
CHAPTER XXIX.

Of Institutions founded on an application of the Law of Mortality; and in particular, of an Institution for Assuring, at the time of Marriage, Endowments to the issue therefrom.

272. The conversion of property exposed to peril or involved in doubt, into other possessing the character of certainty, is at all times attended with advantage, when obtainable by an equitable compromise of the unfavourable chances attaching to the former. The reality of that advantage will not be destroyed, though profit should devolve to the parties neutralizing the risk or causes of uncertainty, unless such profit were exorbitant; and the beneficial results of promoting all provident dispositions, as also of affording the utmost facilities to render profitable the savings of income, are unquestionable. Those objects are in progress of fulfilment, through the instrumentality of numerous public Institutions and private associations, induced by the advance of general knowledge; some of which Institutions, being formed on the principle of a mutual assurance, which under wholesome administration admits the lowest standard of sacrifice by the assured parties, may be entitled to preference.

273. The associations for life-insurance hitherto stand prominent amongst all others. By *Insurance of life* is understood the contract for a sum reversible, when shall fail either any single life, the joint-continuance of any two or more lives, or else a last-surviving life of

several jointly considered; which reversionable sum is represented by an equivalent at the time of contracting, when the latter may be either discharged in a single payment, or be converted into an annuity under the denomination of *premium*, payable during the life or lives thus said to be insured. Such insurance may further take place against the only chance of life's dropping within a stated period, as also other modes of accommodation may be introduced; the particulars of all which are here unnecessary to be recalled. Amongst all provident transactions, this is one of the most important, viewed as a resource for millions of persons respectably situated, but whose periodic incomes shall in all probability terminate with their lives; as it resolves into certainty the pecuniary results to be expected from life's profitable employment, whilst limited to a probable duration according to age, to sex, or to class, and neutralizing the chances of that duration's eventual abridgment or protraction.

274. Excepting only the Savings-banks and the associations for insurance against fire, those institutions are generally founded upon an application of the *Law of Mortality*; and it is a great desideratum, that appropriate modifications of that law should at length be substituted for the Northampton tables, too indiscriminately applied in most cases. Those tables exhibiting human life under a most unfavourable aspect, inasmuch as its Absolute intensity is there represented as scarcely exceeding *twenty-five* years, may indeed answer the purpose of *security*, when applied to the computation of premiums chargeable on life-insurance; but then the mark is so widely overshot, that those associations, encumbered with exorbitant profits thence arising, though not originally contemplated, become obnoxious to restitutions in diversified proportions, depending on arbitrary rules, and the worst feature of all which consists in a mode of dealing in utter darkness; whilst

the sound principle, to be proceeded upon in transactions of that description, should be in the first instance to concede terms as favourable for the public as may consist with perfect safety to the general concern. A positive increase, in whatsoever proportion of the reversible sum insured,—that increase becoming a certainty,—would at all times be better appreciated than the prospect of a *bonus* extending to even the double of that proportion, but involved in uncertainty and made to depend on (perhaps) capricious rules of apportionment. On the other hand, the tables now used for computing the life-annuities to be granted by the Exchequer are objectionable on other grounds stated in our XXth chapter.

275. It is further to be remarked, that property become the subject of an insurance is incapable of bearing taxation, for the benefit of the revenue; it being not less absurd than it is oppressive, to tax either provident economy,—which cannot be too much encouraged,—or direful misfortune, as in the case of property destroyed by conflagration.

276. All provident institutions, in England, labour under a special inconvenience, one single glance at which may here be sufficient for the present. Their accumulating capitals are unavoidably sunk, at every risk, in that overwhelming gulph, the FUNDED DEBT; yielding only a scanty rate of interest; towards the utmost reduction of which all imaginable artifices are constantly practised, and the best talents in the country are enlisted. In this respect two questions arise, which we shall merely state, leaving their solution to the operation of TIME. — *First*, is the National Debt, from its origin, and considering the parties exclusively benefited through its having been incurred fairly chargeable on the labour and industry of the nation, either in perpetuity as regards the *interest* of that debt,

or in any shape as regards the *principal*, under a supposition that its redemption were seriously intended; or rather, is it not exclusively chargeable on the property actually existing, of whatsoever description, an assessment upon which might ultimately be for the greater advantage of all classes, not excepting even the reluctant contributors, as also revive the country from its comparatively paralyzed state? — And *Secondly*, is a very low rate of interest, in the investment of money, truly beneficial to the community at large; or is it beneficial only to speculators, and to those who aim at the greatest concentration of property; to the detriment of others living by their personal exertions, the only source whence the country derives its powers called forth in the hour of need?

277. All reversionary expectations, depending on the chances of life and of survivorship, — however remote, uncertain, or complicated, — are nevertheless convertible into a present value, through applying the Law of Mortality; but if this application be made without judicious discrimination of the appropriate modifications of that law, considering the sex and class to which it is referable, the results of computation to that effect must differ so much from the truth as to defeat every purpose of distributive justice. Such conversions may occasionally prove an invaluable resource for persons peculiarly circumstanced. In our state of ultra-civilization, involving a most unequal distribution of the social advantages amongst a numerous population, Institutions resting on positive science, — directed on principles of strict equity, — and above all, affording reciprocal guarantees, — should if possible extend to accommodating the public in respect to all its demands.

278. It is from those considerations, that the writer of

these pages has employed many years in maturing the Plan of an Institution, on the economic principle of mutual assurance, for providing at the time of marriage, and in behalf of the children to be born thereof, sums payable on their attaining any agreed year of age; varying the contributions according to the wife's age at marriage, and supplying optional modes of their discharge. The average of births in expectation, at each specific age of marriage being contracted; — the proportions, to each other, of all births male and female; — the proportions of individuals, belonging to either sex, who, amongst any quantity of births, attain the respective ages at which the endowments may be rendered available; — an average period, computed from the time of marriage, and to which all births may be referred; — lastly, the ratio of interest, according to which any accumulation of capital may safely be assumed, — are requisite elements from which the principal tables have been computed, towards equitably regulating all transactions of the above description; and it is seen by the foregoing chapters, that those elements are susceptible of determination with sufficient accuracy. The general object of that Concern is to guard large families against the vicissitudes of fortune, and females particularly against a precarious dependance; as also to relieve the solicitude of parents contemplating a numerous offspring, the original contract providing for each child in whatever number. The beneficent provision will then be obtained at less cost than through a transaction of life-insurance, and possess the advantage of not requiring the previous death of a parent. The moral tendency of this proposed Institution, together with the permanent benefits it is intended to confer, cannot fail at length to be appreciated; and from those benefits extending to all classes, the highest will find an

equal inducement to join in the PROSPECTIVE-ENDOWMENT-ASSOCIATION (*).

(*) *It would not be inconsistent with the author's views to devolve that concern on FOUR, or more, amongst the leading Associations in the British metropolis, for the Insurance of Lives; in which case, his continued assistance to be liberally afforded, and the terms of such cession to be commensurate with just claims to which he is liable. The present opportunity is therefore taken of giving notice, that proposals to the above-mentioned effect, or for honourable co-operation with him, in the alternative of opening an exclusive concern as described, shall be respectfully met.*
