

Actuarial Logic and American Social Life

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Date : April 14, 2022

Caley Horan, [Insurance Era: Risk, Governance, and the Privatization of Security in Postwar America](#) (2021).

Caley Horan ends her compelling new history with a description of two divergent imaginaries about insurance. In 1914, philosopher Joyce Royce gave an address at Berkeley, in which he described his utopian vision for a global insurance community. Cooperation among the world's nations might insure for a multiplicity of hazards, from war to natural disasters, and foster international solidarity in the process. In 1955, author Frederik Pohl offered wrote a novel that offered a far more cynical, dystopian view of insurance. *Preferred Risk* depicted a corporate entity that insured every conceivable risk—but only for those classified as meritorious. Those deemed “uninsurables” struggled to survive on the margins. In *Insurance Era: Risk, Governance, and the Privatization of Security in Postwar America*, Horan explains how these conceptions of insurance have competed in modern U.S. history and why, by the twenty-first century, we are much further from Royce's vision and closer to Pohl's.

By examining the second half of the twentieth century and synthesizing the study of multiple types of insurance, Horan makes an important contribution to a growing literature on insurance history. *Insurance Era* also makes a potentially dry subject come vibrantly alive by situating economic ideas in their cultural contexts and weaving legal and social theory into the historical narrative. Horan's clear and beautiful language propels her readers through her deep dive into the archive of insurance operations and excavation of complicated actuarial concepts. Ultimately, she shows how private insurance taught Americans to conceive of themselves and others in actuarial terms, transformed the built environment, fractured social identities, and deepened socio-economic inequalities.

The first part of the book, “Selling Self-Made Security,” offers a cultural history of life insurance companies' efforts to shape Americans' consumption and social habits. The insurance trade associations that formed in the wake of the New Deal had a singular purpose: to stave off national social insurance. In pursuit of this aim, they launched advertising campaigns that sold the ideal of “self-made” security. The ads instructed wage-earning married men that their civic responsibilities centered on caring for their families by purchasing private insurance. Life insurance companies also undertook paternalistic public welfare campaigns designed to promote the personal health and financial education of American workers and schoolchildren. Public health efforts, ranging from visiting nurses to print propaganda, taught Americans to conceive of their identities and wellbeing in terms of standardized measurements. School curricula promoted by insurance agencies promoted marriage, careful budgeting by housewives, and familial saving.

The insurance industry did not only produce and sale new products that remade Americans' understanding of their bodies, health, and relational obligations. It also remade the American landscape as an extremely powerful investor. I found this history, which is the subject of Part II of *Insurance Era*, perhaps the most surprising and intriguing part of Horan's book. It analyzes how insurance companies privatized public space, via investments in both urban renewal and suburbanization. Unlike most other industries, life insurance companies emerged from the Great Depression flush with cash. Searching for new investment channels, they pressured states to reforms laws that prohibited them from investing in real estate. The industry's interests dovetailed with those of city and state officials, who needed to find

solutions to an urgent housing crisis. New York reformed its law first in 1938, and by 1952 almost all states had followed suit.

The country's largest life insurance companies seized the chance to invest in residential and commercial real estate projects that offered juicy profit-making opportunities. Metropolitan and New York Life built enormous private housing developments for middle-class families, including Parkchester in the Bronx, Stuyvesant Town in Manhattan, and Lake Meadows in Chicago. These projects contributed to cities' urban renewal efforts, which devastated working-class neighborhoods, dislocated and impoverished African American communities, and entrenched racial segregation. Abandoning these controversial efforts, in the 1950s insurance companies turned from the urban core to the suburbs. The life insurance industry financed a large proportion of the shopping centers whose standardized aesthetics and retail composition became familiar features of the suburban landscape. Insurance companies also acted as pioneers in the relocation of corporate headquarters, from cities to suburbs.

A particularly important aspect of this history centers on the close monitoring that insurance companies exerted over their investments. Continuing a pattern of risk assessment and surveillance, companies exercised exceedingly high degrees of control. They managed social life within housing developments in excruciating detail, from selecting only white tenants all the way down to disciplining children for throwing snowballs. In an especially creative section of the book, Horan describes how Connecticut General Life Insurance Company designed its suburban Bloomfield "white-collar plant" to facilitate efficient, productive, and purportedly contented employees. Its efforts had Foucauldian dimensions; for example, an on-site gym induced female staff to watch their diets and fancify their dress.

After analyzing the ways in which insurance companies marketed privatized security and shaped American life as investors, Horan turns back to the insurance products themselves. Part III of *Insurance Era* analyzes race and sex discrimination in the sale of insurance as well as underwriting practices. Although the history of redlining is familiar, Horan breaks new ground by focusing on the critical role of private companies rather than the federal government. Her most significant contribution is to analyze the discourses the industry used to defend race discrimination. After a National Advisory Panel determined that lack of access to insurance had contributed to the urban crisis and racial rebellions of the late 1960s, industry executives stopped presenting private insurance as a total alternative to social insurance. Instead, they began to emphasize public-private partnerships. This led to the creation of the Fair Access to Insurance Requirement (FAIR) Program, which created a secondary market in federally subsidized property insurance for properties deemed to be high risk. The catch was that this market featured higher premiums and lesser terms of coverage. Horan does not mince words in condemning the insurance industry's continuing lack of investment in cities and communities of color.

In addition to promoting shared responsibility between government and insurance, leading companies began to justify discrimination in the mid-1970s with resort to the concept of "actuarial fairness." This was the notion that premiums should be set so that persons who were 'good' risks did not subsidize 'bad' risks. "By advancing the notion that some individuals and communities 'deserved' to pay less for security than others, industry representatives infused their market-based underwriting decisions with a moral claim to fairness and perpetuated already existing disparities in wealth and status among Americans." (p.164). Horan thus effectively historicizes and destabilizes an idea that insurance law treats as natural and that critical legal scholarship has not succeeded in dislodging.

Horan's final chapter examines the largely unstudied history of sex discrimination in insurance. Since the rise of the statistical sciences in the mid-nineteenth century, insurance companies grouped individuals according to a probabilistic curve that charts risk. Beginning in the 1950s, insurance companies sorted individuals according to marital status, reproductive activity, and sex. Horan discusses feminist advocacy in the late 1970s and early 1980s challenging the use of sex in insurance

rating. In particular, feminist activists targeted sex-differentiated actuarial tables for life insurance, which purported to take account of sex differences in average lifespan. The Supreme Court vindicated their argument, holding in two pivotal cases that employers violated Title VII of the Civil Rights Act of 1964 when they charged women higher contributions for pensions or offered them lesser annuity benefits. Despite the rise of antidiscrimination norms regulating employer-sponsored insurance, sex discrimination in the individual insurance market remained rampant.

Horan draws provocative conclusions about why feminists failed in their mid-1980s campaign to win federal legislation mandating unisex insurance tables. She contends that feminists remained cabined within the confines of the conceptual framework erected by the insurance industry. Rather than disputing actuarial logic itself, feminists argued that probabilistic calculations based on sex were flawed or overbroad. Horan suggests that feminists might have instead challenged social segmentation in insurance and argued for collective risk-spreading and solidarity. Horan's position has more normative appeal than persuasiveness as an historical account of the political arguments that feminists might have realistically made. After all, they were fighting in Congress at the height of the Reagan Era and were themselves operating within the period's neoliberal political tropes. Horan nonetheless offers a useful foil that helps to illuminate the narrow range of political debate about sex discrimination in insurance.

Insurance Era is not primarily a legal history, but law is central to its argument. The book references the McCarran-Ferguson Act of 1945, which gave states primary regulatory authority over insurance. The act served as a significant hurdle to making insurance companies more accountable to the public good, requiring reform-minded activists to navigate jurisdictional complexities and launch advocacy campaigns in multiple states. More might be said about the intertwined historical battles over federalism and insurance. Without exploring such political history in detail, Horan demonstrates the success of insurance companies in winning legal reforms in their financial interest and defeating those which ran counter to their profit motives. Legal historians will not find in this book an account of how actuaries or insurance executives thought about law, beyond its crass role as an obstacle to managerial freedom. Yet Horan's outstanding book provides a starting point for understanding how struggles over insurance discrimination unfolded in the context of broader legal debates about whether antidiscrimination law should protect individuals or groups. *Insurance Era* has laid an important foundation for future legal history work. It is essential reading for anyone interested in why the U.S. has such a limited welfare state, the private sources of social governance, the history of urban crisis, and race and gender inequality.

Cite as: Deborah Dinner, *Actuarial Logic and American Social Life*, JOTWELL (April 14, 2022) (reviewing Caley Horan, **Insurance Era: Risk, Governance, and the Privatization of Security in Postwar America** (2021)), <https://legalhist.jotwell.com/actuarial-logic-and-american-social-life/>.