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Betting on Lives: the Culture of Life Insurance in England, 1695-1775

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The study of life insurance as a cultural practice has been moving in from the margins of social historical enquiry for some time now. As early as 1979 Viviana Zelizer took an important step beyond the confines of institutional business history with her study of public debates about the moral implications of life-insurance practices in nineteenth- and twentieth-century America. In the context of British and continental European historiography, the consolidation of a number of related paradigms in the 1980s began to point towards a research agenda which would situate the development of systems for insuring the person in the context of changing ways of understanding and representing the individual and social relations. These included the critical study of social insurance and the origins of the welfare state (particularly - though not exclusively - as informed by Foucauldian notions of 'governmentality' and the normative or disciplinary power of institutions based on expert knowledge), the history of the body, the anatomy of 'domesticity' as a key term in the emergence of modern gender identities, the history of the medicine and the professions and the social study of scientific knowledge as applied to the history of probability and statistics. To these impulses might be added the increased interest among business historians in the culture of the enterprise and the relationship of business practices to aspects of expectation and habitus current in society at large.

From this point of view, *Betting on Lives*, the first monograph to attempt a fully grounded study of life insurance in its cultural context, seems to have been a long time coming (even given the fact that the Princeton dissertation on which it is b ased was completed in 1993). The virtues of Clark's work make it clear why: At once a treasure-house of new data about the growth of life insurance and about eighteenth-century economic practices more generally and a persuasive account of where those p ractices came from and what they meant in the mental and social world of Augustan England, the book presents in compact and readable form the outcome of a prodigious programme of research. It draws to varying degrees on the kinds of studies listed abov e, taking in more conventionally 'cultural' themes like the history of the novel, political theory and cosmological debates on the way. Clark also displays a wide and profound knowledge of the economics of the period, deftly deploying information about t he national debt, incomes, property and credit relations. The centrepiece of the book is a painstaking analysis of the records of a number of life insurance enterprises, published and unpublished, and related archival sources; these range from individual life insurance policies and supporting biographical data on insurers and insured, through the records of legal cases, to printed publicity. Clark's close reading of the qualitative sources combined with a database analysis of individual policies produce s a compelling picture of who bought life insurance and why.

The period covered by the book is significant; it begins with the project for the first documented scheme for providing survivors' benefits (the Friendly Society for Widows) and ends just after the passage of the Gambling Act of 1774. It is a period in the history of life insurance which has up to now been under-researched, in spite of its acknowledged status as the 'pioneering phase' of the business. But Clark's focus on these years is more than a gap-filling exercise; it represents a test of and a ch allenge to what was for a long time the standard chronology and the most plausible account of the moral and intellectual roots of life insurance. The key issue in this account is the balance between gambling (or speculation) and prudential behaviour in t he motivations for insuring lives, or between risk-taking and risk-avoidance. This is in turn related to the development and use of technologies for assessing and limiting risk (statistical probabilism and its application, through the systematic use of m ortality tables, in actuarial calculation). In what Clark provocatively calls a 'modernization' thesis, the conventional genealogy has located the beginnings of 'real' life insurance in the 1760s and 1770s, building on a typology that defines modern lif e insurance as the application of a complex technology to a simple end. From 1762 on, the Equitable Society began to combine the practice of premium insurance with the actuarial techniques that allowed underwriters to balance premiums realistically agai nst benefits in terms of the expectation of life of the insured. This made certainty, or predictability, possible and thus transformed life insurance into an effective system for providing for the future. The Gambling Act of 1774 banned the purchase of insurance on lives in which the policyholder did not have a real and documented financial interest. The Act brought an end to the kind of insurance that was no more than a bet on whether someone would live or die, imprinting the life insurance policy hen ceforth with the character of document of dependency and/or obligation. The vision of these years as a watershed, then, has everything to do with our own perception of life insurance as a prudential institution whose purpose is to underwrite personal a nd family security. This is a perception which the life insurance business since its inception has worked hard to reinforce, and the extent to which it continued to coexist with profiteering and speculation has been explored by Robin Pearson, in an arti cle on the uses of life insurance in the nineteenth century. The power of the myth is suggestive, however, and the cornerstone of the argument that defines the watershed is indeed the thesis of a historically new vision of family which life insurance (wh en it worked) served: middle-class domesticity.

In the context of her work on the history of probability, Lorraine Daston proposed an imaginative synthesis which integrated all these elements while offering an answer to a problem which has puzzled historians of science and insurance historians alike: Since the publication of Halley's tables of mortality for Breslau in 1693, the English and European publics had displayed a growing awareness of and interest in methods for deriving the probable length of any individual life from the collective experienc e of past populations. Halley himself developed his tables in the expectation that they would be applied to the calculation of annuities, and as early as 1742 a handbook (Simpson) for working out the cost of pensions on the basis of mortality statistics was in circulation. But even in the 1760s the Equitable was exceptional in applying systematic actuarial accounting; well into the 1770s, both in England and on the Continent, people blithely went on creating life insurance and pension schemes, not so mu ch in ignorance as in (apparently) wilful defiance of available knowledge and techniques. To explain this manifestation of cognitive dissonance, Daston proposed a transition in popular values: The evidence of public discussions and moral complaint indic ated that in the early eighteenth century life insurance was an essentially speculative activity, and in most Contintental countries the association between insurance and gambling was strengthened by the treatment of insurance policies as aleatory contrac ts in law. While this was the case, Daston argued, there was no advantage to the 'players' in reducing the element of risk. Rather, people began to find actuarial techniques for risk-reduction relevant and attractive when their motivations for buying li fe insurance changed under the influence of emerging values of thrift and domesticity.

Clark's work offers a serious challenge to this hypothesis, and does so essentially by extending both the depth and the range of evidence for what people were doing before the watershed. He begins with a challenge to the typology, arguing that in order to avoid anachronism the definition of life insurance in the eighteenth century must be expanded well beyond premium insurance to include all schemes for the provision of death benefits. (In fact he goes beyond even this taxonomy in his treatment of the 'Little Goes', or schemes for insurance against such contingencies as marriage, birth or the completion of apprenticeship, on the grounds that they modelled their operations on those of life insurers. On the other hand, he has little to say about life an nuities) The 60 life insurance societies he cites (many of them simply to note that they have left only their names in the records) thus include a large number - including the very first foundation - whose stated aims at least were prudential and even c haritable and whose benefits were modest. The advantage of casting the net so widely is that it brings up compelling evidence of real fluidity and overlap in the practices of these societies, competing as they were to find the formula that would attract and retain the optimum share of a substantial but circumscribed investing public. How each type of society worked (or failed to work), the fine calculations and gross economic premisses which underlay the multifarious variations on contributorship, ton tine, reversionary annuity and premium insurance, are described in some detail but with considerable lucidity.

More important, in terms of the general argument, Clark has analysed both the qualitative and quantitative evidence minutely in order to ascertain what people (thought they) were doing when they sold and bought life insurance. Alongside the spectacular e xamples of gambling on lives, Clark finds numerous cases suggesting speculative motives for buying or retaining life insurance policies, even among small-scale purchasers. But these are balanced by other evidence. Among Clark's most fascinating and sug gestive empirical finds is evidence of life insurance 'networks', in which men and women related by service, kinship and/or place of residence bought, sold and traded in policies on each other's lives. His suggested explanation for this is that life ins urance was being used to collateralise loans, a hypothesis supported by the fact that married women and widows were notably active in the insurance market at this level. This phenomenon indicates at the very least that even in its early phases life insu rance was being used as a medium in social transactions, creating and cementing functional relationships. This is not yet domesticity, nor is it even particularly middle class (since these networks included tradespeople and domestic servants as well as representatives of the salaried and professional strata who classically are associated with the 'middling sort'). But as already noted, the provision for widows and orphans was a central concern of many life insurance societies, and the participation in them of leading representatives of the 'middling sort', notably clergy from all points in the hierarchy, indicates that insofar as the values of social improvement, self-help and provision for family security associated with middle-class consciousness sus tained the life insurance project, they were doing their work well before the last quarter of the century.

Closely associated with this is Clark's insistence on the rationality of early life insurance practice. Far from ignoring current knowledge about mortality, the founders of nearly every life insurance society drew on existing data to project the likely r ate of death of insured subjects, and they made a point of these calculations in their advertising. What they came up with were rule-of-thumb figures, and they were surprisingly slow to take on board the idea of age-specific life expectancy. But, as Cl ark points out, the eighteenth century's masses of figures and intensive discussion of how to apply them did not add up to consensus about actuarial techniques, so that the insurers' resistance to technical refinements beyond crude averages reflected a re alistic assessment of their usefulness. And when insurers abstained from abandoning common sense and everyday experience as touchstones for the estimate of individual longevity in favour of statistically-derived probability, it was as much a silent comme nt on the untried character of mathematical techniques as a manifestation of the pre-probabilistic mentality that they (probably) shared with their subscribers. Indeed, Clark argues, not ignorance but awareness of the imperfect state of actuarial knowled ge can explain and rationalise such apparently primitive practices as the contributorship and the mortuary tontine, which operated to balance the unpredictability of outcome by limiting the extent of possible loss.

This is a reminder, though, of how risky - and hence how adventurous - the life insurance project always was. When it came to the doubly problematic business of providing survivors' pensions (doubly problematic because it depended on assessing the joint life expectancy of two people), the most successful operation was, after all, the most conservative one - even though it was also technically sophisticated: The Church of Scotland's 1779 scheme for widows' pensions worked because its organisers were abl e to draw on a body of mortality data which was comprehensive, closed and 100% comparable to its subscriber population (the lives of past Church of Scotland ministers) and because it was applying the data in turn to a closed community (living Church of Sc otland ministers). If we are to apply the epithet 'modern' to any category of life insurance enterprise, it must go to those which embarked with uncertain knowledge on the business of constantly recruiting from the general public (as the Church of Scotla nd's bolder imitator, the Scottish Widows, would do in 1812). What is striking about the societies examined by Clark is how many of them, even when they formally set upper limits on the number of subscribers, were already thinking very big and looking to attract custom from a wide range of potential customers. Even those who purchased life insurance from prudential motives were stepping outside of familiar ways of saving and providing to buy into a vision - and a community of risk - that was potentiall y limitless.

If there is a disappointment in this book, then, it is that it doesn't quite manage to balance the evidence for Augustan rationality against a consideration of the imaginative world - the fantasies and desires - that fuelled the market for life insurance. Both the schemes of life insurance entrepreneurs and the rhythms of the market for policies show us the buyers and sellers of life insurance as self-conscious and enthusiastic participants in a new kind of economic culture epitomised and fuelled by the 'realised alchemy' (Isaac de Pinto) of public finance: The projectors of new schemes at the beginning of the century looked to cushion their operations and generate profit through investment in government bonds and lottery tickets, and as their operation s grew some of them expanded into banking services. They were deeply implicated in the speculative boom associated with the South Sea Bubble. Similarly, overall numbers of policyholders rose sharply in the first decade, to peak at around 10,000 before t he Bubble burst, and declined sharply thereafter. For the public at large the 'alchemy' of public finance was reproduced in the explosion of private credit, the magic of compound interest, the discovery of the self-reproducing powers of money which coin cided the multiplication of things to spend it on. The extent to which elements of imagination, taste and fashion continued to operate in the life insurance market (as the South Sea Bubble itself was pumped up by popular fantasy) is suggested by its rec overy in the 1760s; Clark can find no clear material explanation for this, but notes that it coincided with a wave of new foundations on the Continent. Not only the volume of policyholding, but the selective pattern of its spread outward from the metropo lis and the key role of printers and stationers as buyers and sellers of policies at an early stage (both identified and analysed by Clark) are reminders that life insurance presented itself to the first generation of potential purchasers as an innovation and ar ticle of consumption, desired only insofar as it was known and desirable insofar as information about it was transmitted through media both formal and informal.

Clark himself makes clear how in a consumer society 'need' was subject to redefinition in the light of what might be had, in his account of the clerical 'poverty' that was adduced to legitimate the creation of funds for ministers' widows and orphans. In doing so he illustrates a paradox which (this reviewer would argue) is constitutive for the project of life insurance at all times: The clergymen who embodied and promoted the respectable uses of the new technology were the same men who wanted a way to buy the future on installments because their consumption habits meant they were living beyond their means -- just as the information revolution realised by the printers and stationers who dealt in insurance policies gave people access more or less indiscr iminately to treatises on mortality, tracts on domestic virtue, and the advertisements of frauds and speculators. It is not for want of sensitivity to the relevant issues that Clark fails to articulate this paradox. The chapter explicitly devoted to ' life insurance in its cultural context' is wide-ranging and suggestive in its treatment of the role played by questions about the relationships between freedom and order, liberty and security, determination and chance in the Augustan mental landscape. It concludes with the statement that 'what really fired the Augustan imagination was the possibility of making a new world by simultaneously diminishing unwanted risks, generating wealth, and promoting Christian ethics' (p. 59). The sheer glamour inherent in the credit economy is an important feature of Clark's account of the first foundings, and in an eloquent epilogue he returns the emphasis to the culture of capitalism. In the end, though, the 'hard' data and the urge to produce a narrative challenge to 'modernisation' transform the paradox (after all) into a symptom of immaturity, while reproducing an exaggerated dichotomy: 'Had the Amicable and the other first-generation firms prevailed by staving off the fraudulent interlopers who sapped the publ ic's confidence in co-operative life insurance, or by curbing the frankly speculative uses of life insurance which injured the long-term interests of policyholders, the insurance business might have evolved along a much different path that would have kept it in closer contact with voluntary modes of organization, charitable activity, and social movements for the promotion of improved morals and national prosperity.' (p. 105)

To point to the unresolved tensions and open questions in *Betting on Lives* is, however, is to recall its virtues. Clark's arguments about the genealogy of life insurance may need to be revised in the light of comparable studies of contemporaneous events on the Continent (which witnessed a similar conjuncture of ideas and practices in very different legal and economic contexts and with quite distinct long-term institutional outcomes) and of subsequent developments in British life insurance culture. But in its perceptiveness and intellectual ambition as well as in the work of empirical research it incorporates, his is a genuinely pioneering work. It brings the study of life insurance definitively into the purview of social history and provides an example of how the historical studies of 'economics' and 'culture' can be fruitfully combined. Clark has more than re-set the research agenda; we can be grateful that he has left the rest of us something to do.

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