

LIFE ASSURANCE AT COMMENCEMENT OF THE 19th CENTURY.

The Scottish Widows' Fund Life Assurance Society of Edinburgh has published a volume containing a narrative of its early history as shown in documents relating its origin and constitution which throws a flood of light upon life assurance at the commencement of the nineteenth century. The work is reprinted in fac-simile from original documents.

The movement for establishing a life assurance society in Scotland was initiated by issuing a "Prospectus of a plan for establishing in Scotland a General Fund for securing to Widows, Sisters and other females to be called 'THE SCOTTISH WIDOWS' FUND.'" This Prospectus, dated 1811, was followed next year by a supplementary one, which added the words, "and insuring capital sum on lives, to be called 'THE SCOTTISH WIDOWS' FUND AND EQUITABLE ASSURANCE SOCIETY.'" In 1814 a pamphlet was issued intended to be an "Exposition of the objects of the Institution, and of the principles upon which it is founded." In 1830 the manager delivered an address giving "an account of the Origin, Constitution and Progress of the Society," which was delivered at its 15th anniversary meeting held in Edinburgh on 15th January, 1829. At the next meeting in Jan., 1830, a Postscript to the above address was read bringing the history of this famous Society up to that date. The work before us is a reprint of the above five publications, without note or comment.

The address of the manager, Mr. McKean, in 1829, is so exceedingly valuable and interesting that it might be read before our Insurance Institute with advantage and pleasure to the members. The author gives the following clear statement :

"Life Assurance, viewed in its most abstract form is a contract between two parties, the one engaging in consideration of a stipulated premium, to grant a certain indemnity to the other in the event of the happening of some contingency depending on the termination of life or survivorship, is of very considerable antiquity. There exists evidence of its being known in France as early as 1661."

The author, after alluding to the early prejudices against this system, which soon gave way in England, gives a passage from the charter granted by Queen Anne to the Amicable Society in 1706. Her Majesty certified that, "It will be of singular use and relief to many families, by providing for great numbers of widows and orphans, who might probably be otherwise left wholly destitute of a maintenance by the sudden death of those on whom they depend." Good Queen Anne showed in this, as in another effort of a similar kind, how worthy she was as a woman and how wise as a Monarch. Later on the Royal Exchange and London Assurance Companies were founded, and policies of assurance on lives were underwritten by individuals on lives in the same way as marine risks. The correct principles of life assurance were, however, wholly unknown. In 1680 a pamphlet was issued which

shows that the utmost value allowed to the best life was 7 years' purchase, at which rate, without discrimination, the life of a healthy man at any age between 20 and 40 was valued, while that of an aged or sickly person was taken at from 5 to 6 years' purchase. By the charter of the Amicable Society one uniform rate of contribution was demanded from all members, with an arrangement for fixing the indemnity according to the claims. At the end of the 17th century Dr. Halley published a work on the "Valuation of Lives" which initiated investigations upon which actuarial science is based. On Halley's tables was founded, the SOCIETY FOR EQUITABLE ASSURANCES ON LIVES AND SURVIVORSHIPS. It is very interesting to find that the original tables compiled for the Scottish Widows' Society took, as a basis, "the improvement of money at 3 per cent." which, says Mr. McKean, "brought out premiums nearly double to those at present charged," owing to the rates of mortality being so different to those in use in his day, and we may add in our own. He points out that the new Societies which followed the Equitable, departed from the basis of that organization by all the profits being given to the subscribers, i.e., shareholders, "instead of to the assured from whose contributions they had arisen." This system, however, was found to be prejudicial, but the zeal for business led to agencies being opened in Scotland, and from these the Scottish Widows took its rise, as the English companies opened the eyes of the Scotch to the benefits of life assurance, and they determined to stop the drain of money flowing to England for premiums by founding a society in Edinburgh. In 1809 an attempt failed to commence local life assurance. The national spirit was, however, too active to be crushed, and in 1812 Mr. David Wardlaw took steps to found a Scotch society on the basis of the English Equitable, that is, "on the principle of mutual contribution-ship."

The Prospectus already alluded to was issued and its Supplement. The Auditor or Actuary selected was Mr. Patrick Cockburn, who furnished tables upon the basis of the Northampton 4 per cent. Table of Life Annuities. The first policy was issued in favour of the founder, Mr. Wardlaw, whose premium, £34 12s. 6d., was "the sole fund and possession" of the Society when it commenced business. The expenses were provided by "the voluntary contributions of gentlemen friendly to the Institution," who risked their money to enable the work to proceed. In ten years the annual premiums were £9,000 and the accumulated fund, exclusive of the annuity fund, was £28,000. It is interesting to find that in 1822 the then Earl of Rosebery, grandfather of the present one, delivered an excellent address on life assurance.

To show the difference in the rates of the above Society when founded in 1812 and the average of those now in force we give a few quotations from the first tables :

Table 1 showing rates either in a single payment or in annual payments during life corresponding to £100 payable 6 months after decease of any person from the age of 14 to 60.