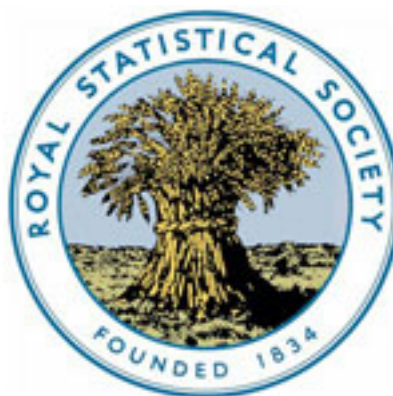


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Insurance Science and Economics: A Practical Discussion of Present-Day Problems of Administration, Methods and Results for Insurance Officials, Managers, Agents, Merchants, Lawyers, Teachers, Students and Other Interested in the Broader Aspects of Insurance as a Business in its Relation to Public Welfare and the State. by Frederick L. Hoffman

Review by: E. B.

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growth, agricultural, industrial and commercial, are offered a set of statistical records (pp. 270—272) which will repay more elaborate analysis than a reviewer can undertake. Suffice it here to note the very different ranges of percentage growth between 1885 and 1909. Large as the development of her agricultural industry has proved—the wheat and oat production, giving the two largest items of increase, with a ratio exceeding 400 per cent. and with a wheat export in a far higher proportion—the growth of mining exports runs up still more quickly and exceeds 900 per cent. since 1885. There is room for criticism, however, in the form of the tables offered here, and some misprints which should be corrected in a fresh addition—as where “annual” exports are recorded where “animal” exports are meant. One or two minor slips may be suspected in a few of the big figures quoted in other sections, while here and elsewhere a more frequent contrast of groups of years in place of single years would be welcome. The striking figures as to the proportion of foreign and of British investments in Canada and the vast expansion of banking credit deserve attention. Mr. Lawson pays a tribute of admiration to the prudence which on the whole has distinguished Canadian banking arrangements, which he contrasts favourably with those of the United States. Mr. Paish’s recent researches pointed to over 300,000,000*l.* sterling of British capital in Canada, and to this the author refers as well as to the inquiries of the editor of the *Toronto Monetary Times* on the later course of Canadian borrowings. The stimulating part which British capital has played in Canadian development is well enforced in these pages, and Mr. Lawson insists that it is on the money the Dominion borrows that we can and do give her an effective and more valuable preference than any we could offer on her grain or her provisions. Indeed, he tells us by financing Canadian enterprises at exceptionally low rates we repay ten times over the 33 per cent. (nominal) preference allowed on our exports.

Into the constitutional questions here discussed and the tariff arrangements of the past and future the statistical reviewer is hardly justified in entering, but in the closing appeal of the volume for the representation of our colonies in the Imperial Parliament, it may be noted the writer quotes the suggested solution of Benjamin Franklin as long ago as 1767, when the British statesmen of that day had failed to grasp the grievance of the revolted American colonies. In his own plea for a new and larger federation of the Empire, Mr. Lawson seems to contemplate the direct representation of the over-sea dominions of the Crown by the transition of the House of Lords into an Imperial Council. P.G.C.

5.—*Insurance science and economics: a practical discussion of present-day problems of administration, methods and results for insurance officials, managers, agents, merchants, lawyers, teachers, students and others interested in the broader aspects of insurance as a business in its relation to public welfare and the State.* By Frederick L. Hoffman. xiii + 366 pp., 8vo. New York: The Spectator Company, 1911. Price \$3.

The author of this treatise is a Fellow of our Society and is President of the American Statistical Association. He has had

experience in the administration of assurance business as an officer of the Prudential Assurance Society of the United States, and his experience has convinced him that there is a great lack of proper insurance education on the part of those engaged in the business of assurance. His aim, as indicated in the rather lengthy title page which we have copied above, is to supply that lack by a text-book similar to those which have been published in the German and French languages.

His consideration of life assurance as a science is comprehensive. He not only lays its foundation soundly in mathematics, but also brings into service nearly the whole round of the sciences, and traces it from biology to such modern developments as neurology, pædiatrics, anthropology and anthropometry. He also discusses the position of insurance in the science of law, the legislation upon State supervision, and the history of insurance as a chapter in economic science and as an element of commerce.

Mr. Hoffman complains that the place of insurance in Economics has not been clearly defined by the authorities. He considers that it naturally belongs to the division of economic theory that deals with the phenomena of the production of wealth. Its connection with production, however, cannot be other than indirect. Insurance, which diminishes risk of loss to individuals by spreading it over communities, does not create any new wealth. To the extent, however, that it retains in economic efficiency persons and concerns that without it would have been destroyed for any useful economic purpose, and sets them free to produce future wealth with unimpaired credit, its operation, though indirect, cannot be said to be remote, for the result almost necessarily follows.

From the point of view of the creation by insurance of a new degree of security, its importance as an element of commerce came very early to be recognised. It converts a speculation which might result in total loss into a certainty of gain, slightly less than the speculative profit that had been hoped for. Mr. Hoffman finds evidence of the origin of marine insurance in ancient maritime usages, and quotes the laws of Wisby in 1288 as the first in which it is referred to as an established commercial practice. These and the earlier laws of Oleron are the foundation of our jurisprudence on the matter to the present day.

In his chapter on the origin and growth of law and legislation on insurance, the author quotes the principles which have been laid down in this country as distinguishing this contract from most others expressed in the quaint term *uberrima fides*. Our earliest restrictive legislation was levelled against wagering and gambling policies in 1746 and 1774. It is noted as evidence of the extent of the traffic in insurances between the mother country and her then colonies that in the Act of 1746 America is specifically mentioned.

An interesting chapter follows on life insurance supervision and Government control in Germany, being a reprint of an address delivered by the author at the annual convention of insurance commissioners held in Richmond, Va., in 1906. His conclusion is

that the Government regulation of insurance in Germany is simple and effective, the complete supervision of the companies being obtained at a minimum of interference and expense.

From this he proceeds to consider the taxation of life insurance interests, which he holds to be a tax upon thrift and contrary to public policy. The annual taxes on life insurance in the United States exceed \$12,000,000, and to tax the class of people who by insuring their lives benefit those who are to live after them is "a tax upon a tax, and consequently barbarism." The tax is increasing, being now, in proportion to premium, three times what it was fifty years ago. Mr. Hoffman looks at it from every point of view, and condemns it.

His eighth chapter deals with the English Assurance Companies Act of 1909, which he considers as in many respects an innovation, and as being an incomplete piece of legislation, some of its provisions having received only a hurried consideration during the closing stages of the session of Parliament in that year.

The final chapter deals with the law of average, and is intended to emphasize the importance of general statistical results as a basis for conduct in the everyday affairs of life, but not as a scientific outline of the mathematical or statistical theory. For this the author refers his readers to the treatises of Mr. T. E. Young, Mr. Bowley and others. Every chapter of the book is supplemented by a full bibliography, which cannot fail to increase its usefulness to the student, to whom we commend it as a thorough piece of good work, fully carrying out the intentions of the author in undertaking it, and likely to be of great value to the classes for whom it is specially intended, as well as to the great body of insured people, who will find much to interest them in it. E.B.

6.—*The living wage of women workers: a study of incomes and expenditures of 450 women workers in the city of Boston.* By Louise Marion Bosworth. Edited, with an introduction, by F. Spencer Baldwin, Ph.D. Supplement to the Annals of the American Academy of Political and Social Science. 90 pp., 8vo. Philadelphia, 1911.

"In general, the investigator has been surprised by the accuracy and detail with which women, especially those on low wages, are able to recall their earnings and expenditures. In some cases the recollection has been very complete . . . Doubtless the statements of expenditures on some of the schedules are only approximate. Inaccuracies, however, probably occur chiefly under the headings of miscellaneous expenditures."

Miss Bosworth herself interviewed 200 of the workers represented on the schedules, and her report is full of illuminating information to the English student. "Here (*i.e.*, in the dining rooms of the larger 'homes' for working women) board is \$3 per week for girls not rooming in the house, as well as for inmates. Single meals may be had separately at any time at a cost of 15 cents. each for breakfast and lunch and 25 cents. for dinner." The recommendations of these dining rooms "seemed to indicate standards of living very much to