



SOCIETY OF ACTUARIES

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A MASSACHUSETTS LIFE INSURANCE ADVOCATE OF LONG AGO

A reader has sent us a copy of a booklet printed in Boston in 1772 whose title page goes thus:

THE
PLAN of a SOCIETY
FOR

Making Provision for Widows, by
Annuities for the remainder of Life;
AND

For granting Annuities to Persons
after certain Ages;

WITH THE

Proper TABLES for calculating what
must be paid by the several Members,
in order to secure the said advantages,

by *William Gordon*

Our correspondent raised the reasonable question whether William Gordon may qualify as North America's earliest actuary, ahead of Robert Patterson or Jacob Shoemaker of Philadelphia.

The book's Preface sets forth its author's ideas as follows:

"The painful circumstances in which numbers are involved, when aged or deprived of that, or those, on whom their support chiefly depended, are too notorious to require a recital. But that same Divine Wisdom, which allows and orders the existence of these calamities, has mercifully, and in proof of his providence, so directed its manner, as to admit of their being greatly alleviated, by the joint endeavours of mankind . . . many, by co-operating with each other, may secure individuals from those hardships they must otherwise experience; and that, on terms with which a reasonable and humane person will readily comply . . . An attention to these particulars has given rise to various Societies in Great-Britain, which within a few years have multiplied apace, chiefly in London. Though such Societies have been formed with a good design, yet having in general gone upon mistaken principles, they must at length, if not speedily regulated, be productive of much disappointment and calamity.

"A benevolent desire of informing the public what calculations might be depended upon, and of adverting that distress which was otherwise to be expected, has induced the Rev. Dr. Price, an eminent Mathematician, to publish Observations on Reversionary Payments on schemes for providing Annuities, for Widows, and for persons in Old Age, &c."

Mr. Gordon proceeds to express his desire of contributing his "mite towards the happiness of the Colonists" by presenting materials for forming such Societies.

His 35-page text, containing many references to, and quotations of, Richard Price, is classified into two parts. PART I, "Containing the Plan for the Erection, Continuance and Government of the SOCIETY, with the various reasons", is laid out in 23 Articles such as might form the Charter and By-Laws of a mutual life insurance company. PART II contains elaborate tables of rates classified by age at several rates of interest, thoroughly described in such terms as the following example:

"In working the probabilities of the given lives, the process has been carried on according to Mr. De Moivre's Hypothesis, as recommended by Dr. Price . . . The Doctor calculated on the probabilities of the duration of life, as deduced by Dr. Halley . . ."

The clear impression is that author Gordon had a solid grasp of how an insurance organization might function, and how to go about making premium calculations.

But, having secured, courtesy of Rowland E. Cross, a copy of William Gordon's dossier in the Dictionary of American Biography, we are inclined not to place him at the head of our list of North American actuaries. Says that Dictionary:

"GORDON, WILLIAM (1728-Oct. 19, 1807), author, clergyman, born at Hitchin, Hertfordshire, England, was educated for the dissenting ministry . . . He began his ministry in 1752 in an Independent Church in Ipswich . . . then succeeded Dr. David Jennings in the Old Gravel Lane Church in Southwark. His political sympathies were with the colonists; he had already been in correspondence with several of the Colonial leaders and in 1770 he resigned his pastorate and emigrated to America. On July 6, 1772, having already preached to the society a year, he was ordained as pastor of the Third Congregational Church at Roxbury, Mass."

That account then mentions that in the same year he published the pamphlet described in this article, but states, inaccurately in today's terms, that in it he was advocating old age pensions. There is no reference to mathematical training or interests on his part. Rev. Gordon returned to London in 1786, secured a congregation at St. Neots in Huntingdonshire in 1789, "returned to Ipswich in 1802 and lived in great poverty until his death".

Perhaps in so dismissing him from membership in our profession, we do this interesting gentleman an injustice. Certainly he seems entitled to our respect for his right thinking as a life

ACTUARIAL REGRESSION

By *Barry S. Halpern*

Ed. Note: This, like other fantasies we've already printed, was inspired by David S. Williams' "Actuaries and Wellness", (Nov. 1983 issue). Mr. Halpern has adapted it from a piece by Nathaniel Lande, "Picking Daisies"; he assures us that resemblance to any actuary he knows of is coincidental.

If I had my career to start over again, I'd accept larger second differences.

If I had my career to do over again, I'd make more mistakes. Next time, I would care less about six decimal accuracy. I'd accept rounded whole numbers.

I know I would take work less seriously. I would be crazier. I would not graduate so smoothly. I would take more chances; I would price aggressively. I would state my opinion. I would develop a loss leader. I'd befriend an insurance agent.

I would have more actual problems and fewer imaginary ones. You see, I am one of those people who works in an ordered way, keeps a neat desk, corrects every typo—hour after hour, day after day.

Oh, I have had my moments, and if I had to take my exams all over again, I'd fail more of them. I'd worry less about performance appraisals and advancement potential.

I have been one of those actuaries who never does any work without a mortality table, a calculator, a PC and a textbook. If I had to do it all over again, I would pull the plug and use more imagination.

If I had my career to do over again, I would start later every day and take weekends off. I'd look up to banks, agents and lawyers. I'd treat the investment officer as a person.

I would have more fun doing my job. I'd run shorter meetings—or I wouldn't run them at all. I'd respect the CLU, FLMI, and all OHS's (other homo sapiens).

I could start my career again—now!

insurance believer and his ability in presenting his case for forming such an organization in Boston. It may be noted that the Presbyterian Ministers Fund had been organized in Philadelphia in 1759.

E.J.M.