

History of Life Assurance in the United Kingdom. By
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(Continued from p. 24.)

Globe Insurance Company.—Early in the year 1799 a plan was laid before Mr. Pitt for forming a Chartered Insurance Office, for granting Insurance against Fire, and for Insurance of Lives; for buying and selling Annuities, and for receiving deposits from Friendly Societies, and the Industrial Classes: to be called the *Globe or General Insurance Office*. It was understood that the plan received that Minister's approval, and a Bill was introduced to Parliament embodying these objects. The measure encountered some opposition. In the first place, the Bank of England objected to the Deposit branch, and the clauses relating thereto were accordingly struck out. Then it was opposed by several of the Insurance Offices; but the Bill finally passed through both Houses, and received the Royal Assent.

A special feature of this Company—which was finally constituted under a deed of copartnership—was that of having *one million* of paid-up Capital, divided into shares of £100 each, treated as stock. This large paid-up Capital was supposed to lend confidence to the new undertaking, which transacted Fire business also, and had designed to embrace Marine Insurance. The Capital in course of time became a great incumbrance, and finally led the Office into amalgamation.

Ireland.—I have heretofore said nothing regarding Life Assurance in the Sister Kingdom beyond the mere mention of a work treating (*inter alia*) of Life Assurance, published in Dublin in 1770. Almost the first indication of the practice of Life Assurance here was the passing in 1786, by the Irish Parliament, of 26 Geo. III, c. 3, *whereunder a stamp of 2s. 6d.* was imposed upon all Life policies. But by 56 Geo. III, c. 56 (1816, U. K.),

the rate was increased as follows: policy not exceeding £500, 10s.; but exceeding £1,000, 20s.; not exceeding £3,000, 30s.; exceeding this, 40s. In 1799, two Insurance Companies were founded in Dublin, the *Commercial* and the *Royal Exchange*, each of which transacted Life Assurance business in connection with Marine and Fire Insurance. These were proprietary Companies. In 1808 the *Hibernian* Office was founded; in 1822 the *National Assurance*; and in 1823 the *Royal* and the *Shamrock*; both of the latter were Joint-Stock Companies, and carried on Life as well as Fire business. In 1824 the *Patriotic* Fire and Life was founded.

First National Census.—In 1801 the first National Census of the inhabitants of Great Britain was taken—a significant step in regard to Life contingencies. The number of inhabitants was found to be—England, 8,331,434; Wales, 451,546; Scotland, 1,599,068; Army, Navy, &c., 470,598—total, 10,942,646. The census of *Ireland* was first taken in 1811, when the population was 5,937,856.

Policy Stamps.—In 1804 another exemption was made in favour of Life Assurance—I suspect also by Pitt, who returned to office that year,—this was from the stamps on the policies. Life policies had never been specifically named in the early Stamp Acts, but had been classed under the general head “Policies of Insurance”, and they carried the same stamps as Fire and Marine Insurance policies. This year they were exempted entirely; but the favour was a brief one, lasting only until 1808. I propose, later in this history, to give a succinct enumeration of the fiscal changes which have occurred in Life policy stamps.

New Life Offices.—In 1805 there was established another proprietary Insurance Company, the *Albion*, Capital £1,000,000, in 2,000 shares of £500, of which but 10 per-cent was paid up. The business embraced Fire and Life, and in the following year (1806) three important Life Offices were organized, namely:—

1. The *London Life*, a Mutual Office, the distinguishing feature of which was that its profits were to be divided amongst its members during life, by means of a reduction of the annual premiums. It had a guarantee fund, subscribed by the founders for protection in the early years of the Society. The affairs of the young Society were conducted with the greatest economy, on an upper floor in St. Paul’s Churchyard.

When the Society had become firmly established, the premiums were increased—I believe on two occasions—on the principle that it was more advantageous for members to join a firmly-established than a new Assurance Office.

2. The *Provident Life Office*, with a Capital of £250,000, in shares of £100. The founder was Mr. J. T. Barber Beaumont—a gentleman largely connected with philanthropic movements—and the object of the Office was to “enable the industrious and economical to appropriate their savings most beneficially to their different objects of prudence and affection.”
3. The *Rock Life Insurance Office*, with a Capital of £1,000,000, in shares of £25, of which £5 was to be paid. “To be established by a deed of agreement, to be enrolled in the Court of King’s Bench.” The rates of the *Equitable Society* were adopted.

Industrial Assurance.—In 1807 the first steps in the direction of what is now known as “Industrial Assurance”—unless the *Provident Life* of the preceding year can be deemed the first—was propounded. The scheme was to establish an Office, to be called *The Poor’s Assurance Office*. Commissioners were to be appointed by the Crown to take the management of the enterprise; and the persons to be entitled to the benefits of the Office were those “who subsisted wholly or principally by the wages of their labour.” A Bill was introduced to Parliament “for establishing a Fund and Assurance Office for investing the Savings of the “Poor.” This was referred to a Committee, and rejected by Parliament.

The machinery of the Post Office was to be employed. The project was more than half-a-century too soon.—See 1861.

In this same year the *Amicable Society* obtained powers, under a new Charter, to issue policies for short periods, or on joint lives, or any other contingency of life, thus becoming for the first time a Life Office, as ordinarily understood. It adopted a graduated scale of premiums; but no more than 8,000 persons were to be members of the Society at any one time.

In this year also (1807) there were founded the following Life Offices :

1. *Eagle Insurance Company*, with a Capital of £2,000,000, in shares of £50, of which £5 was to be paid up. The business was to extend to Fire as well as Life—hence, probably, the large Capital. The limit to be insured on any life was £5,000. This Company has played an important part in the history of Life Assurance.
2. *Hope Insurance Company*, with a Capital of £2,000,000, in shares of £50. The business was to extend to Fire Insurance. It was a provision of the Deed that every person holding Stock in this Company was to insure either his own life or the life of another therein, according to a graduated scale stated: “And the “ sooner the insurances are effected agreeably thereto, “ the more valuable will be their shares, as from the “ date thereof the profit of the Life Fund will “ commence.”
3. *West of England Insurance Company*, with a Capital of £600,000, founded at Exeter, for carrying on the business of Fire and Life Insurance—being the third provincial Assurance Company founded in England. The rates of premium were advertised to be 10 per-cent below those deduced from the *Northampton Table of Mortality*.

In 1808 Mr. Francis Baily, “of the Stock Exchange”, published the first edition of his work: *The Doctrine of Interest and Annuities Analytically Investigated and Explained*—a work which attracted much attention, and deservedly so. A second edition, in two 8vo. volumes, was published in 1813, and long remained a standard work.

Two other important Life Offices were founded this year :

1. The *Atlas Assurance Company*, with a Capital of £1,200,000, in shares of £50, of which £5 was to be paid up. The business was to embrace Fire as well as Life. The Company a few years later obtained a special Act of Parliament, to the powers of which reference will hereafter be made.—*See* 1825.
2. The *Norwich Union*, founded in the City of Norwich as a Mutual Life Association; and which, after a very stormy youth, settled down in a respectable and useful middle age.

In 1810 Mr. Francis Baily published *An Account of the several Life Assurance Companies established in London, containing a View of their respective Merits and Advantages*. This was a publication of a popular character; and as it was written in a peculiarly outspoken manner, claimed much attention, and was, I believe, productive of good results. In the preface the author says:

“Numerous offices have lately sprung up in the Metropolis for the purpose of granting Assurances on every possible contingency amongst lives in general; and it therefore becomes every one engaged in the public business of life to study the subject with attention. But, notwithstanding the importance and utility of these enquiries, I fear that Life Assurances are too often effected in a very loose and careless manner; and which can arise only from an ignorance of the true nature and constitution of the several Societies that have been formed for this purpose. A person is apt to imagine that because the rates are the same in all the offices, it can be of little consequence at *which* of them he effects his policy. If he is himself in doubt upon the subject, he applies to some of his acquaintance, who, influenced by partiality (or perhaps by a more disgraceful motive), recommend him to that office with which they are more immediately acquainted or connected; or who, equally ignorant with himself, confirm him in the indifference of his choice. Thus blindly driven to a hasty decision, he discerns (perhaps too late) the error into which he has either inadvertently fallen or been insidiously betrayed.”

These remarks are not without force even in the present day. This same year there was founded:

1. The *Sun Life*, a proprietary Office, worked in association with the *Sun Fire* (founded a century previously), but having a distinct capital and constitution.
2. The *Birmingham Life Assurance and Annuity Office*, which transacted but a small business; and this, in 1826, was incorporated with that of the *Provident Life*.

In 1814 there was published a pamphlet: *Life Insurance—Important facts showing the successive reductions that have taken place in the terms for the Insurance of Lives, and the probability of failure in some recent Schemes: recommended to the serious consideration of Persons interested in the Permanent Stability of such Establishments*. By Philanthropos—namely, Mr. Beaumont, the founder of the *Provident Life*. Some of his remarks in this pamphlet were almost prophetic; but it is a fact that no Life Office has at present failed from the reason of its rates being too low; there have always been more cogent reasons.

The year 1815 is characterized by two marked events. The first was the establishment of the *Scottish Widows' Fund* Life Office in Edinburgh—being the earliest Life Assurance Company founded in *Scotland*. The Society was professedly constituted on the model of the *Equitable* Society, embracing its supposed best features; and while its progress was very slow in the period of its youth, in its more mature age it has, in volume of business at least, far distanced its prototype.

Carlisle Table of Mortality.—But the event of most general interest characterizing the “Waterloo” year, from an Insurance point of view, was the introduction of the *Carlisle Table of Mortality*—a Table which in course of time produced very marked results in the practice of Life Assurance. The Table was promulgated in: *A Treatise on the Valuation of Annuities and Assurances on Lives and Survivorships; on the Construction of Table of Mortality; and on the Probabilities and Expectations of Life: wherein the Laws of Mortality that prevail in different parts of Europe are determined, and the Comparative Mortalities of different Diseases, &c., of the two Sexes are shown. With a variety of new Tables.* By Joshua Milne, Actuary to the *Sun* Life Office. (2 vols. 8vo, pp. 783.) One of the most important works ever issued from the press bearing upon Life Assurance.

It was this work of Milne's which first showed the various underlying causes affecting the law of human mortality, as far as any such law can be admitted. It showed that the influences of climate, of location, of parentage and nationality, all have a bearing upon the probable duration of life. It affiliated the entire range of Vital Statistics into the Science of Life Contingencies; it suggested considerations of Public Health, and made its readers familiar with the importance of periodical enumerations of the people: drawing attention to the great problems of Infant Mortality and Pauperism. Students of Life Assurance will find in this work a perpetual source of instruction.

For a full half-century the *Carlisle Table* was almost the *vade mecum* of the actuary.

At this date (1815), when the *Northampton Table* was receiving its quietus, a dread was expressed that the *Equitable* Society would become unmanageable by reason of its magnitude, and a resolution was passed limiting participation in its surplus to the 5,000 policies of longest duration. This was almost an act of temporary confiscation, as regarding the later entrants beyond that limit; and there was room to doubt if the motive alleged for

this act was the true one. The new Life offices were benefited by the step.

In 1818 the *Kent* Life and Annuity Society was founded; and in the following year (1819) the *European* Life and Annuity Company, with a Capital of £1,000,000, in shares of £20. This is not the company which reached such evil fame in recent times, although, by a roundabout process, the remaining business of this Company, by reason of its amalgamation with the *People's Provident* Office in 1858, became involved in that notorious collapse. I shall have some remarks to offer on the events which are supposed to have led to the downfall of this latter office at a later period in this history.

In 1820 several Life Offices were founded, viz.: the *British Commercial*, proprietary (Capital £1,000,000); the *General Benefit* (a species of superior friendly society); the *Star*, not the solid office now known by that name; and the *Imperial*, a proprietary office with a Capital of £750,000, founded under powerful auspices, and still flourishing.

In 1821 there were founded two Life Offices. One, the *Commercial*, in Glasgow, which had but a short career, and the other, the *Guardian*, "for Insurance against Fire, and on Lives" and Survivorships, Endowments for Children, Immediate, Deferred, and Progressive Annuities, and for the purchase and sale "of Reversions and Annuities", with a Capital of £2,000,000, in shares of £100, 10 per-cent of which was to be paid up. No person was to hold more than fifty shares. The profits were to be applied towards paying up the shares in full. Local committees were to be founded to give information concerning the progress of the Company in the provinces.

The year 1823 became famed for its Insurance progeny. The following are the Life Offices then founded:

1. The *Bombay* Life.—Founded, I believe, in London, for the purpose of assuring lives proceeding to India. The Company issues no whole-term Life policies. It had three classes of short-term insurances, viz.: For one year, not renewable without a fresh certificate of health, premium at age 30, £3. 8s. 0d. per £100; for three years, renewable without fresh certificate of health, premium, age 30, £3. 14s. 0d.; for five years, renewable without fresh certificate of health, premium, age 30, £4. This was an early attempt at Life Assurance in India, to which so much attention has since been paid.

2. *Economic Life*.—Mutual, with a guarantee fund long since paid off. Feature, very low rates.
3. *Law Life*.—Proprietary Capital £1,000,000; shares issued exclusively to members of the Legal Profession. The earliest of the class offices, and it has met with the most abundant success.
4. The *Edinburgh Life*.—Capital £500,000, in shares of £100; founded upon the model of the *Law Life*.

The year 1824 was marked by great financial activity throughout the country—such as had not been experienced for more than a century. Joint Stock enterprise ran rampant. The following is a complete list of the Life Offices then founded.

1. *Alliance British and Foreign Fire and Life Insurance Company*.—Capital £5,000,000, in 50,000 shares of £100. This Company was established under most powerful auspices, and speedily obtained a considerable Life business in Germany and other parts of Europe. A detailed history of the Company is already published. The *Alliance Marine* is a distinct Company.
2. *Asylum Foreign and Domestic Life Assurance Company*.—With a Capital of £240,000, in 2,000 shares of £120. “The *Asylum Life* confines its business to “assuring the lives of persons going beyond the “limits of Europe; predisposed to hereditary or “other constitutional maladies; of delicate health; “of peculiarity of form, whether natural or accidental; “labouring under mania, melancholia, or any kind of “chronic disease, unaccompanied with immediate “danger; females in a state of pregnancy; persons “engaged in unhealthy occupations; and those who, “from inadequate testimonials, uncertainty of date of “birth, or other causes, would be subject to rejection “or an exorbitant rate of premium at other offices.” Here was a wide departure from all that had gone before. The details of the history of this Company are also published.
3. *Berkshire, Gloucester, and Provincial Life and Fire Company*.—Capital £500,000, in 10,000 shares of £50. This was founded under influential local auspices.

4. *Herts, Cambridge, and County Fire and Life Office*.—A local proprietary Company.
5. *Landlord and Tenant Life Office*.—Probably abortive from its commencement.
6. *Leeds and Yorkshire Fire and Life Insurance Company*.—Capital £1,000,000.
7. *Manchester Assurance Company*.—Capital £2,000,000, for Fire and Life Insurance.
8. *Medical and Clerical* (became Clerical, Medical, and General) *Life Assurance Society*.—With a capital of £500,000, in Shares of £100. “The common usage of excluding from the benefits of Life Assurance, or exposing to a forfeiture of their policies individuals who may have been afflicted with gout, asthma, fits, rupture, hæmorrhage, complaints of the liver, spitting of blood, vertigo, or any other disease; being in many cases a source of fraud, on the one hand, and of litigation on the other,” was to be obviated by the plan of this Company, the promoters of which were the first to support the scheme for the assurance of under-average lives. The Company is still flourishing.
9. *Palladium Life and Fire Assurance Society*.—Capital £2,000,000.
10. *Protector Life Assurance*.—Capital £1,000,000.
11. *Patriotic Assurance Company of Ireland*.—Capital £1,500,000; Fire, Life, and Marine.
12. *St. Patrick Assurance Company of Ireland*.—Capital £2,000,000; Life and Marine.
13. *Scottish Union Insurance Company of Edinburgh*.—Capital £5,000,000; Life and Fire.
14. *South Devon Marine, Life, and Fire Insurance Company*.—Capital £2,000,000.
15. *Sussex County and General Assurance Company*.—Believed to have been proprietary.
16. *United Empire*.—Amount of capital not stated.

17. *United Kent, Life*.—Capital £100,000, in Shares of £50.
18. *Yorkshire Fire and Life Insurance Company*.—Capital £500,000; Fire and Life.

Here were eighteen, mostly solid, Assurance Offices founded—eleven of them being provincial—representing a capital not far remote from twenty millions sterling, but not limited to Life Assurance business. There had been no such rapid creation of Insurance for a full century, since the worst days of the South Sea mania. The character of these new Companies differed very much from those of earlier date. The early mutual Life Offices had conducted their business on very economic principles. They had a chamber in some unobtrusive locality, where the books were kept and the details of the business were transacted. The principal officer attended at one of the most frequented coffee-houses with which the City, as also this district beyond Temple Bar, abounded; places where merchants and insurance brokers attended for the transaction of their ordinary business, and of which “Garroway’s” was the last relict. Here they frequently jostled against the wits and beaux of the period. Persons desirous of effecting assurances knew where to meet the authorized officials of the offices; and, indeed, the times and places of meeting were often fixed by public advertisement. Thus the first meeting of the *Equitable Society* was held at the “White Lion” on Cornhill, when only four assurances were effected. The *Eagle* was founded at Cole’s Coffee-house.

But these new companies, with enormous capitals, deemed it necessary to be seen. They commenced to erect fine buildings in prominent positions in public thoroughfares; and so contributed to the improvement of London, while securing, in many cases, eligible investments in house property.

How Business was obtained.—It may be wondered how so many principal Offices, being brought upon the scene simultaneously, managed to secure a paying share of business. Those who are familiar with the Deeds of Settlement of these Companies will know that in the case of the proprietary offices, in nearly every instance, it was a condition of obtaining an allotment of the Stock that the holder of such Stock should either effect an insurance upon his life for an amount regulated by his holding of Stock; or if his own life could not be accepted, others for

equivalent amounts must be insured; while the office of Director involved usually a policy for a considerable amount. In this manner a sufficient number of lives was secured to give average mortality results, and a sufficient premium-income was obtained to look satisfactory in the accounts when presented to the proprietors—for they were not presented to the public in those days.

Agency Commission.—Another practice came into being with the advent of these proprietary Companies, and this was the practice of giving Commissions to Agents for introducing business. Leading firms of solicitors in the provinces, as also country bankers, were eagerly looked after, and their duties were responsible; for before these agents appeared persons who could not personally present themselves before the Board. There was a great outcry raised at this “immoral” practice of paying a Commission to influence the introduction of business. Mr. Francis Baily was particularly severe and outspoken upon the subject. The rates of Commission allowed were particularly moderate. At first only 5 per-cent alike upon new and renewal premiums, but later 10 per-cent on the first premium and 5 per-cent on renewals, and they remained so for a full half-century.

Plague.—The old dread of the recurrence of pestilential visitations had not yet died out. The founders of the *Equitable Society*, in 1762, by the 22nd clause of the Deed, provided that, during any such visitation, three Directors might constitute a Court; and, should the affairs of the Society require it, might “reduce the payments of the several and respective sums of money, which may become due by reason of the deaths which may happen in such a time of public calamity, to any sum not less than one-quarter part of what shall have so become due.” While the Deed of the *London Life* (1806), and those of some of the Companies of still later date, embodied like provisions.

Mutual v. Proprietary Offices.—The competition of the Proprietary Offices led to some conflict regarding the relative advantages of the two systems. The advocates of the Mutual plan said: “Since the fluctuations in the price of life, arising from the natural uncertainty of its duration, is considerably less than that which occurs in the price of most commodities, a person who deals in securities dependent on lives, requires less capital to carry on his business than one who trades to an equal

“ extent in any other species of merchandise to which we have “ referred ”—*ergo*, capital should not be paid into the business. (*Vide* Babbage’s *Comparative View*, 1826, p. xxi). To which it was replied by the advocates of Proprietary Offices: “ To Mutual “ Assurance Societies it has justly been objected that, from the “ want of an original capital, the assured are compelled to con- “ tribute to the policies of others, while they obtain no effectual “ indemnity until the premiums have accumulated to a sum “ more than equal to the risks incurred; and that, consequently, “ such establishments are driven to so large a reserve of their “ estimated profits that, for a considerable period, the sums paid “ on claims are greatly below the fair proportion; and thus the “ early members create a fund for the benefit of their successors, “ without improving the value of their own policies.” (*Vide* Prospectus of *Palladium* Life Office, 1824.) I have not quoted the extreme views advanced on either side.

The discussion so raised had the effect of inducing many of the Proprietary Offices to set apart a portion of the profits realized for division amongst their policyholders of the “ participating class ”—*i.e.*, those who paid a higher scale than the ordinary rates for the benefit; while those who required the protection of a fixed amount of assurance at the lowest possible premium were insured in the “ non-Participating ” Class. The Proprietary Offices so granting participation in profits came to be designated “ Mixed Offices ”: they were proprietary in constitution, but shared the profits with their policyholders in an agreed proportion, and so granted mutuality.

The proportions of profits, which at this date the Offices of each class distributed to their policyholders, were:

MUTUAL SOCIETIES.	PROPRIETARY OFFICES.
<i>Amicable</i> —seven-eighths.	<i>Imperial</i> —two-thirds.
<i>Economic</i> —three-fourths, after deduct- ing £2,500 interest on Guarantee Fund.	<i>Law Life</i> —four-fifths.
<i>Equitable</i> —two-thirds.	<i>Palladium</i> —four-fifths.
<i>London Life</i> —one-fifth annually.	<i>Provident</i> —share with Proprietors.
	<i>Rock</i> —two-thirds.
	<i>United Empire</i> —optional.

This was the state of things existing in 1824; but changes were continually taking place, the Mutual and the proprietary Offices alike increasing the proportions of profits divided. The periods of division varied, according to the terms of the Deed of Settlement.

In the following year, two of the new Offices declared their proportions, as follows :

MUTUAL SOCIETIES.

PROPRIETARY OFFICES.

Crown—two-thirds.
University—four-fifths.

Days of Grace.—The days of grace allowed within which to pay the annual or other premiums were then usually 15; some Offices allowed 20; some of the newer Offices 30; the *Amicable*, 3 months; but persons dying during these days were not understood to be assured. The period was simply allowed for renewing the contract, if alive. The change in practice, by which most of the Offices agreed to remain liable during days of grace, occurred as recently as 1858 (*vide* their advertisements in the *Post Magazine*).

Limits of Foreign Travel.—Most of the Offices at this date allowed the assured to go by sea from one part of Great Britain to another, without payment of any extra premium; they, however, required that the voyage should be performed in decked vessels, King's packets, regular packets, or steam boats; some permitting one, some several or all of these modes of conveyance. During peace the assured were allowed also to pass, in the vessels already named, from England to several ports in the Channel—usually those between the *Texel* on the north, and Brest on the south. The *Atlas*, “any ports in the Channel.” The *United Empire*, “any port of Europe to another port.” The *Sun*, “from Hamburg to Bordeaux.” The *Pelican*, “only to and from *Ireland*, in Government packets.” The question of *Residence* abroad was then hardly contemplated as being within Life Assurance probabilities. “I had occasion, a short time since, to enquire the “price of assuring the life of a friend who had an intention of “going to India, and I found the addition charged for the risk “from climate to be at some offices *nearly three times* as great as “at others: and the total charge at the most expensive Office, “was to that of the cheapest very nearly as eleven to six.”—(*Vide* Charles Babbage, 1826.)
