out that some portions of the funds of the Society were invested in Lottery tickets in (I assume) the State Lotteries of 1710 and 1712. Before these events, in 1711, several of the policies of the Society were offered for sale. This was probably the first instance of the sale, or attempted sale, of a Life Policy. There is no record of the price realized. Later still, Insurance brokers advertized that they desired to buy policies in the Society.

It is not my purpose to follow the detailed history of this Association through the entire 160 years during which it carried on business, until in 1866 it was merged into the *Norwich Union Life Office*, under the authority of Parliament. The idea is rather to trace the growth of the successive Institutions founded for carrying on the business of Life Assurance, and indicate their progressive and fundamental differences. In that manner the growth and development of the business may be sufficiently seen. But the changes introduced in the working of this Association are

equally instructive. The Society by its Charter was bound not to deal in bills of exchange, or bullion, or enter into the business of banking, upon the penalty of forfeiture of the Charter. The Office of the Society was at the corner of Dean Street, Fetter Lane. From 1733 a register of assigned policies was to be kept. In 1734 a modification was made in the plan of the Society by the authority of a General Court. A portion of the annual income was to be accumulated with a view of equalizing the amounts payable under policies, *and especially of augmenting the sums whenever the ordinary means of division would yield an amount less than £100.* In 1737 new and more stringent bye-laws were introduced. From 1710 up to 1749, being a period of 39 years, there were 2,967 claims; the sums available for these had amounted to £277,104, giving an average of £93. 3s. 7d. per claim; but there had probably been very considerable variations in different years. The alteration of 1734 produced greater steadiness. Leaving out the fractions of a pound, the sum of a death-share in 1750 was £132; in 1754, £185; in 1760, £260; 1761, £125, and about the same for several years; 1766, £210; 1768, £148; 1771, £203; 1777, £155; 1786, £303; 1790, £165. Thus there was still a very great variation of amount in different years, rendering the operations very much of the nature of a lottery.

The Society had probably felt the competition of the *Equitable* Society (founded 1762), and its contribution was soon afterwards reduced to £5 per share per annum. In 1770 the Society had an accumulated fund of £33,300, of which £15,000, in Stocks, was set apart, with some minor sources of income, as a fund for augmenting the shares of deceased members to the full sum of £150, whenever they might fall short of that sum under the dividend directed by the Charter. Upon this there was for several years an accession of members. The extreme age for admittance had been reduced to 45. Up to 1774 the Society had paid out to nominees of deceased members £425,060. In 1790 the Society obtained an additional Charter, its third—the second had been obtained in 1730, but had no new feature calling for remark here—under which the number of members might be extended to 4,000 in the whole. The new members were to pay £7. 10s. each on admission, and £6. 4s. annual contribution. The funds of the Society now consisted of £64,300 in Stocks, and some house property in addition; £30,000 was

appropriated in aid of the future mortuary dividends. Up to 1795 the Society had divided £653,036 amongst the nominees of 5,350 contributors. In 1796 a share of the death sum gave £165; in 1797, £185.

In 1807 a further Charter was obtained by which the working of the Society was a good deal remodelled. *A graduated scale of Contributions was introduced*, according to age and circumstance. Thus at age 15 the premium on admission was £1. 11s. 6d.; the future annual premium £3. 10s. 6d.; at age 30 these respective payments were £1. 19s. 6d. and £4. 19s.; at age 40, £2. 5s. and £6. 7s. 6d.; 50, £2. 13s. and £8. 12s. 6d.; 65, £3. 6s. 6d. and £15. 6s.; payments to be made half-yearly. The number of members might be increased up to 8,000, and the death-share compounded for by an annuity. The reserve was calculated to produce £180 per share. In 1836 a further Charter was obtained, by which the number of contributors might be increased to 30,000; the death-share was increased up to £200, insurances might be granted on joint lives, and other than simple risks on life contingencies accepted. There were also provisions regarding periodical valuations, &c. In 1845 further powers were conferred by special Act. A valuation of assets and liabilities was to take place every seven years. By 1854 the funds had increased to £774,245, and there was a balance in favour of the Society, on actuarial valuation, of £109,440. The fixed dividend per share was now £225. 8s. But the Society was now retrograding. Hence negotiations for amalgamation, commenced in 1864 with the Norwich Union Office, were concluded in 1866 as stated.

It remains to be stated, as part of the essential history of the society, that about 1811 its *Mortality Experience* was compiled by its then registrar, Mr. Pensam, and was found more favourable than that shown by the *Northampton Table*. This was the first actual Mortality Experience of Assured Lives which had been available to Actuaries, and so was regarded with great interest. In 1841 much more complete results of its mortality experience were deduced by Mr. Thomas Galloway, the then registrar.

In order to bring ourselves back to the early part of the eighteenth Century, it is desirable to review the extended purposes to which Life Assurance was capable of being then applied. Here is a summary issued by the founders of the Amicable Society early in its business career:

“1. To Clergymen, Physicians, Surgeons, Lawyers, Tradesmen, and persons possessed of employments for life; and others whose income is usually subject to be determined or lessened at their respective deaths; who by insuring their lives may be morally certain of leaving to their families a claim not less than £100 on each member insured.

“2. To married persons, subsisting upon a jointure, Pension, or other Annuity, determinable upon the life of one of them, by insuring the life of the person entitled to such Annuity, pension, or jointure.

“3. To servants or dependants upon any other person, and thereby entitled to wages, salary, or benefaction during the life of such person; whose life being insured in this Society either by themselves, or by their servants or dependants respectively; in either case such servants or dependants may become entitled to a claim or claims, upon the death of the persons to whom they are servants or dependants.

“4. To persons wanting to borrow money, who by insuring their lives, assigning their policies to, and depositing the same in the hands of their creditors, and paying the contributions growing due thereupon, are unable to give a collateral, and in some respects a real security for the money borrowed.

“5. To *London* merchants and wholesale dealers who upon a similar insurance and deposit may safely entrust with their country chapmen a larger quantity of goods than might otherwise be thought convenient

“6. To creditors entitled to demands of a higher or larger amount their debtors are able to discharge out of their income; who by a similar insurance and deposit, and by paying (as it were) the interest of their debts, during life, may be enabled to secure to their creditors the principal sums at their deaths.”

We now resume the general narrative. In 1707 there was projected by Mr. Charles Povey (a name that will always be remembered in insurance annals as the founder of the *Sun Fire Office*, and the advocate of numerous other projects), a Scheme of Life Assurance, under the title of *The Proprietors of the Traders' Exchange House*. It will be sufficient for our present purposes to give a brief contemporary account of the project, as preserved in Hatton's *New View of London* (1708), thus :

“Every subscriber to pay to the office 2s. 6d. per quarter (besides the writings) and never more. For which the subscriber shall every quarter have equally divided among the heirs, executors, or nominees of the deceased subscribers that die within any quarter, the sum of £300, and also an halfpenny clear profits out of the *Printed Papers* sold from that office; also that £50 per quarter be disbursed during the term of 5 years for erecting a structure to be called the 'Traders' Exchange House College, and at the end of these said 5 years, 100 of the subscribers falling to decay are to be admitted into the said college, and 50 of the most necessitous of the 100 shall be allowed £10 per annum for life. And at the decease of Mr. Povey the profits arising by the Traders' Exchange House, and £2,000 per annum

payable by the subscribers to the said house, are to be converted to the proper use of the whole body of subscribers for ever."

This Traders' Exchange House was situated in Hatton Garden, and became very noted during the South Sea mania. The "printed papers" probably refers to a publication called "*The General Remark or Miscellany*, set forth by Mr. Povey, in Covent Garden," and was the precursor of *The Historical Register*, which a few years later was distributed to the subscribers in the *Sun Fire Office*.

This Life Scheme of Povey's actually commenced business; for in a number of the *General Remark* "from Wednesday, 22nd, to Friday, 24th December, 1708", there is a special notice, as follows:

"In the Insurance of Lives there has happened several deaths, and the claims will be paid to the nominees of the said deceased subscribers on Tuesday 6th January following. NOTE.—At Lady-Day next, claims in the Insurance upon Lives will be double to what they were at Michaelmas last, this undertaking so much improves since the publication of Mr. Povey's proposals for insuring goods from loss by fire."

The intended philanthropic features of this scheme have found active imitators in the present Century.

In 1708 elaborate "proposals" were put forth in view of establishing a "*Perpetual Assurance Office*, by a voluntary subscription of two thousand persons who, for certain annual payments into a joint stock during their lives, may and will secure to themselves, or to any person or persons they shall name (at or before their respective deaths), such advantageous sum or sums of money as are hereafter expressed."

The scheme was a most elaborate one, and not deficient in the speculative element, as may be seen from its 1st paragraph, thus: "Tis proposed that this Society shall consist of 2,000 reputed healthful persons of either sex. None to be admitted a member above 55 years old. Any officer by sea or land, or any other person, may name as many members as they please, till the number be completed. If A, the husband of E, subscribes, and makes E his nominee; and if E, the wife of A, subscribes, and constitutes A her nominee; then the survivors will be sure of a chance, and their children or friends will reap the benefit of both; besides, they'll secure to their posterity two places in this Society for ever, unless they or their successors shall think fit to dispose of 'em."

This was seen to be such a manifest paraphrase upon the

scheme of the *Amicable Society*, that upon the projectors of this new scheme making an application for a Charter, counsel for the *Amicable* was heard upon it, and the Charter was refused.

In this same year 1708 there was projected and founded the "*Friendly Society* for Assurance of money upon Lives, and for raising a Joint Stock, thereby to secure to the Subscribers the several Benefits and advantages hereinafter mentioned." The place of business was the Rainbow Coffee-House in Cornhill, "where men or women may subscribe on their own or other persons' lives, for the benefit of themselves, and have them approved without their knowledge; paying 10s. entrance, and 10s. towards the first claim, for each life; and shall have a policy for £1,000 for each life subscribed upon in the said Society. This office may be proper for such persons as have annuities, estates, or places for life, and for such persons to make allowance upon lives where debts are dubious if the person die. This office will assure money much cheaper than private persons" — whatever that may mean. The advertisement continued: — "Note. — Here is a second Society, paying 5s. entrance, 10s. at receipt of the policy towards the first quarterly dividend, and 10s. per quarter afterwards; advantages, when full, dividend of £1,000, until then proportion. Two thousand members when full."

The *having* two offices at one address led to a good deal of confusion, not quite unintentional I suspect. I believe, from a reference in the *Harleian Collection*, that the granting a Charter to the Society was also opposed by the *Amicable Society*. The Society lived for some years, became proprietary, and passed through other phases before it finally disappeared.

The second Office at this address was, I believe, *The Office of Assurance of money upon Lives*, at the Rainbow Coffee-House in Cornhill.

All through the years 1708-9-10 the newspapers teemed with advertisements of projected schemes of Insurance, of which but comparatively few addressed themselves to Life Assurance alone. It seems desirable briefly to notice those that actually became established, although some of these had but a short career. I shall merely give the names of those which arrived at such a stage of advancement as to secure a distinctive designation, and any marked features of identity. Their first domiciles were usually at coffee-houses or other places of public resort, where their promoters

were able to pull the strings of several enterprises at the same time.

The chief projects of 1708 I have already named. In 1709 there were the following :

1. The *Union Society*, who for 2s. 6d. for the Policy, 2s. 6d. for the first quarter, and 2s. 6d. per quarter afterwards, proposed to pay (in case 4,000 had subscribed) every quarter to the nominees and representatives of deceased persons whose lives were assured and should die within the quarter, £400; "and every Subscriber desiring the same may have one of the papers they publish once or twice a-week gratis, &c. And £100 a-year to be applied in Cloathing, Schooling and Apprenticing poor Subscribers' Children." Here was Mr. Povey again. We learn no more of this scheme.

2. "The *Taylor's Friendly Society* for Insurance upon the lives of Men, Women and Children," kept at the "Sun and Cross Keys," Witch Street; and at the same address a second Insurance Society, called the *Amicable Society*—another Amicable—where £120 was to be divided quarterly, "and if (the Subscribers be) overtaken with poverty shall be relieved as in the first Society, besides several other benefits which are too large here to mention, shall therefore refer you to the Abstract of the Settlement which is in print and may be had gratis."

3. The *Monthly Society* of Assurance upon lives, in Bedford Court, Covent Garden—"upon the 22nd November last Trustees were nominated for the first year, to whom the Master proposed security above £2,000 value, freehold estate, which they ordered to be settled by advice of Council forthwith. Note.—Any healthy person of either sex, between the ages of 10 and 55, may be entered in the said Society. The charge of which is 10s., viz., 5s. Entrance and 5s. toward the monthly dividend," &c.

4. This year also called into existence the first provincial Life Office of which we have any knowledge—the *Berkshire and Counties* Insurance Association, of which the following was an early announcement :

"A Society is established among the Clergy, Yeomen and Tradesmen of Berks and other Counties, for a provision for the families of such as have estates only for life, or any other men or women, by a voluntary fair and easy contribution amongst themselves, whereby any Subscriber thereto may be entitled to £600, paying 20/- at the death of the lives that dye before your

“ life. If any Subscriber want money, may have half what he or she have paid, and abate the same and interest when his other claim is due, which is when the life is dead which you nominated: or when you have paid £400, though the life be not dead then you shall have the £600. The life you name must be seen by one of the Office, which is ready to go when paid by you; a Clergyman’s age may be 65, any other must not exceed the age of 60, must be approved healthy. The money paid the next quarter-day after the death of the life at the Clerk’s House by the Subscribers themselves, which will be a gain to all and a loss to none. The method thereof, together with the articles of the same at large, are to be seen any Monday at Mr. Field’s, at Hampstead Marshall, near Newbury, in Berks, 15 days before every Quarter. Notice will be given in the news what is to be paid the next Quarter-day.”

The year 1710 opened more quietly than the previous one, and there were but two Life Assurance projects to notice, namely:

1. Proposals for raising a Bank for private Families and Widows by Subscriptions upon the lives of 3,000 persons, and for making two dividends every quarter among the Claimants. The charge being 1s. 6d. for the Policies and 2s. 6d. a-quarter only. The proposals are to be had gratis, at the Office at the Black Boy Coffee-House, in Ave Maria Lane, Ludgate Street.

(To be continued.)
