



Sir Joseph Burn

MEMOIR

SIR JOSEPH BURN

THE death of Sir Joseph Burn, K.B.E., F.I.A., F.R.I.C.S., on 12 October 1950, removed one who had been an outstanding figure in the Industrial Assurance world for half a century.

Born on 6 March 1871, he entered the service of the Prudential Assurance Company Limited in 1886 at the age of 15, and by his own ability and hard work he earned rapid promotion and exercised an increasing influence in the management of the great company to which he devoted his life, and in whose fortunes he played so important a part.

He became a Fellow of the Institute of Actuaries in 1894. He was appointed head of the Investment Department of his office in 1901, and for some years thereafter devoted himself to the investment side of the business. In this sphere he gained a financial reputation in the City, and when in 1908-09 he delivered a series of Lectures to students of the Institute of Actuaries on the theory and practice of Stock Exchange investments he rendered a unique service. These Lectures were subsequently published in book form and became a text-book on a subject upon which little had been written for actuarial students prior to that time. The book enjoyed a circulation far beyond actuarial circles.

As head of the Investment Department, Burn decided that it would extend his authority, when faced with investment in real property, if he were to study for the examinations of the Surveyors' Institute. He had then reached a time of life when his many responsibilities and varied interests must have afforded little leisure for such a task, but, nothing daunting him, he succeeded in passing the Associateship and Fellowship examinations in successive years, and was thus able to deal with this specialized form of investment with knowledge and skill.

In 1908, he was appointed Joint Assistant Actuary of his Company, becoming Actuary four years later. In 1920, he became General Manager—retaining also the position of Actuary until 1925—and, in October 1941, he retired from the position of General Manager and was elected a Director. A month later the distinguished honour was conferred on him of being elected President of his Company, a position he held at the time of his death.

Such a unique record in such a Company was not the result of any mere chance but was achieved by the outstanding ability and indefatigable labours of Burn himself. He was a man with a mission in life which he strove strenuously to achieve. He sincerely believed that insurance was pre-eminently the force by which the pressing needs of the working classes, when faced with the hazards of life, could best be met. He set himself wholeheartedly to extend the scope and to improve the machinery of the Industrial side of the business, in particular, towards that end.

The business of Industrial Assurance is only a little over a hundred years old, and at the beginning of this century may be said to have got over its 'teething troubles' and to have become well established. It had grown rapidly, and despite its increasing popularity with the working classes, it had been subjected to criticisms from time to time on such matters, *inter alia*, as the rate of expense and the heavy lapsing. A Committee of Enquiry was set up in 1919—known as the Parmoor Committee—which took voluminous evidence and published a Report, the findings of which were given effect in the Industrial Assurance

Act, 1923. Another Enquiry followed in 1933—by the Cohen Committee, whose report was never acted upon.

Burn was a powerful witness on behalf of his Company at the two Enquiries, and made it unmistakably clear where he stood and the steps taken with his support to improve the efficiency of his organization. Following on the Reports there were discussions at sessional meetings of the Institute at which Burn's contributions were outstanding. He was early satisfied that the success achieved had been due to the regular weekly collection of premiums at the homes of the policyholders, but he was worried in the early years of the century at the expense incurred by such a service, and it is not too much to say that the part he played in cheapening the cost constituted his greatest achievement, benefiting not only the policyholders in his own office, but exercising a similar influence in other similar companies.

The fact that the Post Office catered for small life policies for sixty years and had to close down for lack of support is the best proof of the essential need of personal collection. Indeed, the Government found it necessary to employ a vast army of voluntary collectors to call for the weekly contributions to the War Savings movement. In short, it is beyond question that a personal collecting system is a *sine qua non* of an effective Industrial Assurance system, and since that cannot be provided by voluntary agencies it has to be paid for.

About 1912, Burn began to introduce what has been called the 'block system', i.e. the allocation to each agent of a precisely defined area within which he was to operate on a salary basis, instead of the system—which alone had been possible in the earlier days—of freedom to canvass even to the extent of overlapping with other agents, and on a commission basis. The new system could only be brought into force gradually, but it was pursued with such vigour that by 1926 it was practically in complete operation.

The fact that the Industrial branch business of the Prudential continued to expand rapidly and that the rate of expense, which was 40.5 % of the premium income in 1920, was down to 25.9 % by 1926, was mainly due to this important step. The process of reducing the expense ratio did not stop there but has continued, and despite rising costs in so many directions the rate for 1949 was down to 23.84 %.

The introduction of the block system was far from easy and gave rise to many difficulties during the transition; but by careful planning and tactful handling it was firmly established and has proved of inestimable benefit to the policyholders and the staff. It needed much courage to tackle a change affecting so materially the practice and traditions of the members of the field staff. When the block system was first introduced in 1912, the number of agents employed was 17,000 and the Industrial premium income was £8m. a year. By 1926, twice that amount of premium income was being collected by a staff of 7000 fewer agents. Thus it was possible to increase substantially the average earnings of the agents whilst reducing the rate of expense to the Company.

The block system, however, was not the only contributory cause of the great reduction in the expense rate. Another was the mechanization introduced into the Head Office administration by the adoption of the Powers system of punched cards. These machines were first used in 1914 in the Prudential Approved Societies, and by 1921 they were in use for accounts, records and valuation work. It was a step which took some courage to introduce into such a vast organization, and as a precaution the Prudential acquired the Powers patents in the British Empire. Burn became Chairman of the Powers Company in 1928.

The Prudential had been pioneers in voluntarily allocating bonuses to Industrial policies, which were issued as non-profit in form, and this process was accelerated so that from 1923 onwards reversionary bonuses were allocated to them. Of the sources from which such profits have accrued, it will be obvious how important has been that of the saving effected in working expenses. Burn would have been the last to claim all the credit for all these achievements, but they owe more to his enthusiastic advocacy than to that of any other individual.

These are perhaps the outstanding events in his long association of sixty-four years with the Prudential, but they do not exhaust by any means the services he rendered. When National Health Insurance was introduced in 1912, the Prudential as well as other similar offices set up approved societies, and those of the Prudential had a membership of over 4½ millions. Burn for some years held the office of Actuary to the Prudential Approved Societies, and was on the Committee of Management. He was Chairman of the National Conference of Industrial Assurance Approved Societies for the years 1929-42, when he became President. He was a member of the Executive throughout the whole period of its existence.

Burn also found an outlet for his boundless energy in other directions. He served on the Council of the Institute of Actuaries from 1912 to 1920 and from 1922 to 1933. He was an examiner on six occasions, Honorary Secretary 1915-17, Vice-President 1917-20, and President 1926-28.

An indefatigable worker himself, he possessed in a remarkable degree a magnetic influence over younger aspirants to actuarial honours, and took a keen interest in the progress of the younger members of his actuarial staff whom he invited to work with him whenever such co-operation was possible. For some years he was a successful coach for the examinations of the Institute of Actuaries, and many of those who obtained their Fellowship under him reached positions of eminence in the profession. In May 1926, a number of such Fellows marked the occasion of his election to the Presidential Chair of the Institute of Actuaries by presenting to him a gold cigarette case, offered in recognition of their gratitude and esteem.

It was during his Presidency that the Eighth International Congress of Actuaries was held in London in 1927, and Burn acted as President of the Congress. He carried out the duties of these two high offices in a most acceptable and creditable manner. In the Presidential Addresses delivered in connexion with these high offices, he dwelt upon the subject so dear to his heart. For example, in his address to the Congress he said: "

'The development of our science is indissolubly wedded to the development of insurance in all its varied applications and the practice of insurance, rightly considered, is one of the most efficient of present-day forces that are working for the good of human kind', adding, 'If troubles can be borne collectively, the result must be the greatest boon to the greatest number.'

Burn took part in radio broadcasts on Industrial Assurance, and served on committees concerned with office management and finance. Among other positions held by him were those of Director of the Trade Indemnity Company, Limited, and of his Company's subsidiary in New York—The Prudential Insurance Company of Great Britain. In 1930, he made a tour of his Company's offices in Asia and the Far East, and in Canada and the United States. He had a considerable practice as a consulting actuary, and on pension funds his advice was sought by many important bodies.

He contributed several papers to the Institute of Actuaries, either as sole

author or as joint author, and he took part in discussions from time to time at Staple Inn Hall. He attended most of the International Congresses of Actuaries—beginning as long ago as 1903 when the Fourth Congress was held in New York. For services in connexion with the 1927 Congress in London, the King of the Belgians conferred upon him the dignity of Commander of the Order of the Crown. He was a member of the Actuaries' Club for many years, and also of the Gallio Club and the Denarius Club.

He was President of the London Insurance Institute in 1928–29.

He served on the Departmental Committee on Sickness Benefit Claims under the National Insurance Act in 1914; on the Committee on War Loans for the small investor in 1916; and on the Royal Commission on Decimal Coinage in 1920. He became a member of the National Savings Committee in 1915, and in 1920 was created a Knight Commander of the British Empire. He was a Governor of St Thomas's Hospital and of the Royal Free Hospital, and Vice-President of the Empire Rheumatism Council.

In private life he was never happier than in his delightful home surrounded by his wife and five children, all of whom survive him. His was a very happy home. He loved a country life, and found endless pleasure in developing the farm and gardens of Rydal Mount—his estate at Potters Bar. In his earlier days there he took a very practical interest, riding before breakfast and even milking his Jersey cows himself. Always extremely hospitable, he frequently had students staying at his home, and his boundless energies gave rise to the following jingle written by one of them: 'Goodness gracious, he'll surprise yer: Farmer, Coacher, Stock adviser'. It is true to say that when he could tear himself away from his many business interests he found all the rest and recreation he desired in his home. He was a man of generous instincts and contributed to many local charities, clubs and hospitals.

At a memorial service held in St Sepulchre's Church, Holborn, conducted by the Rev. George Salter, Sir George Barstow, Chairman of the Prudential, paid tribute to their old colleague and friend. He referred to Burn's sixty-four years' service as a period of strenuous endeavour covering every phase of activity, and he sketched his career in these words:

The talented and ambitious youngster, eager to win his spurs, the first to qualify and then to distinguish himself as his talents and ambition enabled him to do in the profession of his adoption; the grown man in the plenitude of his powers, devoting his intellectual gifts and the broad humanity of his outlook to the improvement of Industrial Assurance; the veteran adviser with long years of experience in work directed over many decades to one single aim. . . . He was able greatly to advance the reputation of Industrial Assurance by the reforming, almost the missionary zeal with which he approached the problems surrounding the insurance of the poor. His powerful and subtle intellect enabled him to penetrate to the heart of any problem, and his strong moral impulse guided him infallibly towards the attainment of his aim—the improvement of Industrial Assurance in the interests of the working-class population—which may be regarded as his life's work. . . . The work of the Company with which his life has been associated lay in the homes of the people, and in many millions of such homes his influence has worked for their improvement and should be remembered with gratitude.

J. M. L.