

Conference or Cartel? The International Congress of Actuaries and the Emergence of a European Market for Private Sickness Insurance (1890-1950)

Martin Lengwiler (Center for Social and Economic History, University of Zurich)
Email: martin.lengwiler@fsw.uzh.ch

Paper to be presented at the eleventh annual conference of the European Business History Association, University of Geneva, September 13-15, 2007 on "International Business, International Organizations and the Wealth of Nations"

Please do not quote without permission by the author.

1. Introduction

The rise of the modern insurance business and of social insurance systems since the late 19th century was paralleled by the emergence of a series of international congresses focusing on the techniques and policies of insurance. Themselves a consequence of the first wave of globalisation of the insurance industry, the newly founded congresses include for example the International Congress of Social Insurance (Congrès internationale des accidents du travail, founded in 1886), the International Congress of Actuaries (established in 1895), the International Congress on Life Assurance Medicine (founded in 1899) and the International Congress for Industrial Medicine (Congrès médicale internationale pour les accidents du travail; established in 1906). As their names indicate, these insurance-related congresses were frequented by two communities: one representing government authorities and favouring social insurance, the other with a business background supporting private insurance. Both communities were present at the different congresses, but with notable preferences. The supporters of social insurance dominated the Congress of Social Insurance whereas the actuaries of commercial insurers clearly preferred the Congress of Actuaries.

The following paper examines the role of these international organisations in influencing and shaping the development of national insurance markets and national welfare systems. In particular, it focuses on the insurance industry and its changing relation to the state in general and the national systems of social insurance in particular. Based on an analysis of the debates at the exemplary Congress of Actuaries between 1895 and 1950, it points out how the representatives of private insurance, both from commercial and mutual insurers, reacted to the growing institution of social insurance and to the supervisory insurance legislation in different European countries. The paper also asks to what extent the strategies of private insurance

remained national specific, due to national legislative frameworks, and to what extent they emerged in a transnational pattern, manifest at the international congresses and driven by the internationalization of the insurance industry, processes of organisational learning or by cooperative or cartelistic co-ordination at the congresses. At this point the paper mainly focuses on the debates at the Congress of Actuaries without tracking the implementation of the policies, developed at the international level, in the respective national contexts. Despite this limited range, the paper still aims at assessing the relevance of international discourses, as exemplified by the Congress of Actuaries, for the development of national insurance markets and welfare systems.

The period examined spans from the late 19th century, when the European insurance industry witnessed a considerable expansion and when at the same time the first social insurance schemes were established, to 1950, when most of the European welfare states were reformed or rebuilt in institutional arrangements that often persist until today.¹ Over this period, when European welfare states developed their specific institutional shape, private and public organisations of insurance were integrated into mixed welfare economies, typical for most European welfare states.² The aim of this paper is to assess the role of international transfers – as mirrored in the international congresses – for the emergence of these mixed welfare economies. How did the rules, norms and standards agreed upon at the congresses shape business practices in the insurance industry? To what extent contributed the congressional meetings to the convergence of insurance practices? And what were the limits of convergence – for example set by the national institutional and legal contexts? The paper specifically focuses on Britain, France, Germany and Switzerland – countries that are relevant either by the size of their insurance industry (Britain, Germany, and France) or by their early and exemplary insurance legislation (Switzerland).

On the theoretical level, the paper draws on recent debates on the relevance of transnational history for business history and the history of welfare states. Peter Borscheid recently pointed at the early internationalisation of the insurance industry in the late 19th century, as one of the leading industries of the first wave of economic globalisation, and the parallel standardisation

¹ Ludwig Arps, *Auf sicheren Pfeilern. Deutsche Versicherungswirtschaft vor 1914*, Göttingen: Vandenhoeck & Ruprecht, 1965, p. 308ff.; exemplary: Peter Baldwin, *The politics of social solidarity, Class bases of the European welfare states 1875-1975*, Berkeley: University of California Press, 1991.

² See for example: Ugo Ascoli, Costanzo Ranci (Hg.), *Dilemmas of the Welfare Mix. The New Structure of Welfare in an Era of Privatization*, Berlin 2002.

of insurance practices.³ International organisations, such as the International Labour Office in Geneva, played a crucial role for the globalisation of business practices and the transfer of welfare systems.⁴ Against this background, the Congress of Actuaries, as a platform for discussions, exchanges, adaptations and learning processes, offers an exemplary organisation to study the influence of international transfer processes on national contexts. The main source of this paper therefore consists of the published congress papers – a collection of papers, memoirs and minutes of the discussions at the thirteen congresses between 1895 and 1951, all together material of nearly 20'000 pages.

The argument proceeds in three steps. The first section gives an outline on the social and topical character of the Congress of Actuaries, analysing the background of the participants and the thematic focus of the thirteen meetings between 1895 and 1951. The two following sections highlight two fields of the congressional debates in which the intended transfer of ideas and convergence of practices proved to be particularly difficult: first the debates around the statutory insurance legislation and second the relation between statutory or public actors and private actors in the emerging institutions of social insurance. The article ends with some summarizing and concluding remarks.

2. A dialogue dominated by business interests: participants and topics at the Congress of Actuaries

In advance, a few words on the origins and the character of the International Congress of Actuaries. The congress first convened in Brussels in 1895, invited by the Belgian life insurance companies, and continued convening in a three years cycle, only interrupted by the

³ Peter Borscheid, Systemwettbewerb, Institutionenexport und Homogenisierung. Der Internationalisierungsprozess der Versicherungswirtschaft im 19. Jahrhundert, in: Zeitschrift für Unternehmensgeschichte 51 (2006), p. 26-53. For a transnational perspective on the transatlantic Welfare history, see Daniel Rodgers, *Atlantic Crossings. Social politics in a progressive age*, Cambridge MA: Harvard University Press, 1998. For the transnationalisation of European welfare states, see contributions to: Hartmut Kaelble/Günther Schmid (Hg.), *Das europäische Sozialmodell: Auf dem Weg zum transnationalen Sozialstaat*, Berlin 2004. For a general discussion of transnational history: Jürgen Osterhammel, *Transnationale Gesellschaftsgeschichte: Erweiterung oder Alternative*, in: *Geschichte und Gesellschaft* 27 (2001), p. 464-479; for the related approaches of global history: Michael Geyer/Charles Bright, *World History in a Global Age*, in: *American Historical Review* 100 (1995), p. 1034-1060.

⁴ For example in the insurance of occupational diseases (like silicosis or lead poisoning) by statutory accident insurances; see: Martin Lengwiler, *Risikopolitik im Sozialstaat. Die schweizerische Unfallversicherung 1870-1970*, Köln: Böhlau-Verlag, 2006, p. 248-260. See also: Madeleine Herren, Sacha Zala, *Netzwerk Aussenpolitik. Internationale Kongresse und Organisationen als Instrumente schweizerischer Aussenpolitik*. Zürich: Chronos, 2002. ILO-article in *Labor history* xxx.

two world wars and the economic crisis of the 1930s.⁵ The congress originated as a reaction to the increasing internationalisation of the insurance industry. The international branches of the insurance businesses, in particular the leading British and American insurers, were confronted with a variety of national legislations and economic policies.⁶ Thus, the congress followed an already existing internationalisation of business practices; the gatherings were not intended to open up new insurance markets but rather to facilitate already established market mechanisms by standardisation and harmonisation of business procedures. Accordingly the common aim of the congress was seen in the harmonisation of the legal and technical aspects of insurance – from the collection of mortality statistics to the calculation of risk probabilities. In his opening address to the second congress in 1898, Thomas Emley Young, president of the British Institute of Actuaries – the leading scientific institution of the field – and in this role president of the congress, eloquently illustrated the need for unification by comparing insurance with the history of languages and by evoking the universal spirit of scientific endeavours: “We confer a systematic unity upon our Professional investigations by adoption of a uniform scheme of symbolic language; we thus become the possessors and inheritors of a common and intelligible tongue, undistracted by local dialects; diversified Babel, in the ancient allegory, is re-converted into primitive speech; with this bond we more closely, though diversely scattered, re-unite into a universal Scientific citizenship; the refined and competent finish of our analytical language re-acts, as has so significantly occurred in the history of Mathematics, upon the subtle and potential possibilities of research (...).”⁷

The countries present at the Congress reflected the global map of the insurance industry. The meetings were dominated by the industrialised world and by countries with a strong insurance sector, such as Britain, the United States, Germany, France, Belgium, Netherlands, Austria or

⁵ Congresses convened in Brussels (1895), London (1898), Paris (1900), New York (1903), Berlin (1906), Vienna (1909), Amsterdam (1912), London (1927), Stockholm (1930), Rome (1934), Paris (1937), Lucerne (1941), Scheveningen (1951). The interruption between 1912 and 1927 was due to the First World War and the succeeding

g inflation crisis (International Congress of Actuaries, 1927, vol. 5, p. 110f.), the four years gap between 1930 and 1934 was explained by the economic crisis, whereas the Second World War severely hampered the organisation of the twelfth congress in Lucerne. The congress was originally planned for 1940, the papers were sent in during the summer 1939, still before the outbreak of the war, but eventually no convention was held. As a statement on their belief in the values of international cooperation despite the wartime situation, the organising committee decided to publish the papers in 1941; see: International Congress of Actuaries, 1941, vol. 1, p. 13f.

⁶ Opening address of A. Bégault (Brussels) in: International Congress of Actuaries, 1906, vol. 3, p. 3f.; see also: Borscheid, Peter (2006). Der Internationalisierungsprozess der Versicherungswirtschaft im 19. Jahrhundert, in: Zeitschrift für Unternehmensgeschichte, 2006, p. 26-53.

⁷ International Congress of Actuaries, 1898, p. 23; see also: International Congress of Actuaries, 1895 (second edition), p. 8-10.

Switzerland. Also among the founding members were most other Western European nations (Denmark, Spain, Portugal, and Italy) as well as Russia, South Africa and Japan.⁸ Over the years, all countries from Western and Eastern Europe started to send delegations, but also Canada, Australia, New Zealand, South Africa, later also India, Egypt and other African states. The first three congresses united between 300 and 500 participants, a number that quickly rose to 600 at the fourth congress (New York 1903) and 1200 at the fifth meeting (Berlin 1906). Since then, the size of the event moved between 1000 and 1400 participants (see table 2 in the annex).

The congresses were organised by the Permanent Office of the Congress, located in Brussels, in collaboration with the association of actuaries of the hosting country. The Permanent Office, a characteristic element of 19th century international organisations, was responsible for defining the main themes of the congress. These themes were published in advance of the meeting and had to be addressed by the papers submitted to the congress. There were two thematic categories: the more controversial themes were to be covered by papers read out and discussed at the congress, the less important themes were to be addressed by “memoirs” (in German: “Denkschriften”), which were neither read out nor discussed but still published in the congress papers.

The congress mainly acted as a platform for a voluntary professional dialogue (either by open discussions or by published memoirs). There were no binding decisions, not even on technical matters, although in its first meetings the congress was able to adopt formal resolutions – an opportunity abolished in 1903.⁹ The analysis of the thematic fields shows the importance of technical issues, in contrast to the political, legal and professional issues. If we divide the conference themes along these lines, technical issues are by far the most frequent themes picked up by the Congress of Actuaries – about twice as frequent as political, legal and professional issues combined (see table 1).

⁸ International Congress of Actuaries, 1895, p. 15-30.

⁹ International Congress of Actuaries, 1903, vol. 2, p. 45f.

Table 1: Themes covered by the thirteen International Congresses of Actuaries, 1895-1951

<u>General topic</u>	<u>Included as specific topics</u>	<u>Number of treatments (as title of congress sections)</u>
A. Technical issues	<ul style="list-style-type: none"> • notation • development of interest, currency depreciation • calculation of reserves, of contributions, of assets • bonus distribution and participation in surplus • mortality statistics, substandard risks, mathematical statistics, new types of risk (aerial risk) • industrial insurance, reinsurance • insurance contract; medical service 	82
B. Political issues	<ul style="list-style-type: none"> • social and economic policies; tax policies • relation to mutual insurers and social insurances (incl. topic of group insurance) 	25
C. Legal issues	<ul style="list-style-type: none"> • supervisory legislation • legislation on insurance contracts • regulations on financial liquidity / reserves 	11
D. Professional issues	<ul style="list-style-type: none"> • professional or academic education and research • professional dictionary • history of profession 	7

Source: Papers of the International Congress of Actuaries, 1895-1951.

The distribution of themes seems to reflect the comparably advanced integration of the insurance community on technical matters. In fact, the congress succeeded, voluntarily and incrementally, to establish a couple of international technical agreements and standards. In the 1890s for example, at the first two congresses, the participants agreed upon a universal mathematical notation to be used by future actuarial science.¹⁰ Also around 1900, the congress

¹⁰ International Congress of Actuaries, 1895, p. 31-72; ditto, 1898, p. 582-640.

initiated three extensive and independent mortality investigations (two in Britain after 1895, one in France in 1900), the statistics of which were later used by life insurance companies as a model for other national mortality tables.¹¹ Later the congress acted as the platform on which the progress of mathematical statistics in the probabilization of new risks, such as the risk of accidents, was presented and adopted by the actuarial community.¹² Also, occasionally delegates attended the congress to seek specific information, as for example the Hungarian James Raffmann, who was sent by his government in 1903 to look for models for a planned supervisory legislation.¹³

In all these cases the congress acted as a motor of convergence for the international insurance community. This convergence seemed to be much easier in technical matters than on the legal and political level. Moreover, if technical issues were related to political conditions, the integration was difficult even in technical matters. The establishment of an international statistics on occupational accidents for example failed because the frequency of accidents partly depended on the legal regulations for accident prevention.¹⁴

The analysis of the participants – which shall be limited to the four exemplary countries Britain, Germany, France and Switzerland – highlights the split, mentioned above, between representatives of the insurance business and government authorities. Diagram 1 shows that private insurance representatives were by far the biggest community among the participants of Britain, Germany, France and Switzerland, with a rate of between 70 and 85 percent of all participants. Government representatives only made up between 5 and 15 percent, with the exception of the Berlin congress hosted by the home country of social insurance, where 18 percent of the participants represented government authorities. Also the friendly societies (i.e. the French “mutualités” or the German “Hilfskassen”) were regularly present at the congresses, although only in small numbers (usually around 1 to 2 percent). The dominance of commercial interests at the Congress of Actuaries is also illustrated by an introductory remark of the doyen of the German actuarial community and professor for insurance economics, Alfred Manes, at the London congress in 1927. Manes welcomed that the International Labour Office increasingly acted as a promoter for the international spread of

¹¹ International Congress of Actuaries, 1903, vol. 2, p. 85-89.

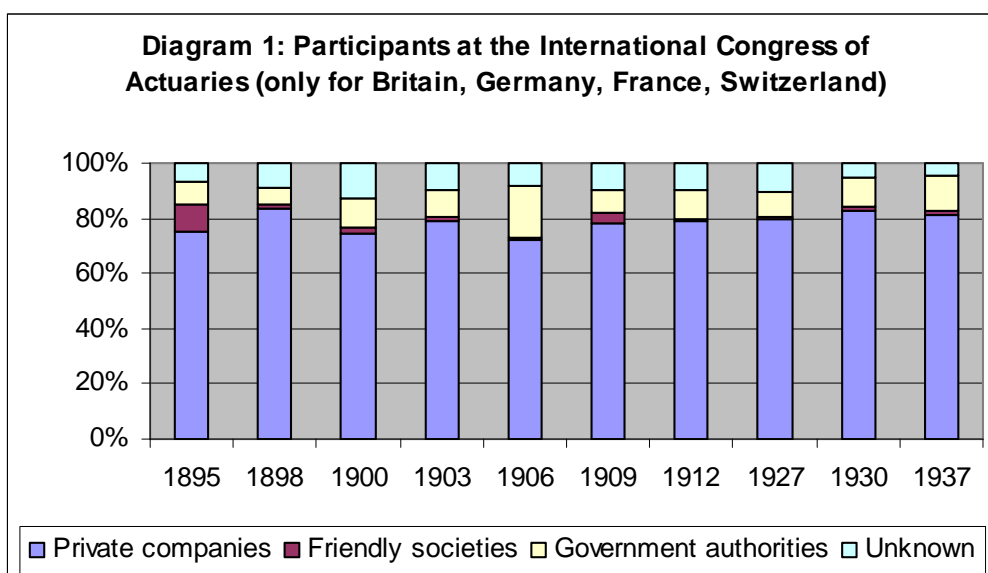
¹² See the contributions of Hans Ammeter in: International Congress of Actuaries, 1951, vol. 1, p. 631ff., vol. 3, p. 297, 305, 315.

¹³ International Congress of Actuaries, 1903, vol. 3, p. 229ff.

¹⁴ See contribution of Walter Thalman in: International Congress of Actuaries, 1937, vol. 2, p. 89ff.

social insurance. Worriedly he continued that it was “a great pity that private insurance has no such International Office to promote the private insurance idea” adding that “perhaps this Congress could take the place of that.”¹⁵

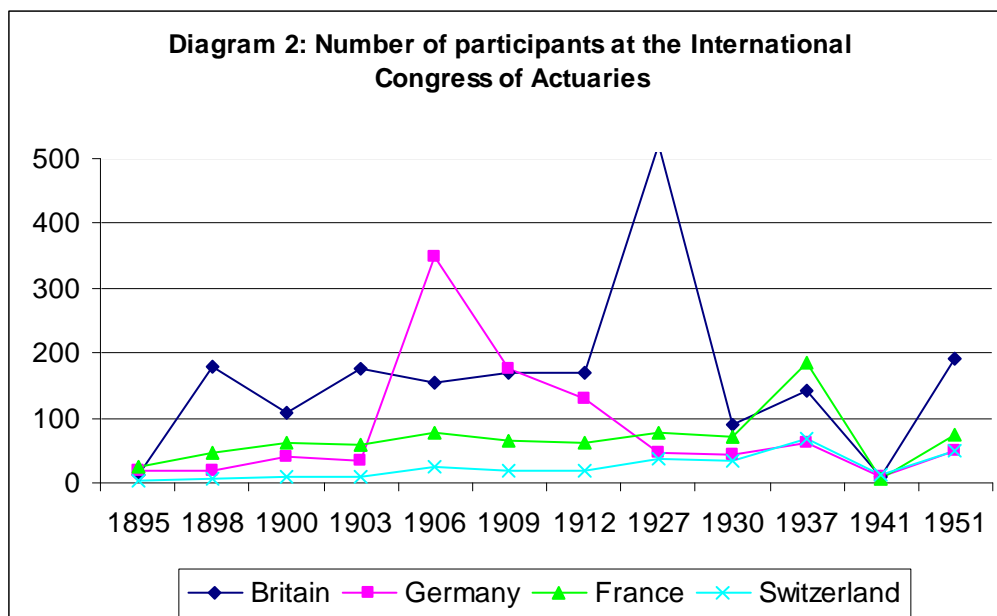
Interestingly, despite the leading role of commercial insurers and the marginal position of friendly societies and government authorities no group ever lost interest in the congress. Government representatives as well as delegates from friendly societies kept frequenting the congress until the end of the examined time span. There was no segregation between private and public sectors at the Congress of Actuaries – the meetings did not lose their relevancy for business *and* statutory insurers.



Note: Data for 1941 and 1951 not available.

Source: Papers of the International Congress of Actuaries, 1895-1937; for the absolute numbers, see annex, table 2.

¹⁵ International Congress of Actuaries, 1927, vol. 5, p. 221f.



Note: The high number of German participants in 1906 and British ones in 1927 is due to the venue of the congress (1906 in Berlin and 1927 in London) and the hosting status of the respective national delegation.

Source: Papers of the International Congress of Actuaries, 1895-1937; for the absolute numbers, see annex, table 2.

The national delegations also show remarkable differences. The biggest delegation in size was usually the British camp; often more than double as big as the French, the German and the Swiss delegation together (see diagram 2, above). Moreover, the British delegation was clearly business oriented. It regularly consisted of 80 to 90 percent business representatives, with a percentage of government authorities of usually below 3 percent (see annex, diagram 5). The contrasting examples were the more governmental German and Swiss delegations with a rate of government representatives of usually between 10 and 30 percent (Germany) or even between 20 and 50 percent (Switzerland), whereas the size of their business group more or less oscillated between 50 and 80 percent of the national delegations (see annex, diagrams 3 and 6).

3. Heated controversies and blocked integration: the debates around statutory insurance legislation

How did the Congress succeed in committing its participants on the intended “common tongue” mentioned above, in particular in a field like insurance legislation where the

international debate was marked by wide national disparities? Basically, the Congress intended to unify the national insurance communities in all respects, even in legal and political matters where integration was most difficult. The hope for reducing the legal disparities was based on the early successes of the Congress in technical matters, as the development of a standard mathematical notation already mentioned.¹⁶ An international standard for insurance legislation also promised to eliminate the economic obstacles, posed by the myriads of national (sometimes even regional) particularities in the regulation of insurance – an important incentive for the highly internationalized insurance business.¹⁷ The question of integrating the different statutory insurance regulation was thus on the agenda since the first Congress in 1895, and most delegates were hopeful that progress on this question was imminent.¹⁸

The Congress was also unanimous, at least in the years before the First World War, in which direction a legal unification had to proceed. The debates at the early congresses show that most of the participants were critical of an interventionist economic policy with expanded supervisory legislation. The second congress in 1898 offers an illustrative anecdote. The discussion in the section on the question of legislation on life assurance was such a one-sided matter – all votes taking sides against state-intervention – that the chairman had to intervene and call for somebody to make the opposite argument: “(...) he (the chairman, ml) hoped that before the proceedings closed, some champion of restrictive legislation (restricting the insurance business, ml) and Government interference in the conduct of life assurance would speak. So far there had been a rather one-sided debate.” The chair eventually invited an American delegate to offer his views on the interventionist legislation of New York and other US states.¹⁹

Until 1914, most speakers and discussants at the Congress supported the British model of insurance supervision, based on a liberal, free market approach and relying on the self-regulation of the insurance industry. The British legislation was based on the Insurance Act of 1870 and included a concession system, under which every commercial insurance company

¹⁶ International Congress of Actuaries, 1937, vol. 3, p. 93-104.

¹⁷ International Congress of Actuaries, 1903, vol. 1, p. 1104-1112.

¹⁸ See for example the prognosis of Léon Marie, a French delegate, that the development of insurance legislation follows a common trend (to less government intervention); International Congress of Actuaries, 1898, p. 338-340.

¹⁹ International Congress of Actuaries, 1898, p. 345.

had to deposit a comparably modest sum of 20'000 £ (regardless of the size of the company), combined with a lukewarm supervisory system that only asked for the publication of the company's results every five years. The idea behind the focus on publicity was that the supervision of the insurance business should be in the hand of and exercised by the public, not by the government.²⁰ When characterising the British model, the Vice-President of the Institute of Actuaries in London, George King, in 1895 conceded that in fact there was practically no government supervision at all – at least no statutory intervention into the insurance market.²¹

The contrasting model was often represented by Switzerland, the first country with an interventionist supervisory legislation (from 1885, implemented by the Federal Insurance Office, the “Eidgenössisches Versicherungsamt”) and a model for other similar legislations, first by Germany (1901), then by Austria (1904), later also by other states.²² The interventionist model provided that detailed accounts had to be published yearly, the reserves be invested in reliable securities, and that the government was allowed to stipulate specific business procedures designed to protect the rights and financial claims of the customers. The compliance with these regulations was often supervised by a centralised government office, such as the Federal Insurance Office in Switzerland or the German Supervisory Office for Commercial Insurance (“Aufsichtsamt für Privatversicherung”). Also, the deposit, as a condition for a concession, was usually measured in a percentage of the turnover – often resulting in a much higher amount than the British lump sum.²³

The adherents of the liberal legislation – which included the insurance industry of interventionist countries – harshly criticised the extended government supervision. The legal restrictions would unnecessarily hamper the insurance industry, and the regulation was seen as a poorly disguised protectionist policy (when for example prescribing to invest reserves in

²⁰ Companies had to publish the accounts every five years and submit summary financial results yearly to the supervisory authority. There was one exception to this liberal supervision: the control of companies offering industrial insurance – a small and extremely popular form of life insurance – were under close scrutiny of the state, a supervision implemented by the Industrial Assurance Commissioner; International Congress of Actuaries, 1895, p. 475 (quote of King), ditto, 1898, p. 344f., ditto, 1903, vol. 1, p. 1009-1020; ditto, 1895, p. 212, 258-260.; ditto, 1937, vol. 3, p. 93-104.

²¹ International Congress of Actuaries, 1895, p. 475f.

²² International Congress of Actuaries, 1906, vol. 2, p. 447-458, 467-477, 521-526. The German Reichsgesetz über die privaten Versicherungsunternehmen (the law regulating government supervision) dated from 1901, the Austrian law from 1904. Also the French legislation after 1900 was partly inspired by the Swiss model. Ditto, p. 467-477.

²³ International Congress of Actuaries, 1895, p. 466-469; ditto, 1903, vol. 2, p. 1032f.

government assets). The forces of market competition would be a better instrument to control the insurance industry, whereas the legal regulations would always drag behind the developing business practices.²⁴ The critique went so far as to ridicule interventionist policies, as when a British delegate mocked the yearly publications of the Swiss Federal Insurance Office and their detailed insights into the accounts of the companies as unintelligible and counterproductive. The publication offered merely “a multiplicity of figures (...) which, to be effective, should be reduced to as small dimensions as possible”; the “multitude of statistics and comparisons that are published (...) fails in enlightening public opinion”.²⁵ Only few delegates, mostly public employees of the Swiss and the German delegation, spoke in favour of an interventionist approach.²⁶ Even at the 1903 congress in Berlin, the capital of Bismarckian social insurance, the defenders of government interventionism were clearly on the defensive.²⁷

However, the hopes for an international convergence of the legal regulations were soon disappointed. One problem was that the congressional debates did not succeed in convincing the interventionist camp of a liberal approach to government supervision. Even after years of repeated debates, the two positions remained irreconcilable. At the Berlin congress in 1906 for example, the delegates didn't even agree on the title of the section on government supervision. The German version spoke of “Vorschläge zu einer Vereinheitlichung der Rechtsvorschriften über die Staatsaufsicht”, but the French and British delegations struggled to translate the concept of „Staatsaufsicht“. The French version was still close to the German original with “Propositions pour uniformiser les dispositions légales en ce qui concerne particulièrement la surveillance exercée par l'Etat”, but the English translation reduced the broad idea of government supervision to the limited task of reporting procedure. The English title spoke of “The uniformity of legal requirements, especially as regards reports to be made to the insurance authority” – a wording that was further shortened by the American delegation to the U.S. version of “The uniformity of reports to insurance authorities”. The Dutch speaker mentioning the episode wryly added: “It can hardly be seen as a good omen for the

²⁴ International Congress of Actuaries, 1895, p. 258ff., 466-469; ditto, 1898, p. 300-307, 335, 340-342, 343f.; ditto, 1903, vol. 1, p. 963-970, 1007-1052.

²⁵ International Congress of Actuaries, 1903, vol. 1, p. 1030.

²⁶ Examples are Alfred Manes, a key figure in the German Association of Actuaries and professor for insurance economy in Berlin, Fritz Rosselet, a Swiss government actuary at the Federal Insurance Office, and Christian Moser, another Swiss government actuary and professor for mathematical statistics at the University of Berne; International Congress of Actuaries, 1903, vol. 1, p. 971-991, 1057-1075; ditto, 1912, vol. 1, p. 317-323.

²⁷ See the discussions and the various criticisms of the Swiss and German legislation; International Congress of Actuaries, 1903, vol. 2, p. 229-250.

achievement of a uniform legislation when the attempts to clearly define what the papers of a section should deal with, turned out to be so remotely uniform.”²⁸

A more important obstacle to the integrative ambition of the Congress was that government legislations remained split into the two camps, the liberal camp headed by the British and the interventionist camp around Germany, Switzerland and Austria. Already in 1906, the German speaker had to concede that the intended legal integration was still a distant prospect, not least for protectionist concerns of the respective governments.²⁹ The situation remained unchanged in the inter-war period; the integrative prospects were thus still judged pessimistically.³⁰

4. Accommodation instead of confrontation: how the insurance business adapted to the social insurance system

The Congress of Actuaries brought together actuaries from three institutional backgrounds: private insurance companies, friendly societies (including the French “mutualités” or the German “Hilfskassen”), and governments organisations (like statutory social insurances). These three communities often acted as competitors on the insurance market, for example in sickness insurance (i.e. health insurance) or in old age (pension) insurance. Accordingly, the congressional debates about the relation of commercial, mutual and statutory insurance, which started already in the 1890s, were always potentially conflict-laden. One side of this triangle, the relation between commercial insurers and friendly societies, was comparably relaxed. The development of friendly societies was taken up as a topic by the Congress a couple of times, especially at the early meetings, but it did not spark any deep controversies. Most speakers, commercial actuaries and government delegates alike, stressed the need for a further professionalisation of the friendly societies, in particular on the technical level.³¹

²⁸ The original remark in German is: „Es kann schwerlich als ein günstiges Omen für die Erreichung einer uniformen Gesetzgebung angesehen werden, dass die Versuche, genau anzugeben, worüber man eigentlich eine Abhandlung verlangt, so wenig uniform ausgefallen sind.“; International Congress of Actuaries, 1906, vol. 2, p. 609.

²⁹ International Congress of Actuaries, 1906, vol. 2, p. 581-599, esp. 582; ditto, 1937, vol. 3, p. 105-110.

³⁰ International Congress of Actuaries, 1937, vol. 3, p. 93-104, 105-110.

³¹ For the case of Britain: International Congress of Actuaries, 1898, p. 527-533, 534-542, 572f.; a similar argument for the French “mutualités”: ditto, p. 380-391.

Much more controversial were the debates about the relation between private (including commercial and mutual) and statutory actors, in particular in the expanding fields of social insurance such as the workmen's compensation and the old age insurance schemes.³² Most actuaries from the private sector disagreed with the expansion of public insurance schemes. Systems of statutory or compulsory insurance were seen as interfering with the business of private insurers and often ridiculed as bureaucratic, paternalistic, unprofessional and technically underdeveloped.³³ A British actuary, representing the "Prudential Assurance Company", one of the market leaders in life insurance, scornfully quipped: "Companies offer the people what they want, and the Government offers the people what they think they ought to want."³⁴ However, the delegates of the private sector at the same time agreed that the rise of social insurance was as inevitable as irreversible. The question was not whether there should be any social or statutory insurance at all, but rather what the spread of social insurance meant for commercial and mutual insurances: Did it mark the beginning of the end of private insurance or did it signal the emergence of a mixed, public-private welfare system?³⁵

Similar to the debates about government supervision, the discussions about the relation between commercial and social insurance were marked by two distinct positions. The contributions to the section on the "economic relations between public and private insurance" ("Die wirtschaftlichen Beziehungen zwischen der öffentlichen und privaten Versicherung") at the 1909 congress in Vienna offer an exemplary illustration of these positions. Delegates from countries with early social insurance legislation, notably from Germany and Austria, painted a harmonic picture, based on dialogic relations between public and private actors. Although the public and private insurance sectors would profit from each other by mutual learning processes, most German and Austrian delegates agreed that at the end of the day social insurance, based on statutory insurance organisations, would prevail over private insurance.³⁶

³² For an early treatment: International Congress of Actuaries, 1898, p. VII-IX and the respective sections at the congress.

³³ International Congress of Actuaries, 1898, p. 572f.

³⁴ International Congress of Actuaries, 1909, vol. 3, p. 257.

³⁵ Only occasionally some marginal actuaries drew the outlines of a future without social insurance, such as for example James Klang, director ("Generaldirektor") at the Austrian branch of the "Phenix" who envisioned a future where social insurances proved to be a transitory phenomenon that convinced the working class of the idea of insurance – to the extent that workers were ultimately ready to switch to the more professional commercial insurance products. See: International Congress of Actuaries, 1909, vol. 3, p. 219f.

³⁶ With detailed historical information on the learning processes between social and private insurance, see the paper of A. Emminghaus, the director of the Gotha life insurance company, the market leader in Germany:

One of the discussants summarized the papers by concluding that the future role of private insurance was doomed and consisted at best of a marginalized supplement to social insurance.³⁷

As one could expect, the British delegates at the Vienna congress vehemently disagreed. They conceded that social insurance had grown to a relevant institution, but they were not ready to write off private insurance. Instead they argued for a mixed, public-private welfare system and for a strong position of private actors within the social insurance schemes. The congressional debates of 1909 show how early this position was already clearly established before the First World War – long before the inter-war period, when it eventually became a successful strategy of the insurance industry. The British representatives, supported by their French and American colleagues, argued that the opposition of private and public insurance should not be understood as distinct and exclusionary spheres, the private belonging to commercial insurers and the public to government organisations. On the contrary, they favoured a system of social insurance in which private insurers could play at least a relevant and complementary, if not the decisive part.

This strategy was not only supported by friendly societies and similar organisations, which already played a crucial part in the public schemes for health insurance in Germany and Britain, but also by delegates from commercial insurers. Maurice Bellom for example, a professor at the French *École des Mines de Paris*, argued that commercial insurers, with their technical expertise and professional experience, were in fact better prepared to carry out social insurance than government organisations. Bellom understood the notion of “social insurance” as a non-compulsory insurance of the working class, quite similar to the industrial insurance (the small life insurance) offered by commercial insurers in Britain and the United States. He thus tried to open a huge new market for commercial insurers which hitherto – with the exception of industrial insurance – focused on a middle class clientele.³⁸

International Congress of Actuaries, 1909, vol. 1-2, p. 995-1005; ditto, p. 1007-1021; ditto, vol. 3, p. 220-225; see also: ditto, 1937, vol. , p. 231f.

³⁷ International Congress of Actuaries, 1909, vol. 3, p. 204; ditto, vol. 1-2, p. 1021; see already at the Congress of 1903: ditto, 1903, vol. 1, p. 625-655; ditto, vol. 2, p. 178-183.

³⁸ International Congress of Actuaries, 1909, vol. 1-2, p. 1033-1050, esp. p. 1034, 1042ff.; see also discussions of this section in: ditto, vol. 3, p. 132-146, 202-266; for the perspective of friendly societies: International Congress of Actuaries, 1909, vol. 1-2, p. 1055-1067; see also already: ditto, 1903, vol. 1, p. 656-670.

In the years after the First World War, the relation between private and social insurances quickly developed into one of the key themes at the congresses of the 1920s and 30s. At the opening of the first reunion after the war, in 1927 in London, the chairman of the congress noted that there was one issue in the programme that made the London congress distinct from its predecessors: “this is the ever-increasing prominence assumed by questions of industrial and social insurance as compared with the purely professional matters which formerly had pride of place”.³⁹ Other speakers concurred, the British delegate James Bacon spoke of a “tremendous extension of the system of Social Insurance” since the last pre-war congress, and Ralph Hill Steward, of the Scottish Faculty of Actuaries in Edinburgh, stated that Social insurance was “the most interesting and at the same time complicated system of insurance with which actuaries have to grapple”.⁴⁰

Despite the increased relevance of the topic, the strategy of commercial insurers to promote a mixed welfare economy remained the same and persisted until the 1950s, the end of the period examined. It turned out to be a largely successful strategy. This is not the place to elaborate on the national welfare legislations. It should suffice to say that after the First World War the insurance industry in several European states entered the social insurance systems or strengthened its position in them. Commercial insurers were particularly active in two fields of social insurance: in health insurance, either by offering their own policies and thus competing with friendly societies or by reinsuring the business of friendly societies, and in old age insurance mainly by managing small employer’s funds in the form of group insurances. At the same time, the debates at the Congress about the relations between public and private insurance systems lost much of their previous explosivity.⁴¹

The form of collaboration between commercial insurers and friendly societies (i.e. Hilfskassen in Germany and mutualités in France) within the emerging welfare systems depended on the national context. In Germany, the commercial insurers occupied the growing market for complementary private health insurance, whereas the Hilfskassen were integrated as managers of the social insurance. In Britain, commercial and friendly societies both acted

³⁹ Opening address of Am. Bégault, chairman of the congress, in: International Congress of Actuaries, 1927, vol. 5, p. 111.

⁴⁰ International Congress of Actuaries, 1927, vol. 5., p. 207, 227f.

⁴¹ Since the late 1930s such themes were treated at the Congress in the form of memoirs, implying that they were not anymore discussed at the meetings. The topics of the papers suggest that after the end of the 1930s the time for heated political debates at the Congress were over. The arguments in the papers and the discussions seem to shift from a political to a technical level.

as approved societies under the statutory health insurance (Health Insurance Act of 1911). In France, commercial insurers started to collaborate with the mutualités by offering reinsurance. In Switzerland, the Hilfskassen occupied the private as well as most regional statutory health insurance markets. Commercial insurers were inactive in Switzerland; however, the mutual insurers witnessed a professionalisation process that reduced the differences between commercial and mutual insurers.⁴² In the field of old-age insurance, commercial insurers often built up their own pension system, sometimes preceding the statutory insurance (as in Switzerland), sometimes founding a complementary insurance system on top of the statutory provisions (as in Britain, France or Germany).⁴³ Therefore in the field of old-age insurance, the debates at the Congress since the 1930s tended to see statutory insurance only as a basic or minimal insurance, providing the minimal level of subsistence, whereas the private or corporate pension insurance would secure the level of individual incomes.⁴⁴

5. Conclusion

To what extent did the international debates at the Congress of Actuaries shape the development of national insurance markets and welfare systems? Although this paper only focused on the congresses without analysing how the international discourse fed back on the national institutions, it is still possible to draw some preliminary conclusions. The answer however has to be ambivalent. On the one hand, the themes and arguments at the congress indicate that the international debates indeed played the role of a trend-setter for national policy makers as well as for business and social insurance executives. In particular, in

⁴² For Britain, see: International Congress of Actuaries, 1927, vol. 1, p. 221-236, 237-260; ditto, 1937, vol. 2, p. 151-170; for France, see: ditto, 1909, vol. 1-2, p. 1033-1050; for Switzerland and Germany, see: ditto, 1930, vol. 3, 3ff., 26ff., 223-244; vol. 4, p. 398-425; see also: Martin Lengwiler (forthcoming), *Competing Appeals: the rise of mixed welfare economies in Europe, 1850-1945*, in: Geoffrey Clark (ed.), *Appeals of Insurance* (to be published in 2008).

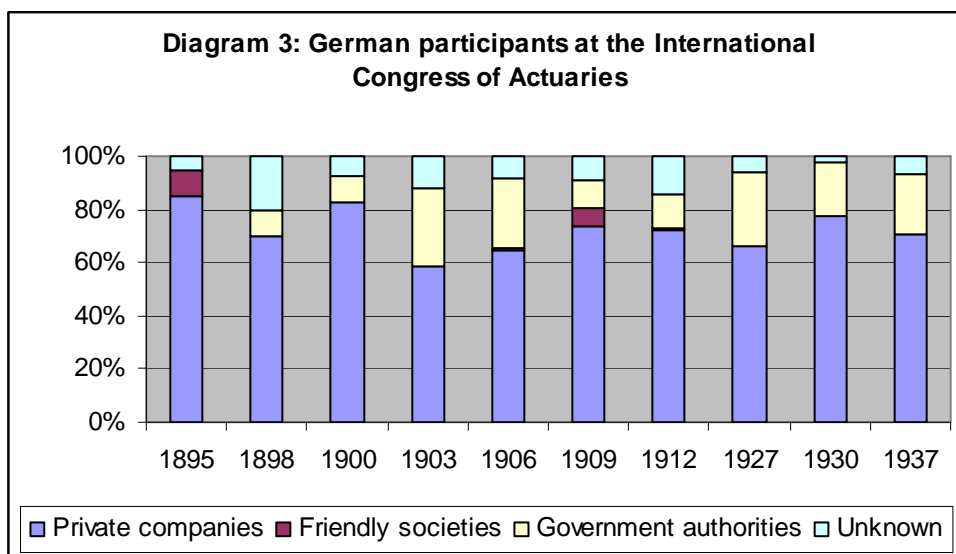
⁴³ See: International Congress of Actuaries, 1934, vol. 4, 92-105, 109-127; ditto, 1937, vol. 2, p. 151-170 (on Britain), 171-187 (on Germany), 189-206 (on Switzerland), 379-385 (on Switzerland), ditto, vol. 5, p. 230-236; for Germany see also: Christoph Conrad, *Vom Greis zum Rentner, Strukturwandel des Alters in Deutschland, 1830-1930*, Göttingen: Vandenhoeck & Ruprecht, 1994; for Britain: Pearson, Robin (2003). *Who pays for pensions? Das Problem der Alterssicherung in Grossbritannien im zwanzigsten Jahrhundert*, in: *Zeitschrift für Unternehmensgeschichte*, 48/1, 48-57; for Switzerland: Matthieu Leimgruber, „Achieving Social Progress Without Etatization“? *A Political Economy of the Swiss Three-Pillar System of Old Age Insurance (1890-1972)*, Cambridge: Cambridge University Press, 2008 (in print); see also: Martin Lengwiler (forthcoming), *Competing Appeals: the rise of mixed welfare economies in Europe, 1850-1945*, in: Geoffrey Clark (ed.), *Appeals of Insurance* (to be published in 2008).

⁴⁴ International Congress of Actuaries, 1937, vol. 2, p. 161f., 171-187; ditto, Vol. 5, p. 245ff., 249ff., 261ff., 268f., 295ff.,

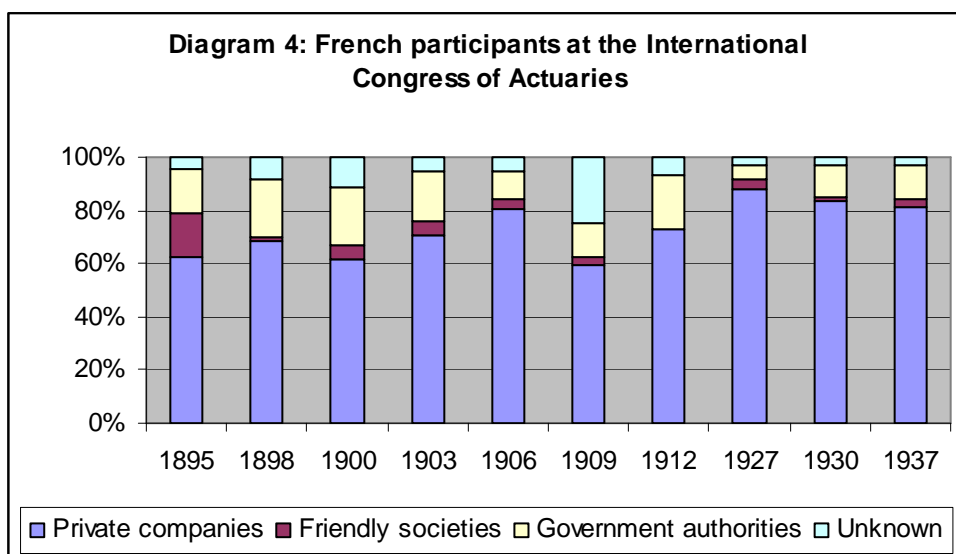
technical fields such as the design of mortality tables or the development of mathematical statistics to calculate certain risk potentials, the Congress of Actuaries was the most important platform for the international insurance community to develop universally valid standards and agreements. As the community gathered at the congresses included business people as well as government authorities, the meetings can hardly be seen as a cartelistic endeavour. But with at least three quarter of participants having a business background, the Congress served as a platform where the insurance industry was able to get their message across to policy makers who were looking for the technical and legal state of the art in insurance policies. In this sense, the Congress helped to shape welfare legislation along the interests of the insurance industry. A case in point is the gradual formation of mixed welfare systems, in health insurance as well as in old-age insurance, in the inter-war period, a development that was preceded by corresponding claims if the commercial insurers already before the First World War.

However, the influence of international discourses on the national level was limited by institutional obstacles or the extraordinary course of historic events. Institutionally, the more or less interventionist traditions of welfare and insurance policies often proved stronger than the homogenising ambitions of the Congress. Thus, the legal gap between the liberal supervisory legislation in Britain and the interventionist regulation in Switzerland, Germany and other states was not reduced, despite all efforts by the participants of the congresses. Also, both world wars and the increased national antagonisms around these years were able to disrupt the continuity of the international debates. The two interruptions came precisely in a moment, in which the national policy debates were particularly intense, often followed by a fundamental change of course in the development of national welfare legislation. In these crucial moments for the shaping of national welfare systems, the international congresses were momentarily suspended and had no chance to intervene on the national level.

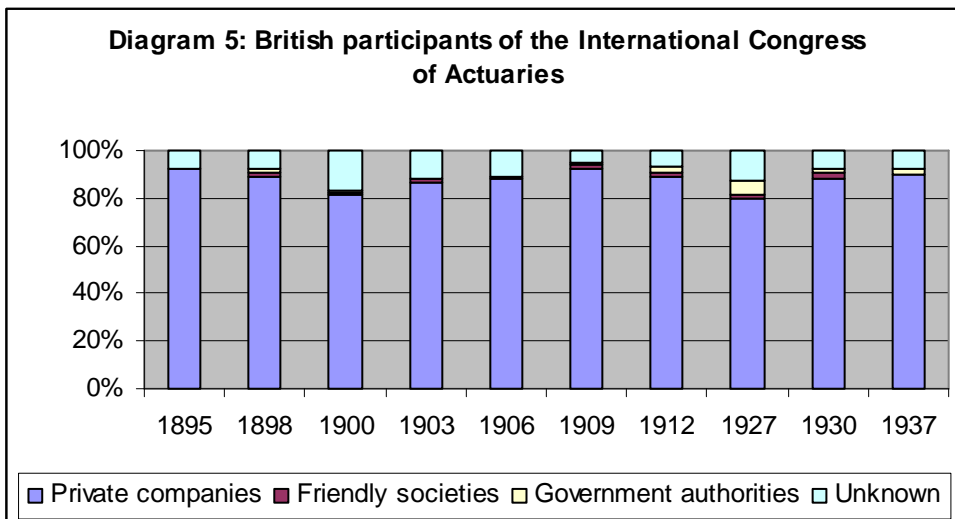
6. Annex



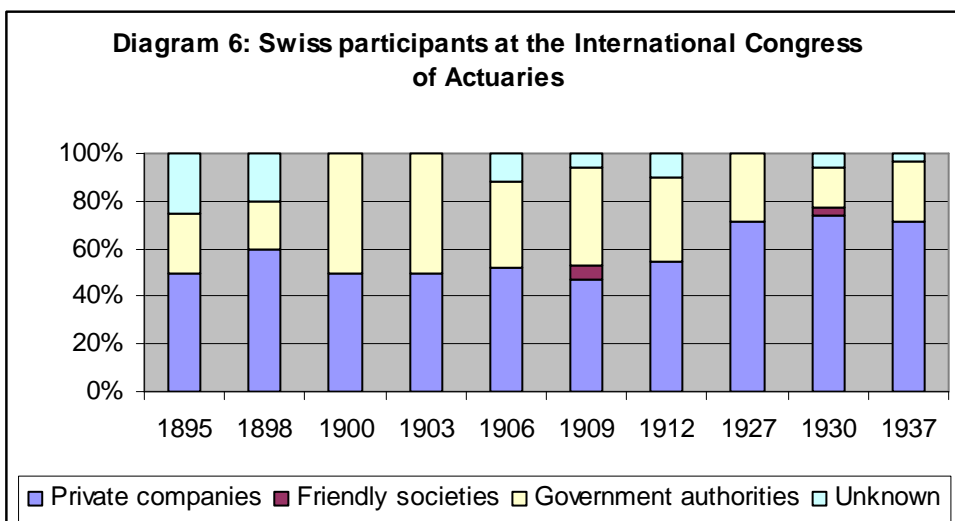
Source: Papers of the International Congress of Actuaries, 1895-1937;
for absolute numbers, see table 2 below.



Source: Papers of the International Congress of Actuaries, 1895-1937;
for absolute numbers, see table 2 below.



Source: Papers of the International Congress of Actuaries, 1895-1937; for absolute numbers, see table 2 below.



Source: Papers of the International Congress of Actuaries, 1895-1937; for absolute numbers, see table 2 below.

Table 2: Participants at the International Congress of Actuaries, 1895-1952

Source: Papers of the Papers of the International Congress of Actuaries, 1895-1937.

2.1. Total participants at the Congress

Year	Total
1895	ca. 300
1898	ca.400
1900	455
1903	ca. 600
1906	ca. 1180
1909	ca. 1260
1912	ca. 1340
1927	ca.1350
1930	ca.1080
1934	**
1937	ca. 1260
1941	0 ***
1951	ca. 1050

** Statistics of the congress of Rome in 1934 not yet sampled.

*** Congress not held because of the ongoing war.

2.2. Germany

Year	Total	Private companies	Friendly societies (Hilfskassen)	Government authorities	Unknown
1895	20	17	2	0	1
1898	20	14	0	2	4
1900	41	34	0	4	3
1903	34	20	0	10	4
1906	349	225	4	92	28
1909	177	131	11	19	16
1912	129	93	1	17	18
1927	47	31	0	13	3
1930	44	34	0	9	1
1934	**	**	**	**	**
1937	61	43	0	14	4
1941	10	***	***	***	***
1951	49	***	***	***	***

** Statistics of the congress of Rome in 1934 not yet sampled.

*** Congresses of Lucerne in 1941 and Scheveningen in 1951 only published general information about participants without any data on professional background.

2.3. France

Year	Total	Private companies	Friendly societies (mutualités)	Government authorities	Unknown
1895	25	15	4	4	1
1898	47	32	1	10	4
1900	63	39	3	14	7
1903	58	41	3	11	3
1906	77	62	3	8	4
1909	64	38	2	8	16
1912	62	45	0	13	4
1927	76	67	3	4	2
1930	72	60	1	9	2
1934	**	**	**	**	**
1937	184	149	6	24	5
1941	5	***	***	***	***
1951	73	***	***	***	***

** Statistics of the congress of Rome in 1934 not yet sampled.

*** Congresses of Lucerne in 1941 and Scheveningen in 1951 only published general information about participants without any data on professional background.

2.4. Britain

Year	Total	Private companies	Friendly societies (Hilfskassen)	Government authorities	Unknown
1895	13	12	0	0	1
1898	178	159	3	2	14
1900	108	88	1	1	18
1903	176	153	2	1	20
1906	153	135	0	1	17
1909	171	158	3	2	8
1912	170	151	3	4	12
1927	522	417	7	32	66
1930	88	78	2	1	7
1934	**	**	**	**	**
1937	141	127	0	3	11
1941	10	***	***	***	***
1951	190	***	***	***	***

** Statistics of the congress of Rome in 1934 not yet sampled.

*** Congresses of Lucerne in 1941 and Scheveningen in 1951 only published general information about participants without any data on professional background.

2.5. Switzerland

Year	Total	Private companies	Friendly societies (Hilfskassen)	Government authorities	Unknown
1895	4	2	0	1	1
1898	5	3	0	1	1
1900	10	5	0	5	0
1903	8	4	0	4	0
1906	25	13	0	9	3
1909	17	8	1	7	1
1912	20	11	0	7	2
1927	38	27	0	11	0
1930	35	26	1	6	2
1934	**	**	**	**	**
1937	67	48	0	17	2
1941	13	***	***	***	***
1951	49	***	***	***	***

** Statistics of the congress of Rome in 1934 not yet sampled.

*** Congresses of Lucerne in 1941 and Scheveningen in 1951 only published general information about participants without any data on professional background.

2.6. Germany, France, Britain and Switzerland (total)

Year	Total	Private companies	Friendly societies (Hilfskassen)	Government authorities	Unknown
1895	62	46	6	5	4
1898	250	208	4	15	23
1900	222	166	4	24	28
1903	276	218	5	26	27
1906	604	435	7	110	52
1909	429	335	17	36	41
1912	381	300	4	41	36
1927	683	542	10	60	71
1930	239	198	4	25	12
1934	**	**	**	**	**
1937	453	367	6	58	22
1941	38	***	***	***	***
1951	361	***	***	***	***

** Statistics of the congress of Rome in 1934 not yet sampled.

*** Congresses of Lucerne in 1941 and Scheveningen in 1951 only published general information about participants without any data on professional background.