of an entirely unnecessary equivalent to the value of £1 on the failure of the life which I have called P.

Baily's formula differed from Professor De Morgan's by giving P instead of 1 + P as the divisor. I have a copy of Baily's work in my possession, in which the author has corrected this inaccuracy.

If there is any advantage in my formula, it lies simply in the rejection of unnecessary quantities. The following is the rule in words:—

Add up the values of assurances of £1 on each of the lives in possession, and divide the sum by the complement to unity of the value of an assurance of £1 on the life to be put in on failure of any life.

I remain, Sir, yours truly,

7, *New Bank Buildings, Lothbury,*
24 *March,* 1854.

E. RYLEY.

THE QUESTION OF INTEREST IN POLICIES UPON THE LIFE OF ANOTHER.

To the Editor of the Assurance Magazine.

Sir,—As it is probable that some legislative enactment may shortly be expected, founded upon the recent report of the Select Committee on Life Assurance Associations, in which case the entire subject of life assurance must come under the consideration of Parliament, it seems desirable to direct attention to the Act of the 14 Geo. III., cap. 48, known as the "Gambling Act," with a view to consider whether this measure has really answered the intentions of the legislature; and if not, whether it would be advisable to make some effort for its modification or repeal. The legal bearings of the subject have been very clearly treated by Mr. Bunyon in the first chapter of his recent valuable work; but as the law and the practice are very much at variance, and as the practical operation of this measure is, I think, sometimes misunderstood, perhaps you may consider a few observations upon the subject not altogether out of place in your *Journal.*

The preamble of the Act recites, that "whereas it has been found by experience that the making assurances on lives or other events wherein the assured shall have no interest hath introduced a mischievous kind of gaming": and to remedy this evil the main provisions are—1st, That no one shall be allowed to effect an assurance upon the life of another unless the former have an interest in the life of the latter; and 2nd, That when the life fails, the claimants shall not be entitled to receive more than the amount or value of the interest that they may *then* have in the life in question. It may be remarked (the fact, I believe, not being generally known), that this Act having been passed before the Union, its operation is confined to Great Britain, and does not extend to Ireland.

Now, what effect has this measure had upon the issue of what are ordinarily termed "life of another" policies? Whatever may be the strict legal meaning of the term, it seems to be well understood that the "interest" in these cases must be pecuniary, and that no other will suffice; so that a creditor may assure the life of his debtor, but that a parent, as such, has no legal interest in the life of his child. The consequence has been, that

while difficulties are thrown in the way of effecting assurances for many desirable and praiseworthy objects, policies are frequently granted for purposes which are as much gambling transactions as any that can be imagined. For example: a man has a mother, sister, or other relative dependent upon his exertions, for whom he is desirous of making some provision at his death. The most direct way of accomplishing his object would be by an assurance upon his life, the policy being taken out in the name of the person for whose benefit it is designed. But the law interposes; and even at the present day, several Offices would refuse to grant, and many persons object to effect, such a policy, both alleging the absence of interest and consequent illegality of the transaction. Many similar instances, in which marriage settlements and other family arrangements are involved, will occur to your readers. At present, the usual method of dealing with these cases is by the expensive, cumbrous, and, in the present state of the law in this respect, very unsatisfactory process of deeds of assignment.

On the other hand, it is not at all uncommon for creditors to effect assurances upon the lives of their debtors, in cases where the recovery of the debt is considered hopeless. The existence of the debt is, it seems, sufficient to constitute a *legal* interest in the life, although it is quite obvious that in such a case the creditor's real interest must be in the *death* of his debtor. It is not unusual to hear some such remark as that "A owes me a good deal of money; there is no chance of his paying, and therefore (it is difficult to understand the *sequitur*) I will assure his life." The policy on Mr. Pitt's life, in the celebrated case of "Godsall *v.* Boldero," seems to have been of this class.

I pass over the provision respecting the amount that may be recovered when the life has fallen in, for the simple reason that in this respect the law is a dead letter, and habitually disregarded in the public sales of policies that occur almost daily. It is the invariable practice of the Offices to pay claims in full, without any inquiries being then made about the claimant's interest.

But a remark may be added upon the influence this measure has had in determining upon the acceptance of proposals.

Those who are acquainted with the practice of Life Offices several years ago, are aware that the question of interest (particularly when the proposals were transmitted through agents) was one of the most prominent in the minds of directors, more so than the health and habits of the life proposed; and it has been contended by some gentlemen, whose opinions are entitled to great respect, that the high mortality which the Experience of the Offices proves to have prevailed among Irish assurances is to some extent attributable to the fact of the "Gambling Act" not extending to Ireland. But, so far as it has had any effect at all, it seems more reasonable to conclude that it has had an evil influence in diverting the attention of boards of directors from the real questions at issue—viz., the health and habits of the lives proposed, and the sufficiency of the motives for effecting assurances upon them. It seems not to have been borne in mind, that a strict legal interest in the life might coexist with a thoroughly speculative assurance.

If then it can be proved that this Act is to a great extent systematically disregarded—that it has not discouraged gambling assurances, but rather the contrary—and that it fetters and interferes with legitimate transactions—I venture to submit, that at a fitting opportunity the question of its repeal may advantageously be considered. All experience seems to prove that,

where contracting parties meet upon fair and equal terms, the less the law interferes with them the better; and in all recent economical legislation this principle has been recognized.

I am, Sir,
Your very obedient Servant,
ARTHUR H. BAILEY.

Eagle Insurance Office, May, 1854.

DECIMAL NUMERATION AND DECIMAL COINAGE.*

Cardrona, Peebles, 27th April, 1854.

DEAR SIR,—I have read with much pleasure and approbation your pamphlet on *Decimal Numeration and Decimal Coinage;* and as during a long mercantile life, in various countries where a decimal coinage was the currency, I have used the decimal numeration in calculating, with my own hand, more than most merchants are in the habit of doing (they generally delegating that work to their clerks), I hope I may be excused for offering some of my experiences to your consideration.

But before entering upon that subject, I may state that I think favourably of your plan of the *shilling unit* for a new coinage, which would certainly "be the means of introducing the decimal system, with the minimum of change," as recommended in the Report of the Committee of Parliament. But I think that this might be effected even more simply than you propose—viz., by merely abolishing the penny and farthing, and substituting in their place *cents* of the shilling. This is in reality what you do, only you call them *mills* of a ducat. The introduction of a new denomination (the ducat) I consider both objectionable and unnecessary, as I shall proceed to demonstrate.

All authorities seem agreed that the pound sterling, as the highest denomination of our currency, must be retained; and my proposal is, that accounts should be kept in pounds, shillings, and cents of a shilling. This, though apparently a departure from a decimal system, is more so in appearance than in reality. In adding a number of sums together, it is *practically* as easy to *carry* to pounds from a column of shillings as from a column of florins on the decimal plan; and for purposes of calculation, it will be only necessary to make a preliminary reduction of the pounds into shillings (as simple an operation as reducing them to ducats on your system), and to reconvert the result into pounds, which is equally simple. Take, for example, the sum of 4 pounds 6 shillings and 9 pence. To express this decimally, in the pound unit, requires 5 *digits*, thus, £4·3375; whereas, to express the same sum in the ducat and the shilling units requires only four. Thus—

In the ducat unit	D.8·675;
In the shilling unit	Sh.86·75;

in both of which the *digits* are identical, and therefore the calculations made with them will be equally short and equally easy. This proves your introduction of a new denomination, the "ducat," to be unnecessary.

But after all (with due deference to the high authorities quoted by

* The following letters have been obligingly placed at our disposal by Mr. Thomson, and we gladly avail ourselves of his permission to lay them before our readers.