

all this lamentable insanity. Here we have another flagrant illustration of the reckless way in which cause and effect become almost hopelessly confounded by those who take hasty and superficial views of things. No doubt drink is connected intimately with very much insanity. We know that this is actually the cause of much madness, but what is it that drives many men and women to drink? Trouble, worry, care, the pressure of life's ceaseless and passionate struggle, the fact that so many nervous and hypersensitive natures enter the great competitive arena utterly unfitted for the work that awaits them there, and much more of this kind that is but too obvious, sufficiently accounts for the fact that numbers yield gradually to intemperance, and thence insensibly glide into insanity. If indeed it be true—and it seems impossible to resist that conclusion—that insanity is increasing, the outlook is indeed dismal. The grave part of the matter is that all this indicates, nay conditions, the existence of a much larger class of semi-lunatics, whose real numbers the statistician cannot ascertain, who leaven society for evil, both for themselves and others. Marriage, unhappily, is a most active agent in perpetuating and extending this plague, and it is to be feared that under the existing conditions of life this state of things must necessarily continue. The worst consequence is, as we have already pointed out, the introduction of misleading factors into those vital statistics on which the actuary builds his calculations. This is, indeed, a very grave consideration, and one that may well engage the serious attention of all insurance men.

A PRIZE ESSAY.

(Continued.)

The following are the continued passages from the essay, by Mr. John Nicoll, F. F. A., on "The Relation of the Actuarial Profession to the State," for which essay the writer was awarded Mr. J. Chisholm's prize. Mr. Nicoll's essay has been highly praised as "a handy and instructive book of reference," and is said to be, in its entirety, well worth a place on the book-shelf of the average non-technical insurance man.

In 1807 we first hear of Industrial Assurance. It was proposed to establish an office to be called "The Poor's Assurance Office." The management was to be under Commissioners appointed by the Crown, and the scheme was to be for the benefit of 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." It was sent to a Committee, and was afterwards thrown out by Parliament. As under the Savings Bank scheme of later years, the Poor Office was to be utilised for working the proposed Poor's Assurance Office, but such a scheme at that time was evidently premature.

An Act was passed in 1819 for regulating benefit societies, and it contained a clause enacting that the tables and rules of all such societies should be approved by two persons at least known to be professional actuaries, or persons skilled in calculation, as fit and proper according to the most correct calculation of which the nature of the case would admit. This seems to be the first recognition by Government of the profession of an actuary, though who were to be entitled to style themselves actuaries the Government were very slow indeed to determine in any distinct and authoritative manner. The Act of 1819 also provided, in the event of the dissolution of a society, the certificate of two actuaries should be required that, according to the most correct calculation of which the case will admit, the claims of all persons interested in the society are, by the proposed scheme of dissolution, fairly dealt with and secured. In the same year Mr. Finlaison was asked to report upon the annuity system of the Government, and in this report he first directed the attention of the Chancellor of the Exchequer to the enormous loss caused by granting annuities at the rates then current. It was not, however, till nine years after the date of Mr. Finlaison's report that the granting of annuities by Government at the erroneous rates was suspended.

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In 1821 Mr. John Finlaison was by Act of Parliament appointed as first Actuary for the Commissioners of the National Debt. By this step Parliament again recognized the actuarial profession without, however, doing anything to settle the question as to who were to be considered actuaries.

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A new Act as to granting annuities was passed in 1829, and the tables known as the Government Annuity Tables, 1829, were those of Mr. John Finlaison. But the amounts of the annuities granted at the higher ages were apparently much too high. For instance, for every £100 of purchase money a male of the age of 90 could obtain an annuity of no less than £62. The manager of the Scotch Assurance Companies is understood to have at once called the attention of the Government to the ruinous rates at the older ages, but he was in effect told to mind his own business. This suggestion he proceeded to carry out to the full, for, finding it useless to argue with the Government, he adopted another method of convincing them of their error, and advised his own and other assurance offices, and also many of his private friends, to select robust males of advanced age and to buy annuities on their lives. Annuities on no less than 675 old men were purchased before these rates for the advanced ages were removed from the table, and the Government in the end were losers by the deal to the extent of something like one million sterling.

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There occurred about this date (1852) what was known as the "Insurance Controversy," which arose from a letter addressed by Mr. Christie, of Edinburgh, on behalf of the older insurance offices, to the President of the Board of Trade, requiring "a thorough scrutiny and investigation into the affairs and responsibility of every life and annuity institution in the United Kingdom, with a view to such enactments as shall protect extensive public interests from the alarming prospective evils of fraud and ignorance."