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Author(s): George Tomkins

Source: *Transactions of the Royal Historical Society*, Vol. 3 (1874), pp. 372-379

Published by: Cambridge University Press on behalf of the Royal Historical Society

Stable URL: <http://www.jstor.org/stable/3677812>

Accessed: 27-06-2016 07:05 UTC

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## NOTES IN THE HISTORY OF BRITISH LIFE ASSURANCE.

BY GEORGE TOMKINS, ESQ.,

FELLOW OF THE ROYAL HISTORICAL SOCIETY.

THE different sciences, arts, and manufactures possess respectively their own peculiar records. Such records, when derived from legitimate sources, and arranged with chronological accuracy, constitute what is known under the term history. In these notes my aim is to present in a concise form some points of interest in common with one of the most important branches of political economy. Since labour is the only source of wealth, provident action on the part of the masses is the mainstay of national prosperity. Under this view Life Assurance becomes not simply an important element in the welfare of individual families, but a subject of corresponding interest to society. It is impossible to trace with any degree of accuracy the origin of the system. If the division of human life into four equal parts may, with any degree of reliability, be ascribed to Pythagoras, then its rude beginning may be ascribed to the Phœnicians. It is certain that by a law which was in force among the Romans, known as the *Falcidian*, which obliged a testator to leave *one-fourth* of his property to his direct heirs, a table was framed by Ulpian (A.D. 364), which gave rise to the doctrine of annuities. In Mr. Walford's valuable "Insurance Guide," there is to be found information which will interest antiquaries. Ulpian's table of the Expectation of Roman Life is given in page 155 of that work, along with Dr. Price's Stockholm Table of Life Expectation. A comparison of the two, separated as they are by the gulf of ages, is strikingly suggestive to the statistician. Mr. Erith, in his "Stray Thoughts on Life Assurance," remarks that the origin of the system is obscure, and that its interest commences from the date of its progress.

He says further : "When it is remembered that in the development of the science to maturity it has enlisted such names in the consideration of it as Haller, De Mowre, Kerseeboom, Parcieux, Smart, Simpson, Price, Morgan, Maserco, Dodson, Bailey, and others, it occasions little surprise that it should occupy an eminent place in mathematical investigation."

Two centuries ago Life Assurance was a thing comparatively impracticable, for at that time there was little if any real knowledge of statistical science upon which the operations of Assurance Companies mainly depend.

There were weekly accounts written out on large sheets of paper by the Honourable Company of parish clerks, called Bills of Mortality. These contained accounts of all the christenings and burials within the City of London. After a time the demand for such periodical statements became so increased, that it was impossible to write them out fast enough ; and accordingly the company obtained an act, "For the keeping of a printing-press with all of the parish clerks, in order to the printing of the weekly and general bills within the City of London and the liberties thereof." This press was set up on the 18th July, 1625, in the hall of the company, Wood Street, where every Thursday for nearly two centuries the bills of mortality were printed. Many of the citizens who were supplied with these bills no doubt studied them, but the first who is known to have turned them into practical account was Mr. John Graunt, a haberdasher of Birchin Lane.

The result of his reflections was made known in a small volume, published in 1661, entitled "Natural and Political observations made upon the Bills of Mortality by John Graunt, citizen of London." This little work met with extraordinary success. Louis XIV. having had a copy sent to him commanded parish registers to be kept in France, and the Royal Society elected Mr. Graunt one of its members.

Mr. Graunt's statistics cannot now be relied upon. He thus describes his mode of estimating the population of London.

"Repairing to my bills of mortality I found that not above 15,000 people were buried per annum, of which number about 5,000 were abortive and still born, or died of teeth convulsions, rickets, or, as infants and aged. I concluded that of men and women between 10 and 60 there scarce died 1,000 per annum in London, which number multiplied by 10 there must be 10,000 in all."

After a time Mr. Graunt set to work in another direction by taking into account births instead of burials. On this subject he writes :—"I consider that the number of child-bearing women might be about double to the births ; forasmuch as such women, one with the other, have scarce more than one child in two years, the number of births I found by those years wherein the registries were well kept to have been somewhat less than the burials. The christenings at these late years were of a medium, and I estimated the number of child-bearing women to be 24,000 ; then I imagined there might be twice as many families as of such women, for that there might be twice as many women aged between sixteen and seventy-six as between sixteen and forty or between twenty and forty-four, and that there were about eight persons in a family, the man, his wife, three children, and three servants or lodgers. Now eight times 48,000 makes 384,000," which Mr. Graunt estimated to be the population of London in the year 1661. But not satisfied with this computation he sets about verifying his figures in another way, his description of which may prove interesting, in adopting his plan. He says :—"I took the map of London set out in the year 1658 by Richard Newcourt, drawn to a scale of yards. Now I guessed that in 100 yards square there might be above fifty-four families, supposing every house to be twenty feet in the front ; for on two sides of the solid square there will be 100 yards of houseing in each, and in the other two sides eighty each, in all 360 yards. This gives fifty-four families in each square, of which there are 220 within the walls. But forasmuch as there die within the walls about 3,200 per annum in the whole of London, 3,000 it follows in the houseing within the walls is one-fourth part of the whole, and consequently that there are

47,520 families in and about London, which agrees well enough with my former computation."

After the publication of Mr. Graunt's statistics his investigations stimulated research in the same direction. Among those who continued the inquiries into the statistics of the country were Sir William Petty, Gregory King, and Corbyn Morris. Their statistics furnished a mass of facts, from which deductions of the most varied kind and of the greatest importance were drawn.

Perhaps the most noted of all the students of the bills of mortality was the Revd. Dr. William Asheton, rector of the old city church of St. Antholin and of Beckenham in Kent. His studies of Mr. Graunt's work, and of the bills of mortality, led him to consider that though, as regarded single individuals life was very uncertain, yet as regarded a number of individuals it was a fixed quantity and reducible to law. He came to the conclusion that while a person, young or old, strong or weak, may die at any moment, yet that ten thousand persons will only die after a given time. Having formed this theory he began to consider whether he could not turn it to practical account. He proposed to take a number of persons and to tie them together in such a manner that they would form a single corporate life; one individual to render assistance to the other and all to all. He stated his scheme to his friends, but it met only with opposition. Nothing disheartened he kept at his work, and having matured his plans, he laid them before the Corporation of the Clergy. This body, and thereafter the Directors of the Bank of England, refused to provide a "Fund of Security."

After many other ineffectual efforts Dr. Asheton applied to the Mercers' Company, who at once accepted his proposals. The preliminaries being settled that the company should establish a Life Assurance institution, a deed of settlement was prepared, and in October, 1699, enrolled in Chancery.

The following rules were drawn up by Dr. Asheton as the basis of the company:—

"1. That the Company will take its subscriptions at any

time till the sum of £100,000 be subscribed, but will never exceed that sum.

"2. That all married men at the age of thirty years and under may subscribe any sum not exceeding £1,000. That all unmarried not exceeding the age of forty years may subscribe any sum not exceeding £500, and that all married men not exceeding the age of sixty years may subscribe any sum not exceeding £300, and that the widows of all persons subscribing according to these limitations shall receive the benefit of thirty per cent. per annum, free of all taxes and charges, at the two usual feasts of the Annunciation of the blessed Virgin Mary and St. Michael the archangel; and the first of these payments shall be made at the first of the said feast days which shall happen four months or more after the decease of the person or persons so subscribing; excepting such as shall voluntarily make away with themselves, or by any act of theirs occasion their own death either by duelling or committing any crime whereby they shall be sentenced and put to death by justice; in any or either of these cases the widow to receive nothing, but upon the delivering up the company's bond to have the subscription money returned to them.

"3. That no seafaring men may subscribe who follow it as their business or vocation, nor other who go farther than Holland, Ireland, or the coasts of England; and that any person may subscribe for any other whom he shall nominate in his last will during the natural life of his wife, if she survive, and his intention shall be declared in his subscription."

Such liberal terms as these soon brought to the company a great number of subscribers, and all went prosperously for some three or four years, so that in 1703 Dr. Asheton published a book entitled "A full account of the Use, Progress, and Advantages of Dr. Asheton's proposal, as now managed by the Worshipful Company of Merciers, London, for the benefit of widows of clergymen, and also by settled jointures and annuities, at the rate of thirty per cent., with directions for the widow how to receive her annuity."

Dr. Asheton died in 1711, and not many years after his death it was found that there was a growing annual deficit, which increased to such an alarming extent that the annuities were reduced from thirty to eighteen per cent. But even this reduction did not suffice to relieve the company, for in 1745 they found themselves in debt to the extent of £100,000, with greater liabilities in prospect. The company appealed to Parliament. On the 16th of February, 1747, the "Warders and Commonalty of the Mystery of Mercers presented a petition to the House of Commons, which stated that the company had lent to King Charles I. and to the Parliament and City of London in the troublesome times of that reign several sums, amounting to £10,000 and upwards; that they were the devisees under the will of Sir Thomas Gresham, jointly with the City of London of several estates for maintaining the Gresham Lectures and performing several charities; that on the destruction of the Royal Exchange by the fire of London, King Charles II. being desirous that it should be built in a more magnificent manner, they had contributed jointly with the City of London in purchasing ground for its greater commodiousness and the rebuilding thereof; whereby, and by the money so as aforesaid lent, they had expended several sums which had been left them for charitable purposes, and had also incurred a large debt." An account of the Life Assurance scheme was then submitted, and the petitioners proceeded to say that "at Michaelmas 1745, they found themselves indebted to the said charities and to other creditors in £100,000 and upwards; that the annuities they were then liable to pay amounted to £7,620 per annum, and that the subscribers for annuities in expectancy amounted to £10,000 a year more; while to answer their claims their income only amounted to £4,100 per annum." The House of Commons took a favourable view of the case, and an Act was passed giving the Company certain privileges which after a time enabled them to pay in full every person connected with their establishment.

About the year 1720, the Civil List being considerably in arrear, the heads of the Royal Exchange Assurance Company

and the London Assurance Corporation offered Government £600,000 on the condition of their obtaining the King's Charter, with a preliminary sanction for the establishment of their companies. The proposal was embraced, and a bill was passed granting letters of incorporation to each company. The Equitable afterwards struggled to come into existence, but as a fierce opposition was arrayed against it by the London and the Royal Exchange, it had to forego its efforts to procure legislative privileges, and was in 1762 constituted by deed of settlement, enrolled in the King's Bench. With this institution, *Life Assurance* as a well-arranged system took origin.

Since the year 1720, when "the first offices that issued life policies for fixed sums payable at death" obtained their charters, nearly one thousand offices have been opened for the transaction of Life Assurance. But at intervals, especially of late years, the community has been startled by the collapse of several *apparently* "prosperous institutions," resulting in an indescribable amount of misery. These sad reverses may be ascribed to extravagance and mismanagement.

While it is essential that the self-provident should be secured from the almost total loss of the sums paid in premiums, it is not the less desirable that the *profits* accruing should be absolutely invested according to parliamentary authority. While *lapsed policies* often furnish a considerable item in the *net profits* of companies as shown in the different office reports, they act prejudicially on the continuous accumulation of capital; in fact, some of the existing companies could scarcely continue to do *business*, were it not for the provision made for the lapsing of policies. The sum of £481,382 3s. 6d. is the amount set down to the one item, policies lapsed or surrendered by the various companies who deposited their accounts with the Board of Trade for 1872.

The recent alarming breakdown of British Life offices has deterred many thoughtful individuals from availing themselves of the undoubted advantages Life Assurance as a "business scheme" affords, and, in many instances, British assurers have



been driven to American companies, whose legislative supervision is preferred to the precarious state of the British assurance laws. The "Life Assurance Companies Act, 1870," has monopolized the profession, as it demands a deposit of £20,000 previously to the registration of any new Life company. This Act will have to be repealed as inconsistent with that freedom so essential to the vitality and growth of commercial business. But if the Legislature should follow the plan of the American Government in reference to the management of all Life companies, the public would be protected, and nine-tenths more business would be done.