ACTUARIAL AGE: INSURANCE AND THE EMERGENCE OF NEOLIBERALISM IN THE POSTWAR UNITED STATES

A DISSERTATION
SUBMITTED TO THE FACULTY OF THE GRADUATE SCHOOL
OF THE UNIVERSITY OF MINNESOTA
BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

Advised by Elaine Tyler May and Lary May

August 2011

ACKNOWLEDGEMENTS

In many of the acknowledgments sections in scholarly works on the history of insurance authors note the bewilderment of friends and loved ones upon learning that they have undertaken a long and grueling research project on so "boring" a topic. These "patient" people are then thanked for their perseverance and for enduring long conversations about the dense intricacies of insurance history. This was not the case for me. This dissertation was developed through hundreds of conversations with mentors and advisors, colleagues, students, close friends, acquaintances, family, and strangers. During these conversations, I never encountered indifference or boredom. The thoughtfulness and excitement with which people responded to my research encouraged and sustained me, and most importantly for a dissertation writer, it allowed me to believe that my project matters. I am grateful for the *impatience* of my many interlocutors – for their probing curiosity and sustained interest in responding to my questions and claims about a topic they continuously reminded me is anything but "boring."

While writing this dissertation I received crucial assistance form the University of Minnesota Graduate School and the Department of History. I especially benefited from the 2009-2010 Doctoral Dissertation Fellowship and from my close interaction with the University's excellent faculty. I feel privileged to have worked with Elaine Tyler May and Lary May. Their feedback has been essential in shaping this dissertation and my identity as a scholar. I could not have asked for more engaged, creative, or supportive advisors. I am also grateful for the mentorship of Thomas Wolfe, who consistently challenged and inspired me to think in new ways. That process was not always easy, but

it made me a better thinker and person. I thank Tracey Deutsch for her pragmatism and practical advice, and for introducing me to business history. J.B Shank introduced me to the history of statistics and probability – without him this would be a very different dissertation. Many other faculty members at the University of Minnesota were instrumental in getting me to this point. Andrew Elfenbein, Barbara Welke, and Kevin Murphy deserve special mention for their excellent teaching and service.

Many of the images in this dissertation are from the Hartman Center for Sales, Advertising and Marketing History housed at Duke University's Special Collections Library. Reference archivist Lynn Eaton was a great to me help during my visit to the Center and I thank her and the rest of the staff there for their assistance. This dissertation also benefited from my participation in the Oxford Journals Doctoral Colloquium at the 2010 Business History Conference. I am thankful to the faculty directors of the colloquium and to the other participants for their ideas and feedback on my work.

The members of Elaine and Lary May's dissertation group have contributed much to this dissertation. I am especially indebted to Daniel LaChance, who provided thoughtful comments on every chapter, and whose brilliance and friendship was instrumental at every stage. I am grateful to have shared my years in graduate school with many other friends. I thank Andrew Urban, Aaron Windel, Brian Tochterman, Jeff Manuel, Tovah Bender, Serena Laws, Eric Otremba, Don Vu, Conor Anderson, Rachel Noogle, and Naomi Wood for good conversations and good times. Jay Jee-Yeon Kim and Joe Haker were especially supportive confidants and companions. Others outside the University also deserve thanks. Roger Green saw me through my first year of graduate

school and a great deal more before that. James Melching is my dearest friend, and I thank him for remaining so during my time in graduate school and while I wrote this dissertation.

I owe the most to three people, without whom this dissertation would not have been possible. I thank my mother for teaching me to notice little things, to delight in details as a means of seeking out larger meanings and deeper truths. I thank my father for encouraging me to pursue my education at all costs, and for the strength and sense of self that his pride in me has inspired. Finally, I am grateful to Eric Richtmyer for his practical assistance – technical and emotional – and for encouraging me to look beyond practicality in pursuit of intellectual growth and transformation.

ABSTRACT

This dissertation charts a history of the social and cultural life of private insurance in the United States after 1945. Drawing on analyses of insurance marketing, consumption, investment, and regulation, I argue that insurance institutions and actuarial practices played a crucial role in introducing neoliberal rationalities and governance to American life in the years following World War II. Through postwar marketing, public service campaigns, and a host of instructional and lobbying efforts, private insurers sought to train and produce a new kind of responsibilized insurance consumer and entrepreneurial subject-citizen – one who could think in actuarial, risk-based ways about family, finance, and the future, and who eschewed the public provision of social welfare in favor of private security.

The emergence of a postwar neoliberal order entailed a spatial transformation as well as a social one. In the three decades following World War II, insurance institutions invested billions of dollars in shopping centers, urban housing developments, suburban subdivisions, and infrastructure projects like natural gas pipelines. These investments helped restructure the American landscape by producing securitized spaces geared towards ensuring the circulation of people, goods, and private capital. The political impacts of actuarial practices were also profound. In debates with insurers over the classification categories used to price and determine availability of insurance coverage, civil rights and women's activists attempted to curtail discrimination by changing the regulatory frameworks that governed the private insurance industry. The failure of activists to secure legislation and their demands for more precise statistical measurements

in the field of insurance underwriting reflected the diminishing utility of rights-based frameworks in combating discrimination in insurance and signaled the triumph of a new, actuarial, understanding of political community as structured around the notion of risk.

The growing presence of actuarial systems and the emerging neoliberal social order did not go unnoticed, or uncontested, by postwar observers. In the years immediately following World War II, opposition to actuarial thinking arose in American popular culture in the critique of private insurance and its ability to provide security in postwar drama, in the dark meditations on fate and fragmentation offered by film noir, and the dystopian and turbulent future worlds depicted by science fiction. Resistance to actuarialism, however, diminished in the final decades of the twentieth century as Americans increasingly began to identify insurance classifications and contracts as natural and inevitable, and to see private security as a right of citizenship. This dissertation offers a genealogy of this transformation, revealing the roots of neoliberalism in risk-based calculative rationalities and the vital role of insurance institutions in shaping America's actuarial age.

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INTRODUCTION

The first actuarial table was created in 1693 (see figure 1). Designed by Edmund Halley as a tool for pricing life annuities, it calculated the probability that a person of a given age would die in a given year. To accomplish this feat, Halley drew on birth and funeral records furnished by the city of Breslau (home to "34,000 souls"), recent developments in the new field of probabilistic mathematics, and fellow Englishman John Graunt's earlier work on the longevity and mortality of groups. Halley published his table in the journal *Philosophical Transactions of the Royal Society,* along with a demonstration of how to use it to calculate the exact premiums people of different ages should pay when purchasing annuities.[1] Halley's work was tremendously influential in the evolution of actuarial thinking and set the stage for the development of modern insurance. In his time, though, he was primarily known for his work in astronomy – and for discovering the comet that bears his name.

While it might seem strange to us today that one of the founders of actuarial science was also a famous astronomer, this was not at all unusual in the seventeenth century. Halley and his fellow Royal Society members were dedicated polymaths working in an era before the "sciences" we recognize today had been segregated into discrete bodies of disciplinary knowledge.[2] But Halley's curious combination of

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[1] Edmund Halley, "An Estimate of the Degrees of the Mortality of Mankind, Drawn from Curious Tables of the Births and Funerals at the City of Breslaw; With an Attempt to Ascertain the Price of Annuities upon Lives," *Philosophical Transactions of the Royal Society of London* 17 (1693): 596–610.

[2] See Mary Poovey, *The History of the Modern Fact: Problems of Knowledge in the Sciences of Wealth and Society* (Chicago: University of Chicago Press, 1998); Lorraine Daston, *Classical Probability in the Enlightenment*, Princeton: Princeton University Press, 1995); Ian Hacking, *The Emergence of Probability: A Philosophical Study of Early Ideas about Probability, Induction and Statistical Inference* (Cambridge: Cambridge University Press, 1975); JB Shank, "The Abbé Saint-Pierre and the 'Quantifying Spirit' in

proclivities – comets and annuities – makes sense for other reasons, too. People had been looking to the stars with questions about fate, death, and destiny long before Halley's time. Human attempts to wrest control of chance, to tame uncertainty, have always, in some sense, been engaged with the heavens. For Halley and other scientific thinkers of his era, it was the predictable paths of heavenly bodies that suggested our more earthly ones could be predicted, too. Halley encountered little difficulty jumping between actuarialism and astronomy, between gauging the regularity of comets and the lengths of human lives. The tie that bound both interests was probabilistic calculation.

Age. Curt.	Per-fons.	Age. Curt.	Per-fons	Age. Curt.	Per-fons	Age. Curt.	Per-fons	Age. Curt.	Per-fons	Age. Curt.	Per-fons
1	1000	8	680	15	628	22	586	29	539	36	481
2	855	9	670	16	622	23	579	30	531	37	472
3	798	10	661	17	616	24	573	31	523	38	463
4	760	11	653	18	610	25	567	32	515	39	454
5	732	12	646	19	604	26	560	33	507	40	445
6	710	13	640	20	598	27	553	34	499	41	436
7	692	14	634	21	592	28	546	35	490	42	427
Age Curt	Per-fons.	Age. Curt.	Per-fons	Age. Curt.	Per-fons	ge Curt	Per-fons	Age. Curt.	Per-fons	Age. Crit.	Per-fons
43	417	50	346	57	272	64	202	71	131	78	58
44	407	51	335	58	262	65	192	72	120	79	49
45	397	52	324	59	252	66	182	73	109	80	41
46	387	53	313	60	242	67	172	74	98	81	34
47	377	54	302	61	232	68	162	75	88	82	28
48	367	55	292	62	222	69	152	76	78	83	23
49	357	56	282	63	212	70	142	77	68	84	20

Age.	Persons.
7	5547
14	4584
21	4270
28	3964
35	3604
42	3178
49	2709
56	2194
63	1694
70	1204
77	692
84	253
100	107
	34000
	Sum Total.

Figure 1. Edmund Halley's 1693 Actuarial Table. Source: "An Estimate of the Degrees of the Mortality of Mankind, Drawn from Curious Tables of the Births and Funerals at the City of Breslaw; With an Attempt to Ascertain the Price of Annuities upon Lives," *Philosophical Transactions of the Royal Society of London* 17: p600

French Enlightenment Thought," in Mary Jane Parrine, ed. *A Vast and Useful Art: The Gustave Gimon Collection on French Political Economy* (Stanford, CA: Stanford University Libraries, 2004)..

If these associations appear less obvious to twenty-first century Americans, it is because we lack a familiarity with astronomy (which maintains a probabilistic character), and not with actuarial thought. In the twenty-first century, actuarial thinking is everywhere. Calculations of risk and chance surround us and are disseminated endlessly. They have permeated most of our institutions, transforming the way we understand and manage crime, education, medicine, and finance.[3] Actuarialism has also changed the way we relate to each other and ourselves. In late-capitalist, advanced-liberal societies, we speak constantly of "risk factors" and "at-risk populations." We have also become adept at deploying probabilistic, cost-benefit analyses in decisions about our health, investments, careers, entertainment, relationships, politics, and natural environment.

How did we get here? A brief history of actuarialism

In this dissertation I argue that the post-World War II era should be understood as a critical moment in the history of actuarial thinking. In charting this history, others have looked as far back as Halley's time, to the emergence of probability and probabilistic mathematics.[4] The nineteenth century also looms large in the history of actuarial thought.

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[3] On risk and crime see Jonathan Simon, *Governing Through Crime: How the War on Crime Transformed American Democracy and Created a Culture of Fear* (Oxford: Oxford University Press, 2009); and Bernard Harcourt, *Against Prediction: Profiling, Policing, and Punishing in an Actuarial Age* (Chicago: University of Chicago Press, 2007). On education see Michael A. Peters, "The New Prudentialism In Education: Actuarial Rationality And The Entrepreneurial Self," *Educational Theory* 55, no. 2 (2005): 123-137. Others have highlighted the prevalence of statistics and probabilistic rationalities in contemporary Americans culture. See Randy Martin, *Financialization of Everyday Life* (Philadelphia: Temple University Press, 2002); and Kathleen Woodward, "Statistical Panic," *differences: A Journal of Feminist Cultural Studies* 11, no. 2 (1999): 177-203.

[4] Of particular importance is Ian Hacking, *The Emergence of Probability: A Philosophical Study of Early Ideas about Probability, Induction and Statistical Inference* (Cambridge: Cambridge University Press, 1974). See also Lorraine Daston, *Classical Probability in the Enlightenment* (Princeton, NJ: Princeton University Press, 1988); Gerd Gigerenzer, et al. *The Empire of Chance: How Probability Changed Science*

In *The Taming of Chance*, for example, philosopher Ian Hacking traces the development of statistical thinking from the end of the eighteenth century to the beginning of the twentieth. During the nineteenth century, he argues, ideas about universal causality eroded, giving way to indeterminism in science, and leading to the development of the concept of "statistical law." This development was made possible by a new drive to systematically collect and publish numerical data – producing what Hacking calls "the avalanche of printed numbers," which began around the 1830s and continues to inundate us today. By the late nineteenth century, Hacking explains, determinism in science had been "toppled," and for the first time it became possible to think of statistical patterns as capable of explaining scientific and social reality.[5] For Hacking and other scholars interested in the history of statistics and probabilistic mathematics (the central components of actuarial science), the nineteenth century is especially important because the social application of statistical thinking began in earnest during this period – a development to which insurance institutions were major contributors.

During the first half of the twentieth century, the social application of actuarialism became more prevalent, as state governments and other large institutions embraced probabilistic strategies and systems to secure populations by managing risk.[6] The welfare states that arose in the modern West during the first half of the twentieth century were

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and Everyday Life (Cambridge: Cambridge University Press, 1989); Lorenz Krüger, et al. eds. *The Probabilistic Revolution: Ideas in History*, 2 Vols. (Cambridge, MA: Massachusetts Institute of Technology Press,1987-1990); Theodore Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton, NJ: Princeton University Press, 1995); and Porter, *The Rise of Statistical Thinking,1820-1900* (Princeton, NJ: Princeton University Press, 1986).

[5] Ian Hacking, *The Taming of Chance* (Cambridge: Cambridge University Press, 1990).

[6] Michel Foucault traces the development of "population" as a central category of state reasoning in his later work. See *Security, Territory, Population: Lectures at the Collège de France*, *1977-1978*, tr. Graham Burchell (New York: Picador, 2007).

built through and around probabilistic, actuarial logics. In *L'État providence*, for example, philosopher François Ewald explains the development of the welfare state as premised on the socialization of risk – the shifting of the costs of risk away from individuals to the community at large. This entailed thinking of society as a giant, all-embracing, risk pool. By applying probability to the organization of society, Ewald argues, welfare states became "insurance societies" designed to allow individuals to depend on, and draw benefits from, society without sacrificing their autonomy.[7]

Early twentieth-century social applications of statistics and probability were not limited to state governments. Progressive activists in the United States and Europe, for example, were ardent promoters and practitioners of actuarial thinking. While the progressives are best known for their work in areas like poor relief, women's suffrage, and temperance, they also pioneered the social application of statistics and the use of probabilistic reasoning as a means of "solving" social problems. The social-scientific zeal for efficiency, counting, quantifying, and classifying exhibited by the progressives has been noted by a number of historians.[8] The movement's trumpeting of expertise, its appetite for data collection and surveillance, and its occasional forays into eugenics, were all products of, and made possible by, the progressive embrace of actuarialism. The notion that large-scale social problems are best solved through the application of

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[7] François Ewald: *L'État providence* (Paris: Bernard Grasset, 1986). Ewald develops and elaborates on these concepts further in "Insurance and Risk," in Graham Burchell, et al. *The Foucault Effect: Studies in Governmentality* (Chicago: University Of Chicago Press 1991), 197-210. See also "Norms, Discipline, and the Law," *Representations* 30 (1990): 138-161.

[8] See Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York: Vintage, 1995); Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, MA: Harvard University Press, 1998); and Robert Wiebe, *The Search for Order, 1877-1920* (New York: Hill and Wang 1967).

scientific, calculative rationalities remains a central component of progressive thought in the United States today.

Actuarial rationality became more and more common and widespread over the course of the twentieth century. World War II was a turning point in this history, a moment when actuarialism exploded onto the globe with unprecedented violence. Never was a military conflict so laden with statistical calculations and probabilistic strategies, and never was one so deadly. The period's predilection for internment, for camps, offers perhaps the most obvious example of actuarial rationality put into practice during the War. Attempts to segregate out individuals and groups deemed to be "risks" to the population occurred with striking efficiency and orderliness in Germany and the United States. In the realm of military strategy, actuarialism was also rampant. Entire cities and regions were singled out for destruction by strategic firebombing, and later, by the use of atomic weapons. Cost/benefit analyses and probabilistic calculations drove these decisions, the potential and eventual outcomes of which were expressed repeatedly in statistical terms. The actuarial approach to warfare did not diminish after World War II. Statistically driven "military intellectuals" like Robert McNamara, termed "technipols" by the social critic Daniel Bell, achieved high positions of leadership and became increasingly influential and as the century wore on, bringing an actuarial calculus to military strategy and planning that is still dominant today.[9]

[9]I discuss the actuarial nature of the social criticism of postwar intellectuals like Bell in chapter 4. Of particular noteworthiness is Daniel Bell's "The Disposed," in Bell, ed. *The New American Right* (New York: Anchor Books, 1964), 1-46.

Actuarial thinking became even more widespread in the decades that followed World War II, a period I have termed the "Actuarial Age."[10] Mid-century Americans embraced actuarial rationality with a willingness, exuberance, and tenacity unseen before the War. The watchwords of the era – security, safety, risk – reflected this embrace, as did the exponential expansion of the private insurance industry and the growing importance of risk management in fields as diverse as education, foreign policy, criminology, and medicine. I choose the end of World War II as a launching point for my study not because actuarial rationality was born of this era, as we have seen, but because the postwar period witnessed the dissemination of actuarialism into daily life and its widespread acceptance by Americans as a way of thinking about their groups, themselves, and their world. Put another way, before World War II, actuarial rationality was largely the domain of experts and state bureaucrats, but during the postwar era it was embraced by the man on the street, the average Jane or Joe. This embrace is, more than anything, the true subject of this dissertation, which charts a history of how Americans learned to think actuarially and the impacts of that process on American life.

[10] If the War revealed the immense, destructive power of this kind of thinking, how did actuarialism still manage to become a central part of postwar life? This is an important question. The unwillingness of most Americans to accept the idea that Nazism was a bureaucratic, rationalizing system, and not simply an instance of mass hysteria led by an insane despot, is telling. So is the fact that many Americans continue to justify the use of atomic weapons on civilians in Japan during World War II by citing statistical equations and calculations concerning potential numbers of casualties and deaths if the bombs had not "ended the war." Both assertions suggest an acceptance of actuarial thinking as a natural and unproblematic way of understanding and processing reality, and of identifying and determining moral and ethical definitions of "the good." I believe that this naturalization has prevented Americans from truly coming to terms with War, and it has allowed the same rationality at the heart of its worst horrors to become a primary logic and structuring element of postwar life in the United States.

What does this have to do with insurance?

Insurance is the ultimate actuarial technology. It is where actuarial thinking was first institutionalized and where the mathematical and organizational methods through which collectives can redistribute risks and resources on large scales were developed. The term "actuarial" is a neologism of insurance and refers specifically to the calculative systems designed to manage risk by insurance institutions. Though I use the term "actuarial" in this dissertation to describe a particular calculative/statistical/quasi-predictive style of thinking, it is important to note that it originated in insurance practice and, in popular parlance, continues to be associated with activities explicitly related to the field.[11]

Actuarialism originated from, and is rooted in, insurance practice, but insurance itself need not be actuarial. Insurance has a long history, one that, depending on who you reference, can be traced back to the ancient Greeks, to the Romans, to second century Chinese river traders, third century Babylonian sailors, fourteenth century Genoan merchants, the 1666 "Great Fire of London" and the founding of Lloyd's of London twenty years later, and even to Benjamin Franklin, who oversaw the creation of the first American mutual insurance company in 1752.[12] Most of these accounts differentiate between insurance as a system that spreads risks and one that classifies them, an important distinction that I discuss in detail in Chapter 3. As a risk-spreading mechanism,

[11] The governmentality literature is peppered with references to actuarial technologies, methods, and practices. This is particularly the case in reference to criminology. See Jonathan Simon, "The Ideological Effects of Actuarial Practices," *Law and Society Review* 22, no. 4 (1988): 773-799. Similarly, Bernard Harcourt discusses the use of actuarial models in criminal profiling, in *Against Prediction: Profiling, Policing, and Punishing in an Actuarial Age*.

[12] For Benjamin Franklin's relationship to insurance see, Michael D. White "How Benjamin Franklin Became the 'Father of American Insurance'," *Bank Insurance Marketing* 7, no. 1 (Winter 1998): 1-3.

the primary function of insurance is to reallocate resources and share risks and assets within groups. Insurance can spread risks without classifying them – the primary contribution of actuarial science to the insurance venture. Fraternal and communal organizations of the sort that were popular in the United States before the rise of "industrial" insurance towards the end of the nineteenth century offer good examples of non-risk-classifying insurance systems, which tended to emphasize social interdependence, voluntary affiliation, and mutual aid.[13]

The changeable quality of insurance, and the idea that it does not always rely on actuarial logic, is expressed best by Ewald, who explains that insurance takes on certain forms, in certain institutions, based on certain "imaginaries."[14] Insurance technologies, Ewald writes,

> were built up gradually out of multiple practices which they reflected and rationalized, practices of which they were more effects than causes, and it would be wrong to imagine that they have now assumed a definite shape. Existing in economic, moral and political junctures which continually alter, the practice of insurance is always reshaping its techniques.[15]

In other words, the forms insurance institutions take, the technologies they use, and the rationalities they embody are embedded within the historical contexts in which they arise. They are thus neither natural nor inevitable. The actuarial form of insurance that we live with in the United States today arose within the historical contexts of liberalism and capitalism, and its character continues to reflect these origins.

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[13] See David Beito, *From Mutual Aid to the Welfare State: Fraternal Societies and Social Services, 1890–1967* (Chapel Hill, NC: University of North Carolina Press, 2000); Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton, NJ: Princeton University Press, 2006); Claus Offe, "Advanced Capitalism and the Welfare State," in *Politics and Society* 2, no. 4 (September 1972): 479-488; and Viviana Zelizer, *Morals and Markets: The Development of Life Insurance in the United States* (New York: Columbia University Press, 1979).
[14] Ewald, "Risk and Insurance."
[15] Ibid. 198.

The primary goal of insurance in its modern, actuarial form is to transform uncertainty into something quantifiable and fungible – risk.[16] Insurance abstracts and objectifies, turning everything into calculable degrees of chance and harm. It then assigns costs to these degrees, so they can be traded and exchanged. In other words, insurance converts non-economic concepts and entities into economic ones; it makes "unknowns" intelligible, including human life, by monetizing them. It is worth emphasizing here that insurance does not compensate or protect against actual loss or suffering – this is literally impossible, because loss and suffering are incalculable. When a life has been insured, for example, what is really covered is not the life, but the capacity of that life to work, to obtain capital. Finally, insurance is a kind of economic redistribution – though in its private, actuarial form its redistributive functions are extremely limited.[17]

Insurance serves other functions too, ones that relate more specifically to liberalism as a political rationality. The question of how individuals can exist independently within a collective, how individual motivations can be aligned with social objectives, is a central problem in the governance of liberal societies. For philosopher

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[16] "Risk," like actuarialism, is also a neologism of insurance. Ewald claims that the term risk is derived "from the Italian word *risco* which meant, 'that which cuts,' hence 'reef' and consequently, 'risk to cargo on the high seas.'" See Ewald, "Insurance and Risk," 198-9. This etymology is contested, but it is generally agreed that risk as a concept originated in relation to maritime insurance. Much of the rapidly expanding "risk society" literature overlooks this essential connection between risk and insurance technologies, an oversight I believe stems from the assumption of many risk theorists, particularly Ulrich Beck and Anthony Giddens, that risks "exist" as ontologically real entities. On this front, I am in agreement with the philosopher Slavoj Žižek, who suggests that "risk society" theory is "simultaneously too specific and too general." See Beck, *Risk Society: Towards a New Modernity*, (London: Sage, 1992); Giddens, *Reflexive Modernization: Politics, Tradition, and Aesthetics in the Modern Social Order*, (Stanford, CA: Stanford University Press, 1994); and Žižek, "Risk Society and its Discontents," *Historical Materialism* 2, (Summer 1998): 143-164.

[17] Foucault argues that the limited income redistribution private insurance offers (essentially the transfer of funds to those who find themselves in temporary states of underconsumption due to disability or unforeseen events) is the only form that is justifiable in a neoliberal system. See Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-1979*, trans. Graham Burchell (New York: Picador, 2010), 143.

Michel Foucault, this problem is best understood as generating from, and revolving around, the interplay of freedom and security, with security defined as "the protection of the collective interest against individual interests."[18] Foucault identifies the tension between freedom and security as the source of "repeated crises" in liberal societies. Insurance in its modern, actuarial form responds to these problems directly by providing for individuals through collective means, by spreading risks across populations while making those risks the responsibility of individuals.[19] Put another way, when a person enters into an insurance contract, they reap the benefits of a system that spreads risk and distributes its costs across a collective of individuals, or "risk pool." The price they pay for this advantage is an insurance premium – and a promise to play by the system's rules. These rules require the insured to become what Richard Ericson, Aaron Doyle, and Dean Barry call an "agent of prevention," someone who is responsible for managing their own risky environment and securing it against loss.[20] Ideally, this leads to a safer, more secure situation for everyone, because every participant in the collective works actively to manage and minimize her or his own risks.

But what if pool members don't follow the rules? What if they engage in dangerous activities, or fail to secure themselves and their surroundings? What

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[18] Foucault, *The Birth of Biopolitics*, 65. For a consideration of the history of thinking about "interests" as a driving component of liberalism see Albert Hirschman, *The Passions and the Interests: Political Arguments for Capitalism before Its Triumph* (Princeton, NJ: Princeton University Press, 1977).

[19] On insurance and the contradictions of liberalism, see especially the work of François Ewald. See also D. Knights and T. Vurdubakis, "Calculations of Risk: Towards an Understanding of Insurance as a Moral and Political Technology," *Accounting Organizations and Society* 18, no. 7/8 (1993): 729-764; and Tom Baker, "Containing the Promise of Insurance: Adverse Selection and Risk Classification," *University of Connecticut School of Law Articles and Working Papers* (March 23, 2011), http://lsr.nellco.org/uconn_wps/3.

[20] Richard Ericson, Aaron Doyle and Dean Barry, *Insurance as Governance* (Toronto: University of Toronto Press 2003), 372.

guarantees that insureds will act responsibly? It is here that actuarialism, the risk-classifying function of insurance, enters the picture. Actuarially produced risk classifications are used to dictate the boundaries of risk pools, to determine who is allowed to participate in the spreading of risks within a given insurance collective, and who is not. A key goal of risk classification in insurance is to guard against "adverse selection," the industry term for the tendency of people with "high risk" to buy insurance while people with "low risk" opt out.[21] Risk classification is also thought to work as a "responsibilizing" force, because people who behave irresponsibly will be "classified out" of the best risk pools, which have fewer losses and thus require a lower premium as a ticket of admission. Those who behave *really* irresponsibly, of course, are denied entry into the system altogether. There are serious problems with this framework, not the least of which is the common practice of using immutable, or innate, characteristics (like sex) as a means of classifying risk instead of relying on behavioral characteristics which individuals have control over and can change (a problem discussed at length in Chapter 3). These problems aside, the main idea is that actuarial insurance systems create incentives for people to behave in certain ways while punishing those who do not by denying them access to the security insurance offers through its risk-spreading mechanism.

[21] "Adverse selection" is, in many ways, a cynical concept – it assumes monetary gain (or fear of monetary loss) is the only incentive people have to avoid danger or act "responsibly," while also ruling out solidarity or concern for others as possible motivations for individual action. See Baker, "Containing the Promise of Insurance: Adverse Selection and Risk Classification."

The notion that insurance works actively to shape the behavior of individuals, to "govern" their conduct, has been taken up by a number of scholars.[22] These thinkers emphasize the importance of insurance as a responsibilizing force, one that encourages self-sufficiency, self-help, and self-reflection. Of course, being responsible for one's own risks necessitates acquiring knowledge about those risks, as well as possible strategies for gauging, assessing, and managing them. This entails learning something about probabilistic calculation and how to apply it in daily life, or in other words, how to think actuarially. Responsibilized risk managers are required to constantly monitor their environments for potential threats, and to employ probabilistic calculations of cost and benefit as they do so: "Does using a cell phone put me at risk for cancer?" "What is the crime rate in this neighborhood?" "Do SUV drivers survive a higher percentage of collisions than drivers of smaller vehicles?" This is a primary way that insurance governs – by training people to think in actuarial ways. The idea is not that we simply think about

[22] Over the past fifteen years a cottage industry has emerged comprised of theorists and sociologists interested in the governing functions of insurance institutions. Most of these scholars work in Canada or the United Kingdom. Puzzlingly, little work of this nature is being done in the United States or by disciplinary historians. Much of this scholarship has been influenced by the thought of Michel Foucault, and particularly his late work on governmentality developed during his lectures at the Collège de France. Before the publication of these lectures, however, the anthology *The Foucault Effect* was important for introducing governmentality as a field of study and a distinct methodology to English-speaking audiences. See Graham Burchell, Colin Gordon, and Peter Miller, eds. *The Foucault Effect: Studies in Governmentality;* Tom Baker and Jonathan Simon, eds. *Embracing Risk: The Changing Culture of Insurance and Responsibility* (Chicago: University of Chicago Press, 2002); Richard Ericson and Aaron Doyle, eds. *Risk and Morality* (Toronto: University of Toronto Press, 2003); Ericson, Doyle and Barry, eds. *Insurance as Governance*; Ericson and Doyle, eds. *Uncertain Business: Risk, Insurance, and the Limits of Knowledge* (Toronto: University of Toronto Press 2004); Michael Dillon, "Underwriting Security," *Security Dialogue* 39, no. 2-3 (2008): 309-32; Mitchell Dean, *Governmentality: Power and Rule in Modern Society* (London: Sage, 1999); Luis Lobo-Guerrero, *Insuring Security: Biopolitics, Security and Risk* (New York: Routledge, 2011); and Pat O'Malley, *Risk, Uncertainty and Government* (London: Cavendish, 2004). For these scholars, the most important of Foucault's lectures are *Society Must Be Defended: Lectures at the Collège de France, 1975-1976*, trans. David Macey (New York: Picador, 2003); *Security, Territory, Population: Lectures at the Collège de France, 1976-1977*, trans. Graham Burchell (New York: Picador, 2007); and *The Birth of Biopolitics: Lectures at the Collège de France, 1977-1978*.

"danger" and how to avoid it, it is that we do so in a way that is calculating, statistical, and probabilistic, one that tends to abstract the risks we seek to manage from the contexts in which they're embedded.[23]

Insurance "responsibilizes" by offering incentives for individuals to "take charge" of their own risks and by offering knowledge systems that help them to do so. But it also governs more directly. Insurance institutions have long been engaged in the project of persuading people to behave in more calculating, safe, and secure ways, and they have developed a diverse set of technologies designed to train these behaviors. One of the most obvious examples is the focus insurance institutions place on training and encouraging particular habits and conduct. The production and dissemination of instructional materials, for example, became a major goal for American insurance companies during the postwar era. Some of the materials produced during the period by insurers included curricula and textbooks for schools, public health pamphlets and other health-based literature, and self-help and advice advertising (all discussed in Chapter 1). Insurers also participated in actual instruction. In 1951, for example, The Aetna Insurance Company introduced the "Drivotrainer," a simulator designed by the company for use in driving instruction courses (see figure 2). A companion device to the earlier "Reactometer" (designed to measure and improve reaction times), and the later "Roadometer" (a kind of filmstrip quiz that scored students on their understanding of a variety of facets of vehicle

[23] We can almost see the statistics, the graphs and charts, guiding us in our actions. The tendency to abstract material reality to numerical quantities for the purpose of managing and controlling the manifold diversity of the natural world is discussed by Theodor Adorno and Max Horkheimer in *The Dialectic of Enlightenment*. As Adorno and Horkheimer argue, "bourgeois society is ruled by equivalence. It makes dissimilar things comparable by reducing them to abstract *quantities*…Nature, stripped of all *qualities*, becomes the stuff of mere classification." (Emphasis added.) See Adorno and Horkheimer, *The Dialectic of Enlightenment: Philosophical Fragments*, trans. Edmund Jephcott (Stanford, CA: Stanford University Press, 2002), 4-6.

operation), the "Drivotrainer" was used in classes directed by the Aetna as a tool for training motorists in safe, secure, calculated driving.[24]

Figure 2. Students learning to drive using the Aetna "Drivotrainer." Source: Hulton Archive, Getty images

Insurance governs in other ways, too. It serves as a system of distributive and restorative justice, by assigning liability and setting the terms of individual and collective responsibility. A good example of insurance working as a collective justice system is the passage of laws mandating that all drivers purchase automobile insurance, a development that occurred in most states in the US during the 1960s. The passage of these laws effectively made "being insured" a requirement for driving – an activity that was, at that

[24] The Drivotrainer and other motorist training devices are discussed by Richard Hooker. See Hooker, *Ætna Life Insurance Company: Its First Hundred Year*s (Hartford, CT: Ætna Life Insurance Co, 1956), 211.

time as it is today, an essential and unavoidable aspect of social existence for many Americans. Insurance also governs by engaging in surveillance and policing. Actuarial insurance systems are based on the idea that more data will lead to more precise predictions. For this reason, insurance risk classifications become more refined, and their pools more efficient, as the dimensions of their data sets swell. This leads to insurer demands for massive quantities of information, which they gather through the use of surveillance techniques like visiting agents, medical exams, driving records, and so on. Finally, insurance also governs by policing. It does so primarily by retaining a force of investigators and inspectors who address cases of fraud and oversee loss reduction, but also by employing a host of other experts – for example, insurance doctors and nurses (see Chapter 4 for an analysis of representations of insurance agents in postwar popular culture and their relationship to insurance as a system of justice).

Insurance is a governing institution that oversees the conduct of individuals and populations in areas as diverse as education, justice, surveillance, and policing.[25] And, as Ericson, Doyle and Barry note, it is "*the* institution beyond the state most responsible for risk assessment, population management, and security provision."[26] Insurance governs both in partnership with the state and also beyond it. Nikolas Rose and Peter Miller's provocative 1992 article, "Political Power Beyond the State: Problematics of Government," has been influential in introducing and underscoring the interplay between

[25] As I argue in Chapter 2, insurance has also played a much larger role than historians have suggested in financing suburbs, highways, and infrastructure projects like factories and pipelines – activities normally attributed to the state (via VA home loans, and federal highway financing).
[26] Ericson, Doyle and Barry, *Insurance as Governance*, 44. (Emphasis in original).

the state and non-state institutions (like insurance) in the governance of advanced-liberal, late-capitalist societies. They write:

> The political vocabulary structured by oppositions between state and civil society, public and private, government and market, coercion and consent, sovereignty and autonomy and the like, does not adequately characterize the diverse ways in which rule is exercised in advanced liberal democracies. Political power is exercised today through a profusion of shifting alliances between diverse authorities in projects to govern a multitude of facets of economic activity, social life and individual conduct.[27]

One of the key arguments Rose and Miller make here is that the state should not be imagined as the sole locus of liberal governance, that the state has never been as total or hegemonic as sociologists (and, I would add, historians) have suggested. In other words, if the state ever was, as Nietzsche put it, "the coldest of all cold monsters," endowed with grasping tentacles intent on the consumption of freedom, it has ceased to be so in our present era.[28]

Liberal governance has always been dedicated to state collaboration with other institutions. The state, as others have argued along with Miller and Rose, is one institution among many.[29] As Colin Gordon notes, though, the state is also special because it is an institution that "acts for the *general interest* and according to the principles of *public service*."[30] A great number of private institutions claim to exist on the same plane, to be acting in a spirit of benevolence and common good. Insurance

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[27] Nikolas Rose and Peter Miller, "Political Power Beyond the State: Problematics of Government," *The British Journal of Sociology* 43, no. 2 (June, 1992): 173-205. On this theme, also see Ericson, Doyle, and Barry: *Insurance as Governance*; and, Ericson and Doyle, *Uncertain Business: Risk, Insurance and the Limits of Knowledge*.
[28] Nietzsche, cited in Rose and Miller, "Political Power Beyond the State: Problematics of Government," 1.
[29] Ericson, Doyle, and Barry: *Insurance as Governance*; Baker and Simon, *Embracing Risk: The Changing Culture of Insurance and Responsibility*; and, Ericson and Doyle, *Risk and Morality*.
[30] Peter Gordon, "Governmental Rationality: An Introduction," in *The Foucault Effect*, 32-33. Emphasis in original.

companies were pioneers in this kind of positioning; they literally invented the "public service campaign" as an advertising strategy, and as I show in Chapter 1, have worked tirelessly throughout the twentieth century to portray their business in a paternalist light (insurance company names provide a good example of this project: prudential, beneficial, guardian, fidelity and so on). Yet despite these claims, insurance firms and other corporations are not obligated to act in the best interests of the public. Insurance governs in many of the same ways as the state, but importantly, it does so without democratic representation or the input of its subjects. And while insurance institutions are concerned with people's "safety and security," this is only the case to the extent that it is profitable. The fact that insurance institutions have become increasingly immune to federal and state regulation over the course of the postwar era (a subject I discuss in Chapter 3) makes it even more important that we consider critically the diverse roles they play in our lives. There are real stakes in thinking about how we are governed "beyond the state" by institutions like insurance, particularly in an era when the state itself is posited as a "risk" to the people and when calls to downsize representative government have become widespread.

How does this help us understand the emergence of neoliberalism?

In this dissertation I argue that neoliberalism is a governmental rationality that emerged in the United States during the early postwar era. I also argue that insurance institutions and actuarial thinking played crucial roles in that process. I am not alone in

suggesting that neoliberalism should be understood as a governmental rationality. Political theorist Wendy Brown, for example, argues that neoliberalism

> must be conceived of as more than a set of free market economic policies that dismantle welfare states and privatize public services in the North, make wreckage of efforts at democratic sovereignty or economic self-direction in the South, and intensify income disparities everywhere. Certainly neoliberalism comprises these effects, but as a political rationality, it also involves a specific and consequential organization of the social, the subject, and the state.[31]

Others, too, have argued that the early postwar era was a turning point in the history of neoliberalism. Foucault, for example, argues that 1948 (not 1978 as the theorist David Harvey claims) was a watershed moment for neoliberalism.[32] More recently, Philip Mirowski and Rob van Horn have traced the intellectual history of neoliberal economic theory and institution building to the same era.[33]

There has been less work on the relationship between insurance and neoliberalism, or the role of actuarial thinking in the emergence of neoliberal governance. Yet insurance institutions have been directly involved in putting into place many of the social, political, and economic frameworks essential for neoliberalism to function. The privatization of social services is widely understood as a central component of neoliberalism. Foucault, for example, argues that neoliberal societies seek to "avoid

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[31] Wendy Brown, "Neoliberalism, Neoconservatism, and De-Democratization," *Political Theory* 34, no. 6 (December 2006): 693. See also, Brown, "Neoliberalism and the End of Liberal Democracy," in *Edgework: Critical Essays on Knowledge and Politics* (Princeton, NJ: Princeton University Press, 2005).

[32] David Harvey suggests "future historians may well look upon the years 1978-1980 as a revolutionary turning-point in the world's social and economic history…[Chairman of the US Federal Reserve Paul] Volcker and [Margaret] Thatcher both plucked form the shadows of relative obscurity a particular doctrine that went under the name of 'neoliberalism' and transformed it into the central guiding principle of economic thought and management." See Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2003), 1-2. Foucault, by contrast, sees neoliberalism in operation at a similar level of high governmental policy as early as 1948. See Foucault, *The Birth of Biopolitics*, 77-81.

[33] Philip Mirowski and Rob Van Horn, *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009).

centralization, increase access to property ownership, *try to replace the social insurance of risk with individual insurance*, [and] regulate multiple problems of the environment."[34] Postwar private insurance institutions played an obvious role on this front by offering an alternative to public welfare and by taking on many functions typically associated with state – providing security, determining liability, investing in infrastructure (see Chapter 2), policing, educating, training and so on. Identifying the state as a competitor in the market for security, private insurers also developed and distributed "public service" materials calling for reduced government spending on social services (see Chapter 1). Foucault, again, identifies criticism of public authorities and governments as another neoliberal project, especially when that criticism is posited in market terms, for example through charges of "inefficiency."[35] It should thus come as no surprise that, when faced with calls for increased regulation and federal oversight, postwar insurers repeatedly responded that changes to existing regulatory frameworks would lead to "less efficient" practice and, ultimately, higher premiums (see Chapters 1 and 3).

Insurance also worked in less direct ways to foster neoliberal modes of governance by introducing and disseminating actuarial thinking. A key tenet of neoliberalism is the idea that all rational action can be construed as economic action, that even non-economic behavior and fields of experience can be made intelligible to economic analysis. Actuarialism's abstracting, monetizing logic is essential here, as is its ability to create responsibilized subjects that take charge of their own risks and welfare. In neoliberal societies, individuals are encouraged to conduct their lives in market terms,

[34] Foucault, *The Birth of Biopolitics*, 240-1. Emphasis added.
[35] Ibid. 247.

constantly deploying calculations of investment, cost, benefit, and profit. For Foucault, this new expectation marks a shift from "*homoeconomicus* as a partner of exchange to *homoeconomicus* as an entrepreneur of himself."[36] Insurance and actuarialism played a crucial role in this transformation: they set up the frameworks in which non-economic entities could be understood in monetary terms; they trained "self-securing," responsibilized subjects; and they encouraged and offered incentives for people to think entrepreneurially about their lives. The "economization of the entire social field," at the heart of neoliberal modes of social, economic, and political governance would be impossible, I argue, without insurance and actuarial thinking.

It was Foucault who first suggested that the emergence of neoliberalism signaled a transformation in the workings of power and the make-up of society, a move away from disciplinary technologies that seek to reform and "normalize" subjects:

> On the horizon we see an image, idea, or theme-program of a society in which there is an optimization of systems of difference, in which the field is left open to fluctuating processes, in which minority individuals and practices are tolerated, in which action is brought to bear on the rules of

[36] Ibid. 226. It is important to distinguish neoliberalism from the idea of a mass consumer society critiqued by the Frankfurt school and others. Foucault argues that the mass consumer society is a society of spectacle in which commodities reign. Under neoliberalism, however, competition reigns, a configuration Foucault describes as "enterprise society." This puts Foucault's understanding of the postwar era in conversation with an important strain in contemporary historical scholarship. Historian Lizabeth Cohen, for example, argues that during the postwar era, the United States became a "consumers' republic." Cohen addresses many of the same postwar developments as scholars of neoliberalism (market segmentation, social segregation, discrimination and economic inequality, privatization, etc), but she focuses her analysis on a new postwar confluence of consumption and citizenship. Cohen argues that the new model of postwar citizenship was one that gauged an individual's ability to consume in order to determine citizen status. Cohen's contribution is important here, yet I think – with Foucault - that there was also a larger shift at the level of subjectivity and governance occurring at the same time. The ability to take responsibility for and manage one's own risks was also becoming a prerequisite for citizenship. The good citizen was not only a choosing consumer, but also a calculating entrepreneur capable of applying an actuarial calculus of cost/benefit/profit to daily life. During the postwar era, Cohen's "consumer society" was already transforming into Foucault's "enterprising society." The consumer was everywhere becoming "enterprising man." See Lizabeth Cohen, *A Consumer's Republic: The Politics of Mass Consumption in the Postwar Era* (New York: Alfred A. Knopf, 2003); and Foucault *Birth of Biopolitics*, p 143-147.

the game rather than on players.[37]

Others have followed Foucault in noting the transition away from discipline as the dominant form of power in contemporary liberal societies. Gilles Deleuze, for example, writes of "new forces that were gradually instituted and which accelerated after World War II." In the postwar era, he argues, "a disciplinary society was what we no longer were, what we had ceased to be."[38] Pat O'Malley claims that, in the realm of criminology, prediction and risk spreading are rapidly replacing detection and prevention, a development he calls "just one instance in a larger pattern of the displacement of disciplinary techniques by actuarialism across a broad range of social sites."[39] Nikolas Rose has pursued a similar argument in relation to medicine and psychology, where, he argues, intervention has become "pre-emptive, and probabilistic, anticipatory and preventative, not based on the diagnosis of pathology in an individual subject but on actuarial analysis of risk factors." For Rose, this new style of intervention is exemplary of "post-disciplinary logics of control" that are "based upon a dream of the technocratic control of the accidental."[40]

The key idea articulated by these thinkers is that actuarial or "insurantial" forms of power are displacing, or gradually overshadowing, discipline because of their heightened efficiency in regulating populations. Discipline works through a process of

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[37] Foucault, *The Birth of Biopolitics*, 259-260.
[38] Gilles Deleuze, "Postscript on the Societies of Control," *October* 59 (Winter 1990): 3.
[39] Pat O'Malley, "Risk and Responsibility," in Andrew Barry, Thomas Osborne and Nikolas Rose, eds. *Foucault and Political Reason: Liberalism, Neo-Liberalism, and Rationalities of Government* (Chicago: University of Chicago Press: 1996), 190. See also Bernard Harcout, *Against Prediction.*
[40] Nikolas Rose, *Powers of Freedom: Reframing Political Thought* (Cambridge: Cambridge University Press, 1999), 235; and Rose, "Government and Control," *British Journal of Criminology* 40, no. 2 (2000): 321-339. See also Foucault on the rise of methods for managing "aleatory life" in *Security, Territory, Population*, 11 & 31-49.

normalization, by "correcting" individuals and creating institutions (the school, the prison) designed to reform and combat deviance.[41] Actuarial forms of control work differently, not by reforming individuals, but by statistically locating them as positions on a probabilistic curve that charts degrees of difference within a population in relationship to risk. Put another way, rather than expending the resources and energy necessary to discipline, correct, or reform individuals, actuarial societies can simply manage them in place.

We know quite a bit about discipline, its history, and how it functions, but we know less about actuarial modes of control or the particular historical conditions in which they developed. By tracing the postwar expansion of actuarial thinking and its relationship to emergence of neoliberalism, I hope to contribute to this history, while also encouraging further historical research – particularly in relation to insurance – along these lines.

Chapter Layout

I am not the first to suggest that insurance and its actuarial technologies are central components of neoliberal governance, but my study is unique in the sense that it explores a pivotal moment in the emergence of these associations and how they developed, on the ground, in daily life. This is the key contribution I seek to make to the literature on governmentality and neoliberalism. But there are other offerings here as well. Each chapter is specifically designed to contribute to the history of private

[41] Foucault, *Discipline and Punish: The Birth of the Prison*, trans. Alan Sheridan (New York: Vintage, 1977).

insurance in the United States after 1945 and to postwar American history more generally. In this sense, the dissertation "works" on three levels.

On the most basic level, each chapter offers something of the history of private insurance in the United States during the second half of the twentieth century (a woefully understudied era in a surprisingly understudied field) and addresses key changes encountered by the industry during this period. Chapter 1 examines postwar developments in the marketing of insurance and in the instructional activities of insurance companies, including public health campaigns, curriculum planning, and political "issue" advertising. Chapter 2 explores the new prominence of residential and commercial real estate in the investment portfolios of insurance firms and the changes in investment law that led to this development. Chapter 3 charts a history of the state-based (rather than federal) regulatory framework launched in 1945 by the passage of the McCarran-Fergusson Act, and examines the lobbying strategies employed by private insurance institutions to combat federal regulation and charges of discrimination by social activists. Chapter 4 breaks the focus on insurance industry practice, offering instead a study of the representational life of insurance contracts, companies, agents, and fraud in American popular culture and social criticism.

On another level, each chapter is also designed to contribute to the history and historiography of the postwar era in the United States. Each chapter addresses one field of inquiry that American historians have identified as central to our understanding of the period. A key goal of the dissertation is to invite historians of the United States to think in new ways about the familiar topics that structure the narratives we tell about the recent

past. How might we understand the postwar era differently if we privilege insurance and actuarialism in our analyses of the privatization of social security and the erosion of the New Deal order (Chapter 1); the creation of shopping malls and processes of suburbanization and urban crisis and renewal (Chapter 2); the rise of identity-based social activism and the relationship between discrimination and economic inequality (Chapter 3); "postwar anxiety" and critical cultural productions like *Death of a Salesman* and film noir (Chapter 4)? It is my contention that these extensively studied topics can be understood in new ways if we place them in new contexts. By identifying the postwar era as an "actuarial age" I hope to offer a new conceptual framework for thinking about the past sixty years that foregrounds the emergence of neoliberalism and its calculative rationalities as central, structuring elements of the period.

The final level on which the dissertation "works" speaks more directly to the questions and themes addressed in this introduction. Each of the chapters deals in some way with the role of insurance in disseminating actuarial thinking into postwar American life and in advancing the emergence of neoliberalism as a governmental rationality. Chapter 1 explores the efforts of insurance institutions to create a new kind of entrepreneurial subject-citizen trained to think actuarially and to become "self-securing." This new subject-citizen, I argue, was particularly well suited to the emergence of neoliberal governance, which emphasized self-reliance, entrepreneurial action, and a diminished state. Chapter 2 looks at the actuarial reshaping of the postwar built environment and the participation of insurance institutions in creating privatized, "securitized" spaces devoted to the circulation of people, goods, and capital. Chapter 3

explores the embrace of actuarial thinking by social activists, and the impacts of this embrace on political life. The actuarial turn in political organizing and its emphasis on identity and difference, I argue, reflected the new role of risk in shaping the boundaries of community and the acceptance of neoliberal rationalities as central motivations for political action. Chapter 4 looks at resistance to the new actuarialism and emergent forms of neoliberal governance in American popular culture by analyzing representations of insurance and actuarial thinking in the popular drama, film, and fiction of the era. This chapter also explores the limits of critique in these genres and the increasingly actuarial nature of American social criticism – a development that I argue contributed to the dominance and naturalization of actuarial thinking in the United States during the postwar era.

Why does this matter?

Actuarialism is a great colonizer. In order to work efficiently, it constantly needs more data and participants, and the bolder we become in our demands for prediction, the farther its web must expand. Predictions about the future – about financial markets and climate change, educational reform and foreign policy – have become expected in our actuarial age. We essentially demand to know the outcomes of our actions before they take place, and this demand has become naturalized in a way that would have been unimaginable less than a century ago. The result is a grasping, capturing system that is constantly seeking to bring more data and more members into its predictive fold. The expansive, proliferating quality of actuarial systems, however, does not ensure that the

expansion of security will occur equally or evenly. Because insurance institutions are always looking to increase efficiency by refining their risk pools and classifications, they are very much engaged in segregating individuals according to their differences from others. They are thus implicated in the politics of identity and difference that became the hallmark of political organizing in the United States during the second half of the twentieth century (an idea I explore in more detail in Chapter 3). Private insurance offers a vision of society rooted in the constant interplay between inclusion and exclusion; it fragments communities into specialized pools, segregating out those who could benefit most from risk sharing and perpetuating the insecurity of those who are excluded.

Insurance transforms the way we think about our selves and our world, but by providing a market for *future* security, it also affects how we think about fate, time, and possibility. Actuarial systems claim to know and identify "what is," but importantly, they also promise to make this what the world "will be." In this sense, private insurance is a fundamentally conservative institution dedicated not only to the protection of particular economic interests, but also to ensuring that those interests are projected into the future. In the process, it shuts down political attempts to make the future otherwise. Those who are excluded from the security apparatus created by actuarial insurance institutions are systematically denied the resources through which to resist, including the oppositional forms of subjectivity and community made possible under more disciplinary models of governance. Relying on others during "hard times" is also increasingly off the table, as private insurance in the United States has displaced older, more inclusive, forms of social security based in solidarity, interdependence, and mutual aid.

As noted earlier, the idea behind making everyone responsible for their own risks is that we will all be safer. Learning to think actuarially, to manage and calculate risk, is said to make us more secure (in both the material sense and also the emotional one). But actuarial calculation can also accentuate fear and insecurity. Responsibilized risk managers are suspicious, vigilant, constantly on the lookout for risk. This can lead to the perception that risk (and by extension, potential danger) is lurking everywhere. This perception, in turn, leads to the proliferation of insurance, which, in a sense, reproduces itself. Daniel Defert argues, for example, that each new measure of protection against risk "makes visible new forms of insurable insecurity."[42] The massive expansion of those entities thought to be insurable in the United States during the postwar era (from the invention of "homeowners" insurance in 1950 to the blossoming of reinsurance – the insurance of insurance – operations in the 1970s) exemplifies this trend. The psychology of fear and insecurity, the "will to secure," that is so prevalent in the twenty-first century (see SUVs, gated communities, "helicopter parenting," and so on) can be understood, in this way, as a product of the widespread dissemination and embrace of actuarial thinking throughout the postwar era.[43] Over the past sixty years, American life has become more atomized and individuals have been increasingly asked and expected to take responsibility for their own risks. This expectation has led to a sense of anxiety and fear in the face of uncertainty, as well as a sense of distrust towards other people. In our actuarial age, we don't simply experience a slackening of responsibility for others, we

[42] Daniel Defert, "'Popular Life' and Insurance Technology," in *The Foucault Effect*, 215.
[43] I am grateful to Elaine Tyler May for sharing her insights on postwar security culture with me. See Elaine Tyler May, "Security Against Democracy: The Legacy of the Cold War at Home," *Journal of American History* 97, no. 4 (March 2011): 939-957.

also become capable of perceiving every other human being as a potential threat. As a result, we do not only secure ourselves from misfortune – we secure ourselves from each other.

Actuarial rationality, like the neoliberal modes of governance it fosters, is pervasive and not limited to any particular political platform or ideological commitment. It defies categorization as "left" or "right" and is thus difficult to identify on any traditional political spectrum, or indeed, to identify at all – it has infused American life to such an extent that it has become virtually invisible. The massive sweep and widespread embrace of actuarial thinking in the United States during the postwar era has been propelled by a logic of inevitability. The naturalization of risk and insurance and the invisibility of actuarial thought systems at the beginning of the twenty-first century have helped to shut down critique and the pursuit of alternate, non-actuarial, ways of thinking and imagining the world. If we look for it though, as I do in this dissertation, we can see actuarialism all around us. We can also begin to notice some of its more harmful effects. If this makes us uncomfortable with our actuarial age, then good! Discomfort is the first step on the road to reflection – the best route towards, as Foucault put it, "not being governed quite so much."[44]

[44] M. Foucault "What is Critique," in *The Political*, ed. David Ingram (oxford: Blackwell, 2000), 193.

CHAPTER 1

SELLING "SELF-MADE" SECURITY: INSURANCE MARKETING AND THE PRIVATIZATION OF SECURITY IN THE POSTWAR UNITED STATES

This chapter explores two separate but related developments in the United States during the second half of the twentieth century. The first development is the rise of what François Ewald has termed the "insurance society," a broad social and economic transformation in the liberal West that reoriented the makeup and objectives of social organization by elevating questions of risk and security to the center of public life. Achieved through an explosion of insurance mechanisms, technologies, and institutions beginning in the nineteenth century and continuing through the end of the twentieth, the "insurance society" takes as its objective the management of risk and the provision of security at the level of populations.[45] Ewald and others have studied this development primarily in its European forms, a focus that has led to a theorization of "insurance society" devoted almost exclusively to the various welfare states of Western Europe. Yet the drive for social and economic security, and the concomitant growth of insurance institutions and technologies during this period were not unique to Europe. The United States witnessed similar developments, becoming its own kind of "insurance society" by the end of the twentieth century. Private instead of public, with the autonomous individual as its focus rather than a collective national body, the American "insurance society" was organized on very different terms than those in Europe. Much of this

[45] François Ewald, *L'État Providence* (Paris: Grasset: 1986). See also Ewald's "Insurance and Risk" in Graham Burchell, Colin Gordon, and Peter Miller, eds. *The Foucault Effect: Studies in Governmentality* (University Of Chicago Press 1991), 197-210.

transformation occurred in the years following WWII, when demands for individual security and the elevation of free enterprise over public provision challenged New Deal collectivism and redefined the relationship between insurance and the American state.

The second, related, development explored in this chapter is the emergence in the United States of a new form of neoliberal governance focused on the management of individual conduct and the production of self-governing, entrepreneurial subject-citizens capable not only of participating actively in the free market, but also of thinking and living in market terms. As discussed in the introduction to this dissertation, neoliberalism is typically associated with a repudiation of Keynesian economics and state-sponsored welfare. It is also linked to the promotion of a radically free market structured around the maximization of competition, privatization, and corporate deregulation. While most accounts of neoliberalism locate its origins in the 1970s with the collapse of Breton Woods and the widespread acceptance of economic policies generated by the Chicago School, Michel Foucault has argued persuasively that neoliberalism in its governmental forms has a longer history. Foucault's extensive study of German "Ordo-liberalism" and less thorough discussion of American "Anarcho-liberalism" highlights the emergence of neoliberal governmentality in Europe and the United States during the immediate post-World War II years. Cultivated primarily by institutions – like insurance – that worked in partnership with the state, but also beyond it, this new form of neoliberal governance sought to intervene not only in the mechanisms of the market economy, but also in the very *conditions* of the market, and particularly social life.[46]

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[46] Michel Foucault, *The Birth of Biopolitics: Lectures at the College De France 1978-1979* (New York: Picador, 2010). Foucault's analysis of governance beyond the state has been addressed and elaborated by a

No group of actors was more influential in cultivating these developments (the rise of a private American insurance society and the expansion of neoliberal governance) – and none stood to profit more from them – than postwar insurers. The private insurance industry in the United States grew exponentially during the years following World War II, significantly expanding the insured population and introducing actuarial practices and rationalities to many new arenas of American life. By the mid 1960s more Americans owned more private insurance than ever in the nation's history, private insurers had invested in the nation's economy more than any other industry, and the state, once seen as a major competitor of private insurance, had been unseated as the primary provider of social and economic security for Americans.[47] These developments were swift, but not assured. Private insurers were tireless proponents of a private insurance society governed on neoliberal terms and worked actively throughout the postwar era to hasten its advance.

As noted earlier, insurance is not natural or inevitable; what it means to be insured and the available ways to do so change over time. There is also no "natural" market for insurance or the security it claims to offer; people must first learn how to be insured and how to value insurance as a concept. Insurance markets and insurable subjects are created through a complex process of education, training, and social interaction. This chapter explores the efforts of postwar insurers to train Americans to think in new ways about insurance and its role in daily life, while at the same time producing social, political, and economic conditions that favored and supported the private insurance enterprise. Through

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wide range of scholars across the disciplines. See, in particular, *The Foucault Effect: Studies in Governmentality,* and Nikolas Rose and Peter Miller, "Political Power Beyond the State: Problematics of Government," *British Journal of Sociology* 43 (1992), 173-205.

[47] This massive growth is detailed in Kailin Tuan, ed. *Modern Insurance Theory and Education: A Social History of Insurance*, Vol. 2 (Orange, NJ: Varsity Press, 1977).

public service campaigns, advertising, and educational efforts, postwar insurers attempted to create and train a new kind of American insurance consumer and citizen, one who took responsibility for his or her own security through the purchase of private insurance, rather than depending on the state or other public entities to provide it for them.

Creating "self-securing," enterprising subject-citizens who sought security through private insurance, however, was not easy. These" self-securing" subjects had to first understand insurance as a concept and comprehend its value and desirability. This was no small task in the years following World War II, when private insurance was not yet understood, as it is today, as vital, essential, or as many forms of insurance became during this era, compulsory.[48] In their internal literature, insurers repeatedly noted the necessity of selling the "idea" of insurance to consumers. Along with learning how to desire "private security," these new American insurance consumers also had to learn to think in actuarial ways, not only about the world around them, but also about their lives. To become "self-securing" subjects and citizens, they would need to think of their lives as manageable, as enterprise, and this demanded guidance and training to provide a roadmap. Thus, "expert" advice was offered by insurers to help guide Americans along the path towards self-security and to teach them to apply an actuarial calculus in aspects of their lives as diverse as parenting, marriage, financial planning, health, and even faith.

In the process of creating a new kind insurance consumer, insurers came to think of their business in new ways. Flush with power, but also a sense of responsibility and

[48] Privately provided auto insurance became compulsory in most states during the 1960s. Homeowner's insurance, not invented until 1950, quickly became a legal requirement for mortgage lending – a requirement that made this form of insurance coverage essentially compulsory, if not in name, then certainly in practice.

optimism, insurers embraced a new role for their industry as a vital site of social governance. At the same time, they increasingly came to see the public provision of social welfare as a dangerous detriment to the privatized vision of security they embraced and endorsed. Private insurance was embedded in the national economy, in national political structures, and regulatory frameworks. Insurers saw this embeddedness as a problem, and recognized government intervention as obstructing their ability to govern American consumers and run a profitable industry. Thus, throughout the postwar era, they directed their substantial social and financial resources towards securing political and economic conditions favorable to private insurance operations. This included actively encouraging small government, deregulation of industry, and the privatization of social services (all hallmarks of neoliberal policy often associated with a period 20-30 years later). Their efforts to govern positioned private insurance institutions in competition with the state, not only in the market for security, but also in the provision of a wide range of social services, including education, crime control, disease prevention, maintenance of economic growth and stability, job creation, and infrastructure building. By the 1960s, private insurance had become a major "nation builder" and a powerful site of government beyond the state. Existing (often uneasily) alongside the federal and state governments, postwar private insurance institutions sought to manage the conduct of Americans and shape their understandings of self, security, family, finance, and the future.

The pages that follow offer a history of this transformation. The primary focus throughout is the neoliberal rationalities and strategies adopted by postwar insurers as they worked to transform private insurance into the dominant form of social and

economic security in the United States. The chapter begins by charting the insurance industry's reluctant embrace of advertising after the War and the challenges it faced in selling private insurance as an idea to American consumers. The chapter then moves to a discussion of security and citizenship during the Cold War and the efforts of insurance advertisers to create a new kind of "self-securing" citizen and insurance consumer. An examination of postwar insurance public service campaigns, school curricula, and educational "advice" marketing follows. These materials, designed to train Americans to apply actuarial calculations in decisions about family, finance, and daily life, sought to produce enterprising mentalities and social conditions amenable to the emergence of a private insurance society. The chapter concludes with an exploration of anti-government insurance advertising and the industry's developing consciousness of their business as a powerful site of governance beyond the state.

Selling the "Basic Idea": The Challenge of Insurance Marketing and the Case for Institutional Advertising

While some insurers advertised during the early twentieth century, those who did so were generally only the largest companies, and their ads focused on instilling fear of an uncertain future, providing heavy statistics about the assets of companies, warning of the dangers of policy lapsation, and emphasizing company iconography: Prudential's rock of Gibraltar, the Hartford Stag, Metropolitan Life's home office building, and so on.[49] Aside

[49] Insurance ads followed familiar trends in advertising from the 1920s and 1930s, though they were, perhaps, more horrific due to their subject matter: death, disease, and so on. See Roland Marchand *Advertising the American Dream: Making Way for Modernity, 1920-1940* (Berkeley: University of California Press, 1986).

from a few high profile campaigns – Metropolitan Life's public health series and Prudential's disturbing "loss after lapsation" series (see figures 3 and 4) are perhaps the most well-known – insurance ads before WWII were rare.[50]

A major reason for this lack of advertising was that companies had, for a century, relied almost entirely on agents to sell policies. Insurers cited the personal nature of insurance, as well as its complexity, as a key reason why agents had been so important throughout the industry's history. Agents were thought to give a human face to the business, and their interaction with consumers was deemed essential to sales. As insurance advertising analyst A.H. Thiemann, for example, explained, "The very nature of insurance demands a personal approach. It is easy for people to procrastinate and defer taking action. When the agent is face-to-face with the prospect he can answer objections immediately and he can try again and again to close until the sale is finally made."[51] The impersonal nature of advertising, and the ease with which consumers could simply "turn the page or dial" led many insurers to see it as antithetical to the agent system. As one skeptical executive reasoned, "Advertising may sell soap but it can't sell life insurance: agents sell life insurance."[52] Put simply, before WWII, insurers were reluctant advertisers

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[50] Even at the height of advertising during the postwar era, insurers still advertised comparatively less than other industries –In 1963, life insurers (the biggest advertisers in the industry) spent only $60,000,000 annually on advertising, a fairly low figure considering that in the US that same year $12,000,000,000 was spent by all industries combined. Of that non-insurance advertising spending, $105,000,000 was expended by savings and loan companies, and $200,000,000 by banks - two "financial" industries somewhat comparable to insurance. Proctor and Gamble, in 1963, spent twice as much on soap ads as all 1,500 life insurance companies combined for all of their advertising. A.H. Thiemann, *Life Insurance Advertising: What it is and How it Works* (New York: Life Insurance Advertisers Association, 1963), 4; and Colin Simkin, ed. *Life Insurance Advertising: The Techniques of Reaching the Public through Mass Media* (New York: Life Insurance Advertises Association, 1958), ii.

[51] Thiemann, *Life Insurance Advertising: What it is and How it Works*, 11.

[52] Ibid., 10

– why use ads when agents were widely recognized as the best and only way to sell?[53]

Along with extensive reliance on the agent as a selling tool, many insurers also rejected advertising in the name of thrift, citing misgivings about the possibility of accurately measuring the relationship between sales and ads. This objection (not a surprising one for an industry that took pride in making "actuarially-sound" predictions about the future) was by far the strongest and most widespread justification offered by insurance executives and company managers for their failure to advertise. Noting this hesitance, Harvard Business Administration professor Harold Borden warned conservatively minded insurers against "rejecting advertising because mathematical proof is lacking" of its affect on sales. "This attitude," Borden continued, "has been held particularly by some executives with a mathematical type of mind, who, lacking concrete evidence of the part of which advertising might play in influencing sales, have turned instead to selling methods, such as personal selling, with which the chances of tracing results to particular efforts are more feasible."[54] Academics like Borden weren't the only observers concerned about insurer insistence on advertising assessment. Marketing agencies, no doubt irritated by the excessive demands of insurer clients, also critiqued the industry stance. "If management insists on complete measurement of advertising results or nothing," one adman quipped, "it will almost surely have to accept nothing."[55] Insurers, however, stood their ground. Ever conservative on the question of overhead,

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[53] Agents were also valued fro the important surveillance work they performed for insurance companies. Sales agents and other insurance representatives (for example, visiting nurses employed by some life insurers in the 1910s and 1920s) were instrumental in collecting data about the population – data that was then used to create statistical models and actuarial tables used for pricing and calculating risk.

[54] Neil Borden, *The Economic Effects of Advertising* (Homewood: Richard D. Irwin Publishers, 1947).

[55] National Industrial Conference Board "Measuring Advertising Results," quoted in Thiemann, 36.

they refused to advertise without a means of measuring and gauging efficiency and effectiveness.

By the early 1950s several attempts had been made to solve this problem. One early strategy involved attaching "coupons" to print advertisements and offering free gifts or information about the company to readers who mailed them in, thus alerting insurers to variations in reader response to particular ads and publications. Polling was also used to assess public response to advertising campaigns. Equitable, for example, conducted personal interviews with over 1,000 policy holders and 2,500 other adults, "representative of the United States population," as a means of isolating "the effect of policy ownership on memory and comprehension of its advertising."[56] Prudential, in an attempt to gauge the sales impact of sponsorship for the popular television show *Prudential Playhouse* conducted a survey involving "intensive interviews" with a "national probability sample" of 3,000 adults, and found that "when people who had watched the show in the previous week were compared with people who had not watched the show for a year, the people in the former group were 50% more likely to recommend Prudential than were the people in the latter."[57] Northwestern Mutual distributed advertising reprints and response surveys to field agents, and then recorded the results to assess demand for particular ads.[58] One company executive even set up an interviewing system with the wives of agents to poll

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[56] Thiemann, 41.
[57] Ibid., 42.
[58] Donald Lynch, ed. *Public Relations for Life Insurance Companies* (New York: Life Insurance Advertisers Association, 1958). Here again is a common theme and yet another reason for reliance on the agent system: agents served as both salesmen and data collectors.

them about their preferences for various campaigns.[59]

The ability to assess advertising impact eased the skepticism of many insurers, and by the end of WWII most companies were reconsidering their hesitance to advertise. Throughout the 1950s and 1960s industry insiders produced dozens of books, guides, and trade journal articles arguing for a more prominent role for advertising in the industry.[60] Along with increasing sales, they argued, advertising could supplement the agent system and boost agent morale, it could create goodwill for individual companies and the business in general, and it could shape public opinion about regulation and other political matters of interest to the industry. David Tibbott, Director of Advertising and Public Relations for New England Mutual, for example, argued that although the promotion of sales "may be a primary objective" of advertising, "the gradual development of a 'corporate personality' will be an inevitable concomitant."[61] Pro-advertising authors also noted that ads could solve the problem of the "increasing mobility of the population," which after WWII had made it difficult for agents to "keep in touch with the clients."[62] Advertising could help keep mobile insureds within the fold, reminding them to continue paying premiums on already existing policies while also informing them about changes to the industry in the absence of a regular visiting agent. Industry marketing analysts pointed to all of these benefits and demanded that advertising was an untapped resource,

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[59] Jack Morris, "Valuable By-Products," in Colin Simkin, ed. *Life Insurance Advertising: The Techniques of Reaching the Public through Mass Media* (New York: Life Insurance Advertises Association, 1958), 41.
[60] See Thiemann, *Life Insurance Advertising: What it is and How it Works*; Simkin, *Life Insurance Advertising: The Techniques of Reaching the Public through Mass Media;* Lynch, *Public Relations for Life Insurance Companies*; George Nordhaus, ed. *Insurance Agency Advertising and Public Relations* (Nashville: Insurers of Tennessee, 1964); and Albert Beardshear, *Sales Promotion for Life Insurance Companies* (New York: Life Insurance Advertisers Association, 1959).
[61] Tibbott, "Selecting an Advertising Agency" in Simkin, 17.
[62] Thiemann, 27.

a "low-cost form of mass communication" that individual companies and the industry as a whole would "pay" for ignoring.[63]

Yet even after methods to accurately assess and actuarially justify advertising had been put into play, insurers faced other problems related to advertising their business. More than anything, insurance was notoriously difficult to sell. To begin, insurance was expensive, even when payments were spread out over time through annual or semi-annual premiums. As advertising expert Colin Simkin noted, insurance cost more than most consumer goods, including cars, and "even the accumulated equity in a home." Still, the high cost might not be such a problem if insurance weren't also so abstract. "In spite of the number of dollars involved," in an insurance contract, Simkin reasoned, "it is for a long period, and intangible. There is nothing to display in one's home – no conspicuous consumption. It is not visible daily on the shelves nor in the showrooms of a hundred thousand retailers. It is even something from which the purchaser may never secure direct benefits."[64] Although the industry took great strides to publicly portray insurance as a vital *need*, in their internal literature insurers recognized that they were competing for the consumer dollar. Americans had to *want* insurance if they were going to buy it, and its intangibility made this a problem.

Beyond these practical impediments, insurers also faced serious psychological barriers when it came to selling their "product." No one wants to think of a bad future, of death, disease, and destruction. With this in mind, advertising analyst A. H. Thiemann called life insurance "one of the most difficult sales imaginable, one that entails

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[63] Beardshear, *Sales Promotion for Life Insurance Companies*, 9.
[64] Simkin, 1.

persuading people to forgo the pleasure of spending their money today in exchange for a promise which will be made good under circumstances almost impossible to imagine: one's own death."[65] This, again, was one of the reasons the industry had relied so long on agents – their physical presence was seen as a necessary obstacle to consumers for whom "the rules of common courtesy prevent from peremptorily terminating a [personal] interview, " and who might otherwise refuse to even *think* of a potentially not-so-rosy future.[66]

Life insurers were particularly prolific producers of literature on the perils of selling insurance, but the same problems faced companies specializing in other insurance lines, all of which could be associated, at least to some extent, with disaster and destruction or worse – the specter of profiting off of fear and misfortune.[67] For this reason (and because many of the strict divisions between insurance fields had begun to crumble by the 1950s with the advent of diversified, "multi-line" firms) internal analysts called on insurers to embrace "institutional advertising," an approach that entailed selling the "idea" of insurance, and the industry itself, rather than specific companies or policies.[68] "The

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[65] Thiemann,10.
[66] Ibid., 15
[67] As Viviana Zelizer has argued, strong associations between the insurance industry and gambling, along with the taint of "dealing in death," led to concerns about the immorality of insurance in the minds of most Americans before the turn of the twentieth century. The highly publicized 1905-1907 Armstrong Commission Hearings in New York state reflected these fears, bringing charges of bribery, fraud, and unlawful takeovers against the three leading life insurance companies at that time: Equitable, Mutual, and New York Life. The turn towards "public service" marketing in the industry was largely a response to these hearings. Viviana Zelizer, *Morals and Markets: The Development of Life Insurance in the United States* (New York: Columbia University Press, 1979). See also Joanne Yates *Structuring the Information Age: Life Insurance and Technology in the Twentieth Century* (Baltimore: John Hopkins University Press, 2005).
[68] In 1959 by State Farm Auto Insurance Vice President Thomas Morrill lauded this development: "The agent who can supply all of [the insurance buyer's] basic insurance needs can make the contact worth his time, whereas the single-line agent would find it impossible to do so… The warm feelings of security that people seek in their relations with their insurance agent are not tied to a particular type of protection." in Thomas C Morrill, "Creative Marketing of Life Insurance," *Journal of Marketing*, v24. n2 (Oct. 1959), 15.

concept of adequate insurance protection must be sold," insisted one institutional advertising advocate, "as must the urgency of buying it today instead of tomorrow… Every advertisement placed by an individual company benefits the industry as a whole by improving consumer acceptance of the *basic idea*." [69] Thus, while various insurance companies were undoubtedly in competition with each other, there was also a sense that the industry writ large was a singular entity with a shared vision and "corporate personality." By this logic, insurers of all stripes needed to work together to sell their business, and, more than anything, the *idea* of private insurance.

[69] Simkin, iii. Emphasis added.

Figure 3. "They said Father didn't Keep His Life Insurance Paid Up!" Prudential Insurance Company 1926 "loss after lapsation" advertisement emphasizing insurance as a means of caring for dependants. Source: Private possession of the author.

Prevent Diphtheria!

"The inoculation was perfectly simple. He didn't mind it a bit. This young man will never have diphtheria."

THE number of deaths from diphtheria dropped, on an average, about 1,000 each year—approximately from 14,000 to 4,000—throughout the United States from 1923 until 1934. In those cities and towns where inoculation of pre-school children is the rule and not the exception, the danger from diphtheria is steadily decreasing. In fact there are many large communities where no deaths from diphtheria have occurred over a number of years.

Antitoxin, discovered years ago, was a partial victory over diphtheria. It usually relieved the severity of an attack of the disease and helped to save many lives. With the extensive development of toxin-antitoxin or toxoid inoculations, a preventive method for blotting out this disease has been found. All children should be protected against diphtheria when they have reached the age of six months. Inoculation gives the great majority complete and lasting immunity against the disease. Whether a child lives in the city or in the country, a nearby doctor can give him the inoculation.

Not all of the diphtheria tragedies are due to lack of information or to negligence on the part of parents. In some cases mothers are under the impression that their children are in no danger of contracting this disease because of the devoted care given them. They are reluctant to have their healthy children immunized. Parents should realize that the utmost care may not protect their boys and girls from this preventable disease. Successful inoculation in infancy will protect them.

Nearly two-thirds of the fatal results from diphtheria occur between the ages of six months and six years. Those who recover from an attack may even then be left with permanently damaged hearts. Inoculation is a simple matter, soon over with, and leaves no scar. If you have children of your own who have not been inoculated, protect them at once.

Metropolitan will mail, free, its booklet "Diphtheria and Your Child." Address Booklet Dept. 335-N.

METROPOLITAN LIFE INSURANCE COMPANY
FREDERICK H. ECKER, PRESIDENT
ONE MADISON AVE., NEW YORK, N. Y.

"Mention the Geographic—It identifies you."

Figure 4. "Prevent Diphtheria," Metropolitan Life Insurance Company 1935 public health advertisement. Source: Roy Lightner Collection Of Antique Advertisements, Rare Book, Manuscript, and Special Collections Library, Duke University Duke Hartman Archives.

The Postwar Privatization of Security and the Self-Securing Citizen

Insurers were conscious of (and noted constantly) the fact that their business was different from others. Insurance wasn't really a good or a service, they admitted – it was concept, at once intangible and present, a way of thinking about and planning for the inevitable but unknowable future. If they were going to embrace advertising, it would have to be advertising of a sort that represented and reflected the unique nature of insurance as an idea and an institution. Insurers recognized that, unlike other advertisers, they needed do more than produce desire for a particular material good; they needed to instill a distinct vision of the world, an understanding of chance, risk, uncertainty, and especially, security, that would change the ways people thought about the future, and ultimately, their lives. While the attempt to change the worldview of consumers is, to a certain extent, a feature of all advertising, it was strategy embraced by no industry more than insurance. Insurers literally had to promote a vision of living and thinking – they were, after all, selling security, not dishwashers. If people were to going to buy insurance, they first needed to be convinced of its value, they had to come to think about the world and their lives in ways that made private insurance make *sense*.

One barrier insurers faced on this front was the presence of already existing beliefs about security and its possible sources. Before the twentieth century, voluntary, religious, familial, and other communal institutions were the primary, and in many cases only, sources of social and financial security for most Americans.[70] While private

[70] The literature on the transition from mutual aid to state-provided welfare is extensive. For the most accessible accounts, see David Beito, *From Mutual Aid to the Welfare State: Fraternal Societies and Social Services, 1890–1967* (Chapel Hill: University of North Carolina Press, 2000); and Jennifer Klein, *For All*

insurance companies had existed in America since before the nation's founding, the pool of insureds was small, and almost entirely restricted to the wealthiest classes. This began to change around the turn of the twentieth century, with the advent of "industrial" insurance – sold to working classes individually and through employers by large mutual companies like Metropolitan.[71] Over time, private insurance gradually replaced the mutual aid offered by fraternal organizations and churches. This shift was lauded by the business community and progressives because private insurance institutions were thought to perform the duty of providing security more rationally and efficiently than other entities, and because patterns of mobility associated with industrialization and urbanization had led to a disintegration of the sorts of personal and group relationships thought to be dependable or stable enough to provide security.[72]

The new primacy of private insurance was challenged, however, by the global crises of the 1930s. The Great Depression marked a major turning point in the relationship between security, insurance, and the American state. The economic disaster left millions of Americans without jobs, the primary venue through which most working-class families and individuals received insurance benefits. Faced with rising prices and diminishing wages, even those middle-class Americans lucky enough to maintain income could scarcely afford the "luxury" of insurance. As a result, millions cashed-in or defaulted on insurance policies during the lean years of the Great Depression. The federal government responded to the crisis with an ambitious reworking of the role of

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These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State (Princeton University Press, 2006).

[71] Zelizer offers the best study of changes in insurance consumption during this period.

[72] A prominent and influential example of this argument is offered by Claus Offe, "Advanced Capitalism and the Welfare State," in *Politics and Society* 2 (Summer 1972): 479, 482-483.

government in American social and economic life. The New Deal and its diverse package of social services and programs were designed to jumpstart the economy and provide for the welfare of the population, but they also transformed the way Americans understood the meanings and sources of security.[73]

Security, perhaps more than any other concept, became the central component of New Deal ideology.[74] In his 1935 State of the Union address Franklin Roosevelt underscored this notion, with a promise that providing for the "security of the men, women and children of the nation" would be his "first and continuing task."[75] Increasingly framed as a political right, personal, financial security came to be thought of as an entitlement of citizenship during the New Deal years. Private insurers, for their part, regarded this development with alarm. American willingness to look to the government as a primary source of security was identified as a serious problem by the insurance industry, which saw the state as a hostile competitor. Put simply, efforts by government to provide for the welfare of American citizens threatened to diminish the market for *private* security. The key question for the insurance industry after the War, then, was how to convince a nation that had largely come to associate security with public provision to embrace a new vision of security as rooted in individual consumption and private enterprise.

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[73] The extent to which this transformation was complete or total is debatable, but beyond the scope of this chapter. Suspicion of government-provided security no doubt existed even during the New Deal years, though never to the extent that it did in the postwar era, a development I argue was largely aided by the efforts of postwar private insurance institutions.

[74] Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton: Princeton University Press, 2003). See also Stephen Fraser and Gary Gerstle, eds. *The Rise and Fall of the New Deal Order, 1930-1980*, (Princeton: Princeton University Press, 1989); and Roy Lubove, *The Struggle for Social Security, 1900–1935* (Cambridge, Mass., 1968).

[75] Franklin Delano Roosevelt, "Annual Message to the Congress," in *The Court Disapproves, vol. 4 of The Public Papers and Addresses of Franklin D. Roosevelt* (New York: Russell and Russell, 1938-50), 17.

Insurers were assisted in this task by the ideological pressures exerted by the burgeoning Cold War with the Soviet Union. The early years of the Cold War transformed the concept of security, an idea that had long been a linchpin of insurance marketing, into a major national and global concern. During this period, "national security" became the driving force of American foreign and domestic policy, but the focus on security also expanded beyond the realm of political culture. As the nation clamored to protect its interests in the deepening Cold War against the Soviet Union, American citizens became the primary warriors in a battle framed as a face-off between two inherently contradictory ways of life. Cold War ideology in the United States demanded the active participation of citizens in defending "distinctly American" values, such as free enterprise and individualism, from the threat of communism. This demand reshaped the political, cultural, and social landscape of postwar America, as well as the advertising strategies of many insurers. The quest for national security was portrayed by insurance advertisers as contingent upon the ability of American citizens to "secure themselves" – personally and emotionally, as well as financially. The New Deal had framed social security as a right of citizenship, but after the War, insurers sought to transform security into a private responsibility, a vital form of civic duty demanded of all citizens.

Postwar insurance advertising reflected this goal by introducing a new and almost obsessive focus on the self and individual conduct. Prewar ads had primarily emphasized insurance as a means of providing for dependents (see, for example, figures 3 and 4). Postwar ads, however, shifted this focus, underscoring the connections between insurance

consumption, individual responsibility, and enterprising behavior. Many companies pursued this tack with campaigns that stressed private insurance as a route to "self sufficiency." A Phoenix Mutual retirement income insurance campaign from the early 1950s, for example, featured an image of a middle-aged man in overalls announcing, "It looked as if I'd have to keep on working for someone else for the rest of my life…" After speaking with his insurance agent, however, the man is able to choose a policy that will allow him to "secure his *own* income" for retirement.[76] The absence of children or other dependents in this ad is significant. Insurance here is portrayed not as a source of security for one's family and loved ones, but as a path towards personal autonomy, independence, and self-sufficiency.

While all industry marketing emphasized the value of private insurance, no advertisements highlighted the self or the distinctly personal virtues of privatized security more than the Institute for Life Insurance's "self-security" campaign, which ran nationally in dozens of magazines and newspapers from 1949 until the mid 1950s (see figures 5-8). The Institute for Life Insurance (from here on, ILI), a consortium of the nation's largest life insurers, was founded after WWII with the goal of gathering information on public opinion and educating American consumers about life insurance and the life insurance industry. In ads featuring titles like "The Only Real Security is Self-Made," "Creating his Own Security!" and "Why These Americans Believe in Self-Made Security," the ILI's "self-security" campaign portrayed "average Americans" who had successfully embraced private insurance as a route to personal security. While the reality of family life is present in many of these ads – a recurring slogan is "Life

[76] This ad is described in detail in Walter Harrison, "Choosing a Copy Theme" in Simkin, ed. 25.

Insurance: Helping American families to Help Themselves!" – the campaign overwhelmingly featured representations and testimonies of individuals. One early ad from the campaign, typical of the series as a whole, offered the following copy:

> By their own thrift and initiative, and by their own free will, 80 million men and women are using life insurance as a means of making their *own* security for the future…And since it helps people do so much for themselves, life insurance is used by more and more people every year.
>
> That's why today the business has grown to 584 individual life insurance companies. These companies compete actively in the forward-looking American way to fill America's growing needs for *self-made* security….As a result, the next year will see life insurance helping even more people to make their own security... *on their own*…Yes, life insurance is a growing service! It enables millions of folks to take care of their own, in the self-reliant American way.[77]

The primacy of the self and individual agency are undeniable preoccupations of the "Self-Security" advertisements, each of which emphasizes the importance and "Americanness" of personal security achieved through private means.

While many campaigns showcased "average Americans" taking steps to provide for their own security, others offered up industry representatives as exemplary models of entrepreneurial action and self-securing behavior. In a July 1950 ad entitled "Free Enterprise at Work," the Philadelphia-based North America Insurance Company announced its commitment to "pioneering the development of better, broader, more economical insurance" through the work of independent agents, "who, in the service they provide, make vital contributions to free enterprise in action." A large, 1779 portrait of Joseph Marshall, "owner of an iron works that made munitions for George Washington's

[77] Institute of Life Insurance, 1950, "More Folks Making their Own Security!" J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Continental army," and member of the original Board of Directors for the company, occupies the top third of the advertisement. A celebration of entrepreneurs past and present, the ad impels readers to purchase North America insurance because of the company's dedication to "a dynamic system that anticipates and responds to the changing needs of the public." By emphasizing entrepreneurialism as a company tradition, North America Insurance attempted to align its agents and products with longstanding American values and a distinctly American way of life rooted in acquisitive individualism. The company's somewhat ambiguous motto, "Protect What you Have," takes an extra step by enlisting the insurance consumer as an ally in securing "for the public interest" such American staples as the entrepreneurial spirit and the free enterprise system.[78]

This emphasis on the enterprising character of agents was not limited to the North America Insurance Company, or even life insurance firms. Providers in a variety of segments of the industry stressed similar values in marketing campaigns throughout the era. A National Board of Fire Underwriters advertisement from 1953, for example, underscored the importance of fire insurance as a means of "enabling men to invest in the future with confidence." The full-page spread stressed the necessity of financial protections against loss of property to smoke and flame, while also setting out to demonstrate the entrepreneurial commitment of National Board Underwriters. Hailing Board agents for "offering security to millions of families," the ad highlights the idea that these "hard-working entrepreneurs" are "in business for *themselves*, showing that private

[78] North America Insurance Company, "Free Enterprise at Work," *Better Homes and Gardens*, July 1950, 32.

enterprise – which has given America the highest standard of living in the world – provides the best way to meet your insurance needs."[79] Here, insurance is portrayed not only as a means of achieving personal security, but also as an industry whose representatives themselves embody the spirit of enterprise and the American capitalist ethos.

The overwhelming message of these and other similar campaigns was the idea that Americans should take responsibility for their own safety, security, and well-being by becoming entrepreneurial investors in their own lives. Insurance was depicted as a kind of "tool" through which individuals could achieve this self-securing state, rather than a "crutch" on which to lean and depend on (the way insurers coded public welfare). Yet while the personal security of individuals was depicted as the primary and most desirable outcome of the insurance purchase, industry ads also cited additional benefits offered by private insurance consumption to the nation as a whole. Free enterprise, individualism, personal liberty, and thrift were key themes that appeared in insurance advertisements throughout the postwar era, many of which stressed the need to protect these "distinctly American" values in an unstable political world. Linking responsible citizenship to the private procurement of personal security, insurance industry marketing impelled Americans to sustain their nation by securing themselves, their property, and their futures.

By portraying private insurance as an exercise committed to assuring American values and preserving the future of the nation, industry marketing offered consumers an opportunity to participate actively in the defense of the nation and the "American way of

[79] National Board of Fire Underwriters, "Protection," *Saturday Evening Post*, September 19, 1953, 5.

life" while at the same time redefining the relationship between citizenship, security, and the state. This connection between good citizenship and the achievement of personal security through private insurance consumption was made explicitly by Connecticut Senator William Purcel in a 1953 address commemorating the 100th anniversary of the Aetna Life Insurance Company. In his address, Purcel articulated a vision of security identical to that of insurance ads from the era. "*We can have no security as a nation unless we have security as individuals*," he announced, "the success of your organization over the last 100 years is not only a tribute to the skill and the initiative and the integrity of your management and all those associated with you, but it is further proof of *the desire of the average American to be responsible for his own security and the security of those near and dear to him*."[80] Eight years later, in his inaugural presidential address, John F. Kennedy revisited this sentiment with his entreaty to "ask not what your country can do for you; ask what you can do for your country."[81] By the early1960s, Americans had largely abandoned the New Deal's vision of a providential state. The transition so desired by the private insurance industry – from security as a right of citizenship to self-security as a duty to nation – had become largely entrenched.

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[80] Quoted in Richard Hooker, *Aetna Life Insurance Company: Its First 100 Years* (Hartford: Aetna Life Insurance Company, 1965), 192. Emphasis added.

[81] John F. Kennedy, Inaugural address, January 20, 1961.

Figure 5. "We Know from Experience – The Only Security is Self Made." ILI 1950 "Self-Security" advertisement. Source: J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Meet Glenn Graber— Another "Do-it-yourself" American

He's made his own way!

Glenn J. Graber, of Hartville, Ohio, didn't believe there was only one way to run a farm. And was willing to strike out on his own to make his new ideas pay off. He applied his Army-learned knowledge of modern machinery to farming. Even had a radiotelephone in his truck to contact city markets! At 28, Glenn now has two partners, 600 acres in Hartville, rents 560 more in Florida, raises a million radishes a day. From a start with 120 acres in 1941 he's won the best kind of security —the kind you make *for yourself*.

It's a Fact . . .

It's a fact that the assets of each of the 256 life insurance companies, separately invested, add up to more jobs and better living for all . . . because:

- While 78,000,000 people are using their money to provide family protection through life insurance, they also are helping America itself "go places."
- For those funds, needed to guarantee the payment of policies, are loaned out and are actively at work. They help do such things as extend gas and electric lines, pay for new railroad cars, improve farms, build homes, and provide money for business of many kinds.
- This means that each of these 78,000,000 policyholders, through his life insurance, has a financial stake in the growth of America and its enterprises.

To make sure you are getting the most out of your present life insurance, see your agent. Life insurance is a service! Your agent is trained to help you use it most effectively. The Institute of Life Insurance —central source of information—60 E. 42nd St., New York 17, N. Y.

☆ It's the American Spirit!

YOU'LL find Glenn Grabers on every Main Street in America! Folks who know from their own experience that there are still "new frontiers" of opportunity for people with ideas. They know you can still do more *for yourself* than anyone will do *for you*.

To have impressive proof of this modern "do-it-yourself spirit," just look at the fact that 78 million people are voluntary owners of life insurance. They use it for retirement, to educate their children, for help in sudden financial emergencies. Many, of their own free will, pass up some of the things they want today for the satisfaction of knowing that their families are provided for.

Because this is a basic desire of so many Americans, the need for life insurance has grown big. The life insurance business has grown to match this need. Through their more than 150,000 trained agents across the country, 256 separate life insurance companies aggressively compete to help Americans *help themselves!*

LIFE INSURANCE—Helping American Families to Help Themselves

Figure 6. "Meet Glen Graber – Another 'Do-It-Yourself' American," ILI 1949 Self-Security advertisement. Source: J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Figure 7. "Why These Americans Believe in Self-Made Security," ILI, 1953. Source: J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Actuarialism and Expertise: Education for a Private Insurance Society

As insurers sought to capitalize on a growing sense of insecurity associated with an unstable political world, they also worked actively to elevate the esteem of their industry in the national consciousness and to shape the behaviors and mentalities of Americans. By the early 1950s, insurers had reached a consensus concerning their institutional marketing goals.[82] First, insurance was to be sold as an idea supportive to and compatible with Cold War security culture. By associating insurance with self-reliance, entrepreneurial individualism, and free market values, insurance advertisers could align their business with a patriotic defense of the nation while at the same time encouraging "insurable" consumer values like thrift, enterprise, and planning. Their second marketing goal was to sell the insurance industry itself as a business that occupied a central role in the American economy and social life. Insurance advertisers sought to achieve these goals in a number of ways, including the creation of "public service" marketing, distribution of curriculum to schools and libraries, publication of advice literature, and provision of insurance-related information to news services, radio commentators, doctors, lawyers, and community groups.

Of all of these educational venues, none proved more successful or popular than public service marketing. Industry advertisers indentified the public service campaign as a powerful tool that could shape consumer behavior while also increasing esteem for the industry, associating private insurance institutions with authority, expertise, and

[82] Advocates of "institutional advertising" like Thiemann, Nordhouse, and Simkin, all published by the Life Insurance Advertisers Association, argue repeatedly in literature aimed at insurance advertisers that the industry as a whole should develop a consensus concerning its marketing goals.

altruism.[83] Metropolitan Life Insurance Company president Louis Dublin offered an early articulation of this vision in 1943, calling insurance public service work "an example, characteristic of the American way of life, of private enterprise promoting public welfare."[84] Public service advertising also allowed insurers to sidestep the focus on death and destruction that had characterized many pre-war ads, providing an opportunity to emphasize instead the contingencies of living. Finally, public service materials could be used to shape the mentalities and conduct of consumers (including current or potential policyholders) and encourage "insurable," enterprising behaviors compatible with a private insurance society.

The first public service advertising was Metropolitan Life's public health campaign, which began in 1916 and continued into the final decades of the twentieth century. The most successful and widely recognized public health campaign in the history of the United States, Metropolitan's multi-faceted health program included hundreds of public health advertisements (which ran in hundreds of national and local newspapers and magazines), the institution of visiting nurse programs in cities across the country, the publication of textbooks and other educational materials for use in schools and libraries, and the broad distribution of health-related pamphlets and brochures to individuals and families across the country. The scope of the program was massive – by 1959, Metropolitan had produced roughly 12,625,000,000 health-based advertising

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[83] As noted earlier, this emphasis on public service grew out of the industry's response to early twentieth-century charges of corruption and high profile events like the Armstrong hearings. The idea was to "humanize" the industry by doing, or at least claiming to do, good works. This helped make insurance seem like a vital and necessary part of society, a "social good." See Zelizer and Yates.

[84] Louis Dublin, *A Family of Thirty Million: The Story of the Metropolitan Life Insurance Company* (New York: The Metropolitan Life Insurance Company, 1943), 423.

messages for national magazines and distributed 1,711,529,994 health and safety pamphlets in the United States and Canada.[85]

In the world of advertising, Metropolitan Life's public health campaign was pathbreaking, contributing to the vision of insurance as a public service more than any other insurance program, before or since. Historian of advertising Roland Marchand has credited Metropolitan with "a reputation as the most philanthropic advertiser of the era."[86] Observers from the time, including Herbert Hoover (then U.S. Secretary of Commerce), concurred. Hoover applauded Metropolitan in a 1923 speech as "the greatest single institution dedicated to the public welfare in America."[87] The massive popularity of the health campaign during its first few decades helped Metropolitan become the largest and most successful insurance company in the nation and gained the firm a reputation, amongst medical professionals and the general public, as the nation's leading authority in the realm of public health. The success of this campaign and the goodwill it generated for Metropolitan led other insurers to follow suit. Noting that the campaign had improved the reputation of the entire industry, and not just Metropolitan, insurance marketing experts and professional organizations encouraged industry-wide adoption of similar advertising methods. By the postwar era public service "educational copy" had become synonymous with insurance advertising and was embraced extensively across the industry.

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[85] Carl Carmer, *A Tower of Strength: The Story of the Health and Welfare Program of the Metropolitan Life Insurance Company* (New York: The Metropolitan Life Insurance Company, 1959), 27.
[86] Roland Marchand, *Creating The Corporate Soul: The Rise Of Public Relations And Corporate Imagery In American Big Business* (Berkeley: University of California Press, 198), 187.
[87] Metropolitan Life Insurance Company, *An Epoch in Life Insurance: A Third of a Century of Achievement* (New York: The Metropolitan Life Insurance Company, 1924), 271.

Metropolitan continued its health campaign after the War, but the foci of its health advertisements changed during this period to reflect the primacy of the individual and self-management that infused the insurance marketing of the era and postwar life more generally. Metropolitan's postwar health ads focused less on communicable, "social," diseases (a preoccupation of its prewar ads – see for example figure 4) and more on non-communicable conditions related to individual behavior. Many of the new topics covered by the company's postwar public service ads cited changes in medical knowledge concerning "new" sources of illness such as stress, depression, obesity, and alcoholism. Importantly, these new medical concerns reflected an shift in the meaning of "health" in relation to individual conduct. From the perspective of the postwar medical establishment (of which the insurance industry was a crucial arm), "disease control" could no longer be achieved simply by changing the social behaviors of Americans. Public health now also depended on training new forms of responsibilized individual conduct, self-reflexivity, and vigilance. Public service announcements encouraging the washing of hands and covering of coughs (popular topics of Metropolitan's prewar campaign) were thus replaced during the postwar era by ads promoting relaxation, having fun, watching one's weight, and controlling emotions (see figures 8 and 9).

While health was a major topic of postwar insurance public service marketing, the industry did not restrict its educational efforts to health alone. Individual companies and industry professional organizations distributed thousands of non-heath "educational" materials geared towards encouraging insurable behaviors and introducing Americans to the idea and virtues of private insurance. One important topic covered by these materials

was the insurance business itself. As noted earlier, educational copy was used by many companies to alert consumers to developments within the business, including changes in policy types and payment plans, large industry investments, and company expansion into new territories and home offices. This advertising provided an important form of communication between insurers and consumers in a period when the industry was changing rapidly. The years immediately following the War witnessed many innovations within the industry, which led to major shifts in how insurance was sold and bought by Americans.[88]

Teaching Americans about the inner workings of the industry thus became a major goal for insurers, who feared that consumer ignorance of how insurance worked was a major detriment to sales and harmed the industry's reputation. The Institute for Life Insurance (ILI), as noted earlier, was formed explicitly to combat this perceived problem. The Institute's extensive body of postwar public service ads, school textbooks, and informational pamphlets sought to educate Americans "in plain, easy to understand language" about the insurance enterprise. Textbooks with titles like "Blueprint for Tomorrow," "What Life Insurance Means," and "Moderns Make Money Behave," offered information about underwriting, risk classification, actuarial tables, policy types, and the insurance application process, while at the same time underscoring the importance of responsible investment, saving, and financial planning for the future (see

[88] Some of the more important innovations from the era included the invention of the umbrella "homeowners" policy, designed by American Insurance in 1950, and the institution of automatic payment plans that deducted premiums automatically from consumer wages.

figures 10-12).[89]

While these materials were presented as educational documents, their value to the insurance industry clearly expanded beyond their instructional, "public service" quotient. One insurance textbook, written for a high school audience, instructed students, "This is your workbook – when you are through with it, take it home. Your parents will be interested in the information presented and to see the work you've done," a fairly transparent attempt to get more "mileage" out of the text, persuading parents as well as students of the value of life insurance. The same textbook also included a pitch to students to seek future employment in the insurance industry, promising in its early pages, "You will learn something of the vocational opportunities which exist in insurance, opportunities which you may want to investigate for yourself when you graduate from school."[90] This move, significant during a period of increasing concern over a perceived future "manpower" shortage, suggests yet another way in which insurers made use of their "educational" materials.

Insurance educational texts and ads could serve other, less overt, goals as well. Along with combating suspicion of insurance by showing people how it "worked," these materials also provided a way of training actuarial rationality, of teaching people to think in terms of numbers, probabilities, and the statistical management of future risk. Although insurers lauded the "accessibility" of their textbooks and related public service

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[89] "Moderns Make Money Behave" is a particularly revealing title. From a biopolitical perspective, at least, it suggests an interest in managing and training "species" of all sorts – not simply human life and populations, but also money and economic systems more generally.

[90] H.G. Enterline, M Herbert Freeman, and Kennard Goodman, eds. *Blueprint for Tomorrow: A Life Insurance Workbook for Business Education* (New York: Educational Division, Institute for Life Insurance, 1953 – second edition printing in 1954) 3.

materials, many featured elaborate statistical calculations and complex math problems (see, for example, figures 12-14). A John Hancock ad from 1958, for example, asked readers to calculate the financial resources necessary "If Jane had to support our family…" The ad details the future expenses of a potential widow, tallies up likely income, including social security and private insurance, then asks readers to perform a mathematical exercise: "Suppose you are age 30, your youngest child is 7… If you are not here, your family will receive $10,000 – then 200 a month, at 5$ a week…" and so on.[91] By introducing readers to the statistical figures and actuarial equations at the heart of insurance practice, then asking to them to participate in such calculations themselves, insurers could teach Americans how to think actuarially – a vital aspect of learning how to be insured in a private insurance society.

Once people understood the basics of private insurance and could think in actuarial terms, the next step was to teach them how to apply actuarial thinking and enterprising mentalities to their daily lives. This, of course, was a process that needed encouragement, and no venue provided assistance in this arena better than expert advice. Professional organizations like the ILI were leading producers of postwar "expert advice" marketing, but individual companies in all lines of insurance contributed to this trend as well, filling national newspapers and magazines with thousands of insurance ads instructing Americans in topics as diverse as stretching the family food budget, future career paths for children, juvenile delinquency, debt management, marital happiness, and the potential harms and benefits of working wives (see figures 15-17). At first glance, many of these

[91] Walter Harrison, "Choosing a Copy Theme," in Simkin, 26.

advice ads appear to have little to do with insurance. The absence of an overt "shill" no doubt contributed to the sense that advice was offered by insurers and their affiliated experts out of an altruistic commitment to "public service." When read as materials encouraging actuarial, enterprising thinking, however, the less overtly benevolent – and indeed, governing – nature of insurance advice marketing comes more readily into view.

The family and family life were by far the most common topics of postwar insurance advice marketing. Marriage, an occasion to plan for the future (and purchase more insurance) was addressed from a number of angles in an especially large quantity of industry advice ads. The primary "lesson" offered in nearly every ad was the necessity of "planning" for healthy marriages and happy family life. One early 1950s ad, for example, featured an image of a mother advising a daughter dressed in a wedding gown. "Remember, Dear," the mother announces in the ad title, "Happiness doesn't just *happen*!" Another from the same series asked readers in a large headline floating over an image of a happy couple in a boat, "Why is marriage like a Canoe?...Because to Manage Either Takes Proper Balance and Teamwork."[92] Other advice ads addressed more specific marriage-related questions, such as the proper age to marry and whether or not wives should work outside the home. A 1948 advertisement entitled "How Young Should People Marry?" for example, introduced readers to the Joslins, a couple who had married at the (relatively young) age of 21, but had nonetheless managed through hard work and creative financial planning to "make their own security." The Joslins, the ad copy concludes, "were right to marry as young as they did" and "prove to all of us that we can

[92] ILI, 1947, "Remember Dear, Happiness Doesn't Just Happen," J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

solve our own problems by our own efforts."[93]

Many of these advertisements included advice "essays" written by nationally recognized experts. A 1947 ILI ad featuring an image of a woman dressed in work clothes juggling a grocery bag while leaning over an oven, for example, asked readers, "Does the Extra Paycheck Always PAY?" The subtitle, "When wives work, more money often means more problems, too!" is followed in the copy by "An authoritative discussion of this very modern question by Frank J. Hertel, General Director, Family Service Association of America."[94] A year later, in another ILI ad, Hertel again addressed readers, declaring, "In many cases wives can work *and* run happy homes… but it takes careful management."[95] Experts also stepped in to discuss other family-related questions, including debt management, family food budgets, and saving for college and professional training for children. In an early 1950s ad entitled "The Birthday Tommy tried to FORGET!" a child dreams of a new bicycle but does not receive a birthday present because his parents toil under "the great burden of debt that has made many American homes unhappy." In the copy, a "renowned family planning expert" advises parents how to avoid such unhappy situations by creating a family budget and planning for the future by saving.

While many insurance advice ads stressed "family happiness" as the end-goal of family financial planning, others suggested the beneficial effects of entrepreneurial

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[93] ILI, 1948, "How Young should People Marry?" J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.
[94] ILI, 1947, "Does the Extra Paycheck always PAY?" J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.
[95] ILI, 1948, "Should Wives Work Too?" J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

parenting on the nation as a whole. In "The *Real* Culprit was Never Tried," an ad featuring an image of a young boy in court, David Armstrong, Executive Director of the Boys Clubs of America, instructed parents to work activities for children into their family budgets, "just as you would save money for your children's food… In fact, [organized activities] *are* food – for their heart and spirit." Rising juvenile delinquency and national burglary rates, Armstrong explained, could be prevented through the enterprising activities of parents who sought security for their families through financial planning.[96] A Metropolitan Life advice ad from the same period offered a similar argument in "The Restless Years: 9-12." Here, parents were instructed to monitor the reading materials of their pre-teen children as a means of preventing juvenile delinquency. "Some comics are suitable for children" the ad copy instructs, "others that stress cruelty or crime are not." The same ad also encouraged parents to teach children "the value of money" and "how to budget allowance," warning that "the school can't be expected to solve all your child's difficulties."[97] Significantly, this last exhortation underscored the notion that government programs like the justice system or public schools offered inadequate solutions to the management of national risks.

New York Life's early 1950s "saving for education" series followed a similar tack, stressing the importance of individual and family financial planning for the future prosperity and defense of the nation writ large. "Presented in the public interest" to "help guide America's Children to a better future," these ads explored a series of career options

[96] ILI, 1947, "The REAL Culprit was Never Tried!" J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.
[97] The Metropolitan Life Insurance Company, 1959, "The Restless Years: 9-12" Roy Lightner Collection Of Antique Advertisements, Rare Book, Manuscript, and Special Collections Library, Duke University.

available to the sons and, in a few halting references, daughters of the nation. In "Should your Child be an Aeronautical Engineer," a two-page advertisement presented in the form of an informational article, famous aviation pioneer Igor Sikorsky outlines the challenges and rewards of a career in aeronautics. Part autobiography and part instructional manual for parents, the ad underscores the necessity of technological and military training in the fight to defend the free world from communism. The ad copy asks parents to look for early signs of technological prowess in their sons. Qualities like "imagination," "vigor," and "inquisitiveness," despite their almost universal occurrence in all children, are portrayed as sure signs of a boy's promising future in engineering. Sikorsky then presents aeronautics as a particularly lucrative career, and ensures parents that their child can get a Bachelor's degree in engineering in only four years, "opening the door to practically any phase of the profession except in certain branches of research." The copy then concludes on an ominous note, citing the shortage of aeronautical engineers as "a serious national problem" which America "must find a way of solving within the next few years if we are to insure our leadership in private industry, our national defense and our continued survival as a free people."[98] By linking the defense of the United States with the ability and desire of individual families to plan for the education of their children, ads like "Should your Child be an Aeronautical Engineer?" constructed the economic security of American families as both an investment in the future of their children and a essential duty to nation.

[98] New York Life Insurance Company, "Should your Child be an Aeronautical Engineer?" *Saturday Evening Post*, Aug 8, 1953, p50.

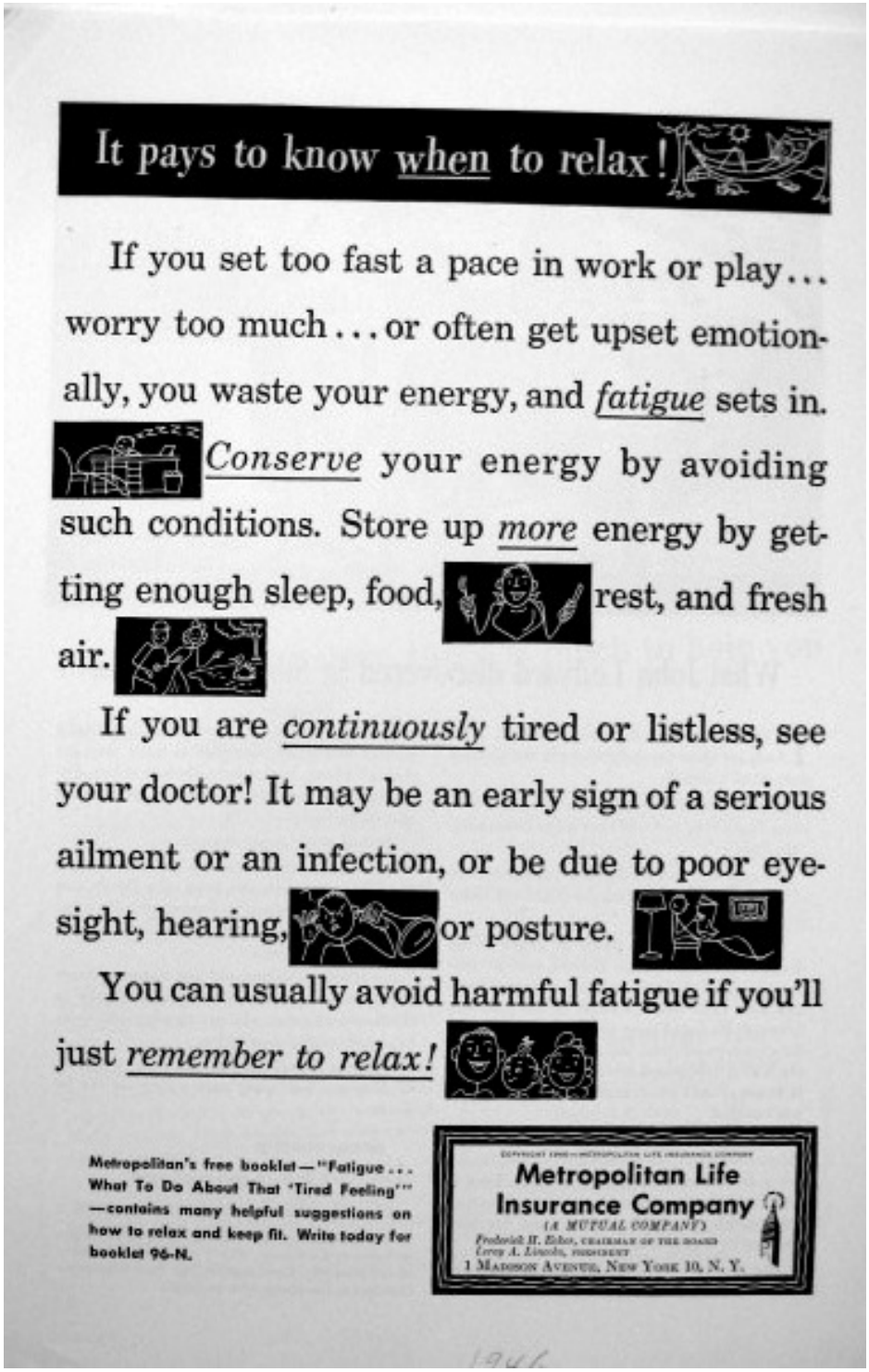
Not surprisingly, many of these advice ads expressed obvious biases concerning proper gender roles and identities for men and women. Agents in the ads are referred to as men, "dependents" are represented as women and children, and the stable, nuclear family with a male "breadwinner" is regularly offered as the ideal model for family life. Yet while many postwar insurance ads endorsed gender roles that meshed well the patriarchal climate of the era, this was never their primary objective. In fact, the focus placed on training actuarial thinking and the entrepreneurial management of the self in these ads often subverted their more ideological undertones. Insurance advice ads that addressed the topic of wives entering the workforce, for example, stand out not for their gender biases or overt sexism, but rather, for their ambivalence concerning "answers" to such questions. Expert advisers in these ads made no conclusive arguments about whether wives, or even mothers, should work for wages – in every case, the primary message was that such questions must be answered through careful planning and a drive to manage, through calculation, potential future risks to family health and happiness.[99]

The amazing breadth of seemingly non-insurance-related topics covered by insurance advice campaigns further underscores their governing rather than ideological or strictly profit-driven character. In these ads, no aspect of social existence was immune to the correlation between life and enterprise – even faith was portrayed as a pursuit that

[99] Women were coded as dependents in many ads, as the "reason" why men bought life insurance, home insurance, and so on. But they also represented a huge, untapped market. The challenge of capturing the women's market while at the same time keeping in tact the ideology of dependency and paternalism on which insurance had relied on for over a century as its social "reason for being," was immense during the postwar period. This tension is reflected in the many ads marketing insurance to working women and in internal industry literature. See "American Women and American Values," in *Facing the Future's Risks: Studies towards Predicting the Unforeseen* (New York: Harper and Brothers, 1952). After the War, insurers gradually abandoned the dependency angle, moving instead to a larger focus on the self and to insurance as exercise, a tool that made one a responsible entrepreneurial subject and not simply a dependable breadwinner.

required planning and management of the sort private insurance could train and offer. "I Pray the Lord my Soul to Keep" a 1949 ad, for example, urged readers to seek out faith as "a bedrock of family unity, a shield for family happiness." At the end of copy, the ad reminds readers, "To keep alive the family's faith calls for a positive plan – just as you plan for your family's material welfare."[100] This ad, like so many other insurance educational materials from the period, insisted that the *management* of spirituality, like all other aspects of life, must be strategic and subject to calculated action.

[100] ILI, 1949, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.



It pays to know when to relax!

If you set too fast a pace in work or play... worry too much... or often get upset emotionally, you waste your energy, and *fatigue* sets in. *Conserve* your energy by avoiding such conditions. Store up *more* energy by getting enough sleep, food, rest, and fresh air.

If you are *continuously* tired or listless, see your doctor! It may be an early sign of a serious ailment or an infection, or be due to poor eyesight, hearing, or posture.

You can usually avoid harmful fatigue if you'll just *remember to relax!*

Metropolitan's free booklet—"Fatigue... What To Do About That 'Tired Feeling'"—contains many helpful suggestions on how to relax and keep fit. Write today for booklet 96-N.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
Frederick H. Ecker, CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT
1 MADISON AVENUE, NEW YORK 10, N. Y.

Figure 8. "It Pays to Know When to Relax!" Metropolitan Life Insurance Company 1946 public health ad emphasizing self-reflexivity and the individual management of health. Source: Roy Lightner Collection Of Antique Advertisements, Rare Book, Manuscript, and Special Collections Library, Duke University.

FAMILY MENTAL HEALTH NUMBER 8

The harder you work... the truer it is...

You need Fun!

No true health or happiness without it, says this eminent authority on mental hygiene . . . and it need not cost much

"We all work hard, these days, and we all live hard," says Dr. George S. Stevenson, Medical Director of the National Committee for Mental Hygiene. "The pace of life is far faster than it was in Grandfather's time. So all of us—young and old—need some relief from the strain.

"Fun is a tonic. It freshens us up when we are tired or bored with our routine tasks—gives us new strength and enthusiasm for the business of living.

"Fun is a very *personal* thing. Fun for Daddy may mean fishing; for Mother, a good movie; for young Marge a school dance; and for little Billy a chance to use his new baseball bat. Nor should any one set up regular hours in which somebody else must play.

"Human nature is such that the minute 'fun' is forced, or made part of a fixed schedule, it isn't fun any more.

Fun for the whole family

"Yet the happy family is very apt to be the one that knows how to have fun together. This comes from the gradual development of common interests and activities. For instance, if Daddy is a good singer, he may get everyone interested in family singing. Or perhaps Mother loves picnics and puts up such delicious lunches that the whole family looks forward to a meal on the banks of a brook or lake.

"The important thing is to make fun an *accepted part of the family life*—that is, to arrange not only enough time but enough money for everyone's pleasure and relaxation.

"It is not hard to get together the money for a family trip or even a vacation, if you start soon enough.

"Actually, most fun need not be expensive. Such things as toys, games, sports equipment, movies and party dresses may be expected to cost a little something; but radio programs, neighborhood get-togethers, farm group meetings, 4-H contests, local baby beef shows are free.

"Too much fun can of course be harmful. But some fun we must have if we are to develop ourselves fully, and lead truly normal and happy lives."

HOW TO PLAN FOR FAMILY HAPPINESS

Regardless of the size of income, any family can have more happiness and fewer family worries by carefully planning the use of available family income.

First, plan in advance for "fixed" charges—rent, taxes, mortgages, and payments on machinery, livestock, life insurance, and other insurance.

Second, set aside something every month and U. S. Savings Bonds until you have an adequate fund for emergencies, such as crop failure, illness, loss of animals, and as a general reserve against possible lower farm income.

Then you can determine what you have to spend for everyday family needs such as food, clothing, health and for recreation—and what you can afford to set aside for such family plans as improvements on the home, education, holidays, travel and personal enjoyment.

Because the life insurance companies and their agents have long helped people to plan for family security and happiness, they are conducting this program of information as a public service to the 70,000,000 persons of life insurance and to every American family.

This message is sponsored by the

Life Insurance Companies in America

AND THEIR AGENTS

INSTITUTE OF LIFE INSURANCE, 60 East 42nd Street, New York 17, N. Y.

Figure 9. "The Harder You Work… the Truer it is… You Need Fun!" The Metropolitan was not the only institution to emphasize individual health as a product of self-management. The ILI also produced heath-oriented ads. Source: 1948, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Young people do want to know the facts of life insurance

Our schools are not only teaching them how to make a living . . . but equally important, *how to live!*

For more than 80% of our children, graduation from high school marks the end of formal education. Today's high schools are putting an increasing emphasis on training that will prepare young graduates for productive jobs and careers.

And in more recent years, there has been a definite trend to "education for living" and the addition of such courses as home and family living, family relations and money management.

As a central source of information about life insurance, the Institute of Life Insurance is continually answering requests of teachers and students for information and educational material on life insurance.

As part of its educational program, the Institute prepares teaching aids for classroom use, consisting of booklets, charts, motion pictures, and other items for which teachers may indicate a need.

In addition, the Institute sponsors a nationwide scholarship program to improve the teaching of money management and financial security. This is done through summer workshops at eight major universities which give intensive training in teaching techniques and subject matter to educators who, in turn, pass on their knowledge to their students and to other teachers.

Through these services, the Institute of Life Insurance is helping to broaden the understanding of a subject that is a major source of financial security for the American family.

The booklets shown above are just two of the many aids prepared by the Institute of Life Insurance. They are useful to radio editors, writers and commentators, as well as educators. Copies are available on request.

Institute of Life Insurance

Central Source of Information about Life Insurance
488 Madison Avenue, New York 22, N. Y.

5457-B

This advertisement appears in
Broadcasting-Telecasting—March 9, 1953

Figure 10. "Young People Do Want to Know the Facts of Life Insurance,"1953 ILI advertisement for life insurance textbooks designed for use in schools. Source: J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Women, too, are interested

Women's stake in life insurance is constantly growing—and, along with it, the number of questions they are constantly asking about it! Yes—women are interested.

Not only are women named to receive the proceeds of most of the policies currently in force—but they themselves own more than $45 billions of life insurance. Almost as many women as men are policyholders.

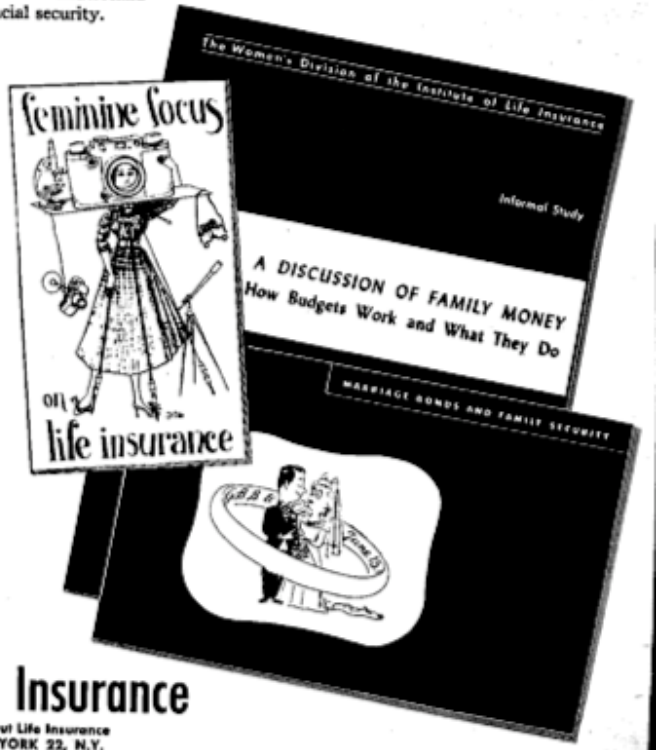
They own insurance for the same reasons as men—to protect dependents and to provide for their own retirement years.

The Institute of Life Insurance has long recognized this interest on the part of women. It has published a number of informational booklets designed to answer the questions they ask about life insurance and to promote a better understanding of its place in family financial security.

In addition, in response to requests from women's organizations and other groups, it has provided speakers for women's financial forums held throughout the country.

In current campaigns, in radio talks, in magazine releases, and other forms of communication, the material presented is quite frequently based on questions of special interest to women.

Through these services, the Institute is helping to broaden the understanding of a subject that is of vital interest to the women of America.



Informational Booklets

These booklets, published by the Institute of Life Insurance, can be helpful as source material for radio editors, writers and commentators. They are yours for the asking. Also if there is any special way in which the Institute can be of assistance to you, please let us know.

Institute of Life Insurance

Central Source of Information about Life Insurance
488 MADISON AVENUE, NEW YORK 22, N.Y.

5099-B

This advertisement appears in
Broadcasting-Telecasting—February 9, 1953

Figure 11. "Women, Too, Are Interested." The ILI issued special pamphlets and textbooks for women, as well as students. These materials were distributed to women's groups, schools, "radio editors, writers, and commentators." Source: 1953, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

EXERCISE 1

By using the simplest kind of arithmetic you can learn many things from the chart shown on page four. One question you can answer is what percentage of people are likely to live from one age to another. If 980 people are 15 years old, for example, and 968 are 25, you can figure out very simply that 99% of all the 15-year-olds in your school will probably live to be 25.

No. of people who are 25 = 968

No. of people who are 15 = 980

$\frac{968}{980} = .987$ (99%)

.987
980 | 968.000
8820
8600
7840
7600
6860

Solve the three problems given below on a separate sheet of paper and write your answer in the space indicated. They are solved in exactly the same way as the one above.

1. What percentage of the 15-year-olds today will probably be alive to attend a school reunion 50 years from now? (You will see from the chart that there are 690 people 65 years old and 980 alive at age 15. Therefore, 690 is what percentage of 980?)

Answer_____

2. Out of the teachers who retire this year at age 65, what percentage will probably be alive 20 years from now, when they are 85? (162 is what percentage of 690?)

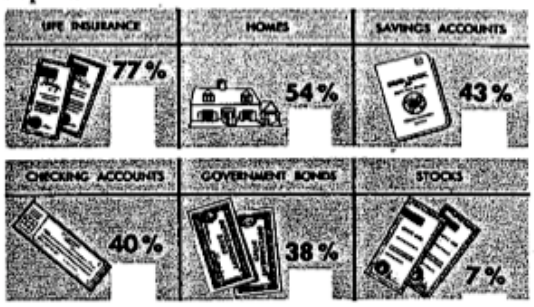
Answer_____

3. What percentage of the 25-year-old fathers who live in your city will probably be alive 25 years from now when their children are grown? (883 is what percentage of 968?)

Answer_____

EXERCISE 3

The chart below shows how families in this country build savings and family protection. Seventy-seven percent have life insurance; home ownership is in second place; and savings accounts are in third place.



Different people save money in different ways because they have differing needs, goals and incomes. Most families own more than one kind of savings and many families own all six.

The questions below present two different situations. Check the best answer in each case.

1. A boy receives a present of $5.00 for Christmas and decides to save it for his vacation.
   - Put it in a savings account___
   - Start a life insurance policy___
   - Buy a share of stock_____

2. A family has two small children and a modest income. The father wants to put another few dollars a month into a plan which will give his family as much protection as possible in case he should die.
   - Start a checking account_____
   - Add to his life insurance_____
   - Buy stock _____

Figure 12. Insurance math quiz from the textbook *Blueprint for Tomorrow* asking high school students to calculate the virtues of various savings methods. Source: 1953, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

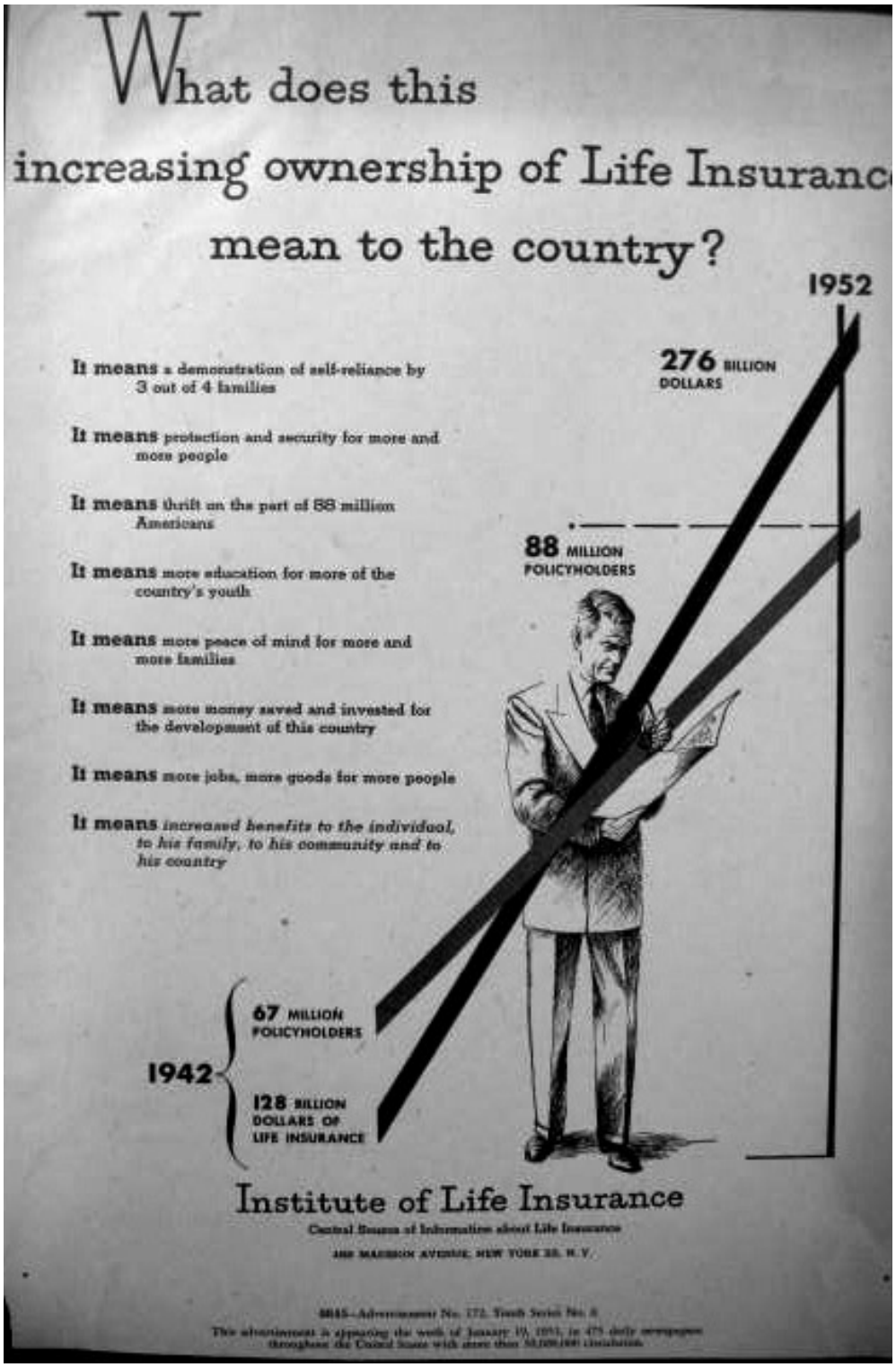


Figure 13. "What does This Increasing Ownership of Life Insurance Mean to the Country?" ILI educational ad encouraging actuarial thinking through the use of statistical equations and predictive modeling. Source: 1952, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Figure 14. "How Long Will it Last?" Metropolitan Life ad asking readers to apply actuarial calculations in the creation and maintenance of family food budgets. Note the monetization of food. Source: 1949, Roy Lightner Collection Of Antique Advertisements, Rare Book, Manuscript, and Special Collections Library, Duke University.

"Remember, dear—

HAPPINESS doesn't just happen!"

It takes sense as well as sentiment to make a marriage tick!

"BECAUSE you're in love, dear, you just *know* that you will be happy. I felt the same way when I married your father. But our happiness didn't just *happen*. It took work and planning—and more unselfishness than anything else in my life. The more you give to your marriage, the more you'll get. It's as simple as that!"

Perhaps the most important step for a married couple is to set their goal. Now that you're pulling together as a team, in what direction do you want to go? Do you want to have a nice home . . . children . . . travel . . . ? *Talk it over.* Decide what you want now—and what you want in the long run. Then set out to get these things, through planning and saving . . . and loving cooperation. That's how dreams come true!

Who should do the chores?—Nobody . . . should! Certain jobs will naturally fall to the wife, others to the husband. Where there's doubt, talk it over, and then decide what's fair. There should be no nagging about how the other does his or her work. Whenever new problems come up, or if big decisions must be made—always work them out together. "Boxing" is bad for any marriage.

"You see, darling, it's really all up to you!"

Who will handle the money?—That's important; thousands of marriages fail on money problems alone. Usually the cause isn't too little money—it's poor money management.

And this brings us right back to having definite goals. When you know what you want . . . and are saving for it . . . there's far less confusion over who should spend what.

Expect the unexpected! Every family should prepare for the rainy days that come in everyone's life . . . and the sunny days, too. Then, when the time comes, you'll be ready to face any unexpected problem . . . to take advantage of any long-hoped-for opportunity! Your marriage is sure to be *different* from what you thought it would be. But whether it will be *better* does you expected—that's up to you!

How to PLAN for Family Happiness

"That's how dreams come true . . ."

● Happiness in marriage depends a great deal on sound money planning. You'll be more likely to have enough money on hand when you need it, if you'll follow these few simple rules:

FOR TODAY . . . The first thing, for most families, is to take care of the larger fixed items such as rent, taxes, insurance, mortgage and installment payments, etc. Be sure to add up all your fixed items for the year, divide by 12, and set aside this amount monthly.

Also every family should have a "rainy day" fund equal to at least four weeks' income, for bills a little every week until you have this stash. Then you'll know how much you can spend for food, clothing, heat, light, amusement, and so forth.

FOR TOMORROW . . . We live in a changing world. Family needs and circumstances change . . . living costs . . . taxes. If you have not had your life insurance program reviewed lately, the chances are 2 to 1 that it should be brought up to date.

There are so many ways in which you can use your life insurance, that you should have the life insurance you now own checked to see if it is sound in your needs. This is a service that comes with your life insurance.

The persons here engaged to help you with this is the well-trained life insurance agent. For to meet with your agent or write your life insurance company, INSTITUTE OF LIFE INSURANCE, 60 East 42nd Street, New York 17, N. Y.

THE LIFE INSURANCE COMPANIES AND THEIR AGENTS

Figure 15. "Remember Dear – Happiness Doesn't Just Happen!" ILI ad stressing the importance of planning for marital happiness. Source: 1949, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Figure 16. "Should a Bride Keep her Job?" ILI ad addressing the necessity of calculation and planning when considering whether wives should enter the paid workforce. Source: 1948, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

"What this country amounts to depends on what happens in its homes."... That's why the life insurance companies and their agents are bringing you this series of messages from the nation's foremost authorities, to help you plan for happiness in the handling of your family money. (This is message No. 2.)

New York Times December 16, 1947

The REAL culprit was never tried!

More and more children are heading for a life of crime . . . needlessly! As this authoritative article shows, there's a lot *you* can do to prevent it...

by DAVID W. ARMSTRONG
Executive Director
Boys' Clubs of America


David W. Armstrong

A BOY IN COURT is a disturbing sight, but 108,000 youngsters were arrested last year. According to the F.B.I., more burglaries were committed by 16-year-olds than by adults 35 to 39!

Shocking facts! Sometimes the blame must be laid to the neglect or carelessness of parents. Often they and the children are losers in the battle against poor environment or lack of money.

Just the other day I was asked for advice by the judge of a juvenile court. He had three boys before him awaiting sentence for holding up a grocery store. One of them, whom we will call Chuck Conner, had a good record before this mistep. The judge wondered if he could be safely paroled.

I told the judge I thought so . . . if I could talk to Chuck's parents.

Without knowing it, Mr. and Mrs. Conner had been guilty of what is by far the largest cause of juvenile delinquency: lack of parental guidance and interest. Chuck had been allowed to drop out of all activities which would have kept him busy and interested—and away from gangs and street corners. His parents gave familiar reasons: lack of time to think of his problems; no money for his hobbies.

I told them what I tell all parents: children must be encouraged to take part in any wholesome outlet for their energies. The church, playgrounds, youth-serving organizations . . . there are many ways of filling the dangerous vacuum of idleness where delinquency breeds.

Extra problems for parents

Today's difficult times make extra problems for parents . . . and make it more important than ever that they *find* help for their children. If you are very busy you must plan time to spend on them. And if a dollar here and there is needed . . . for camping equipment, a model airplane, a ball bat, a stamp album . . . they should be provided for in the family financial plan. Set aside money for these as you would money for your children's food—in fact, they are food, for the heart and spirit.

Bad management of the family money (and the unhappy homes which result) often gives young people a sense of insecurity, drives them to street life. The best time to do something about juvenile delinquency is *before it starts*.


"Son, we'll have to punish you for this . . ."

How to PLAN for Family Happiness


It isn't hard when you plan together!

• **Budgeting** for your children's hobbies is only part of sound money planning. You'll be more likely to have enough money when you need it, if you'll follow these rules:

FOR TODAY... The first thing, for most families, is to take care of the larger fixed items such as rent, taxes, insurance, mortgage and installment payments, etc.

So start by adding up all your fixed items for the year, divide by 52, and set aside that amount weekly.

Also, every family should have a "rainy day" fund equal to at least four months' income. Set aside a little every week until you have that much. Then, you'll know how much you can spend for food, clothing, heat, light, amusements, and so forth.

FOR TOMORROW... We live in a changing world. Family needs and circumstances change . . . living costs . . . taxes. If you have not had your life insurance program reviewed lately, the chances are 3 to 1 that it should be brought up to date.

There are so many ways in which you can use your life insurance that you should have the life insurance you now own checked to see if it is suited to your needs. This is a service that comes with your life insurance.

The person best equipped to help you with this is the well-trained life insurance agent. Get in touch with your agent, or write your life insurance company, institute of life insurance, 60 East 42nd Street, New York 17, N. Y.

THE LIFE INSURANCE COMPANIES AND THEIR AGENTS

Figure 17. "The REAL Culprit was Never Tried!" ILI ad emphasizing entrepreneurial parenting as a solution to juvenile delinquency. Source: 1947, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Enterprising Influence: Private Insurance Confronts the State

The evolution of insurance advertising and educational efforts over the postwar era reflected a change in insurance industry thinking about its role in American life. The necessity of selling the "idea" of private insurance waned as Americans became more accustomed to the notion of private, self-security. As selling insurance as an idea became less vital, the industry increasingly worked to change the *conditions* under which insurance operated. Hesitant advertisers before the war, by the early 1950s, insurers had thoroughly embraced advertising as a powerful tool for influencing the daily lives and behaviors of individuals and the population more generally. This included biopolitical efforts to transform the population – to make it safer, more secure, and more reflexive in matters of health, family, and finance – but it also included efforts to shape the social, political, legal, and economic frameworks that governed insurance itself. Many of these efforts directly confronted the state, arguing against government spending, taxes, and regulation, while at the same time positioning private insurance institutions as competitors of the state in the market for security and social services.

Insurers began experimenting with what advertisers from the period termed "issue" advertising during the final years of WWII. These campaigns were designed not to increase sales, but rather to influence public opinion concerning abstract political, legal and economic processes. In internal industry literature, "institutional marketing" advocates encouraged individual companies and professional organizations like the ILI to adopt "issue" advertising, citing its value as a powerful political device, "a

communications medium that influences the public attitude."[101] This type of advertising, experts argued, enhanced the industry's prestige, developed "a more favorable climate for all of its operations," and could "influence public attitude in such areas as health insurance and inflation."[102] Like the public service ads discussed in the previous section, but less overtly concerned with private life, this form of advertising avoided direct discussion of insurance consumption and instead addressed topics like inflation, price control, taxation, government spending, and insurance industry regulation.

The earliest of these "issue" ads addressed the problem of rising prices and sought to educate and alert the public to the causes and dangers of inflation. The ILI was once again a leader in this arena, producing hundreds of anti-inflation advertisements between 1944 and 1958.[103] The bulk of these ads stressed the importance of saving as a means to combat postwar inflation and demanded that Americans take individual responsibility to keep prices down and the cost of living low. In a 1944 ad titled "Why your Life Insurance Companies Urge You to Keep up the Fight Against Rising Prices," for example, the copy insisted, "The financial health of America as a whole depends on the financial health of every individual…This in turn depends largely on how well-informed each individual is concerning the part he must play in the general economic picture for his own best interests and the best interests of his country. "[104] Individual economic behaviors, and particularly planned consumption and saving for the future, were depicted in such ads as

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[101] Thiemann 50, see also Simkin.
[102] Ibid, 27.
[103] Individual companies in other fields of the industry also produced anti-inflation ads, though they are not discussed at length in this chapter.
[104] ILI, 1944, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

essential ingredients of responsible citizenship. This emphasis on duty and responsibility is undeniable in ad titles like "Who's to *Blame* if the Cost of Living gets Out of Hand" and "Keeping America Strong is Everybody's Job!" [105] Every American, these ads suggested, must play a part in defending the nation and maintaining economic prosperity. "By saving instead of spending," one ad promised, "you will guarantee the safer, happier future you have always wanted. You will help hold down your present cost of living. And – you will be doing your patriotic duty towards helping win the war."[106]

Insurers argued that anti-inflation "issue" advertising was presented as a service to the nation and in the best interest of consumers and the general public. One institutional advertising guide described these campaigns, for example, as devoted to "preserving the power of the dollars guaranteed to policy owners and beneficiaries."[107] Yet anti-inflation advertising, not surprisingly, also served the industry itself. Most obviously, these ads encouraged the purchase of private insurance by identifying saving and investment as patriotic behaviors linked to engaged and active citizenship. Anti-inflation education served the industry in less obvious ways, as well. Inflation disproportionally affects lenders and depositors who are paid a fixed rate of interest on investments, resulting in a decrease in purchasing power from interest earnings. It can therefore lead to major profit losses for industries, like life insurance, that engage primarily in long-term investments. Inflation also increases the inefficiency and unpredictability of markets, making long-term institutional budgeting and planning

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[105] ILI, 1945, 194, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.
[106] ILI, 1944, "What YOU can do to Prevent Runaway Prices," J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.
[107] Thiemann, 29.

(essential to insurance operations) difficult. Finally, inflation produces widespread uncertainty concerning the future purchasing power of money, inhibiting consumer willingness to save and invest through mechanisms like insurance. Anti-inflation educational advertising thus presented the ILI and other insurance advertisers with a means to bolster the industry's "public service" image while at the same time protecting investments and profit margins.

Importantly, this form of "issue" advertising also allowed insurers to position their industry as a custodian of the national economy on par with the state, and to call into question government spending on social services (spending that private insurers, as noted earlier, saw as a major form of competition). "Do We Have What it Takes?" a 1945 ILI ad, for example, wedded an anti-inflation message with a call for restricted government. "Now is the time to show the world we have what it takes," the ad copy proclaimed, "to stop the enemy's Sixth Column, *inflation*, form sapping the life-blood of our economy at *home*!" One of the primary ways readers could help combat inflation, the ad insisted, was to oppose state spending, to "say NO to government expenditures that are unnecessary at this time." This included the public provision of any services not directly related to defense: "We can't afford all the non-military projects we might like and also provide the national defense we *must* have." By embracing austerity, prudence, and thrift – and encouraging government to do likewise – the ad assured that individual Americans could play an active role in defending their nation while keeping inflation "from getting out of hand."[108]

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[108] ILI, 1945, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Other campaigns took a similar approach towards government spending, urging Americans to eschew public services, taxation, and non-defense expenditures. The 1946 ad "Keeping America Strong is Everybody's Job!" for example, called on readers to "do away with the luxury of taking it easy… of spending freely… of letting government do *for* us what we can do *for ourselves* or do without… of living with the government budget far out of balance."[109] Insurers continued to push this message long after the conclusion of the War. In 1952 the ILI published what was, perhaps, its most overt call for small government and restricted state spending. The ad, "Why Should You Help Your Representatives Keep Down Government Spending?" featured a large image of a young couple placing a stamped letter in a mailbox (see figure 19). Beneath this image, the copy enjoined readers to denounce taxation and social service spending: "You must tell your government representatives that you support their efforts to spend carefully and not wastefully… *Insist* that the federal, state, and local governments cut out *all* unnecessary spending. Tell them you do not expect more government services now." A clear attempt to check desire for the public (rather than private) provision of social services, this ad reminded readers that "government dollars are *your* dollars," and dictated that "non-defense [state] spending be cut to the bone." [110]

Though a leader in this kind of marketing, the ILI was not alone in pursuing these goals. Other industry organizations also encouraged anti-government sentiment and rallied against non-defense state spending. An advertising manual produced by the Insurance Advertising Association just two years before the passage of the highly

[109] ILI, 1946.
[110] ILI, 1952, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

contested 1965 Social Security Act, for example, instructed companies to increase advertising for health insurance policies covering people over the age of 65. "In recent years," the manual noted, "medical care for the aged has become a topic of wide interest with considerable pressure for governmental action in this area." Advertising alerting Americans to the fact that "private companies already offer this coverage," was thus presented by the LIAA as a potential bulwark against government intrusion into the health insurance market.[111] The sense that government-provided health insurance and social security threatened private insurance institutions was expressed more overtly five years earlier in "The Next Decade for the Life Insurance Business: An Opportunity and a Responsibility," a study offered by Life Insurance Agency Management Association director Frederic Pierce at a conference for insurance industry advertisers. "We need to insure a greater number of our total population," Pierce warned, "Four out of ten adult women have none; neither do two out of ten adult men. If we dally too long, isn't there danger the government may decide to do the job itself?"[112]

The success of "anti-government services" and anti-inflation campaigns (one insurance advertising analyst boasted in 1964 that the industry had "thoroughly educated" Americans about inflation) encouraged insurers to continue pursuing political "issue" advertising throughout the 1950s and 1960s.[113] Thus, in a 1958 Review Board meeting with the John Walter Thompson marketing firm (from here on JWT), the leaders of the

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[111] Thiemann, 28.
[112] Frederic M Peirce, "The Next decade for the Life Insurance Business – An Opportunity and a Responsibility," Conference Paper, Life Advertisers Association, September 1957, p6, cited in November 1957 JWT presentation to ILI, J. Walter Thompson Company. Review Board Records, John W. Hartman Center for Sales, Advertising, and Marketing History, Rare Book, Manuscript, and Special Collections Library, Duke University.
[113] Thiemann, 29.

ILI laid out a ten-year advertising plan almost entirely devoted to a continuation of their already extensive "issue" campaigns. In this meeting, the ILI leadership presented JWT with the following questions:

> 1. Can advertising play any role in helping to prevent the business from being taxed?
> 2. Can advertising dealing with the manner in which the business is operated assist in softening the effects of a congressional investigation of the business?
> 3. Should the business continue to discuss inflation in ads and in what manner?
> 4. Public relations – how can advertising create a more favorable attitude toward life insurance?[114]

The brashness with which life insurers revealed these highly political, and hardly philanthropic, intentions can no doubt be explained by the secretive nature of such meetings, the proceedings of which were not intended for public consumption. Archived Review Board minutes documenting conversations between insurers and marketing firms like JWT, however, provide undeniable evidence of the industry's clearly political goals and call into question the "benevolent" nature of insurance public service and "issue" advertising.

The JWT was one of the nation's oldest, largest, and most respected marketing firms in the 1950s, and it remains so today. As the largest marketing firm in the nation, its representatives were certainly no strangers to self-serving, profit-seeking, corporate clients. Yet in meeting minutes throughout the 1950s and 1960s, JWT members repetitively came to blows with ILI leaders over their demands for political "issue" campaigns. After being asked by the ILI to produce a series of anti-taxation ads in a 1958

[114] ILI Meeting, June 26, 1958, J. Walter Thompson Company. Review Board Records, John W. Hartman Center for Sales, Advertising, and Marketing History, Rare Book, Manuscript, and Special Collections Library, Duke University.

Review Board meeting, for example, JWT representatives continuously expressed confusion over the purpose of such efforts. "Now they want anti-tax ads to go along with their anti-inflation ads?" one JWT analyst asked doubtfully, "I just don't see how much good these actually do for the client."[115] When instructed a month later to create a campaign discouraging state commissions from investigating insurance companies by suggesting that the industry was "clean as a hound's tooth," the JWT again expressed doubts. "Let's focus down," one agent reasoned, "If there's going to be an investigation by a congressional committee, what can we do? It's too late now if that's our sole motive. We'll certainly not get much general readership…"[116] The discomfort expressed by the seasoned admen of the JWT in these meetings suggests that insurance institutions like the ILI were unique amongst advertisers of the era in demanding that their ads be directed towards non-sales related, overtly political ends.

Indeed, it was the governing, "educational" nature of political campaigns requested by the ILI that elicited the most criticism from JWT agents. "The institute insists on education campaigns," a JWT copywriter complained, "but also that ads be written in a vein where we appear to be talking *with* the reader not *to* him."[117] Pointing to insurer requests that emphasis be placed on complex legal procedures, tax policy, mathematical equations, and statistics, another JWT agent confessed, "I just don't feel any enthusiasm for these educational campaigns. I just don't see what's to be gained… especially with such low readership subject matter."[118] On the question of anti-taxation

[115] ILI/JWT Meeting, July 1,1958.
[116] Ibid.
[117] ILI/JWT Meeting, June 26, 1958.
[118] Ibid.

advertising, still another noted, "the question of how the life insurance business is taxed is not only too complex for public discussion, but also one in which not even a limited segment of the public would be interested."[119] As these comments suggest, reluctance on the part of marketing firms to embrace the "educational" goals of the ILI often rested on the problem of how to speak to a public audience using the highly technical, specialized, and actuarial language insurers demanded. JWT agents expressed unease, as well, at the ILI's disregard for sales (the traditional focus of advertising) and their requests that new marketing campaigns instead shape the political, legal, and economic conditions of business operations. In most meetings, this hesitance was channeled towards convincing ILI leadership to "tone down" the overtly political rhetoric of their ads – but occasionally it dissolved into contempt. In a 1958 Review Board meeting, one JWT representative complained bluntly, "This 'educational copy' scares me. It sounds like a Martian colossus and I find myself thinking, 'gee, if they've got 20,000,000 for a shopping center, I guess my premiums may be too high.'"[120]

Despite these conflicts, the JWT produced hundreds of "issue" ads for the Institute over the course of the 1950s and 1960s (for a representative sample see figures 16-18). A significant portion of these campaigns addressed the question of industry regulation. Here, the JWT and the ILI adopted a strategy that avoided direct discussion of proposed legislation or investigations into insurer conduct and instead focused on the ways in which the industry was *already* regulated and how it administered itself in the

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[119] Ibid.

[120] ibid. Insurance industry investment in real estate, and particularly shopping centers, intensified during the 1950s. See Chapter Two for a discussion of the changing regulatory frameworks that made these investments possible and their impacts on the built environment and postwar landscape of the United States.

best interests of its policy holders."[121] An ad entitled "How do Life Insurance Companies Figure Premiums?" for example, explained the internal mechanisms companies employed to determine policy pricing, emphasizing their efficiency and objectivity.[122] Another, "What Standards Govern the Life Insurance Companies in Investing your Money?" took a similar approach towards the question of regulation, describing the industry's already existing commitment to safety, diversification, and interest returns. Assuring readers that companies, "endeavor to place life insurance money where it does the most good for the country and the people," this ad lauded the industry's commitment to public service and suggested that increased regulation of insurance investment practices would be unnecessary.[123]

Along with discouraging industry regulation, ILI "issue" ads also sought to paint private insurance as a viable, even superior, alternative to the state and state-based services. These ads focused less on the responsibilizing force of insurance consumption on individuals, its ability to train self-sufficient and secure subjects, and more on the contributions of "insurance dollars" to the nation as a whole. An ad entitled "How does the Money People Put into Life Insurance Benefit All of Us?" for example, stressed the vital role played by private insurance investments in securing national economic prosperity and the "quality of life" of all Americans:

> Look around you! The houses we live in the cars we drive, the telephones we use, the electricity that lights our homes, the food we eat, the clothing we wear, all of the things that really effect our lives every day are

[121] ILI/JWT Meeting, June 26, 1958. Still, the JWT warned that these approaches would have "An indirect effect on favorable tax and regulation conditions, but only that," ILI/JWT Meeting, July 1, 1958.
[122] ILI, 1955, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.
[123] ILI, 1953.

> probably financed by life insurance funds in some way. Invested in every part of the country, this money touches potentially every phase of American life. It helps provide the capital necessary to build America. It helps finance business, both large and small.
>
> All of this adds up to more jobs and more goods for more and more people. Furthermore, the earnings of these invested funds help keep down the cost of life insurance for the policyholder. So, you see, your life insurance dollars benefit you and your family, your community, and the country as a whole.

The providential nature of private enterprise, so clearly articulated here, was extolled in other insurance "issue" ads as well. "Is America a Better Place because You Own Life Insurance?" another ILI ad from the same series, offered a celebration of private enterprise infused with a veiled critique of public provision. "Through life insurance," the copy vows, "you're building security for yourself and your family – on your *own*. You're not depending on somebody else to do it for you."[124]

While innocuous-seeming in their focus on the mundane technicalities of insurance operations, these ads were, in fact, political documents. They championed the privatization of social services and the deregulation of private industry. They encouraged diminished government spending and public taxation. They called for the extensive expansion of private enterprise into arenas formerly reserved for federal and state government. And they insisted on a smaller, less active state in all areas expect defense.[125] The overwhelming message here was a call to retreat from democratic public institutions and to instead embrace private enterprise as a site of social governance and

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[124] ILI, 1953, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

[125] Note, however, the emphasis on insurance financing of defense plants in these ads. The privatization of national defense was not yet a goal of insurers during this era, though it would become so in the late 1990s. See the Epilogue for a more thorough discussion of post-1980s insurance investment strategies and defense financing.

nation building. The clearly political goals of these ads expose the fallacy of insurer claims that “issue” advertising was offered in the service of the public. Importantly, they also reflect the increasingly neoliberal nature of both insurance marketing and the role the industry envisioned for itself in the political, economic, and social life of the nation.

Have we got what it takes?

Nobody doubts our determination to win victory in the field. We certainly won't deny our fighting men a single thing they need.

But now is the time to tighten our belts—to show the world we have what it takes to stop the enemy's Sixth Column, *inflation*, from sapping the life-blood of our economy *at home!*

This calls for courage to say "NO" to certain things . . .

- **Say NO to government expenditures that are unnecessary at this time.** We can't afford all the non-military projects we might like: . . and also provide the national defense we *must have.*
- **Say NO to government borrowing that can be avoided** by paying cold cash from *current income.* Tough as a pay-as-we-go plan might be, it's cheaper in the long run than weakening our buying power by unnecessary borrowing.
- **Say NO to hoarding.** Unnecessary buying creates artificial shortages, sends prices up.
- **Say NO to unnecessary spending.** Saving is more important today than ever. Our savings keep extra money from competing for goods, and help keep *inflation* from getting out of hand.

Let's make it clear to the enemy that we *have* got what it takes to stop the enemy's Sixth Column inflation.

* * *

The life insurance companies and their agents bring you this message because of its vital importance to the whole nation.

Institute of Life Insurance

488 MADISON AVENUE, NEW YORK 22, N. Y.

Figure 18. "Have We Got What it Takes?" ILI 1944 Anti-Inflation ad discouraging government spending and linking patriotism and responsible citizenship to entrepreneurial financial behaviors. Source: J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Why should you help your representatives keep down government spending?

Because it's your money that is being spent!

We must have defense. But it must be without extravagance, waste or the burden of added inflation. And non-defense spending must be cut to the bone—for the good of all of us. Remember you pay the bill.

Government dollars are your dollars. The more government spends, the more it must collect from *you* eventually in taxes. And the more government spends, the greater its demand for goods and services. This helps push prices up. So *you* pay once again through higher prices.

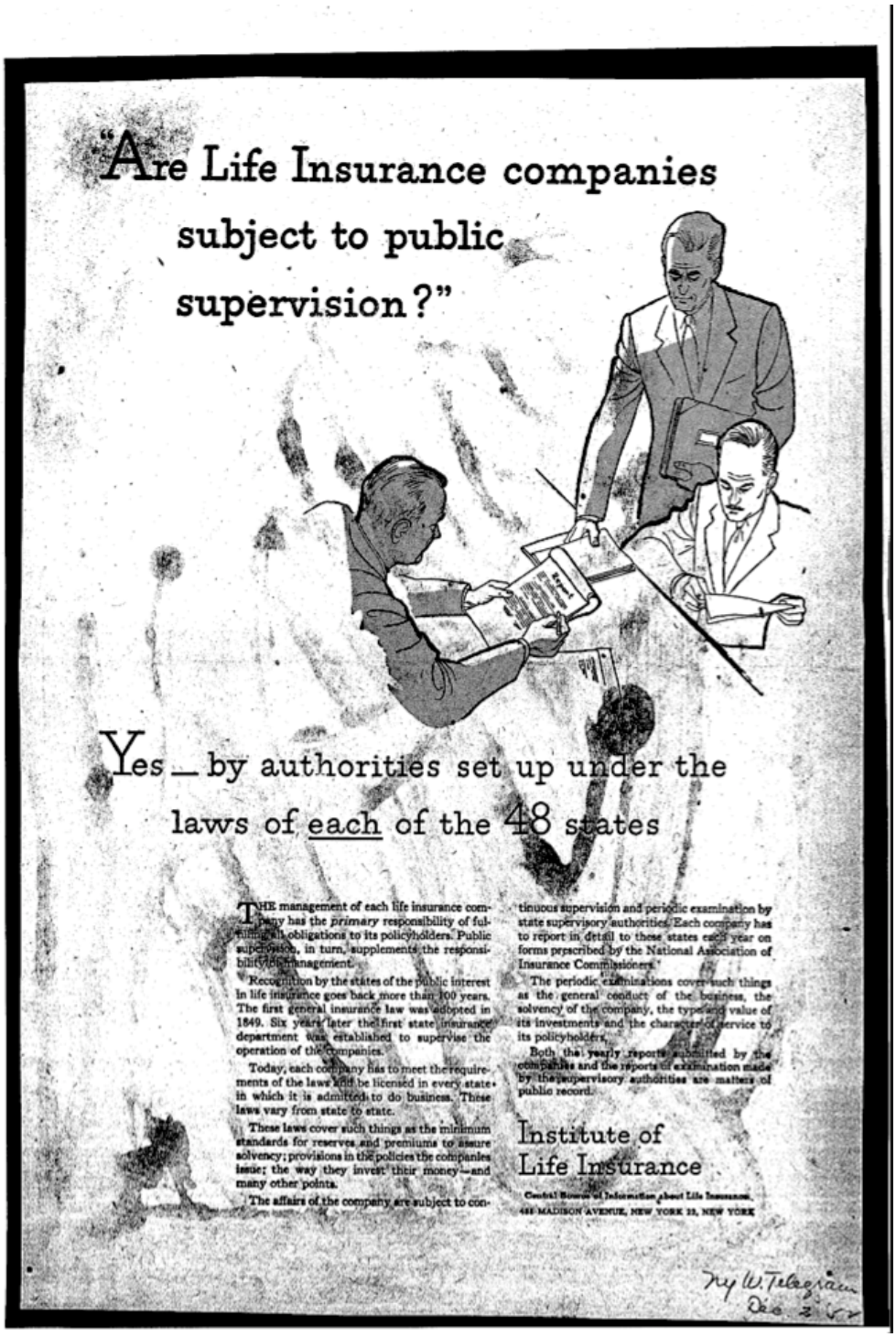
That's why you must tell your Government representatives that you support their efforts to spend carefully and not wastefully . . . *Insist* that the Federal, State and local governments cut out *all* unnecessary spending. Tell them *you* do not expect more government services now.

America's 86 million policyholders, through life insurance, are making America a better place to work in and to live in. They are providing for the future of their families and themselves. Their life insurance dollars are invested all over the country. And their healthy habit of thrift is one of the nation's strongest bulwarks against inflation.

Institute of Life Insurance

488 MADISON AVENUE, NEW YORK 22, N. Y.

Figure 19. "Why should You help your representatives keep down Government Spending?" ILI "issue" ad promoting anti-tax activism. Source: 1952, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.



"Are Life Insurance companies subject to public supervision?"

Yes — by authorities set up under the laws of each of the 48 states

THE management of each life insurance company has the *primary* responsibility of fulfilling all obligations to its policyholders. Public supervision, in turn, supplements the responsibility of management.

Recognition by the states of the public interest in life insurance goes back more than 100 years. The first general insurance law was adopted in 1849. Six years later the first state insurance department was established to supervise the operation of the companies.

Today, each company has to meet the requirements of the laws and be licensed in every state in which it is admitted to do business. These laws vary from state to state.

These laws cover such things as the minimum standards for reserves and premiums to assure solvency; provisions in the policies the companies issue; the way they invest their money—and many other points.

The affairs of the company are subject to continuous supervision and periodic examination by state supervisory authorities. Each company has to report in detail to these states each year on forms prescribed by the National Association of Insurance Commissioners.

The periodic examinations cover such things as the general conduct of the business, the solvency of the company, the type and value of its investments and the character of service to its policyholders.

Both the yearly reports submitted by the companies and the reports of examination made by the supervisory authorities are matters of public record.

Institute of Life Insurance

Central Bureau of Information about Life Insurance
488 MADISON AVENUE, NEW YORK 22, NEW YORK

Figure 20. "Are Life Insurance Companies Subject to Public Supervision?" ILI "issue" ad designed to discourage regulation of insurance institutions. Source: 1952, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

Conclusion

Most accounts identify neoliberalism as system that pursues two distinct but related trajectories. The first is the extension and dissemination of market values and rationalities to almost every imaginable realm of existence, including those domains traditionally considered outside of the economy. This is achieved by construing all human and institutional action as entrepreneurial action, by transforming calculations of cost, profitability, utility, and benefit into central components of individual conduct and daily life. The other trajectory of neoliberalism is the dismantling of public institutions and the reduction of the state's power in nearly all areas except the symbolic. This is achieved through the promotion of a privatized, deregulated, "free" market immune to most political challenges, and especially those made via collective organization.[126]

As I have shown in this chapter, insurance institutions actively pursued both of these trajectories in their postwar marketing. Ads addressing traditionally "private" arenas like marriage and parenting sought to produce self-governing, responsibilized, enterprising subjects capable of risk-based, future-oriented thinking rooted in actuarial calculation and a drive for self-security. Ads that argued against government spending, taxes, corporate regulation, and the public provision of social services also pursued a neoliberal trajectory. These materials posited private insurance as viable alternative to the state – as a custodian of the economy, a creator of jobs, a builder of infrastructure, a supporter of national defense, and a provider of security. Combining the marketization of

[126] See Chapter 4 for an analysis of the effects of actuarial practices and rationalities on collective political organization, and more specifically, civil rights and feminist activism during the 1970s and 1980s.

subjectivity and the privatization of security with an anti-state message, postwar insurers proposed a new social and economic structure for the nation, one that elevated private institutions and entrepreneurial action above representative democratic institutions and collective life. In this neoliberal vision, autonomous individuals and family units would invest as entrepreneurs in their own lives and security while eschewing all forms of commitment to, or responsibility for, the welfare of others.

Insurance marketing offers a compelling site through which to explore the relationships between insurance institutions, actuarial rationality, and emergent forms of neoliberal governance evolving in the United States during the early postwar years. Yet marketing was not the only realm in which insurers embraced neoliberal agendas or articulated them in actuarial terms. This chapter has focused primarily on the early postwar development of new forms of subjectivity and social order rooted in an entrepreneurial vision of the self and the actuarial management of social life. The emergence of a postwar neoliberal order, however, entailed a spatial transformation, as well as a social one. Chapter 2 explores this transformation though an analysis of insurance industry investments in housing developments, shopping centers, office buildings, and infrastructure projects.

CHAPTER 2

INSURANCE INVESTMENTS IN THE BUILT ENVIRONMENT AND THE RESHAPING OF THE POSTWAR LANDSCAPE

In *Eleven Stories High: Growing Up in Stuyvesant Town, 1948-1968,* Corrine Demas offers a memoir of her childhood in Stuyvesant Town, a Manhattan housing development built by the Metropolitan Life Insurance Company in 1947 (see figure 21). Demas recalls a regulated, manicured environment, where "order always prevailed" and security was a staple of daily life.[127] In Demas' memoir, the handpicked residents of Stuyvesant town live sensible lives characterized by thrift. Longtime residents "sock away" savings, choosing modesty over extravagance, some dying with estates "totaling up to half a million."[128] The homogeneous residents, all white and middle class, are predominantly families of WWII veterans. In Stuyvesant Town, fireproof walls are not thin, but "conductive." Every night at the same time, "as if on schedule," a symphony of "tooth brushing, wiping, flushing, and washing" echoes through bathrooms along each building column. Individual apartments feature intimate views into parallel others, a product of the density and "bewildering" symmetry of the development. Fathers return home from work as dentists and doctors, occasionally mistaking their own buildings for indistinguishable ones across the way. They ride identical elevators to identical floors, enter identical doorways, then are greeted by screams of wives who are not their own. In her memoir, Demas muses about the impact of so much sameness on Stuyvesant's residents:

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[127] Corrine Demas, *Eleven Stories High: Growing Up in Stuyvesant Town, 1948-1968* (Albany, NY: State University of New York Press, 2002), 8.
[128] Demas, 4.

> A friend of mine who grew up in Stuyvesant Town believes the sameness made people crazy – the fact that everything appeared identical, but on closer inspection, really wasn't. I disagree. For children especially, I think the sameness was comforting. When you went to visit a friend's apartment the floorplan was reassuringly familiar – the bathroom was in the same place, your friend's bedroom was the same size as your own. The layout of buildings, playgrounds, walks, and drives, was all *predictable*, once you mastered the design. As a child you grew up seeking out subtle differences, you noticed details.[129]

In contrast to much of what has been written about urban housing developments built by insurance companies after World War II, Demas' image of Stuyvesant Town is a sympathetic one. Most commentators have been less kind, focusing on the negative aspects of these sanitized, segregated spaces – their participation in destructive urban renewal projects, their discriminatory racial politics, their aesthetic ugliness. Demas offers a more positive, though conflicted, vision. In *Eleven Stories High*, density begets conflict, but the sameness of residents also leads to a sense of community. Although rigorous policing and regulation lead to feelings of anxiety and suspicion, the general "orderliness" of the environment also, according to Demas, provides comfort for residents, and a sense of security. The unrelenting uniformity of metal and concrete, while occasionally alienating, also encourages a heightened awareness and attention to detail, especially in children, and a sensitivity to the natural world. As Demas puts it, "no child reared in Stuyvesant Town ever takes nature for granted."[130]

I begin this chapter with Demas' memories of Stuyvesant Town because they offer a personal account of what it was like to live in the securitized spaces that became more and more common in the United States after World War II. By "securitized space" I

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[129] Demas, 6, emphasis added.
[130] Ibid.

refer to a particular sort of built environment, designed specifically to govern inhabitants with an eye for managing risk. Uniformity, predictability, and efficiency are common descriptors of such spaces and can be used to describe both their structural/aesthetic qualities, as well as their intended impact on inhabitants. Securitized spaces reflect these qualities, not only through their design and construction, but also through the sorts of behaviors and sensibilities (efficiency, responsibility, safety, calculation) they elicit and encourage. Segregated into discrete populations determined by calculations of risk susceptibility or aversion, residents of securitized spaces become participants as well as subjects of risk management. Demas, for example, points to the thriftiness of Stuyvesant Town residents, their collective embrace of predictable routines, their attention to detail, and general anxiety – all signatures of a responsibilized, risk-managing population. These characteristics are encouraged and nurtured by the space itself, which creates order and security that is both structural and social.

Figure 21. Aerial photograph of Stuyvesant Town, 1947. Source: Richard D. Statile, Hulton Archive, Getty Images.

Enclosed, dense housing developments designed, constructed, and managed by insurance companies in the years immediately following World War II offer good examples of securitized spaces. They also illustrate well the political and economic resourcefulness of the postwar insurance industry and its capacity to shape the built environment. I argue in this chapter that this capacity expanded far beyond the walls of urban housing developments like Stuyvesant Town. Through massive investments in urban housing, suburban shopping centers, home office buildings, and a network of infrastructure projects, postwar insurance companies became key participants in a large-scale restructuring of the American landscape. This restructuring fundamentally altered the postwar economy and social life, transforming the living arrangements, consumption patterns, and daily movements of millions of Americans.

The private insurance industry was certainly not the only contributor in changing the spatial landscape of the postwar United States. Its role in shaping the built environment, however, has been greater than many might expect. Most historical treatments of postwar developments like suburbanization, urban renewal, and the "shopping center boom," for example, cite either cultural factors and public demand (white flight, a growing focus on the nuclear family) or more structural concerns like federal financing (of highways and home loans) as the primary forces driving the postwar reworking of the nation's spatial landscape.[131] Few, however, have traced the role of

[131] The literature on suburbanization is extensive. For definitive accounts, see Robert Fishman, *Bourgeois Utopias: The Rise and Fall of Suburbia* (New York: Basic Books, 1987); Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1985); Lizabeth Cohen *A Consumers' Republic: The Politics of Mass Consumption in Postwar America* (New York: Vintage, 2003); Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996); and William Sharpe and Leonard Wallock, "Bold New City

private investors, or insurance institutions, in this process. This chapter contributes to this historiography through a study of insurance investment practices during the years following World War II, arguing that the industry played an instrumental role in reshaping the built environment of the United States during this era.

This chapter also explores more broadly the impacts of these spaces on how Americans interfaced with insurance, themselves, and each other – and particularly how they changed the ways people lived, shopped, and worked. The industry's expanding web of investments in real estate extended its governing reach, allowing insurance institutions to actively shape spaces of consumption, of residence, and work, as well as the infrastructural networks that linked the country together and determined the circulatory patterns of its people, goods, and capital. By examining the impacts of these spaces and the logics behind their construction, we can begin to see a pattern of how insurance worked spatially, as well as socially, as a form of governance. We can also learn about the impacts of actuarial thinking on the built environment and its role in shaping emergent forms of neoliberal spatial relations.

The concepts of security and circulation were central to this project. In "advanced liberal" societies, Nikolas Rose argues, "The civilizing spaces of nineteenth century

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or Built-Up 'Burb?: Redefining Contemporary Suburbia," *American Quarterly* 46 (1994): 1-30. For a survey of literature on the relationships between malls and suburban development, see Kenneth T. Jackson, "All the World's a Mall: Reflections on the Social and Economic Consequences of the American Shopping Center," *American Historical Review* 101, no. 4 (October, 1996): 1111-1121. See also Lizabeth Cohen, "From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America" American Historical Review 101, no.4 (October, 1996): 1050-1081. Thomas Hanchett is one of few historians to discuss the impact of insurance institutions on processes of suburbanization. He discusses the role of The Prudential Insurance Company in financing suburban forms in "Financing Suburbia: Prudential Insurance and the Post–World War II Transformation of the American City," *Journal of Urban History* 26, no. 3 (March 2000): 312-328; and mentions insurance firm investments in commercial real estate more briefly in "U.S. Tax Policy and the Shopping-Center Boom of the 1950s and 1960s," *American Historical Review* 101, no. 4 (October, 1996): 1082-1110.

liberalism and twentieth century social architecture – public parks, libraries, playgrounds, the streets themselves – are increasingly abandoned, desolate and dangerous. They are replaced by an apparatus of secured spaces – shopping malls, art centers, and gourmet restaurant strips."[132] Insurance housing developments and corporate offices, I argue in this chapter, were also secured spaces, fortress-like enclaves that, like malls, were strictly segregated and monitored by private security systems. During the postwar era, securitized spaces gradually become the norm, and people transported themselves from one to the next in private vehicles, which themselves took on increasingly fortress-like qualities. The management of risk and the avoidance of "risky" spaces and individuals became a primary goal for many Americans during this period. To successfully achieve this goal, the construction of a circulatory system networking people, goods, and capital was necessary. Insurance helped finance and build this network system, as well as the securitized spaces that made up its nodes. The result was the emergence of a neoliberal landscape structured around inclusion and exclusion, and populated by planning, responsibilized, risk-managing individuals whose actuarial understanding of community was rooted in a shared relationship to security and hazard.

I argue in this chapter that the role of insurance in making this world was profound. The chapter's goals are two-fold. First I hope to elucidate the largely overlooked role of insurance companies as private investors in the built environment of the postwar United States. To do so, I will lay out a brief history of four major areas of insurance investment: urban housing projects, suburban shopping centers, home office buildings, and national infrastructure projects. As the primary funders of each of these

[132] Nikolas Rose, "Government and Control," *British Journal of Criminology* 40, no. 2 (2000): 330.

ventures, insurance institutions exercised a large degree of control over their construction and organization, applying the actuarial logic of risk management at every turn. Secondly, by tracing this influence, I will address the impacts of these investments, and particularly the ways in which they worked as spaces of security and circulation.

Insurance Urban Housing Developments

During the first decades of the twentieth century, laws in most states prohibited insurance companies from purchasing real estate. Barred from owning or operating property "related to any business other than insurance," the real estate holdings of most insurers included insurance home office buildings and little else.[133] Most of these laws originated around the turn of the century, when widespread distrust of corporations spurred public demands for regulation of the industry.[134] During this era, states across the country passed legislation restricting the investment practices of insurers, which had for years been unregulated, and led to speculative, unscrupulous deals that adversely affected policyholders. Real estate, because of its perceived lack of liquidity at this time, was considered speculative and therefore ill suited for insurance investment. As public distrust of corporate power eased over the course of the century, a handful of states began lifting some of these restrictions. By the 1940s laws banning real estate investment had increasingly come under attack by insurers eager to diversify into new investment outlets.

[133] Mineral properties and commercial real estate were thought of as "too speculative" for insurance investment. See Harold Wayne Snider, *Life Insurance Investment in Commercial Real Estate* (Philadelphia: S.S. Huebner Foundation for Insurance Education, 1956).

[134] The 1905-1907 Armstrong Commission Hearings in New York State were instrumental here. See Viviana A. Rotman Zelizer, *Morals and Markets: The Development of Life Insurance in the United States* (Piscataway, NJ: Transaction, 1983); and JoAnne Yates, *Structuring the Information Age: Life Insurance and Technology in the Twentieth Century* (Baltimore, MD: Johns Hopkins University Press, 2005).

In 1945 the important insurance states California, New Jersey, and Connecticut enacted laws that allowed insurers to invest in both residential and commercial real estate. Other states quickly followed suit, and by 1954 all but two states had lifted restrictions on such investments.[135]

Insurers used a series of different strategies to lift these bans, but by far the most successful was a lobbying campaign that posited insurance company investment in residential real estate as a possible solution to postwar housing shortages. A combination of decreased homebuilding during the Great Depression and World War II, and the return of large numbers of veterans after the War produced these shortages, which were seen as a major threat to social order.[136] The federal government responded to the public outcry over housing shortages by passing a series of housing acts, and by seeking out partnerships with private interests as a means of speeding home construction.[137] The life insurance industry at this time possessed the largest capital base of any industry in the nation.[138] A partnership between the state, desperate for new sources of capital for

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[135] For an accessible exploration of changes in insurance investment law during this period, see Snider, *Life Insurance Investment in Commercial Real Estate*. See also David Cummins, ed. *Investment Activities of Life Insurance Companies* (Homewood, IL: Richard Irwin, Inc., 1977); and Bertrand Fox and Eli Shapiro, eds. *Life Insurance Companies as Financial Institutions* (Englewood Cliffs, NJ: Prentice-Hall, 1962).

[136] The literature on the postwar housing shortage is extensive. For a general introduction, see Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1987).

[137] On housing acts, see Jackson, "All the World's a Mall: Reflections on the Social and Economic Consequences of the American Shopping Center." See also Hanchett, "U.S. Tax Policy and the Shopping-Center Boom of the 1950s and 1960s."

[138] The insurance industry fared much better than other financial institutions during the1930s and continued to grow throughout the 1940s. Decades of conservative planning had protected the assets of most of the largest insurers during the stock market crash of 1929 and the ensuing Great Depression. For many insurance companies, particularly those specializing in life insurance, the crash actually accelerated growth, as investors who had lost heavily attempted to supplement losses to their estates by increasing their life insurance. See Thomas Derdak, ed. *International Directory of Company Histories,* Vol III (Chicago: St. James Press, 1988), 292-293.

building, and insurers, actively seeking to diversify investments, became an attractive solution for all parties to the housing crisis.

Although a few insurance housing developments had been built in states permitting insurance real estate investment during the 1930s, the bulk of insurance-sponsored developments were erected during and after the War.[139] The New York developments (Stuyvesant, Parkchester, Riverton) built during this period by The Metropolitan Life Insurance Company have been studied extensively by scholars of urban design and urban renewal.[140] The dozens of other wartime and postwar urban insurance housing developments, built in New York and cities across the country, have received less attention. Figure 22, a chart developed for a 1956 insurance textbook, shows the profusion of insurance housing projects between the years 1941 and 1952. It also illustrates well the widespread interest in these projects amongst life insurance companies of all sizes, and the massive amounts of capital they invested in housing during this period. Metropolitan Life was one of the more prolific builders, but other insurers like Prudential and New York Life also participated extensively in building urban and suburban housing developments.

Most scholarship on these complexes has been conducted on a city-by-city basis and has focused primarily on the destructive impact of dense housing projects on older urban environments while paying little attention to insurance companies beyond their role

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[139] Robert Shultz, *Life Insurance Housing Projects*, (Philadelphia: S.S. Huebner Foundation for Insurance Education, 1956), 25-28.

[140] See Arthur Simon, *Stuyvesant Town, U.S.A.: Pattern for Two Americas* (New York: New York University Press, 1970); Roberta Moudy, *Architecture as Cultural Design: The Architecture and Urbanism of the Metropolitan Life Insurance Company* (Ph.D. Dissertation, Cornell University, 1995); and Samuel Zipp, *Manhattan Projects: The Rise and Fall of Urban Renewal in Cold War New York* (New York: Oxford University Press, 2010).

as financiers. When seen within a larger, national, context of expanding private investment in postwar real estate, however, the role of insurance in shaping these projects becomes clearer. The securitized, actuarial nature of these spaces, often overlooked by scholars of urban renewal, can, in many ways, be seen as the product of insurance company influence surrounding design, construction, and management of housing developments. The ability to wield such influence was, in fact, one of the early motivating factors for insurers in entering the housing project market in the first place. As Metropolitan Life Chairman of the Board F. H. Ecker argued in 1952, housing developments offered insurers unprecedented authority in controlling their investments, allowing "direct control" over the operation of the investment "to a much larger extent than would be possible if [insurers] merely held the mortgage on a project."[141]

Insurers took their control of these developments seriously, applying the actuarial logic of risk management at every turn. Every aspect of project building, from selection of construction materials (most were fireproof), to the selection of tenants (carefully chosen members of a single risk pool), turned on a calculus of risk. The physical layouts of housing developments were no exception. Figure1, an aerial photograph of Stuyvesant Town highlights the overwhelming uniformity and symmetry of these spaces. Each apartment building is oriented spatially in such a way as to afford residents visual access into adjacent apartments (a phenomenon discussed at length by Demas in her memoir). Entrances and exists to the development are intentionally limited, forcing inhabitants to pass through the open central area as they come and go or move from one area of the

[141] Interview with Mr. Frederick H. Ecker, cited in Shultz, *Life Insurance Housing Projects*, 95.

project to another. The result is a tightly controlled space, in which the movements of all residents are strictly monitored – not only by patrolling guards hired by insurance company management, but also by fellow residents.

NUMBER AND COST OF HOUSING PROJECTS CONSTRUCTED OR PURCHASED DURING THE TWELVE-YEAR PERIOD 1941–52

Company	*Number of Projects*	*Date of Acquisition*	*Cost to the Company December 31, 1952*	*Book Value December 31, 1952*
Bankers National Life Insurance Company	3	1947	$ 1,424,769.72	$ 1,424,769.72
	1	1948	66,184.90	66,184.90
Colonial Life Insurance Company of America	1	1946	349,643.91*	294,362.27*
Connecticut Mutual Life Insurance Company	2	1946	159,954.64	123,444.75
	1	1948	880,415.72	727,476.52
		(land in 1946)		
Equitable Life Assurance Society of America	1	1941 and 1942	10,030,051.64	8,385,268.91
	1	1946–50	17,393,422.51	16,455,083.54
Guardian Life Insurance Company of America	1	1947	360,101.40	268,785.26
	1	1948	240,526.40	184,244.64
	1	1949	345,426.50	287,713.74
Home Life Insurance Company	1	1946	1,056,584.37	835,987.00
John Hancock Mutual Life Insurance Company	1	1946	11,715,919.26	10,816,383.26
Metropolitan Life Insurance Company	3	1941	129,190,139.71	121,774,245.53
	1	1943	108,843,755.91	92,997,335.39
	1	1944	12,003,843.75	12,003,843.75
	1	1945	38,673,522.41	35,159,002.32
Mutual Benefit Life Insurance Company	3	1947	1,125,048.95	943,264.78
New England Life Insurance Company	1	1948	3,816,770.53	3,495,084.91
	1	1949	4,479,617.65	4,058,866.55
	1	1950	4,036,564.30	3,686,036.52
New York Life Insurance Company	1	1946	$ 1,864,456.64	$ 1,577,941.44
	1	1946, 1947, 1949	62,148,139.29	57,191,598.25
	1	1947, 1948, 1949	20,809,770.37	20,141,779.28
	1	1952	1,598,678.40	1,598,678.40
Phoenix Mutual Life Insurance Company	1	1947	1,160,162.21*	976,700.00*
Prudential Insurance Company of America	1	1945	2,287,668.51	2,039,284.70
	2	1946	2,158,341.49	1,156,492.89
	2	1947	2,826,221.88	2,145,146.84
	1	1947	636,658.91*	493,087.79*
Security Mutual Life Insurance Company	1	1947	703,583.36*	573,233.56*
Western and Southern Life Insurance Company	1	1946	527,171.86*	456,066.61*

* Project sold during 1952. "Cost to the Company" and "Book Value" figures given as of date of sale. For actual date of sale, see Appendix B.
Source: Annual statements of the listed insurance companies submitted to the Insurance Department of the state of Pennsylvania.

Figure 22. Number and Cost of Insurance Housing Projects, 1941-1952. Source: Richard Shutz, *Life Insurance Housing Projects*, (Philadelphia: S.S. Huebner Foundation for Insurance Education, 1956) 35-36.

The emphasis on visibility as an element of security is an essential aspect of these spaces. Patrolling guards provide only one facet of a larger security system that involves the responsibilization and vigilance of every inhabitant. Residents of securitized spaces participate equally in managing risks for the entire population; as members of a uniform

risk pool, the security of one is linked intimately to the security of all. In this sense, security spaces work much like insurance in general – the practice of risk pooling creates distinct populations capable of managing and sharing risk as a group. Because the failure of one member to properly manage risk adversely affects the pool as a whole, risk pooling encourages vigilance and self-surveillance amongst members of each pool, or "risk community." The spatial layouts of insurance housing projects create such communities, which like insurance risk pools, are efficiently segregated and united around a shared aversion to risk, rather than internal bonds or the shared experiences of members.

The effects of insurance housing projects were not limited to their inhabitants. Housing developments like Stuyvesant Town also reshaped the cities around them. As significant contributors to a larger pattern of urban renewal, the insurance companies who built these developments participated in clearing slums and redefining the class and racial lines that had characterized urban spaces before the War. Historian Samuel Zipp deftly captures these developments and assesses the motivations of insurance institutions in building projects like Stuyvesant. Insurers, he writes,

> planned to rescue a portion of the 'rundown city' for white, middle-class family life, decrease premiums for their policy holders, and secure the health of the public and their own social and economic investment in Manhattan real estate. In the process, they took on the largest slum clearance job do date [and] pioneered the effort to rethink the ethic of city rebuilding as urban renewal.[142]

Insurance company representatives embraced these changes enthusiastically, citing the "social implications" of new urban housing developments as important motivating factors

[142] Samuel Zipp, *Manhattan Projects*, 76.

in pursuing the projects. Discussions of "social factors" not directly related to insurance were not new to this period – insurance companies had been involved in social engineering projects that extended beyond their policy-holding contingents for decades. Metropolitan's public health campaigns, discussed in Chapter 1, for example, began in the early years of the twentieth century and were instrumental in bringing health-related educational materials to both insured and non-insured individuals and families across this country. These campaigns served as an important element of the company's public relations efforts, but they also changed the behaviors of populations that were considered at that time a "threat" to the public health of cities.[143]

Insurers imagined their urban housing developments as contributing to similar social engineering ends. The so-called "social implications" of spaces like Stuyvesant Town were touted as important aspects of their overall value to society. As F.H. Ecker, Metropolitan Life Chairman of the Board, argued in 1952, "clean and desirable housing accommodations" were laudable for "their tendency to reduce disease, the volume of crime, and in general produce a more wholesome environment."[144] Citywide crime control and disease prevention, though not generally considered "typical" concerns of insurance companies, were cited often by insurers as central functions of their housing developments. Highlighting such functions allowed insurers to paint their business in a paternalistic light, as a force that was necessary and beneficial to society in ways that extended beyond the "business" of insurance. Importantly, these efforts also reflect the governing activities of insurance institutions, which, as I argue throughout the

[143] See Chapter 1 and William Rothstein, *Public Health and the Risk Factor: A History of an Uneven Medical Revolution* (Rochester, NY: University of Rochester Press, 2003).
[144] Cited in Shultz, 3.

dissertation, were expanded significantly during the postwar era and increasingly conducted beyond the state.

The rhetorical strategy of offering up urban housing projects as beneficial to cities served important public relations functions for an industry that only a few decades earlier had garnered widespread public contempt for its associations with gambling and "dealing in death."[145] This strategy also reflected changes in the ways insurance institutions imagined their business and its role in American life. Social functions like crime control and disease prevention are activities normally associated with state and federal governments, but they increasingly came under the purview of private industries like insurance during the postwar era. This "outsourcing" of state-based responsibilities to private institutions has become a growing area of interest in recent years for scholars of governmentality and neoliberalism. Richard Ericson, Aaron Doyle, and Dean Barry, in particular, have argued that the insurance industry "governs our institutions and daily lives in ways that are largely invisible… and thereby functions as a form of government beyond the state."[146] While these authors and others locate the shift from state to institutional governance as primarily occurring during and after the 1970s, the social engineering activities of insurers and the partnerships they formed with federal and state governments to create housing during the early years following World War II suggest a longer chronology.

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[145] For the notion of "dealing in death," see Viviana Zelizer, *Morals and Markets: The Development of Life Insurance in the United States* (New York: Columbia University Press, 1979).

[146] Richard Ericson, Aaron Doyle & Dean Barry, *Insurance as Governance* (Toronto: University of Toronto Press, 2003).

Moving beyond "quantifiable" social factors like crime and disease, Ecker's reference to "wholesomeness" also reminds us of the moral questions surrounding housing and urban environments during the postwar era. Shrewdly evading potentially negative discussions surrounding state and federal tax breaks, investment diversification, racial segregation policies, and especially profit, insurers emphasized the positive contributions of housing developments to the public good. Again, this emphasis was not out of step with earlier public relations efforts – insurers worked aggressively throughout the twentieth century, as I show in Chapter 1, to portray their business as socially beneficial and "morally upright."[147] The imperative to underscore the benevolent paternalism of private insurance increased substantially during the postwar era as insurers took on more and more "non-insurance related" projects like housing.

Insurer claims to paternalistic social service were attacked directly in 1947, when a group of three African American veterans filed suit against Metropolitan Life after applying and being rejected for housing in Stuyvesant Town. Up until this point, the company had followed the then common practice of racially segregating housing, adopting a "whites only" policy in their developments (Metropolitan's Riverton project in Harlem and Prudential's Douglass-Harrison project in Newark were restricted to black tenants). Backed by the NAACP and the ACLU, Joseph Dorsey, Monroe Dowling, and Calvin Harper charged that Stuyvesant was public housing (because tax concessions had been granted by the state for its purchase and construction) and thus Metropolitan had violated the equal protection clause of the Fourteenth Amendment. Upholding the

[147] For the best account of efforts made by insurance companies to appear as moral institutions, see Zelizer, *Morals and Markets*.

private ownership of Stuyvesant town, and therefore the right of Metropolitan to select tenants according to methods of their own choosing, the New York State Court of Appeals, and later the United States Supreme Court, held in favor of the company.[148]

Metropolitan insisted throughout the process that their policy of racial segregation did not, in fact, constitute discrimination, but was instead a necessary aspect of risk pooling – they were, according to a company spokesman, simply "protecting the soundness of their investments."[149] Park Commissioner and passionate advocate of urban renewal Robert Moses supported the company, denouncing "those who insist on making projects of this kind a battleground for the vindication of social objectives, however desirable, and who persist in claiming that a private project is in fact a public project."[150] Despite winning the case, unfavorable publicity generated by the lawsuit led Metropolitan to reverse its policy of racial segregation in Stuyvesant Town (though not in any of its other projects) in 1950.[151] Fearful of experiencing a similar publicity disaster, New York Life decided to accept both White and Black tenants in its Chicago Lake Meadows development, which opened in 1952.[152]

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[148] Much has been written on the legal battles over race in Stuyvesant Town. For two definitive accounts see Simon, *Stuyvesant Town, U.S.A.: Pattern for Two Americas* and Samuel Zipp, *Manhattan Projects*. See also, Scott Henderson, *Housing and the Democratic Ideal: The Life and Thought of Charles Abrams* (New York: Columbia University Press, 2000), 122-146.
[149] Marquis James, *The Metropolitan Life* (New York: Viking Press, 1947), 386.
[150] Ibid. 386.
[151] A white resident of San Francisco's Parkmerced development, Paul Trafficante, sued Metropolitan ten years later in 1960, arguing that he had "lost the social benefits of living in an integrated community, missed business and professional advantages that would have accrued from living with members of minority groups, and suffered from being 'stigmatized' as a resident of a 'white ghetto'." The United States Supreme Court ruled unanimously in his favor in 1972. MetLife settled out of court. See Kathleen Sullivan, "Obituary: Paul Trafficante - He Won Key Integration Suit," *San Francisco Chronicle*, October 2, 2001.
[152] Shultz, 94.

Segregation policies of the sort employed by Metropolitan at Stuyvesant Town reflected the rampant racism of period – the social belief, based in subjective prejudice, that people of different races should live in separate spaces. But subjective prejudice alone cannot explain the systematic quality of racial segregation in postwar America. Insurers claimed to be acting "objectively" in segregating their housing developments by race and class. They made similar arguments in relation to redlining (the practice of denying insurance to people who live in certain areas) and the denial of equal pricing and policy access to women (topics discussed in Chapter 3). While subjective prejudice was no doubt at work in both instances, it is important to understand that segregation and discrimination are also *products* of insurance logic, of its actuarial and risk-classifying mechanisms. Metropolitan built Black housing developments as well as Whites ones, and sought to manage tenants in both settings in much the same ways they managed policyholders – by segregating them into groups of individuals that were thought to reflect a similar level of susceptibility to risk. That particular racial characteristics were associated with "riskiness" clearly indicates subjective racism. It is worth considering, however, the ways in which this racism was institutionalized, justified, and perpetuated by actuarial thinking, which was rooted in the identification and classification of difference as a means of segregating populations.

Bad publicity generated by racial segregation policies was not the only problem faced by insurance companies in managing housing projects. Although some companies hired outside contractors to build their developments, many opted to control the entire project from start to finish, essentially setting up "separate businesses within the

insurance company," responsible for managing slum clearance, planning, construction, and tenant relations.[153] While "direct control" of housing investments was attractive to insurers, the logistics of managing rental facilities, many of which housed thousands of residents, were often overwhelming. Despite their success in creating risk averse housing and gaining greater influence over urban "social conditions," high management costs and the threat of bad publicity from legal battles led many insurers to sell their housing properties, and by the mid 1950s construction of new projects slowed nearly to a halt.

In the years directly following World War II, partnerships between the state and private insurance companies designed to solve the housing crisis effectively dissolved most legal restrictions on insurance investment in residential real estate. Importantly, this relaxing of investment regulation also opened the door to insurers interested in commercial venues. In a 1956 study on postwar insurance investment strategies, Business Administration professor Harold Snider suggested that insurers had *strategically* pressed for housing legislation as a way of gaining legal access to more lucrative commercial properties. "Insurance companies were always primarily interested in investing in commercial real estate," he argued, "even though the legislation was enacted primarily to permit construction of housing projects."[154] Still eager for new investment venues, but weary of bad publicity and management costs associated with housing, insurers increasingly turned their sights on commercial properties in the rapidly expanding suburbs.

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[153] Shultz, 89.
[154] Snider, 15.

Private Insurance Investment in Commercial Real Estate

Before WWII, insurance investment in commercial real estate was outlawed throughout the United States. These restrictions were gradually lifted after the war, and by the mid 1950s laws banning investments of this nature had been virtually eliminated.[155] This change in insurance regulation had far-reaching implications. The rapid flow of massive quantities of insurance capital into commercial real estate fundamentally altered the American economy, institutional investment patterns, consumption practices, and the spatial landscape. Many studies of postwar commercial spaces like suburban shopping centers don't discuss the role of insurance companies in financing and shaping those spaces. As historian Thomas Hanchett has noted, most historical accounts of "the rise of the shopping center" in the postwar period focus exclusively on three key developments: the growth of suburbia, increasing ownership of automobiles, and rising racial tensions in urban centers.[156] Hanchett offers U.S. tax policy as an alternate explanation and notes that insurance companies, as beneficiaries of federal tax breaks, were instrumental in funding postwar shopping center projects.[157]

Hanchett's work in highlighting the structural, economic forces behind changing consumption patterns in the postwar United States has been criticized for ignoring cultural and social factors.[158] Instead of taking sides in this debate, I would like to change its terms by emphasizing the *cultural* nature of economic structures and

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[155] Exceptions include Montana, South Carolina, South Dakota. See Snider, *Life Insurance Investment in Commercial Real Estate*.
[156] See Hanchett, "U.S. Tax Policy and the Shopping-Center Boom of the 1950s and 1960s."
[157] Ibid. 1101.
[158] Jackson , "All the World's a Mall: Reflections on the Social and Economic Consequences of the American Shopping Center," 1114.

investment practices. I do this by examining first the extremely large role insurance companies played in dictating the terms of the "shopping center boom" through influence exercised over substantial investments in this area. Next, I illustrate how malls and department stores (and the suburban spatial form they helped to shape) became securitized spaces reflective of actuarial logic. Finally, I briefly examine the impact of insurance commercial real estate projects on the structure of institutional investment in the United States. Insurance investments in commercial real estate were diverse – they included the financing of warehouses, office buildings, and manufacturing plants. In this section, however, I focus primarily on postwar spaces of consumption, and especially shopping centers, which received a majority of the funding necessary for their creation from insurance institutions.

Life insurance investment in commercial real estate in 1947, when many states began relaxing regulations, amounted to only $219 million. By 1954, it had increased to $1,297 million, and in 2007 this number reached $313 billion.[159] These statistics are for life insurance alone. Property/Casualty insurers tended to invest less in real estate, but they also participated in this trend.[160] Pension funds were also key investors in commercial real estate, and particularly malls – in 1952 alone, the Teachers' Insurance and Annuity Association (TIAA) lent $19 million to shopping centers and another $1 million to "motor courts, restaurants and service stations." TIAA also provided nearly half of the funding for the creation of the Mall of America in suburban Minneapolis,

[159] American Council of Life Insurance, *2008 Life Insurance FactBook* (New York, Institute of Life Insurance 2008).
[160] See Snider, *Life Insurance Investment in Commercial Real Estate*.

loaning $650 million to the project.[161] Architect Victor Gruen, hailed as the "Father of the Mall" for his influential work in designing several of the earliest American shopping centers, claimed that insurance companies were "the primary source of financing for most shopping center developments and therefore deeply involved in their construction and planning."[162]

As Hanchett, perhaps the only historian to explore the connections between insurance institutions and the rise of suburban shopping centers, has shown, the Prudential Insurance Company was an especially active investor in suburban shopping centers across the nation. In 1956, the company provided financial backing for the Southdale Mall in Edina, Minnesota, the world's first fully enclosed shopping center and also one of the first designed by Gruen. Hanchett lists a number of other Prudential-backed malls, including Shopper's World in Framingham, Massachusetts (1951) Bishops Corner Mall outside Hartford, Connecticut (1955); Normandale Shopping Center in Montgomery, Alabama (1954); Kenwood Plaza in Cincinnati (1957); Park Central in Phoenix (1958); Waterbury Plaza in Waterbury, Connecticut (1958); Northshore in Boston (1958); Prince Georges Plaza, in Washington D.C. (1959); and Lloyd Center in Portland (1960).[163] Prudential was clearly an active player in the "shopping center boom." In 1946 Vice President John G. Jewett emphasized the importance of mall financing for Prudential, announcing, "The acquisition of commercial store properties

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[161] Elizabeth Blackmar, "Of REITS and Rights: Absentee Ownership in the Periphery" in *City, Country, Empire: Landscapes in Environmental History*, edited by Jeffery Diefendorf and Kirk Dorsey (Pittsburgh: University of Pittsburgh Press, 2005), 81-98.
[162] Victor Gruen and Larry Smith, *Shopping Towns USA: The Planning of Shopping Centers* (New York: Reinhold, 1960), 28.
[163] Hanchett, "Financing Suburbia: Prudential Insurance and the Post–World War II Transformation of the American City," 320.

constitutes our most important activity. Our plan is to purchase and construct store buildings in good locations leased for long terms to major chains or strong local merchants."[164]

Insurers kept relatively quiet about their growing ownership of the commercial landscape. This silence might be explained by their negative experiences in urban housing. The "public relations" factor was a key motivator for insurers in constructing urban developments and they took great strides to advertise their involvement in these projects. Unfavorable publicity related to racial discrimination lawsuits and tenant disputes likely led insurers to become more cautious about publicizing their commercial investments. In his 1956 study of insurance investment in commercial real estate, however, Harold Snider suggested a different course. Citing the benefits of community development and growth associated with shopping centers and the long-term nature of insurance investment, Snider argued that by keeping quiet about their commercial investments, insurers "may be neglecting a source of favorable public relations.'[165] This particular strategy backfired for the Equitable Life Assurance Society, however, when they demolished a historic hotel near Indianapolis and replaced it with a J.C. Penny department store in 1949. Equitable had advertised its ownership of the store extensively and was criticized for its actions by public officials and local residents.[166] Whatever their motivations, the silence of insurers surrounding their commercial investments effectively

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[164] "John G. Jewett Outlines Real Estate Investment Program," *Mirror 2*, no.3 (March 1946): 3. Cited in Hanchett, "Financing Suburbia: Prudential Insurance and the Post–World War II Transformation of the American City," 319.
[165] Snider, 64 and 124.
[166] Snider, 64.

masked (and continues to mask) the large role of the industry in financing commercial projects like shopping centers.

Just as they had done with their urban housing projects, insurers exercised a large degree of control over their commercial properties. And again, they employed actuarial methods to assess and manage the risks associated with these investments. The decision to fund particular retail projects grew out of an intensive research process that took into account a wide range of factors, including "average distance traveled by local residents to purchase selected goods, average income of families within the market area, estimated decreases to average income in the event of depressed business activity, ability of roads to handle estimated traffic flow, possibility of other suburban developments drawing trade away from the proposed center, and availability of land to allow for expansion projects."[167] After a location had been chosen, insurers continued their active role in managing and overseeing properties. Hanchett notes, for example, that Prudential employees played an active role in dictating the shape of the their mall investments: "They assisted with economic surveys, helped set tenant mix (national chain stores were essential if the developer wished to get a sizable mortgage), okayed the choice of architect and contractor, determined whether building would occur in phases, and inspected during construction."[168] Like housing projects, the possibility of "direct control" of retail centers was clearly an attractive factor for insurers in deciding to invest in these venues.

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[167] W.W. Bodine, "The 'New Look' on Investments," *Best's Insurance News: Life Edition* (September 1948).
[168] Hanchett, "Financing Suburbia: Prudential Insurance and the Post–World War II Transformation of the American City," 320.

This kind of control and oversight is important because it underscores the immense role of insurance companies in shaping these spaces. The controlled, monitored movement of residents in housing projects was replicated in shopping centers and expanded to include control of cars and goods, as well as shoppers. The concept of "flow" was an important structuring notion used by insurance companies in conversation with mall developers to govern the movement and choices of shoppers. Efficiency and uniformity were also, again, major concerns. New retail centers were considered more efficient, not only for retailers but also for consumers. As historian Lizabeth Cohen has argued, mall developers and their investors (including insurance companies) "believed that they were participating in a "rationalization of consumption and community."[169] This rationalization was a central aspect of the actuarial nature of shopping center spaces. The uniformity of places of consumption was stressed as an element of efficiency, but also as a way to manage risk. Streamlining of shopping center design occurred in the 1950s, when national franchises became a central, "anchoring," presence. Insurance company investors encouraged this model because franchises (especially department stores) had proven, high yield, records. The uniformity of shopping center design across the country was thus a direct result of insurance company investment – insurers refused to invest in developments lacking national franchises because those developments were considered high risk.[170] This uniformity of design remains a feature of shopping centers across the country to this day.

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[169] Cohen, "From Town Center to Shopping Center," 1055.
[170] Jerry Jacobs, *The Mall: An attempted Escape from Everyday Life*, (Prospect Heights, IL.: Waveland Press: 1984)

Also like insurance housing developments, shopping centers worked as quasi-public space. The question of whether housing projects constituted public or private space grew out of the ambiguity surrounding federal and state funding of privately owned facilities. The ambiguity in shopping centers was different – most malls were funded privately with no public assistance.[171] Instead, the ambiguity surrounding the privacy or publicity of shopping centers stemmed from the public function of privately owned malls as meeting centers in suburban landscapes that lacked other such venues. Cohen argues that the quasi-public nature of shopping center space is damaging to community, and that the privatization of public meeting spaces poses a serious threat to democratic life.[172] This ambiguity surrounding the public/private nature of shopping centers can also be understood as an effect of the actuarial logic behind the creation of securitized space. The "freedom" associated with the public sphere is encouraged in shopping centers, where, like in other securitized spaces, people are supposedly free to move "as they choose." This freedom, however, is curtailed by the strict management and monitoring of movement that occurs in malls and other similar spaces. Indeed, private security guards and surveillance systems are staples of malls. They are present to insure the physical security of merchandise, but also to ensure that shopping center visitors behave in ways sanctioned by mall owners and managers. In shopping centers, as in housing developments, the "inhabitants" themselves also participate in managing security risks – shoppers are not simply watched, they also watch each other and themselves (a

[171] Hanchett, however, makes a compelling case that federal tax breaks for mall developers played and important role in their expansion.
[172] Cohen, "From Town Center to Shopping Center," 1080.

development helped along by vast expanses of mirrors and reflective glass). In this way, both spaces encourage inhabitants to be "self policing."

Shopping centers were integral in shaping the postwar suburban landscape and the willingness of insurance companies to invest in these commercial properties was a necessary element of their existence. Although the role of insurance financing of commercial space has gone virtually unnoticed by historians of the postwar era, insurance insiders and financial commentators from the period recognized the revolutionary nature of this shift and its potential impacts on the American landscape, as well on the national economy, investment practice, and social life. Business Administration professor Harold Snider, for example, argued in 1956, "the growing prominence of life insurers in the field of commercial real estate will undoubtedly lead to extensive modifications in business patterns and the capital market." Other "broad economic implications," cited by Snider include the possible "concentration of the choicest commercial real estate in the hands of institutional investors," a widespread "broadening of institutional investment channels," and a national trend towards "the institutionalization of savings."[173] Reflecting on changing attitudes toward investment regulation after World War II, the anonymous author of a 1948 *Yale Law Review* article made similar claims:

> As economists came to recognize that full employment and prosperity were fundamentally dependent upon the stimulus of private investment, vital significance was attributed to life insurance funds, the nation's largest private capital pool; and existing regulations governing investment of these funds were seen as a major detriment to the level of security and stability of the national economy.[174]

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[173] Snider, 126-228.
[174] "Statutory Regulation of Life Insurance Investment," *Yale Law Review* (June 1948): 1256.

For both Snider and the *Yale Law Review* author, the changing investment patterns of insurance companies after World War II, and specifically the new emphasis on investment in commercial real estate, represented an important shift with broad implications for the national economy and corporate regulation.

These changes also had far-reaching consequences for the American landscape and built environment. Historian Elizabeth Blackmar has recently argued that this new, postwar, concentration of investment capital in real estate transformed the meaning of land ownership by privileging "absentee" over local owners. Blackmar suggests that the rise of absentee ownership, a system in which corporations control and derive income from land in regions where they do not reside, has adversely affected the natural environment by encouraging unsustainable development and "severing our connection to the land that sustains us."[175] Ericson, Doyle, and Barry echo Blackmar's claims, arguing that insurers, "as major players in capital investment markets, are part of a new geography of money that has no sense of place other than where it might temporarily alight to maximize capital gains."[176] The consequences of insurance company investment in commercial suburban spaces during the postwar era also extended beyond environmental and economic concerns by expanding the extent of securitized space and increasing the reach of social segregation to the realm of consumption.

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[175] Elizabeth Blackmar, "Of REITS and Rights: Absentee Ownership in the Periphery," 98. See also Cohen, "From Town Center to Shopping Center,"

[176] Richard V. Ericson, Aaron Doyle & Dean Barry, eds. *Insurance as Governance* (Toronto: University of Toronto Press, 2003), 45-46.

The Insurance Office

Insurers exercised a large degree of control over their commercial investments, integrating the actuarial logic of risk management into design, construction, and management of shopping centers and retail properties across the country. This large-scale extension of securitized space not only changed the way Americans shopped – it also changed the ways and spaces in which they worked. Along with investing extensively in commercial spaces like shopping centers, insurance companies also poured large amounts of capital into home office construction during this era. The decades following World War II saw the construction of hundreds of new insurance home office buildings across the country, both in urban centers and in the rapidly expanding suburbs. Insurance companies were pioneers in many areas of postwar home office construction: they were among the first companies to adopt the new, minimalist, "international" style of architecture and some of the first to relocate home offices from cities to the suburbs, popularizing the now ubiquitous "corporate campus" form. They were also pioneers in the area of interior design of office workspaces, and in the integration of new forms of technology into office facilities.[177]

These sorts of innovations in corporate architecture are often attributed to individual architects, but insurance companies, not surprisingly, had a great degree of influence over the design and construction of their offices (just as they had with all of their investments). The case of the Connecticut General Life Insurance Company's home office building in Bloomfield, Connecticut is illustrative on this point. When the

[177] On the pioneering work of insurers in the realm of technology, see Yates, *Structuring the Information Age*.

company started plotting a move from Hartford to the suburban area of Bloomfield in the early 1950s, they began by undertaking an extensive research program on leading architects and architectural schools. Seeking a building "that would be economical to operate and maintain over twenty years, expandable, convenient, and adaptable to new business machines," the company formed a committee to evaluate "use of modern materials and functional efficiency" in recently constructed buildings around the world. The committee eventually selected Skidmore, Owings and Merrill (SOM), a firm lead by architect Gordon Bunshaft, to construct their new facility. An extensive six-month planning period followed, throughout which Connecticut General executives and staff members were active participants. During planning and construction of the facility, the SOM architects endured over 500 meetings with Connecticut General representatives.[178] Reflecting on his experiences with the insurance company years later, Bunshaft commented, "I don't think we've ever worked more closely with a client – or had a more demanding one."[179]

Office buildings were important to insurers for a number of reasons beyond the obvious necessity of providing a workspace for employees. Like other financial institutions and providers of services (rather than products), insurance companies faced the problem of visual obscurity. Because of its immateriality, insurance lacked visibility – even in the form of physical products. As one insurance advertising analyst from the era grumbled, insurance "is not visible daily on the shelves nor in the showrooms of a

[178] Krinsky, 61.
[179] Carol Herselle Krinsky, *Gordon Bunshaft of Skidmore, Owings and Merrill* (Cambridge, MA: MIT Press, 1983), 55-56.

hundred thousand retailers."[180] Insurance institutions responded to this problem in a variety of ways, including the creation of advertising and public service campaigns addressed in Chapter 1. Another response was to invest in monumental urban architecture, a strategy that was launched in 1885 with the construction of the world's first skyscraper – Chicago's Home Insurance building. Other insurers followed suit throughout the twentieth century, and especially after the War, building some of the largest and most commanding skyscrapers, and securing a highly visible presence for private insurance in the skylines of most major American cities.[181] Insurers were proud of their office facilities and manufactured postcards, posters, and other representations of their buildings for public distribution. Prudential, for example, produced a postcard in the mid 1950s featuring several of its most prominent regional home office buildings in cities around the country, nestled together under the protection of the company's symbol, the rock of Gibraltar (see figure 23). This image not only worked as an advertisement for the company, it also underscored the physical presence of insurance as an integral element of the national, and not simply local or regional, landscape.

[180] Colin Simkin, ed. *Life Insurance Advertising: The Techniques of Reaching the Public through Mass Media* (New York: Life Insurance Advertises Association, 1958), 1.
[181] For a discussion of early skyscrapers as a publicity strategy for turn-of-the-century insurance companies and the symbolic functions of these structures, see Jason Puskar, "William Dean Howells and the Insurance of the Real," *American Literary History* 18, no. 1 (2006): 41-42; and Nick Yablon, "The Metropolitan Life in Ruins: Architectural and Fictional Speculations in New York, 1909-19," *American Quarterly* 56, no. 2 (June 2004): 308-347

Figure 23. Prudential postcard featuring home office buildings from around the country, c1952. Source: Private possession of the author.

These buildings increased visibility for the insurance industry and individual companies by working as "advertisements in themselves" and brought in additional revenue for companies that chose to lease out space in large facilities to other organizations. Finally, insurance office buildings outwardly expressed the ethos of insurance by serving as impressive monuments to security, efficiency, and technological progress. The Aetna Computer Building, an imposing seven-story 747,000-square-foot structure built in downtown Hartford, Connecticut, provides a case in point (see figure 24).

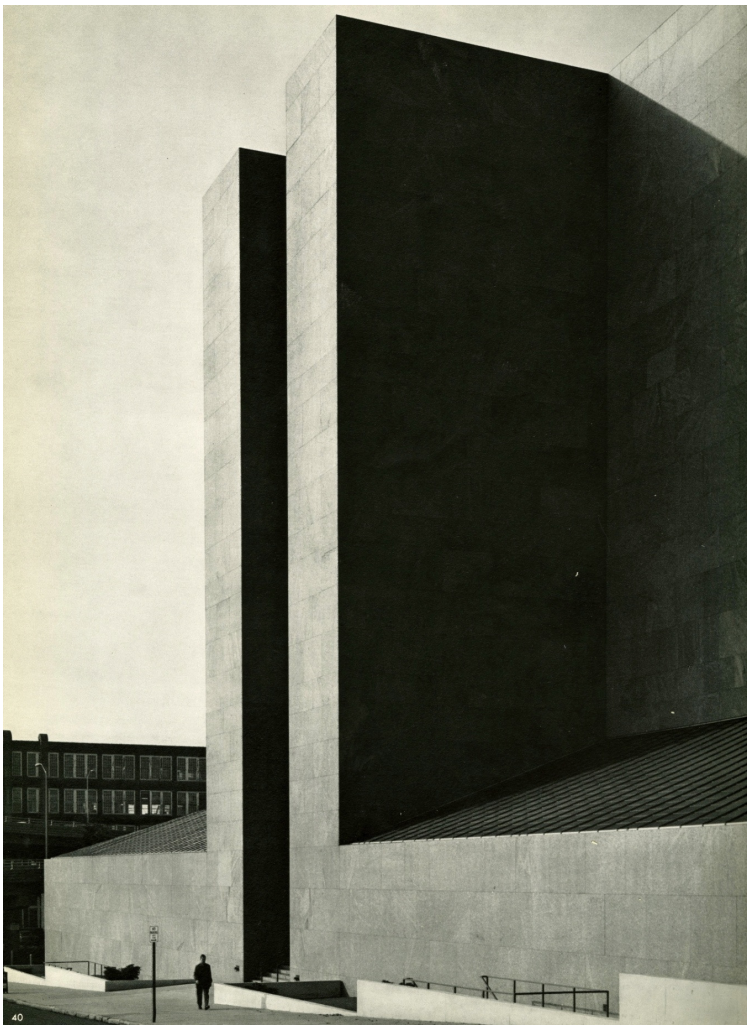

Figure 24. Aetna Computer Building, 1967. Source: Yukio Futagawa, ed. *Global Architecture: Kevin Roche and John Dinkeloo and Associates. Aetna Life Insurance Company Computer Building, Hartford Connecticut, 1966. College Life Insurance Company Headquarters, Indianapolis, Indiana, 1967* (Tokyo: A.D.A Edita, 1974).

The building was completed in 1967 and was deigned by Kevin Roche and John Dinkeloo, both former students and partners of the famous industrial architect Eero Saarinen. In a review of the structure, architecture critic William Marlin remarked on its symbolic functions: "The Spartan splendor of its highly honed surfaces, be they of concrete, granite cladding, or glass, speak more as a symbol to the external world than as scale to the company worker. [The building] ensnares attention, but not necessarily

comprehension… It serves symbolic notice on the passing driver and, secondarily, on the desk worker or technician using the building.[182] As a symbolic representation of what he called the "innately depersonalized business function" of insurance, Marlin deemed the structure a success, concluding, "If a computer can dispense with personality, so can a computer building."[183]

It wasn't just the exteriors of office buildings that expressed the ethos of insurance and actuarial thinking. Architect Gordon Bunshaft, who designed several prominent postwar insurance buildings, including Connecticut General (1957), the American Republic Insurance headquarters in Des Moines (1965), and the John Hancock Center in Chicago (1970), described insurance offices as "factories of moving paper" that required special attention to the efficient integration of the human workforce with machine technology.[184] Interior organization and décor played a key role in this process. Leaders in the field of "total design," insurance companies strictly monitored employee working environments and the aesthetic character of office interiors. American Republic Insurance company president Watson Powell, for example, filled the company's new Des Moines headquarters with hundreds of paintings and sculptures by well-known modern artists. One of the crowning works in the collection was a serial portrait by Andy Warhol of Powell's father, Watson Powell Sr., the founder of the company (figure 25). The portrait was commissioned in 1964, when Warhol was first receiving widespread fame. Titled

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[182] William Marlin "The Scale of Things," in Yukio Futagawa, ed. *Global Architecture: Kevin Roche and John Dinkeloo and Associates. Aetna Life Insurance Company Computer Building, Hartford Connecticut, 1966. College Life Insurance Company Headquarters, Indianapolis, Indiana, 1967* (Tokyo: A.D.A Edita, 1974), 4-5.
[183] Marlin, 3-4.
[184] Krinsky, 58.

"The American Man," it is typical of the artist's serialized images, which depict people as commodities and are often described as "machinelike" and "impersonal." Despite these qualities (or perhaps because of them), Powell thought the piece perfect for his insurance company headquarters and surrounded it with other abstract works by famous artists, including wall installations by Charles Hinman, tapestries by le Corbusier, and a Calder sculpture in the courtyard.[185]

In a *Life Magazine* feature story about American Republic's new building and art collection, journalist Chris Welles criticized "integrated-art-form" executives like Powell for imposing the "tyranny of dictated décor," as well as standardization and uniformity, on employees by setting "rigid rules" about office aesthetics.[186] Employees at American Republic were prohibited from displaying personal items (including family portraits) on desks or walls, standardized furniture was placed in preselected spots and could not be moved, and potted plants were provided by the company and watered weekly by "monitoring teams" – employees were not allowed to touch or water the plants, or to grow their own. This kind of "centralized planning aesthetic," Welles argued, stemmed from a snobbish view "of the average worker as an esthetic child needing discipline from more sophisticated superiors to route his actions along approved channels" and a troubling belief that "stern rules do not restrict the individual, they *liberate* him."[187]

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[185] Krinsky, 149
[186] Chris Welles, "Total Design in the Office," *Life Magazine*, April 29, 1966. 59
[187] Ibid.

Figure 25. Photograph of Watson Powell, president of the American Republic Insurance Company in front of "The American Man," by Andy Warhol, 1965. Source: Photographer, Henry Groskinsky, *Life*, American Republic Insurance Co. Art Collection & Architecture.

Figure 26. American Republic Insurance Company employee at work in the company's sparse new home office, decorated by abstract, minimalist art, 1965.Source: Photographer, Henry Groskinsky, *Life*, American Republic Insurance Co. Art Collection & Architecture.

Though Welles was skeptical, Powell proudly defended the new building, new art, and new order in his insurance office. Powell boasted that business volume "increased by 47%" after moving into the new space, and claimed that employees had changed their working habits, coming to the office earlier and staying later. "Our people look different; they *dress* differently," Powell beamed, "The increase in efficiency has been just terrific."[188] While insurance companies were not the only postwar institutions to embrace abstract architecture and art, they were some of the first to do so and played a pioneering role in introducing formal abstraction to American workspaces and the built environment.

Insurance offices were influential in other ways, too, perhaps the most lasting of which was the development and popularization of the suburban "corporate campus" form.[189] Always seeking out opportunities for growth and to increase efficiency, postwar insurance companies began during the early 1950s to look beyond the city center to the suburbs for potential sites for new office facilities. Connecticut General Life Insurance Company (now CIGNA) became one of the first corporations in the nation to make this move.[190] The company chose Bloomfield, Connecticut, just outside of Hartford, for its new corporate headquarters and hired Gordon Bunshaft and the architects of SOM to design the project, which was completed in 1957 (figure 27). The facility won a

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[188] Welles, p56

[189] On the rise of the suburban corporate campus see Louise Mozingo, "Lawn Culture Comes to the Corporation," in Chris Wilson and Paul Groth eds. *Everyday America: Cultural Landscape Studies after J. B. Jackson* (Berkeley, CA: University of California Press, 2003); Peter G. Rowe, *Making a Middle Landscape* (Cambridge, MA: MIT Press, 1991), 149 – 83. For a study of the impacts the move to suburbia had on research, science, and knowledge production, see William J. Rankin, "The Epistemology of the Suburbs: Knowledge, Production, and Corporate Laboratory Design" *Critical Inquiry* 36, no. 4 (Summer 2010):. 771-806. See also, Scott G. Knowles, "'Industrial Versailles': Eero Saarinen's Corporate Campuses for GM, IBM, and AT&T," *Isis* 92, no. 1 (2001): 1-33.

[190] The General Motors Technical Center in Warren, Michigan, designed by Eero Saarinen, was completed two years before Connecticut General's 1957 headquarters opening. Both sites were influential in introducing new architectural method and materials, as well as in precipitating the trend towards suburban office construction.

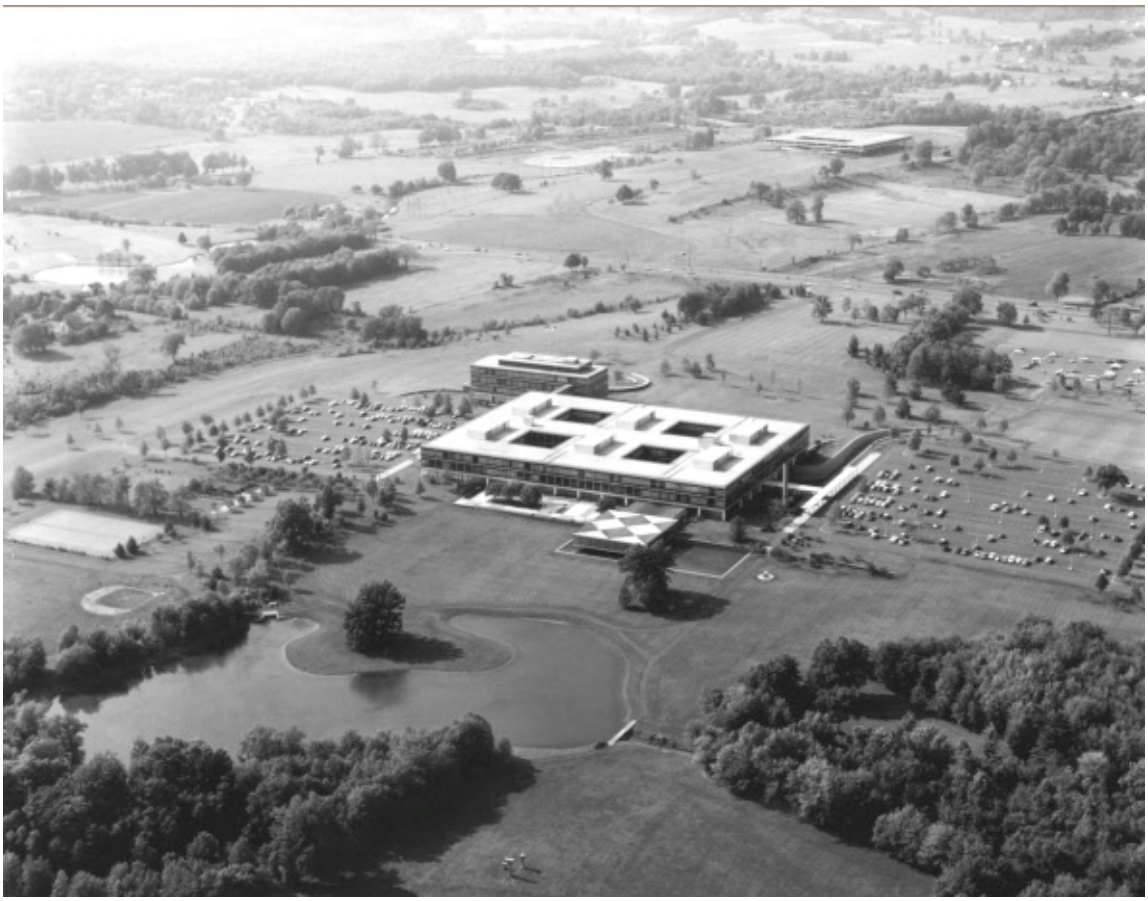

Figure 27. Ariel view of Connecticut General Insurance Campus, 1957. Source: Architecture of Skidmore, Owings & Merrill, 1950 – 1962, Frederick A. Praeger, Inc., Publisher, 1962 © SOM

number of prizes and was extremely influential within the field of architecture for its efficient use of materials, its landscaping, and interiors. It also served as an important prototype for later suburban offices and corporate headquarters.

One of key advantages of suburban campuses for insurers and other corporations was the possibility for future expansion into the surrounding environment, an option not available in most urban centers. This was a particularly appealing feature for insurance companies. The industry experienced massive growth during the years immediately following World War II and the ability to expand facilities was considered essential for conservatively minded insurers seeking to make safe, long-term investments in office

spaces. For companies like Connecticut General that led the march to the suburbs, however, the move also created problems. The nearby Hartford was home to a number of other insurance companies, and Connecticut General executives feared they would have difficulty competing for workers with other firms located in the more convenient city center. To address this problem, the company designed in a number of amenities for employees, including a film auditorium, a barbershop and hairdresser, a department store, card and game rooms, a book and record library, medical services, six bowling alleys, and outdoor tennis and volleyball courts. These amenities were ultimately successful in attracting workers. After making the move to the new facility in 1957, the company reportedly had so many job applicants that it had to maintain a waiting list.[191]

Other companies followed Connecticut General's lead in relocating to the suburbs and employing cutting-edge "minimalist" architects to design new corporate campuses. The College Life Insurance Company, for example, began plotting a move to the outskirts of Indianapolis in the early 1960s and hired the architects Roche and Dinkeloo (designers of the Aetna Computer Building in Hartford) to construct their new facilities. Completed in 1967, the College Life Insurance Headquarters featured three eleven-story pyramids occupying the 160-acre core of a 640-acre campus (see figure 8). The pyramids are composed of massive, unfinished concrete core walls balanced by steel-supported panes of glass. In a glowing review of the facility, architectural critic William Marlin applauded the combination of these elements and marveled at the ability of the structures

[191] Krinsky, *Gordon Bunshaft of Skidmore, Owings, and Merrill*, 59.

to "establish a spatial and visual effect whereby *people and objects dissolve into one another*, and whereby interior and exterior become reflections of each other."[192] Like Connecticut General, the College Life facility offered a wide range of amenities designed to draw employees from the city. Along with the central pyramid structures, the campus development was also home to a dinner theatre, apartment units, single-family houses, smaller one-story office buildings, and a shopping center.[193]

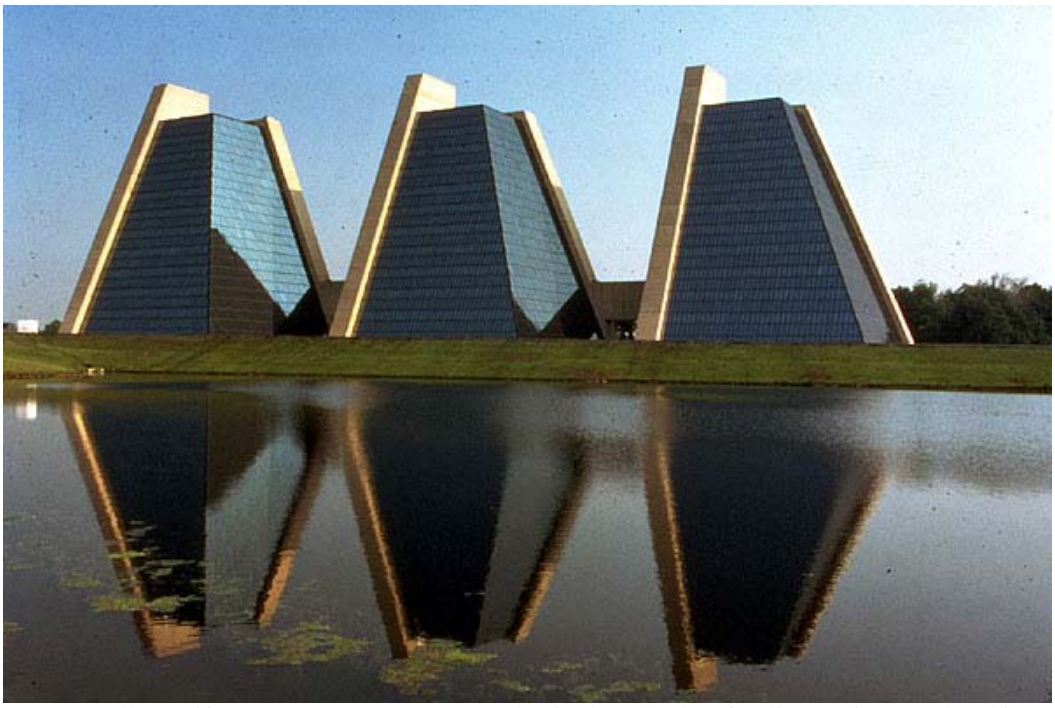

Figure 28. College Life Insurance Company Complex in the suburbs of Indianapolis, completed in1967. Source: Society of Architectural Historians Image Exchange, Photographer M.Barak, 1983.

These amenities, and the bucolic settings of both sites – the Connecticut General campus included a pond, an extensive lawn dotted with willows, and a sculpture park designed by landscape architect Isamu Noguchi – were considered essential not only for attracting prospective employees, but also for increasing their efficiency once hired. By

[192] Marlin, 6. Emphasis added.
[193] Ibid.

providing access to food, entertainment, and services onsite, insurance companies could assure that employees would stay on campus throughout the day while limiting the distractions associated with the hustle and bustle of urban life. These attractions also encouraged employees to come to work earlier and leave later, and were thought to provide more convenient access to services, freeing employees from the hassle of before and after-work errands. Connecticut General reported a tremendous increase in employee output and efficiency after the move to their new building, and similarly to American Republic, it was reported that workers "dressed better" in their new, modern surroundings.[194] The park-like quality of the campuses and their expansive lawns were also thought to increase efficiency by offering secure spaces in which employees could socialize and relax on breaks and during non-working hours. The same qualities, sociability and relaxation, were cited as benefits of nineteenth-century urban parks designed by socially minded landscape designers like Frederick Law Olmstead. The "parks" of suburban insurance campuses differed from these earlier forms, however, in the sense that they were private, segregated, and geared towards security.

Circulation was a central concern in the design of the new insurance company office facilities. Spacious suburban settings allowed architects like Bunshaft to essentially "flip" the skyscraper on its side, changing the nature of workflow and circulation within the "paper factory" to be horizontal rather than vertical. This new setup was particularly well suited to the increasingly managerial culture of corporate America, which emphasized integration and standardization across all levels. The focus on circulation and "flow" was also extended to the very air employees breathed – new insurance buildings

[194] Krinsky, 149.

designed by architects like Bunshaft, Roche and Dinkeloo were lauded for their ingenious integration of air conditioning and distribution systems, contained within suspended ceilings that also housed fluorescent lighting. This allowed for open floors, and hence the more efficient circulation of employees and workflow. Importantly, it also removed the need for windows as a source of ventilation or natural lighting, increasing the autonomy of the office, which could now be completely shut off, secured like a fortress, from the exterior environment (see figure 9).

Figure 29. Interior of American Republic Insurance Company with air ventilation and lighting contained within suspended ceiling. Source: Photographer, Henry Groskinsky, *Life*, American Republic Insurance Co. Art Collection & Architecture.

Not all insurers made the move to the suburbs, but many did, and because insurance institutions were some of the largest employers in the country, this move was significant and influential. The relocation of insurance companies entailed a relocation of white-collar work. It also transformed consumption patterns and signaled the withdrawal of

insurance investment funds from the nation's urban centers. The impact of these changes on American cities and their inhabitants cannot be overstated. The linkages between suburbanization and urban crisis have been addressed by many historians, but few have explored the role of private insurance in these processes.[195] Thomas Hanchett is a rare exception. In his brief study of Prudential's suburban financing activities he writes:

> America's giant life insurance firms possessed the power to turn a tendency into a certainty. When a company such as Prudential let it be known that it liked large community builders, or new suburban industrial parks, or regional shopping malls, those innovations gained considerable momentum. When Prudential refused to lend in older neighborhoods, it helped seal their fate.[196]

The sheer size of insurance and its control over huge pools of investment capital made the industry an influential, if unrecognized, player in shaping national trends like suburbanization and urban decline.

But the insurance industry's move to suburban corporate campus and its embrace of minimalist, modern architecture were important for other reasons, too. The fortress-like, privatized, securitized, and circulation-oriented nature of postwar insurance office spaces set a trend that continued throughout the era and transformed the working environments of millions of Americans. The industry's willingness to support cutting-edge art and architecture also changed the aesthetic character and iconography of corporate America. During the postwar era, minimalism and abstraction rooted in efficiency, fragmentation,

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[195] Thomas Sugrue was the first historian to explicitly make these links and his analysis continues to be definitive. See Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton, NJ: Princeton University Press, 1996).

[196] Hanchett, "Financing Suburbia: Prudential Insurance and the Post–World War II Transformation of the American City," 323.

and repetition (of form, line, and material) became the primary styles of American artistic expression, as well as the language of corporate power.

Insurance Investments in Infrastructure Projects

Infrastructure projects provided another major investment arena for postwar private insurance companies. The highway system, commonly thought of as a purely federal project, was also financed extensively by insurers. Aetna Life Insurance Company, for example, contributed over 50 million dollars to the East and West Ohio turnpike.[197] Other infrastructural investment avenues for insurance institutions included industrial facilities, bridges, and damns. A company history of Connecticut Mutual Insurance Company, for example, bragged that the "evidence of the [firm's investment] money at work is encountered many times a day in direct and exciting ways - in transportation and communications systems, public utilities, highways and bridges, manufacturing plants, offices and store buildings, hospitals and schools, and other basic enterprises essential to man."[198]

Perhaps one of the more surprising infrastructural investment areas for postwar insurance institutions was the natural gas industry, which grew substantially after World War II. The majority of the nation's mainline gas transmission network was installed in the 1950s and 1960s, a period when consumer demand for natural gas more than doubled. Insurers provided the financing that made this growth possible. The construction of

[197] Richard Hooker, *Aetna Life Insurance Company: Its First 100 Years* (Hartford, CT: Aetna Life Insurance Company, 1965), 209.
[198] William Cahn, *A Matter of Life and Death: The Connecticut Mutual Story* (New York: Random House, 1970), 205.

interstate pipelines, in particular, was funded extensively by insurance capital – one analyst suggested in 1958 that 65-70% of the nation's gas pipelines at that point had been financed by insurance companies.[199] Interestingly, many observers from the period thought of these investments as "risky."[200] Hauling a wasting asset thousands of miles across the country was considered a dangerous business. Pipelines also had high debt ratios, and there existed widespread concern that diminishing gas reserves would be exhausted before the "extinction of indebtedness" to insurers. Put simply, unlike shopping centers and residential developments, postwar gas pipelines were considered speculative ventures. Why, then, did insurance companies invest so heavily in this area?

To answer this question we need to look at the larger pattern of insurance industry investment in the postwar built environment, and the social (and not simply financial) goals these investments embodied. Questions of safety, security, and circulation were central to the decisions made by insurance institutions to finance natural gas pipelines. Gas was widely considered safer than older forms of energy used to heat and power homes, industry, and commercial spaces. Pipelines were also hailed for their efficiency and thought to represent a "rationalization" of energy transport similar to the rationalization of consumption discussed earlier in this chapter. Thus, while the "space" of natural gas pipelines differed from those of housing developments, home office buildings, and shopping centers, they can still be seen as participating in a similar

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[199] Richard Hooley, "Life Insurance Investments in Natural Gas Pipelines," *Journal of Risk and Insurance* (October 1958): 1.

[200] See Richard Hooley, *Financing the Natural Gas Industry: The Role of Life Insurance Investment Policies* (New York: Columbia University Press, 1961); Alfred M. Leeton, John A. Crichton, and John C. Jacobs, *The Dynamic Natural Gas Industry: The Description of an American Industry from the Historical, Technical, Legal, Financial and Economic Standpoints* (Norman, OK: University of Oklahoma Press, 1963).

ordering logic – the securitization of the built environment and the management of circulation. Pipelines "worked" by corralling and transporting gas from fields in the South to consuming regions 2000 miles away in the north and east. They allowed for the safe, secure circulation of a material resource, as well as the circulation of capital.

Insurers sold these and other infrastructural investments to consumers by emphasizing their role in creating jobs and strengthening the economy. A 1952 Institute of Life Insurance advertisement, for example, assured Americans that "life insurance money is carefully put to work – and with purpose." Linking insurance dollars to the building of factories, the creation of jobs, the expansion of defense plants, and the construction of new housing, the ad copy promised, "Insurance Money makes American Better":

> …It builds new pipelines that bring the benefits of natural gas to hundreds of cities and town, finances bridges and highways, helps people on farms through farm mortgages, puts up funds for electric light and power units, supplies money for railroad cars – in short, makes possible one thing after another that you probably were never even aware of. It helps the country make more goods, offer more jobs, defend itself, grow stronger, and lets you and me live better." [201]

Individual companies pursued a similar tack, selling their financing of industry and infrastructure as essential to the nation. A mid-1950s ad for the New England Mutual Life Insurance Company, for example, proclaimed, "Your life insurance premium dollars are making jobs throughout America… By financing long-range modernization and expansion programs, they are helping to strengthen the economy, and produce a better life for you" (see figure 30). This copy is accompanied by a full page artist's rendering of

[201] ILI, 1953, J. Walter Thompson Company. Domestic Advertisements Collection, Rare Book, Manuscript, and Special Collections Library, Duke University.

a thoroughly securitized landscape containing a number of infrastructural investment venues for the company, including highways, utilities, dams, and bridges. The image also features other investment projects discussed throughout this chapter: dense urban housing, suburban developments, office buildings, factories, and shopping centers – all financed by insurance.[202]

Conclusion

Advertising their investments in the postwar landscape helped strengthen and maintain the public image of insurance institutions while also offering "evidence" that economic growth, job creation, and infrastructural development could be provided by private, rather than public, means. Insurers painted their industry as an important nation builder, and as I have shown in this chapter, in many ways it was. Insurance investment dollars transformed the built environment of the United States in the decades following World War II and changed forever the spaces in which Americans lived, shopped, and worked. The tremendous size of insurance and its substantial financial clout assured its influence in setting and cementing trends like the shift to privatized, regional shopping centers, the corporate embrace of minimalist art and architecture, and processes of suburbanization and urban disinvestment and decline.

[202] New England Mutual Life Insurance Company, "Your life insurance premium dollars are making jobs," advertisement, *Harper's*, 1957.

Your life insurance premium dollars are making jobs throughout America in all these enterprises and many more. By financing long-range modernization and expansion programs, they are helping to strengthen the national economy, and to produce a better life for you.

NEW ENGLAND Mutual LIFE Insurance Company BOSTON, MASSACHUSETTS

THE COMPANY THAT FOUNDED MUTUAL LIFE INSURANCE IN AMERICA • 1835

Figure 30. "Your Life Insurance Premium Dollars are Making Jobs," New England Mutual Life Insurance Company advertisement touting the comanpy's investments in real estate and infrastructure. Source: *Harper's Magazine*, 1957.

In 1964, *Fortune* Magazine printed a story about the investment activities of Prudential, identifying the company as a "mighty pump." Prudential, the article announced,

> …is a kind of universal power plant, vast of maw and spout, breathing in and breathing out. Its function is the collection and redistribution of people's savings. As the giant mechanism pumps away, there are few U.S. businesses – or few U.S. citizens, in fact – that escape the effect of either its updraft or its downdraft.[203]

This description of insurance as "pump" is apt, as is the suggestion that few escape the effects of the investment decisions of insurance institutions. The vast expansion of securitized, privatized, segregated space in the United States during the postwar era can also be attributed, at least partially, to the financing activities of insurance institutions. Insurance investors applied actuarial logic not only in their decisions about which kinds of enterprises to finance, but also in the direct control they wielded over those projects. These investments extended the governing reach of insurance institutions and also changed the ways in which people, goods, and capital circulated in postwar America

[203] Robert Sheehan, "The Mighty Pump, Prudential," *Fortune* (January 1964). Reprinted in William A. Carr, *From Three Cents a Week: The Story of Prudential Insurance Company of America* (Newark, NJ: The Prudential Insurance Company, 1974), 252

CHAPTER 3

RISK POOLS AND REGULATION: ACTUARIAL CLASSIFICATION, SOCIAL ACTIVISM, AND THE INSURANCE DISCRIMINATION DEBATES

Insurance industry investments in real estate and infrastructure projects during the 1950s and 1960s transformed the built environment of the United States and the living, working, and consuming patterns of millions of Americans. As argued in the previous chapter, these investments significantly expanded the governing reach of insurance as an institution and its ability to shape the social and spatial landscape of the nation. Importantly, these investments also contributed to the industry's image as an integral element of the national economy and a vital social service. By publicizing their massive investments in real estate and infrastructure projects, insurance companies and organizations sought to paint their industry as a noble "nation builder" responsible for the creation of jobs, the modernization of industry, and the extension of security to all Americans. These public relations efforts were extremely successful. The industry grew exponentially in the two decades following WWII, reflecting the overall expansion of the national economy as well as the willingness of Americans to purchase all forms of insurance in quantities unprecedented in the history of the industry. By the 1960s, insurers had succeeded in convincing many Americans that private insurance was an indispensible, natural, and largely benevolent aspect of American life. One textbook,

produced by the Institute of Life Insurance in 1959, even boasted that insurance was "the most essential and trusted industry in the nation."[204]

During the tumultuous decade of the 1970s, however, all of this began to change. Widespread social protest and unrest, a burgeoning consumer movement, and a growing sense of distrust towards corporate power struck a damning blow to efforts to depict private insurance in a beneficent, paternal light. By the 1980s, the entire industry was suffering from what one marketing research firm, in a study produced for insurance clients, called "a serious public image problem." If the insurance industry did not make efforts to change its public perception, the study warned, it faced potentially disastrous "political consequences," including the passage of federal legislation designed to regulate the industry, or even "the possibility that someone like Ralph Nader" might "look into insurance."[205]

This new sense of suspicion towards insurers and their social motives was propelled and intensified by a series of highly public debates during the 1970s and early 1980s between the insurance industry and social activists, who claimed that insurers produced and preserved social inequality by discriminating against women and minorities. These charges were led by civil rights and feminist activists, two groups that had made significant advancements throughout the postwar era towards the achievement of social and economic equality. During the 1970s, these groups extended their critique

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[204] John Gundmundsen, *The Great Provider: The Dramatic Story of Life Insurance in America* (Norwalk, Conn: Industrial Publications Company, 1959), 151.
[205] "Insurance Industry Image Survey, Volume 1," Brouillard Communications, Inc. Vertical Files, Rare Book, Manuscript, and Special Collections Library, Duke University, Box 10, Folder 24, 97. The percentage of polled Americans in 1988 who thought "a Nader figure" should "look into insurance" was 71%.

of racial and sexual discrimination to the private insurance industry, drawing public attention to what they identified as discriminatory industry practices. Activists cited repeated instances of unequal treatment, from failure to deliver benefits to outright refusals on the part of underwriters and marketing agents to sell to women and racial minorities. Practices like redlining, a policy in which insurers decline to write insurance or charge higher rates for people in certain areas, became the subject of sweeping legal activism and gave birth to scores of harsh critiques disclosing rampant racism and sexism in insurance. No criticism hit the industry harder, however, than claims from critics that actuarial risk classifications – seen by many as the very basis of modern insurance systems – were themselves discriminatory.

This chapter explores public debates between the insurance industry and civil rights and women's activists during a period of profound social and political change in the United States. The chapter begins in 1968, a year of deadly race riots in urban centers across the nation and the birth of anti-redlining activism. It ends in 1983, a year that marked a turning point in public opinion against attempts from women's activists to reform the insurance industry and the defeat of a series of efforts to pass federal unisex insurance legislation. While civil rights and women's activism from this period has been studied extensively, the challenges made by these social movements to insurance have not.[206] Yet the debates between insurers and anti-discrimination activists mark an

[206]The few existing treatments of the insurance anti-discrimination debates have generated out the critical legal studies movement and governmentality scholarship. See Jonathan Simon, "The Ideological Effects of Actuarial Practices," *Law & Society Review* 22 (1988): 771- 800; David Knights & Theo Vurdubakis, "Calculations of Risk: Towards an Understanding of Insurance as a Moral and Political Practice," *Accounting Organizations and Society* 18 (1993): 729-764; Regina Austin, "The Insurance Classification Controversy," *University of Pennsylvania Law Review* 131 (January 1983): 517-583; Brian Glenn, "The Shifting Rhetoric of Insurance Denial," *Law & Society Review* 34 (2000):

important moment in the history of the postwar insurance industry and American political activism. Criticism of insurance risk classifications based on "immutable" characteristics like sex sparked intense public debate over the relationship between actuarial systems and social justice. This criticism also called into question, for the first time, the role of risk in constituting communities and the viability of voluntary collective organization in a political landscape increasingly populated by disjoined aggregate formations. Finally, the terms of these debates, and the strategies embraced by both sides, reflected important changes in the meanings of fairness and equality in American life.

Anti-discrimination activists developed a new understanding of the structural, economic forces behind social inequality through their exchanges with the insurance industry during this period. In indentifying the power of entrenched financial institutions like private insurance, they were forced to recognize the limits of grassroots organizing and came to embrace bold legislative measures as a path to social change. Insurance anti-discrimination legislation, however, was opposed forcefully by both the insurance industry and by large segments of the American population. This opposition, and the resulting failure of activists to effectively change insurance practices, cannot be understood *only* as the product of backlash to social movements or of the persistence of prejudice in American society.[207] Insurers claimed fairness in their treatment of racial

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779-808; Tom Baker, "Containing the Promise of Insurance: Adverse Selection and Risk Classification," *University of Connecticut School of Law Articles and Working Papers* (2001). http://lsr.nellco.org/uconn wps/3 (Accessed November 15, 2009); and Carol A. Heimer "Insuring More, Ensuring Less: The Costs and Benefits of Private Regulation through Insurance," in *Embracing Risk: The Changing Culture of Insurance and Responsibility*, eds. Tom Baker and Jonathan Simon (Chicago: University of Chicago Press, 2002), 116-145.

[207] A large body of literature, particularly on the Equal Rights Amendment, embraces the notion of "backlash" as a way of understanding the diminished willingness of Americans to support civil rights and feminist objectives during the 1970s and 1980s. See, in particular, Jane Mansbridge, *Why We*

minorities and women, and they grounded their widely accepted defense of risk classification systems in objective, practical terms. This stance demands analysis, not only because it helps us to understand why attempts to reform and regulate the insurance industry have faltered over the course of the last fifty years, but also because it highlights important discrepancies in how postwar Americans understood the notion of social justice and its relationship to risk, security, classification systems, and collective organization.

Critics of insurance during the 1970s and early 1980s argued that insurers supported redlining and opposed unisex insurance legislation out of greed, because gender and racial discrimination was profitable for the industry. This argument was partially true – insurers claimed that the use of easily measurable, or "costless," categories like sex and place of residence allowed for more efficient practice, and hence led to a more competitive hold on the market. Financial gain was not, however, the only motivating concern for insurers in these debates. In fact, for many industry representatives the question was one of principle as much as profit. Insurers passionately defended actuarial classifications based on geography and sex, insisting that "actuarial fairness" demanded the use of such categories. Insurers argued that reliance on behavioral classifications alone, the "solution" posed by many activists to the problem of racial and gender discrimination, would not only be costly for the industry, it would also

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Lost the ERA (Chicago: University of Chicago Press, 1986) and Susan Faludi, *Backlash: The Undeclared War Against American Women* (New York: Three Rivers Press, 1991).

entail invasive surveillance of policyholders and produce incomplete and highly subjective underwriting categories.[208]

These arguments help explain one of the more common responses of insurers to accusations of unfair discrimination – a sense of contempt towards industry outsiders, who they saw as meddling in technical affairs they did not understand. Insurance critics, they argued, possessed incomplete knowledge of actuarial systems and the selection processes required in order to create fair rating structures. With a sense of exasperation, industry supporters pointed out that discrimination was, in fact, one of the primary principles of actuarial science, a tool without which modern insurance could not exist. Insurers admitted they discriminated, but they demanded that they did so fairly, in a way that served the public by pooling risks among large groups of the population. Industry representatives also noted the potentially damaging effects of unisex insurance and other reforms proposed by activists. They claimed that although women's disability and health premiums would be lower under a unisex scheme, for example, their rates in areas like life and auto insurance would rise significantly. What is more, insurers argued, sex-blind classifications would actually *produce* inequality, forcing both men and women to pay more than they should, to bear the cost of risks that were not their own.

Both insurers and their critics claimed the banner of fairness in these debates, and the difficulty of conclusively proving one side or the other "correct," or even determining a single, shared definition of discrimination, led commenters on both sides to take problematic and sometimes contradictory positions. Insurers had fought for most of the

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[208] See Spencer Kimball, "Reverse Sex Discrimination: Manhart," *American Bar Foundation Research Journal* 4 (Winter 1979): 83-139.

century to align their business with an aura of altruism, portraying insurance as an institution of moral responsibility, paternalism, and social goodwill. As Viviana Zelizer has argued, this association between insurance and morality was largely responsible for the massive growth of the industry during the early decades of the twentieth century.[209] Charges of discrimination during the 1970s did irreparable damage to this public image, as critics argued that insurance might not, in fact, make the world a better place, and could perhaps even damage it in disastrous ways.

Insurers responded to these accusations by changing the public face of their business. Retreating to the coldness of abstract equations, they portrayed insurance as the impartial application of a calculative science and insisted that questions of morality were not their concern. As C. Robert Hall, vice president of the National Association of Independent Insurers testified in 1978, "The insurance industry refrains from moral pronouncements… We measure risk as accurately as we can, applying experience and objective criteria refined for more than two centuries. We leave it to others to speak of discrimination and other such moral terms."[210] This stance, expressed often by industry representatives throughout the discrimination debates, offered insurers protection from accusations of immorality beneath a blanket of scientific objectivity. Yet this tack also did irreparable damage to the altruistic public image they had worked for nearly a century to build.

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[209] Viviana Rotman Zelizer, *Morals and Markets: The Development of Life Insurance in the United States* (Piscataway, NJ: Transaction Press, 1983).

[210] C. Robert Hall, "Statement Before the Subcommittee on Citizens and Shareholders Rights and Remedies," (January 18, 1978), quoted in Gregory Squires, ed. *Insurance Redlining: Disinvestment, Reinvestment, and the Evolving Role of Financial Institutions* (Washington, D.C.: Urban Institute Press, 1997).

The inability to determine a single definition of discrimination or fairness in disputes with insurers put anti-discrimination activists in a difficult position as well. Dealing with an institution that demanded it was acting justly forced activists to reconsider questions of fairness in their pursuit of social equality and, in the process, to rethink the definition of discrimination. As they scrambled to redefine the very terms on which their critique of insurance was based, many activists unwittingly adopted the insurers' own language of actuarial rationality, calling for more data, and more refined calculative systems that might meet the goal of producing social equality through insurance. Thus, while civil rights and feminist activists succeeded in developing a critique of specific *kinds* of actuarial classifications, their approach effectually authorized actuarial *systems*. Few critics were willing to challenge the viability of risk pools or their capacity to create and maintain social order and justice. In fact, their own embrace of "suspect" identity, or class-based, formations essentially affirmed the desirability and social utility of communities structured around the notion of risk.

In their struggle to link risk classifications to unfair discrimination, many activists were forced to admit to key differences between questions of *social* equality, fairness, and policy and questions of *actuarial* fairness and practice. This was a difficult stance for insurance critics, whose arguments against the industry rested on causal links between insurance systems and social inequality. Admitting that fairness might mean one thing socially and another "actuarially" allowed pragmatically minded activists a way out of sticky philosophical discussions and even stickier debates with insurers over highly technical aspects of industry. Yet this concession, at the same time, had a crippling effect

on attempts at regulation. Once insurers were granted their own unique definition and claim to fairness separate from that of society writ large, the application of social legislation became nearly impossible. Furthermore, by embracing actuarial logic in their critique of insurance, activists confirmed the industry's claims that insurance risk classification was an apolitical system based in objective calculations that transcended questions of ethics and morality.

The insurance industry emerged as the obvious winner of these debates at their conclusion in the early 1980s. Although insurers lost the unconditional trust of Americans, they succeeded in cementing an understanding of private insurance as essential, natural, and divorced from political definitions about social justice. Importantly, they also secured the state-based legislative framework that exempted the industry from federal intervention, and increasingly, public input. A decade into the twenty-first century, despite renewed calls for change, this regulatory framework still stands.

Risk Spreading, Risk Pooling, and the Origins of the Classification Controversy

In order to understand the challenges to insurance posed by anti-redlining and women's activists, it is necessary first to understand the way insurance risk spreading, risk pooling, and risk classification systems work. It is also necessary to briefly explore the recent history of insurance industry regulation, as many of the proposed solutions to discrimination in insurance during this period involved attempts to change established regulatory frameworks.

Risk spreading and risk classification are the two basic fundamentals of modern insurance.[211] Often thought of in moral terms, the concept of risk spreading can be traced back centuries to the earliest insurance systems, including those based in fraternal associations, churches, and other communal and voluntary organizations. Put simply, risk spreading occurs when a group of people agrees to divide and share the financial burden of future hardship encountered by any single member of the group. Once a group has been formed, each member contributes equally to a pool of funds, with the promise that an amount equal or greater than their contribution will be available in the event of future misfortune. Group members also agree to forfeit their contributions if misfortune does not strike, creating a pool of surplus capital that is used to indemnify, or "pay off," other members' claims. Risk spreading is a future-oriented, collective activity rooted in principles of social responsibility, solidarity, and mutuality. It is also a form of income redistribution, a system in which those in need receive monetary assistance from others more fortunate than themselves.

Most modern insurance systems spread risks by creating or constituting groups composed of individuals who supposedly share similar levels of risk exposure. Risk classification is the process used to create these insurance groups, or "risk pools." Adopted by insurers in the nineteenth century, risk classification attempts to assess and identify, as accurately as possible, the probability of exposure to risk, or "loss potential," of each individual.[212] Once loss potential has been calculated, individuals are then

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[211] Risk, in these usages, refers to an undesirable future event as well as the probability that such an event will occur.

[212] As noted in the introduction, the history of risk classification begins in the 17th century with the development of probabilistic mathematics rooted in games of chance. The social application of risk

grouped together into aggregates called "risk pools" with others who share a similar classification of projected risk. Importantly, the composition of these aggregates is not based on the internal ties or shared experiences of members. Risk pools are instead created by grouping individuals according to their proximity along a probabilistic curve that statistically charts the distribution of potential, abstract risks. Insurers argue that this kind of grouping is necessary to prevent individuals with low loss potentials (referred to in insurance literature as "good risks") from unfairly subsidizing those with high loss potentials (the "bad risks"). Insurers also argue that risk classification promotes individual responsibility, because it provides incentives to those who account for and make efforts to lower their own, personal, risk exposure. An insured car owner, by this logic, is impelled to drive more safely because she knows she will be placed in a "high risk" pool (and pay higher premiums) if she crashes her vehicle or receives numerous speeding tickets.[213]

As this background suggests, risk classification and risk spreading serve very different, at times even contradictory, functions. Insurance theorist Tom Baker has argued, for example, that the primary effect of risk classification in modern insurance is the containment and reduction of the redistributive and collectivizing effects of risk

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classification, including its use in insurance, arose in earnest during the early decades of the nineteenth century in Europe. Accompanied and aided by what Ian Hacking has famously termed "an avalanche of printed numbers," early risk classification schemes were employed primarily by state governments as a means of assessing and managing populations within a given territory. See Ian Hacking, *The Emergence of Probability: A Philosophical Study of Early Ideas About Probability, Induction and Statistical Inference* (Cambridge: Cambridge University Press, *1984)* and *The Taming of Chance* (Cambridge: Cambridge University Press, 1990). See also Michel Foucault, *Security, Territory, Population*: *Lectures at the College De France 1977-1978* (New York: Picador, 2009) and *The Birth of Biopolitics: Lectures at the College De France 1978-1979* (New York: Picador, 2010).

[213] This notion, referred to in the industry as "moral hazard" is discussed at further length later in this chapter.

spreading.[214] Downplaying the more collective elements of risk spreading became a necessary goal for insurers in the United States during the postwar era, a period marked by intense anticommunism and fear of redistributive economic systems.[215] By emphasizing risk classification as an incentivizing system that addressed individuals, insurers were able to align their industry more closely with a culture that privileged individual choice and responsibility over more collective forms of social organization.[216]

Finding a balance between the risk spreading and risk classification functions of insurance became a major goal for insurers and their critics during the second half of the twentieth century. Risk spreading continued during this period, as it had for centuries, to be seen in moral terms, as a valuable and necessary social good. Risk classification, on the other hand, became linked to individual responsibility, and was seen as a necessary route to social fairness. The conflict between these two functions of insurance – and their associated visions of social order, fairness, and equality – set the terms of 1970s battles over insurance discrimination.

Classifying risks that necessarily will occur in the future is an uncertain business. Actuarial science does so using complex probabilistic equations that rely on large quantities of data to make predictions about future occurrences. The kinds of data used by actuaries change over time according to availability of information about insured populations and social belief in the usefulness of different categories. Drawing on new

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[214] See Tom Baker, "Risk, Insurance, and the Social Construction of Responsibility," in *Embracing Risk: The Changing Culture of Insurance and Responsibility*, ed. Baker & Simon, 33-51; François Ewald, "Insurance and Risk," in *The Foucault Effect: Studies in Governmental Rationality*, ed. Graham Burchell, Colin Gordon & Peter Miller (Chicago: University of Chicago Press, 1991), 197-210.
[215] To this day, few Americans think of insurance as a form of economic redistribution or acknowledge that their insurance premiums are ultimately redirected towards the payment of other people's claims.
[216] These themes are explored more thoroughly in chapter one.

medical studies that showed a correlation between body type and longevity, for example, actuaries in the 1930s introduced the category of "build" to height and weight in equations designed to calculate mortality risk.[217] Race, a category used throughout the nineteenth century in similar calculations, on the other hand, was removed from most life tables by the 1950s because it was shown to be an "inaccurate" predicator of longevity.[218] As these examples suggest, the categories used to create risk classifications are historical and subjective, though insurance representatives (and insurance consumers) rarely acknowledge their constructed nature.

Insurers worked actively throughout the postwar era to refine their risk classification systems, a process that entailed the collection of massive amounts of data and the production of new categories related to risk. Refinement of risk classification systems, insurers claimed, helped ensure "actuarial fairness" because it allowed them to more accurately assess each individual's exposure to risk and to set prices accordingly. This, again, was thought to create incentives for "self-governing," enterprising individuals who managed their own risks by engaging in safe, secure, entrepreneurial behaviors. Of course, more refined risk classifications also gave insurers an important competitive advantage in the market. Indentifying the most risky individuals and eliminating them from a pool allowed insurers to reduce the average cost of insurance for the rest of the pool members. Charging a lower price helped attract more customers, and

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[217] Amanda M. Czerniawski, "From Average to Ideal: The Evolution of the Height and Weight Tables in the United States, 1836-1943," *Social Science History* 31 (2007): 273-296.

[218] The removal of race from underwriting guidelines has an uncertain history, largely because of the secrecy with which companies have guarded their underwriting specifications. Most studies cite this change as occurring in the 1950s, but there is disagreement as to whether companies voluntarily made this change for "actuarially sound" reasons, or whether they were forced to do so because of legislative pressure.

hence generated more profit. The more accurately insurers could identify "bad risks," the more likely they were to lower the average risk of a given pool. If a competing firm then accepted those "bad risks," that firm would see a rise in average insured risk, be forced to increase prices, and ultimately, lose profit.

The rapid growth of the insurance industry after World War II led to fierce competition amongst private insurers and increased interest in selectivity and classification refinement.[219] The structure of the industry at this time aggravated these trends. Companies that employed bureau rates and sold through independent agents (a rarity in today's market) were forced to compete with firms that calculated their premiums independently and sold insurance directly, and more cheaply, through employees. Bureau companies responded by adopting elaborate classification systems in order to offer lower rates to "preferred risks" and became leaders of an industry-wide shift towards more specific, abstract, classification systems. [220] New computing technologies developed in the 1950s also contributed to this pattern by allowing insurers greater freedom to increase selectivity and refine risk classification with increasing efficiency.[221] While risk classification systems had existed for over a century by the 1950s, the drive to refine, abstract, and multiply risk categories was a development unique to the postwar era, and one with social and political consequences that deserve further study.

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[219] For the best analysis of this development, see Kailin Tuan, ed. *Modern Insurance Theory and Education: A Social History of Insurance*, vol. 3 (Orange, NJ: Varsity Press, 1977), 33.

[220] U.S. General Accounting Office, "Issues and Needed Improvements in State Regulation of the Insurance Business," (1979), quoted in Tuan, *Modern Insurance Theory and Education: A Social History*, 102-04.

[221] See Joanne Yates, *Structuring the Information Age: Life Insurance and Technology in the Twentieth Century* (Baltimore: The John Hopkins University Press, 2005).

According to industry logic, a "good" classification system should not only be as accurate as possible, it should also pool risks that have similar characteristics in such a way that the pool is large enough to be credible, but small enough to be homogeneous. This, again, was said to create "actuarial fairness," a situation in which each individual pays their share through a premium that reflects the level of risk they bring to the pool. Efficiency and cost effectiveness were two of the primary factors insurers turned to in choosing which characteristics they used to classify risks. Characteristics that are difficult or costly to measure required more resources, and led to higher prices. Thus, most risk classification categories reflected "easily identifiable" group characteristics, which were then used to determine the price and amount of coverage offered to individuals.[222] All women, for example, paid higher premiums for annuities than men, because statistics showed that women, as a group, lived longer. All young males, by the same logic, paid higher premiums for auto insurance, because statistics showed that young men, as a group, were involved in more auto accidents.

Although risk classification systems boosted the competitive edge of insurance companies in a market economy, they also had serious internal and external problems. Insurers regularly portrayed actuarial calculations as objective and scientific to the general public, but within the industry, risk classifications were known to be, by their very nature, speculative. It simply cannot be proven scientifically or conclusively who should pay how much to participate in a given insurance pool. A perfect risk

[222] Of course, categories like gender deemed by insurers to be "easily identifiable" are not always as natural or obvious as such statements imply. Beyond this, not everything that is easily identifiable is relevant to the actuarial calculation. Hair color, for example, is not considered a relevant category for use in classifying and calculating risk.

classification system is technically impossible, because risk is calculated using probabilistic equations, which are incapable of predicting future events with 100% accuracy. Insurers themselves admitted that risk classifications were imprecise, but they argued this imprecision was necessary in order to preserve the risk spreading function of insurance. Even if it were possible to change the nature of probability and make it a perfect system of prediction, knowing the exact risk of each insured individual would effectively place every person in his or her own unique risk pool, negating the risk-spreading function of insurance and making everyone self-insured. Recognizing these contingencies, insurers argued throughout the second half of the twentieth century that broad categories (for example, sex) made the best risk classifications because they could be fairly accurate (though never perfect), while still allowing for the spreading of risk across populations.

The usage of broad group characteristics to classify risk is considered troublesome to many outside the insurance industry, however, because insurance pricing and its availability for individuals is determined by group factors over which individuals have little control. A person identified as a member of a "high risk" group, for example, is forced to claim financial responsibility for that status within a risk classification framework, whether they "deserve" that status or not. "Low risk" group membership, on the other hand, makes one eligible for all the benefits of that group status, whether deserved or not.[223] The "fairness" of risk classification is thus highly suspect if gauged on an individual rather than group basis. This liberal, individual-centered argument

[223] See Baker for elaboration on this argument.

became the platform on which the majority of anti-discrimination activists staged their critique of insurance risk classification in the 1970s and early 1980s.

One obvious solution to these known problems is to eradicate the risk classification element of insurance and create a system that allows *everyone* admittance into a single risk pool, regardless of group status. This is the idea behind universal insurance schemes like the American Social Security system and state-run insurance plans offered by some Western European nations. This solution, however, proved untenable in the United States during the postwar era (discounting Social Security) for a variety of complex cultural reasons, some of the most prominent of which included a strong belief in the market as a producer of social order and a privileging of individual autonomy and accountability over more communal principles like mutual aid. The failure of attempts to enact far-reaching universal insurance schemes in the postwar United States is a topic beyond the scope of this chapter. Universal insurance deserves mentioning here, however, because it remains a viable remedy to social problems like discrimination caused by systems that classify and categorize projected risk. American devotion to a market economy effectively shut down this option during the postwar era. It is telling that throughout the 1970s and 1980s discrimination debates, even the most radical critics of the insurance industry were not willing to go so far as to suggest the outright abolition of risk classification in private insurance.

Activists instead embraced a more moderate solution: regulation of the industry through legislation restricting the *kinds* of categories insurers could use to classify risk. These regulation attempts, explored in later sections of this chapter, were staunchly

opposed by the industry. The primary tactic employed by insurers on this front was a tenacious defense of the existing, state-based regulatory framework initiated in 1945 with the passage of the McCarran-Ferguson Act. The Act was introduced to Congress in the wake of *United States vs. South-Eastern Underwriters,* a case brought by then Attorney General Francis Biddle against the South-Eastern Underwriters Association under the Sherman Antitrust Act. In this case, the government accused the insurance alliance of price fixing, intimidation, and other coercive tactics used to maintain its regional monopoly. The Court decided against South-Eastern Underwriters, ruling that the federal government could regulate insurance under the Commerce Clause of the US Constitution. This was a devastating blow for the entire industry, and insurers responded with aggressive lobbying in support of the McCarran-Ferguson Act, which would allow for federal control over some antitrust abuses, but leave all other regulation to the states.

The passage of the Act marked an important moment in the history of the postwar insurance industry and insurance regulation. The lobbying capacity necessary to introduce the Act and speed its passage was obviously quite immense, and gives us a sense of just how powerful the industry had become by even 1945. Why did insurers use this substantial political power to secure state regulation? First, the multiplicity of state jurisdictions allowed insurers considerable control over the types of reforms and regulations individual state legislative bodies were willing to pursue. Insurance companies actively "played" states against one another – any state passing legislation unfavorable to the industry faced withdrawal of insurance companies to other states with

more favorable laws.[224] Progressive insurance reforms passed by Wisconsin in 1958, for example, instigated a flight of twenty-three companies from the state, leading to substantial losses in jobs, investment capital, and tax revenue.[225] Competition between the states to provide a favorable business climate exacerbated this situation, leading many states to imitate others that passed laws advantageous to insurers based within their borders.[226]

Another reason the insurance industry found state regulation so appealing involved the structure and makeup of state regulatory bodies. As political scientist Karen Orren has shown, many state insurance commissions responsible for regulating insurers were populated by large numbers of industry representatives. Orren's study of insurance legislation in Illinois between 1961 and 1968 found that insurance workers represented 33.3% of the state's House Insurance Committee and 58.3% of the Insurance Subcommittee of the Senate Committee on Financial Institutions.[227] The occupations represented most heavily in these legislatures after insurance were "real estate broker" and "lawyer," a fact Orren considered troubling because many real estate brokers also sold insurance and many lawyers counted insurance companies amongst their most important clients.[228] The participation of so many insurance representatives in setting state regulations could lead to obvious conflicts of interest, but was nonetheless defended by both state and industry representatives because of the "technical demands" associated

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[224] Unlike industries that deal in more static "goods" like natural resources, insurance companies are mobile and can move operations to new territories at relatively low costs.
[225] Karen Orren, *Corporate Power and Social Change: The Politics of the Life Insurance Industry* (Baltimore: Johns Hopkins University Press, 1974), 36.
[226] Ibid.
[227] Ibid., 51.
[228] Ibid.

with insurance legislation. As one Illinois House Committee Member put it in 1974, "insurance is technical as hell. We need somebody on [the committees] who has some vague idea of what's going on."[229]

The argument that the grueling technicality of insurance practice and legislation justified the presence of large numbers of insurance representatives on regulatory bodies was echoed in arguments made by insurers in the 1970s discrimination debates. Civil rights and feminist activists who attempted to change insurance regulation, either by calling for a federal framework or for more public input in determining state legislation, were accused of not understanding their subject matter. The notorious secrecy of the insurance industry, which for most of the century had fiercely guarded its underwriting guidelines from the public eye, ensured that this "expertise" argument would go unchallenged. Even so, fears that increased public interest in actuarial practices and risk classification procedures might lead to undesirable legislation, or even worse, the repeal of McCarran-Fergusson, drove the private insurance industry to respond to discrimination charges with the full force of its powerful lobby.

The insurance industry entered the 1970s and 1980s discrimination debates with much to lose. The success of insurers in defending their risk classification systems, and in maintaining control of their own industry's regulation, was clearly a product of their immense political and economic power. Importantly, however, this success also grew out of the failures of industry critics to clearly identify the stakes or set the terms of these debates. The sections that follow look more closely at the two major social movements that challenged insurance industry practice and risk classifications during this era: the

[229] Ibid., 52.

civil rights-based anti-redlining movement and women's activism against sex discrimination.

"Communities without Hope": Anti-Redlining Activism and Insurance as Civil Right

Redlining is the practice of denying or limiting financial services or investments to specific neighborhoods, typically because their residents are poor or people of color. The practice has a long history in the United States, and has played a major role in limiting the access of millions of Americans to insurance, banking, home and business loans, jobs, and certain forms of retail, including supermarkets. Although redlining existed throughout the twentieth century, it did not become a question of truly national concern until the postwar era, and more specifically, during the final years of the 1960s. During these years, a wave of violent riots swept through urban centers across the country, causing substantial loss of life and millions of dollars in damages. The riots drew national attention to redlining and other long neglected problems of inner city neighborhoods, home to some of the poorest Americans and large percentages of African Americans.

Attempts to understand the riots generated a host of explanatory arguments, one of the most powerful of which was the notion of disinvestment – the withdrawal of investment capital from the cities, and its subsequent relocation to the suburbs. The disinvestment argument implicated banks and mortgage companies, but insurers, some of the largest investors in the nation, were also targeted. As I argue in Chapter 2, changing investment patterns and slackening investment regulations beginning in the 1950s led

insurance companies to invest heavily in suburban ventures like shopping malls, housing developments, and "corporate campus" office parks. A substantial portion of this capital was pulled out of urban areas, allowing insurance companies to become major players in aggravating, and at times leading, the trend towards urban disinvestment. The removal of insurance investment dollars from the cities and their reallocation to the suburbs struck a damning blow to urban communities across the country.

The disinvestment argument explained the diminishing expansion and vitality of American cities, but not the problem of what analysts from the period called "blight," the steady decline of urban properties that appeared to occur in tandem with decreasing growth. In seeking to understand this phenomenon, observers once again implicated insurers, who were accused of denying insurance coverage to urban communities. This denial, termed "redlining" after the industry practice of drawing a red line on a map around certain neighborhoods considered "too risky" to insure, became the subject of widespread concern after the riots. Urban blight, many argued, was a direct result of the inability of inner city residents to insure their properties and prevent against loss and deterioration.[230]

In response to these claims, and under growing pressure to address the problems of inner cities, Lyndon Johnson launched the President's National Advisory Panel on Insurance in Riot Affected Areas in 1968. Also referred to as the Hughes Panel, after panel head and New Jersey Governor Richard Hughes, the President's Advisory Panel was designed less to address the *causes* of rioting than the problem how to rebuild the

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[230] Gregory D. Squires, Larry Bennett, Kathleen McCourt & Philip Nyden, *Chicago: Race, Class, and the Response to Urban Decline* (Philadelphia: Temple University Press: 1987).

nation's cities in their wake. The withdrawal of insurance companies from riot-affected areas was recognized as an obvious roadblock to their recovery, and the primary goal of the Panel was to identify strategies for making insurance accessible to urban communities devastated by riots.

Despite its focus on recovery, the Hughes Panel investigation, once launched, made some shocking discoveries surrounding the sources of urban problems. Analysts found that unavailability of insurance in inner cities was not simply the unfortunate byproduct of late 1960s urban unrest, as many assumed before the Panel released its findings. Evidence instead suggested that insurance redlining had played a significant role in *creating* the conditions that made such disturbances possible. A survey conducted by the Panel of 3,000 urban core homeowners and businesses in six major cities found that 30% of homeowners and 40% of business owners had serious insurance problems. These problems, either prohibitively high premiums or total unavailability of insurance coverage, were as severe in St. Louis, where no rioting had occurred, as they were in Detroit. They were as rampant in Oakland, where rioting was limited, as they were in Newark, the site of some of the most destructive urban uprisings. Furthermore, the Panel found that these insurance problems had existed for years.[231]

The notion that insurance redlining had helped to create what was by the late 1960s commonly referred to as "the urban crisis" set off a wave of concern and activism, primarily generated out of efforts from urban community organizations and civil rights

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[231] The Hughes Panel findings were published in article form a year after its initial explorations. See Herbert Denenberg & Richard Teberg, "Meeting the Insurance Crisis of our Cities: The Theory and Reality of Legislative Reform," in *Modern Insurance Theory and Education: A Social History of Insurance*, ed. Tuan, 477-493.

groups. At the heart of this activism, and the Panel's findings, was the idea that insurance was essential – a necessary and vital service for all communities and individuals. In what has become the most oft-quoted passage on insurance redlining, the Hughes Panel reported:

> Without insurance, banks and other financial institutions will not, and cannot make loans. New houses cannot be built. Existing houses cannot be repaired. New businesses cannot be started. Existing ones cannot expand, or even survive. Thus without insurance an area deteriorates. Its services, goods, and jobs, the lifeline of the city, diminish. Communities without insurance are communities without hope.[232]

With these words, the Panel at once confirmed the destructive force of redlining and the essential nature of private insurance. Redlining critics, homeowners, politicians, and industry representatives all agreed on this key point – that private insurance was, as one executive put it in 1978, "one of the cornerstones of [American] society, an essential and irreplaceable service."[233]

By underscoring the crucial role of insurance in modern economies and American life, the Hughes Panel contributed to an understanding, new to that era, of private insurance as a basic civil right. This understanding shaped the anti-redlining activism that followed, as well was all subsequent attempts to reform and regulate the insurance industry throughout the twentieth century. Emphasizing the importance of insurance was a necessary step for insurance critics hoping to illustrate the damaging impacts of redlining. Importantly, however, this stance also reinforced the power of private insurers, who now were recognized as providers of an essential service "owed" to all citizens. While claiming that insurance was a basic right opened space for criticism of the

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[232] Ibid., 482.
[233] Gerald Keenan, "No Escape from Insurance Redlining," *Business and Society Review* (Fall 1979): 52.

industry, it also provided ammunition for private insurers, who claimed that increased regulation would prevent them from providing a service that was now deemed imperative.

If insurance was, in fact, as important as the Hughes Panel and other studies suggested, how did a situation arise in which large portions of the American population were systematically denied it? In attempting to answer this pivotal question, analysts and activists proposed two distinct but related explanations for the existence of redlining. The first explanation, and the one embraced most often by civil rights activists, cited overt racial discrimination on the part of insurance sales agents, underwriters, and in some cases, executives. The second evoked the disparate impact (rather than discriminatory intent) of risk classifications on which redlining decisions were based. Race played an important role in both explanations, but the question of whether or not insurers were discriminating directly became a sticking point in debates over how to fix the problem. Was redlining the result of blatant racial discrimination? Or was the problem a more structural one, linked to inherently flawed and unfair classification systems? Should insurance companies be regulated directly and punished for violating civil rights laws? Or should they be offered incentives to discontinue redlining and encouraged to solve the problem internally?

Critics looking for evidence of blatant racism in the insurance industry experienced very little trouble finding it. A survey of insurance textbooks conducted by one set of activists in 1979, for example, found that many included references to "morally objectionable neighborhoods," and warned against insuring "demographically changing"

areas.[234] Undercover investigations and interviews with industry workers produced more damning findings. In a tape-recorded conversation cited repetitively in anti-redlining pamphlets and studies, a Milwaukee sales manager for the American Family Insurance Company admonished an agent:

> Your persistency went down the shitter...Very honestly, I think you write too many blacks...You gotta sell good, solid premium-paying white people...they own their homes, the white works...Very honestly, black people will buy anything that looks good right now...but when it comes to pay for it next time...you're not going to get your money out of them...the only way you're going to correct your persistency is get away from the blacks.[235]

Similar examples of racism could be found across the country. In 1978, Harold Summers, the Chief Actuary of the New York Department of Insurance, justified redlining thusly: "Take Harlem, for example – they don't need any insurance because they don't have anything of value to insure."[236] This kind of obvious, overt racism generated calls for increased objectivity in insurance practice. Activists demanded that companies discontinue use of "subjective and arbitrary" underwriting categories not based on objective, statistically valid criteria.[237] Evidence of obvious racism also led to a series of lawsuits under the 1964 Civil Rights Act and the 1968 Fair Housing Act.[238]

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[234] Gregory Squires, "Insurance Redlining: Still Fact, Not Fiction," *Shelterforce* 79 (January/February 1995), http://www.nhi.org/online/issues/79/isurred.html (Accessed October 23, 2009). This article is based on testimony presented in February of 1993 to the House Subcommittee on Consumer Credit and Insurance.

[235] See Gregory Squires, *Insurance Redlining: Disinvestment, Reinvestment, and the Evolving Role of Financial Institutions*.

[236] Gerald Keenan, "No Escape from Insurance Redlining," 54.

[237] Midwestern Regional Advisory Committees to the U.S. Commission on Civil Rights, *Insurance Redlining: Fact, Not Fiction* (Washington, D.C.: U.S. Government Printing Office, 1979), 7.

[238]Title VIII of the Fair Housing Act of 1968 is the primary civil rights law upon which insurance redlining claims have been asserted. Title VIII prohibits practices that make unavailable or deny housing to persons because of race, color, religion, sex, or national origin, and has been held to reach "every practice which has the effect of making housing more difficult to obtain on prohibited

One such suit, which did not reach the courts until the 1990s, produced positive results. The NAACP and seven African-American homeowners brought suit against the American Family Insurance Company in the Federal District Court of Milwaukee, accusing the firm of redlining on the basis of race. American Family did not admit wrongdoing, but agreed to pay a $16.5 million settlement.[239] Other suits attempted throughout the 1970s and 1980s were less successful, as were attempts to pass legislation specifically banning redlining as a practice.[240] One reason for this was the state-based regulatory framework established with the McCarran-Ferguson Act of 1945. States that passed anti-redlining measures faced the possible flight of major insurers from their borders. In the early 1970s, for example, after Illinois proposed new redlining restrictions, several insurers ceased writing in the state, including Parliament Insurance Company, which at that point wrote the majority of the homeowner's policies in Chicago's North Side.[241] Those states which succeed in passing legislation found that anti-redlining laws were easy to evade and difficult to police – insurers facing racial discrimination charges related to redlining could easily cite any number of legal justifications for not insuring specific properties, including "age of residences," "traffic congestion," and other supposedly impartial criteria.[242]

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grounds," including insurance redlining. The property/causalty industry, however, continues the contest the applicability of Title VIII to insurance.

[239] Of that, $9.5 million was to help African-Americans buy or repair their homes. Attorney fees and costs absorbed $2 million. The remaining $5 million was to be distributed among dozens of black Milwaukee-area homeowners who were denied insurance or sold inferior policies based on race. Jeff Cole "Redlining Settlement Is Reached," *Milwaukee Journal*, March 30, 1995.

[240] States that tried included Ohio, New Jersey, and Wisconsin.

[241] Gerald Keenan, "No Escape from Insurance Redlining," 53.

[242] Most cities, especially in the 1960s and 1970s, were home to a much higher percentage of older buildings than suburban areas.

Each of these justifications was called into question by anti-redlining activists, who based their critique of insurance providers on the notions of objectivity and accuracy. Activists repeatedly called into question the impartiality of insurance risk classifications and called for more objective ones based on better, more authentic data. Activists noted that "age of residence," for example, was not an accurate or valid predictor of risk and hence should be understood as a "subjective" underwriting category subject to Fair Housing legislation. The idea that city streets were more congested than suburban ones, a justification for redlining offered by many auto insurers, was similarly criticized for its subjectivity. Most of the cars in urban areas, activists argued, actually belonged to suburban residents who drove into cities to work during daylight hours. The problem of "congestion" thus affected suburban and urban car owners equally, activists argued, and should therefore not disproportionally affect the rates on urban premiums.

The activist strategy of questioning the *objectivity* of insurers quickly developed into a game of cat and mouse. Insurance representatives claimed the banner of "actuarial fairness" in defending decisions to restrict insurance availability in certain areas, and their critics responded with accusations of subjective practice, the use of biased categories that served as a proxy for race. The success of insures in evading such charges had much to do with the dearth of existing legislation designed to monitor underwriting decisions made by the industry. As late as 1995, only four states (Illinois, Minnesota, Missouri, and Wisconsin) required geographic disclosure of policies at all, and those states only required disclosure on an aggregate zip-code-level.[243] This lax nature of regulation requiring disclosure and accountability stemmed directly from insurance

[243] Gregory Squires, "Insurance Redlining: Still Fact, Not Fiction."

industry lobbying efforts, which began as early as 1945 and continued throughout the postwar era.

Importantly, the success of insurers in evading charges of racial discrimination was also a product of the rhetoric used by their critics. In turning the redlining problem into a question of accuracy and objectivity, activists unwittingly embraced the logic of their enemy. Anti-redlining activists did not advocate that insurers abandon risk classification systems that used place of residence as a category. Instead, they argued that insurers were misusing data, or using incorrect or "old," and therefore inaccurate, data to measure risk. By calling for newer, more refined, statistics on which to base underwriting decisions, critics essentially confirmed the industry claim that objectivity was a possibility in actuarial matters while underscoring the usefulness and desirability of classifications based on the (again, supposedly objective) notion of risk.

Few commenters from the period recognized the complicity of such arguments with the actuarial justifications for redlining offered by insurance providers. In 1983, however, several years after the most heated public debates over redlining, legal theorist Regina Austin noted the problematic nature of anti-redlining arguments based on actuarial accuracy:

> Analysis reveals that accuracy either cannot be defined in a neutral, apolitical consensual fashion, or must be balanced against, and sometimes give way to, competing non-neutral considerations through a blatantly political process…The predictive accuracy of the classification system and its political acceptability are thus inextricably bound.[244]

In pointing to the political nature of actuarial decisions and the impossibility of "accurate" or "objective" risk calculations, Austin set herself apart from other redlining

[244] Regina Austin, "The Insurance Classification Controversy," 552.

analysts. Her approach, rare for its scope and theoretical grasp of classification systems, was aimed at a small, legal audience, and perhaps for this reason was not replicated in anti-redlining literature from the period.

Other arguments offered by redlining critics suffered problems similar to those that focused on actuarial accuracy. One particularly troubling argument used by critics in hopes of curtailing redlining cited the concept of "moral hazard," an industry term that refers to the effects of "being insured" on individual behavior. Civil rights-based anti-redlining activists noted, for example, that many African Americans, denied access to suburban housing, had no choice but to reside in urban centers. Pointing to this lack of choice, they claimed that the use of "arbitrary" risk classifications based on factors individuals could not change was not only unfair, but could also prove harmful to the insurance industry. Individuals subject to arbitrary insurance pricing and coverage, activists warned, might lose the impetus to prevent against risk and gain a justification for fraud. This argument was expressed overtly in a 1979 appeal to the United States Commission on Civil Rights, where anti-redlining activists argued that risk classifications based on place of residence "fail to provide an adequate incentive to reduce loss, and encourage resentment and fraud."[245]

This claim clearly referred to the stance, expressed often by insurers, that charging individuals different rates according to their projected exposure to risk helped condition those individuals act more responsibly. This justification for risk classification schemes relied on the belief that people who were held financially accountable for their behavior would be less likely to act in risky ways. The idea that people *need* insurance,

[245] *Insurance Redlining: Fact, Not Fiction*, 17.

and the risk measurements it employs, to make them behave responsibly might seem quite cynical, but it went largely unchallenged throughout the postwar era and became a bulwark in insurers' defense of risk classifying mechanisms. In claiming that the "arbitrary" risk classifications used to redline did not sufficiently promote conscious efforts to reduce loss, and might even encourage fraud, insurance critics inadvertently bolstered the industry's own defense of the classifications in question. What's more, by embracing a moral hazard argument, activists reinforced an understanding of insurance as a social technology necessary for the production of good, responsible, risk-averse citizens. Thus, the moral hazard critique of redlining, like arguments based on the notion of accuracy, inadvertently buttressed the logic of insurers and their defense of classification systems.

If the arguments against redlining offered by insurance critics failed for their tendency to inadvertently support the industry's interests, the solutions they proposed fared no better. The ease with which insurers evaded attempts at regulation led many activists to seek alternate, and ultimately unsuccessful, strategies in their battle to end redlining. One such strategy was to call on insurers to voluntarily cease redlining and while offering incentives to those firms willing to reinvest in "blighted" neighborhoods. Some companies, either in the name of public relations or to avoid potentially costly lawsuits, invested millions of dollars in urban areas through participation in "community reinvestment" programs begun in the late 1970s.[246]

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[246] See George Knight, "What's Working: Insurance as a Link to Neighborhood Revitalization," in *Insurance Redlining: Disinvestment, Reinvestment, and the Evolving Role of Financial Institutions*, ed. Squires, 215-233.

This strategy, however, did not succeed in ending redlining or improving the lives of inner city residents. One of the primary reasons for this failure was that, once insurers committed funds to a "blighted" area, they generally favored investments and developments that changed the character of the neighborhood. Insurers who chose to reinvest in urban communities strongly encouraged gentrification and promoted the relocation of long term, low income residents, in order to "make room" for higher income families and commercial spaces. Looking back two decades after the creation of these "community reinvestment" programs, Gregory Squires, one of the most prolific redlining analysts of the postwar era, criticized them as profit-making mechanisms for "the same insurance institutions that previously redlined neighborhoods" and then "profited from the financing of housing projects for higher income families and new commercial ventures."[247]

Another strategy designed to address redlining, generated out of recommendations from the Hughes Panel, was the creation of a net program that would to "catch" those individuals and communities deemed by private companies as "too risky" to insure. The Fair Access to Insurance Requirements (FAIR) program, instituted under the Urban Property Protection and Reinsurance Act of 1968, attempted to curtail redlining and increase insurance availability by creating a public market for "high risk" property insurance in urban areas. Though supported by the federal government, FAIR programs were not federally mandated – insurers and states could choose to participate on a

[247] Squires, *Insurance Redlining: Fact, Not Fiction*, 9

voluntary basis.[248] To encourage participation, the federal government promised to sell riot reinsurance to companies that took part in state-based FAIR plans. This reinsurance, sold through the Department of Housing and Urban Development (HUD), was designed to reimburse insurance companies for any substantial losses caused by riots and civil disorders in urban centers where policies were sold.[249] Although public in name, FAIR plans were operated by private insurance companies, who used internal criteria to determine which applicants would be selected for private coverage and which would be required to purchase from public FAIR plans. While the program demanded that insurance be made accessible to "all responsible property owners, regardless of the section of a city in which they may live," it did not stipulate specific rates or levels of coverage for FAIR policies.[250]

For this reason, FAIR plans uniformly provided less coverage, at higher premiums, and on worse terms than those on the private market. In Minnesota, FAIR rates were, on average, 25% higher than private ones; in Wisconsin, rates were 35% higher; in New York, the state that witnessed the most extreme discrepancies, FAIR rates were roughly 250% higher than private rates.[251] One Brooklyn resident, dropped by a private provider in 1977, for example, saw her property insurance premiums rise from $60 a year to $583 under her new FAIR plan.[252] In addition to charging much higher premiums, FAIR policies were also generally limited to fire and vandalism, or "malicious

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[248] Only 26 states, the District of Columbia, and Puerto Rico presently maintain FAIR plans. This number has remained mostly static since the institution of FAIR in 1968.
[249] Federal riot reinsurance was discontinued by the second Reagan Administration.
[250] Herbert Denenberg and Richard Teberg, "Meeting the Insurance Crisis of our Cities: The Theory and Reality of Legislative Reform," 479.
[251] Ibid. See also, "High Risk Urban Insurance is Under Attack in State," *New York Times*, April 24, 1977.
[252] Ibid.

mischief," coverage, a far cry from the extensive "umbrella" coverage offered by private homeowners-type policies.[253] Finally, FAIR policyholders reported much slower service when they placed claims and were typically denied access to premium payment plans.[254]

These inequalities produced intense criticism, but the insurance industry stood its ground, arguing that high rates for FAIR policies reflected the principles of "actuarial fairness" and prevented "good risks" from subsidizing "bad" ones. New York's FAIR manager in 1978 expressed this view succinctly. "The bad risks should be made to pay," he quipped, "nobody wants to pay for somebody else's insurance."[255] Attempts to correct the problem through legislative means achieved only limited success. The 1978 Holtzman Amendment, named for redlining critic and New Jersey congresswoman Elizabeth Holtzman, required equalization of private and public coverage, but was easily evaded by insurers who chose to withdraw from voluntary FAIR plans after its passage. [256]

Thus, the creation of public markets, like "community reinvestment" programs, did not solve the problem of insurance redlining. In fact, the control exercised by private insurers over such plans often made the problem worse. By the mid 1970s, insurance redlining had become a setback for a growing number of Americans, including those not living in traditionally low-income or African American neighborhoods. Under FAIR, insurers began the practice of "advance redlining," which relegated certain

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[253] Regina Austin, "The Insurance Classification Controversy," 521.
[254] *Rights and Remedies of Insurance Policyholders-Discrimination by Property and Casualty Insurance Companies*. Hearings Before the Subcommittee on Citizens and Shareholders Rights and Remedies of the Senate Committee on the Judiciary, 95th Cong., 2d Sess. 91, (1978), 650-51.
[255] Ibid. See also, "High Risk Urban Insurance is Under Attack in State," *New York Times*, April 24, 1977.
[256] Insurance bodies in California, Indiana, Iowa, Kansas, Louisiana, Minnesota, Missouri, New York, Oregon, Puerto Rico, and Virginia all elected to forego federal riot reinsurance rather than comply with the Amendment. See, "February 1980 Seminar on Insurance Regulation and Public Concerns," *Proceedings of the Conference of Insurance Legislators 1980*, 25-31.

neighborhoods to public markets in anticipation of demographic changes.[257] This strategy ultimately affected more and more traditionally White communities. Patterns of urban renewal and gentrification also put higher income populations in the path of redlining. Residents of "rejuvenated," gentrifying neighborhoods in urban areas found that proximity to low-income districts increased their risk of being redlined into inferior public markets. As one "well to do" resident of Brooklyn's Park Slope, shocked at being refused access to the private property insurance market, noted in 1979, "If it could happen to me, it could happen to anyone."[258]

Although poor, minority populations made up the vast majority of insurance redlining victims throughout the 1970s (as they do today), the addition of small numbers of higher income individuals to the ranks of the redlined towards the end of the decade reinvigorated public concern and drew mainstream media attention to the problem. Importantly, the upper and middle class property owners redlined into public markets during this period embraced many of the same problematic arguments offered by earlier redlining critics. Charges of "inaccuracy" in industry calculations were leveled repetitively.[259] Interested more in regaining access to private markets than in challenging the basic principles of risk classification, these new redlining victims did not question the existence of inferior public programs like FAIR or the ethics of geographically dividing entire communities into "good" and "bad" risk pools. Instead, they sought to dissociate themselves from the "truly bad" risks that were thought to "belong" in the public market

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[257] Ralph Blumenthal, "Insurance Redlining Rises As Homeowners' Hurdle," *New York Times*, January 24, 1979.
[258] Ibid.
[259] Ibid. See also, Editorial, "Insuring a Fair Deal for Homeowners," *New York Times*, June 16, 1978; E.J. Dionne Jr. "Insurance Redlining and FAIR Rate Revisions," *New York Times*, June 4, 1979.

and insisted, as did earlier civil rights activists, that inaccurate risk calculations had placed them on the wrong side of the divide.[260]

By the late 1970s the debate over insurance risk classifications, what Regina Austin later termed the "classification controversy," had expanded beyond redlining in property/casualty insurance to include a host of other insurance services.[261] The focus on race that had driven early anti-redlining activism fell off towards the end of the decade as insurance critics moved away from charges of overt racism towards a more abstract critique of risk classification mechanisms. A new group of activists emerged during this period with new arguments against the classification systems used by insurers to price and measure risk, and with new strategies designed to reform and regulate the industry.

Difference, Equality, and Classification: Women's Activism against Sex Discrimination in Insurance

The 1970s was a decade of sweeping women's activism in the United States. During this period, the women's movement reached its highest levels of participation and achieved some of its most significant gains. By the mid 1970s, feminist and women's activists had made a number of advancements toward equality for American women. Along with overhauling a host of deeply rooted cultural beliefs about "appropriate" roles for women and men, they also had won several important legal protections against discrimination in reproductive and health matters, in the workplace, education, and other realms of social and political life. Despite the pace and extent of many of these

[260] Regina Austin, "The Insurance Classification Controversy," 532.
[261] Ibid.

transformations, some arenas of American society were slow to respond to the changing roles and advancements of women. Looking back on a decade of women's activism, congresswoman Yvonne Brathwaite Burke indentified insurance as one such arena, an institution that lagged behind others in fair treatment of women:

> Despite the significant changes in the law prohibiting sex discrimination, there remain a number of areas in which women have made little progress in gaining equality. The insurance industry, because of its unique characteristics, remains a bastion of sex-based practices, which are deleterious to women… There remains a need for instruments of change to engender a more widespread awareness of the insurance practices which discriminate against women.[262]

Calls like Brathwaite Burke's to reform the insurance industry and its treatment of women were taken up by a large number of activists during the final years of the 1970s and the early 1980s.

The "unique characteristics" Brathwaite Burke cited referred to the insurance industry's widespread use of sex as an actuarial category in the measurement of risk, determination of coverage, and setting of rates for insurance policies. Sex-based risk classifications were targeted by women's activists as contributing significantly to unequal treatment of women in insurance. Such classifications, they argued, limited the availability and scope of benefits for women and led to unfair rate discrepancies on policies sold to women and men. The "sex-based practices" Brathwaite Burke cited referred to the equally widespread discriminatory treatment of women by industry policies and representatives. Both sex-based risk classifications and sex-based industry

[262] Naomi Naierman, Ruth Brannon and Beverly Wahl, *Forward to Sex Discrimination in Insurance: A Guide for Women* (Washington, D.C.: Women's Equity Action League, 1977), ii.

practices were identified by social activists as major impediments to the achievement of social equality and economic security for American women.

The arguments leveled against insurers by women's activists were varied and diverse, reflecting the diversity of ideological, political, and cultural perspectives within the women's movement itself. Some critics embraced an individualist critique of insurance risk classifications. The individualist approach, which sought fair treatment under the law for women on an individual basis, was a common tack amongst liberal feminists, and one that had won them a number of legal and political gains in other realms by the mid 1970s. Others sought a more communal approach, seeking to reform the industry in the name of women as a group, not simply for women as individuals. Some made essentialist arguments about the innate characteristics of women, their superiority or inferiority in certain areas, while others attacked the notion of "woman" altogether, demanding the elimination any classifications in insurance or elsewhere based on the category of sex.

Like the anti-redlining activists before them, feminist and women's activists grounded their arguments against the insurance industry in terms of overt discrimination. Insurance critics identified many instances of discrimination in insurance practice, citing extensive evidence from underwriting manuals, quotes from insurance executives, and interviews with industry workers and female insurance customers. Activists found that many insurers treated women as a homogenous group of non-workers dependent on their husband's wages and employment benefits. These assumptions, insurance critics pointed out, led to a number of overt discriminatory practices, such as completely denying

disability insurance to women who worked at home, refusing to offer increased coverage in the event of marriage or the birth of a child (coverage that was commonly offered to men), and exempting conditions unique to women, like pregnancy, from disability coverage. This last practice was justified by insurers on the grounds that pregnancy was a "voluntary" condition and therefore not eligible for coverage under disability policies. Women's activists noted, however, that the same insurers who refused to cover pregnancy were willing to cover "voluntary" male conditions or procedures like vasectomies.[263]

Further research by activists revealed that many of these discriminatory practices were supported and encouraged in internal industry literature. They found highly subjective, discriminatory categories such as "divorce as creating a change in lifestyle which may be productive of poor experience," and warnings that "persons who are not married should be closely underwritten" in several underwriting manuals.[264] These kinds of prohibitions on single and divorced individuals, critics argued, disproportionally affected unmarried women and single mothers, those women activists identified as most in need of insurance protection. Many underwriting materials also addressed women specifically. An early 1970s North American Reassurance Company manual, for example, instructed agents that "Women's role in the commercial world is a provisional one – they work not from financial need but for personal convenience." Citing a then-widespread belief amongst insurers that women policyholders were more prone to commit fraud, the manual continued, "The subjective circumstances which create

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[263] Ibid. 3.
[264] *Insurance Redlining: Fact, Not Fiction,* 8.

‘convenience’ tend to change, and if a woman has disability coverage, the temptation exists to replace her earning with an insurance income once work loses its attractiveness.”[265]

Activists used evidence like this to hammer home the discriminatory treatment encountered by many women in the realm of insurance. This particular excerpt illustrated the rampant stereotyping at play in underwriting and the weakness of justifications offered by many insurers who claimed that women were uniquely and especially susceptible to the principle of moral hazard. The fear that women would abuse or defraud the insurance system, for example claiming disability when not disabled, was especially strong surrounding questions of pregnancy/childbirth insurance and homemaker's insurance, two areas of coverage advocated by women's activists, but rarely offered by insurers. The risk that a woman employed at home or receiving disability income due to pregnancy might defraud the company was considered by many insurers “too great” to be underwritten. Women’s activists denounced the overt sexism of such claims and demanded that specific references to women as a “moral hazard problem” be removed form training materials and underwriting guidelines.

Criticism of overt discriminatory practices and treatment from insurance representatives was one side of the activist critique of insurance. Another related but more abstract area of activism dealt with the industry’s use of sex-based risk classifications, the basis on which insurers justified discrepancies in coverage and policy rates for women and men. Anti-redlining activists had based their charges of

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[265] Quoted in prepared statement of Herbert S Denenberg in “Economic Problems of Women,” *Hearings Before the Joint Economic Committee,* 92nd Congress, 1st session, note 2, at 174. 1973.

discrimination on the claim that geographical location worked as a proxy for race in actuarial classifications. Unlike race however, sex was and is used extensively by insurers as a category in calculating risk. Many women's activists used this discrepancy to call insurance sex classifications into question, drawing comparisons between the industry's treatment of race and its treatment of gender. Noting that insurance companies had ceased treating African Americans as an official underwriting class decades earlier, activists asked why these companies were unwilling to cease treating women as a class as well.[266] Drawing clear connections between racial and sexual discrimination, one women's activist proclaimed: "Race has also been used as a factor to classify risks, although state law, regulation and custom now forbids this. It is interesting to note that the industry justified race as a classification factor on the same grounds that it presently defends sex; that is, that race as a factor was not discrimination because it was 'dictated entirely by actuarial findings.'" [267]

The strategy of comparing racial and sexual discrimination was a problematic one for insurance critics (as it was for many feminists who made similar connections between racial and sexual discrimination in other venues during this era). While similarities existed between the kinds of discriminatory treatment suffered by racial minorities and women, the notion that "sex is just like race" was not a tenable one. This was especially the case in insurance, where industry representatives happily provided a profusion of statistical "evidence" suggesting that women differed biologically from men in ways that

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[266] National Commission on the Observance of International Women's Year, 1977, *Insurance: A Workshop Guide* (Washington, D.C.: National Commission on the Observance of International Women's Year, 1977), 5-7.

[267] Ibid. 7.

members of racial groups did not differ from each other. Race, insurers claimed, did not necessarily affect a person's risk susceptibility. Sex, however, could be linked to easily measurable differences in longevity, morbidity, and other important risk areas.

The usefulness of drawing on race in discussions of sex discrimination in insurance divided activists, some of whom found the comparison misleading. In 1983, Barbara Lautzenheiser, Chairman of the Committee for Fair Insurance Rates in Washington DC, corrected those who aligned race and gender in their criticisms of risk classifications. "Mortality differences between whites and nonwhites have narrowed and any remaining differences are still attributable to socioeconomic factors," she argued. Sex, on the other hand, is an accurate predictor of mortality and differences between sexes cannot be explained merely as lifestyle factors… There is a wealth of scientific evidence that women are simply biologically superior to men." [268] Many opponents of sex discrimination in insurance embraced Lautzenheiser's assertion that women were essentially different from men. Disagreements about the nature of these differences, and the extent to which they should impact women's role in social life – and treatment by social institutions like insurance – drove a wedge between those activists whose critique of insurance stopped at sex-based discriminatory *practice* and those who, like Marsha Levick, executive director of the National Organization of Women's Legal Defense Education Fund, believed the sex-based classifications constituted "sex discrimination in its most blatant form."[269]

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[268] Barbara J. Lautzenheiser, "Unisex Pricing Is Unfair to Women: Letter to Editor," *New York Times*, November 9, 1983.

[269] Marsha Levick, quoted in "Pro and Con: Women vs. The Insurance Industry - Sex, Risk, and the Actuarial Equation, " *New York Times*, August 16, 1987.

As they did in the battle for the Equal Rights Amendment (a concurrent and equally divisive arena of women's activism), arguments posed by critics of insurance risk classifications rested on the notion that women should not be treated differently from men in legal, political, financial, or other public realms of American life. In the area of insurance, an industry that specialized in ascertaining and categorizing difference, this was a hard claim to make. Insurance was more immune to charges of discrimination than the other American institutions that feminist activists sought to reform during this era. The insurance industry could not only claim discrimination as one of its fundamental principles, insurers also argued that they discriminated for the public good, using fair and objective statistical evidence to do so. What followed was a highly public debate that lasted throughout the late 1970s and early 1980s over the accuracy of statistical evidence used by insurers to classify and measure risk based on sex. Similar to the cat and mouse game between insurers and anti-redlining activists over the validity of urban property/casualty ratings, the sex classification debate centered on the authenticity, precision, and objective application of data used to measure risk. And, just as it had in earlier debates over insurance redlining, the embrace of actuarial logic by women's activists led to the ultimate failure of their attempts to reform the industry.

Two of the most contested sets of statistics in these debates were those used by insurers to rate auto insurance and those used to rate life policies. In auto insurance, age, marital status, and sex were three of the major factors used in underwriting risk. Age was introduced as an underwriting category in 1950, when insurance companies began to charge drivers under the age of twenty-five higher premiums. Beginning in 1953, marital

status and parenthood were used to differentiate among these younger drivers. Single drivers were subject to higher rates than married ones, because married people were assumed to be more stable and responsible than their peers. Sex was added to these categories in 1955. Young men were charged more than women on the logic that women drove "the family car" less frequently and were subject to "the restraining influence of family responsibility or parental supervision."[270]

These assumptions and their corresponding rate and coverage implications remained mostly static until the 1960s, when new stipulations were added. Underwriters noted that unmarried couples living together, referred to in industry literature as "mingles," were likely to be irresponsible, and that divorcees (especially those whose marriages were recently terminated) were likely suspect drivers, because "divorce generates emotional turmoil that may lead to problems on the road."[271] All of these presumptions were called into question by critics of insurance risk classifications and used by women's activists as evidence that the so-called "objective," scientific calculations employed by insurers were, in fact, laden with prejudice and constrained by speculation.

Debates over auto insurance classifications reached the courts in 1978, when the Pennsylvania Insurance Commissioner issued an order disapproving a rating plan that charged men higher auto insurance premiums than "similarly situated" women. Although state insurance companies appealed the order, the appeal was rejected by the

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[270] Young married people were charged lower rates because insurers assumed that they drove less and were more stable and responsible than their peers. See H. Jerome Zoffer, *The History of Automobile Liability Insurance Rating* (Pittsburg: University of Pittsburgh Press, 1959), 511-516.
[271] Regina Austin, "The Insurance Classification Controversy," 541.

Commonwealth Court, which found that "men are not inherently worse drivers than women" and should therefore be charged equal rates.[272] This unusual victory for critics of sex-based classification was not replicated in Louisiana a year later when a proposed ban on sex-based ratings in auto insurance was rejected on the "sound statistical basis" that female drivers have fewer accidents than male drivers.[273] Other states that attempted such bans were similarly unsuccessful, a situation activists attributed to increased efforts by the insurance lobby at the end of the decade in the face of pending federal unisex insurance legislation. As one congressional-committee staffer put it, "It seems like [the insurance lobby] is really pulling out the stops."[274]

Although women paid less on average than men for auto premiums, women's activists contested the industry's subjective use of statistical data and the sexism inherent in the assumptions they made about male, female, married, and divorced drivers. Many of these arguments returned to the question of the accuracy and consistency of industry risk calculations. One activist, for example, asked why women paid less on auto insurance before the age of twenty-five, but not in later life, if the argument for charging women less hinged on their overall lower mileage and accident rates. "If the industry were to better utilize mileage as a basis for setting premium rates," she argued, "women would in fact pay less throughout their lifetimes."[275] The strategy of critiquing the industry's objectivity in wielding statistics, rather than their use of statistics in general, was as problematic for women's activists as it had been for critics of insurance redlining. By

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[272] Ibid. 528.
[273] Ibid. 529.
[274] "Sexy Premiums: Feminists Vs. Insurance Firms," *Time Magazine*, June 20, 1983.
[275] "Pro and Con: Women vs. The Insurance Industry - Sex, Risk, and the Actuarial Equation."

suggesting that the industry should better utilize or collect more accurate data, activists essentially confirmed the existence of a "statistical truth" about women as a group, despite the fact that they contested what that "truth" might be. This strategy unintentionally supported the veracity and value of risk classifications based on sex.

Debates over sex discrimination in life insurance, where women also paid less on average than men, and annuities, where they paid more, took on a similar tone. The question of longevity, cited often as "irrefutable" proof that women are biologically different from men, became a touchstone in these debates. Insurers justified discrepancies between annuity and life premiums and benefit allocations for men and women on the grounds that women live longer. Activists, however, disputed this claim, pointing to the lack of solid data on the actual mortality rates of women and the haphazard ways in which existing data was applied in rate setting. "Life insurance rates are clearly not based on any principle reflecting true life expectancy differentials," argued Marcia Greenberger, managing attorney for the National Women's Law Center. After comparing the rates of the ten largest insurance companies, Greenberger found that a standard policy would cost a 45-year-old woman anywhere from 8 - 67 percent less than it would cost a 45-year-old man, a statistical gap she argued was proof of gross inconsistency in underwriting.[276]

Other insurance critics disputed the claim that women live longer than men, arguing that it reflected a social, not natural, reality. They pointed out that there was no actual data on the life expectancies of men and women who "have been employed outside

[276] Quoted in Michael deCourcy Hinds, "Parity in Insurance for Men and Women," *New York Times*, June 10, 1983.

of the home most of their lives," and that suggested the higher longevity for women was only true of those who did not work outside the home.[277] Still others argued that small numbers of "long-lived" women, rather than women as a whole, were responsible for skewing longevity statistics. As one analysts reasoned:

> Statistics tell us that retired women live an average of 5 years longer than retired men but statistics also tell us that very few individuals live an "average" length of time. There are groups of men and women who die relatively young and groups of men and women who die relatively old. In fact, if we look at the experience of men and women who live beyond 65, about 84% of such men can be matched up with women who die in the same year.[278]

The question, according to critics of life and annuity risk calculations based on sex, was how to fairly distribute the financial burden of small numbers of long-lived women. Most agreed that principles of fairness demanded that policyholders of both sexes, not simply the shorter-lived women, should bear those costs.

Insurers, on the other hand, disagreed. "Once it becomes obvious that one group is subsidizing another, the free market won't support the policy anymore," insisted a representative of the American Council of Life Insurance. "Women shouldn't pay what amounts to a 7-8 year subsidy for men with a shorter life span. It's like charging someone with healthy life habits the same rates as an overweight, alcoholic, chain-smoking trapeze artist. It won't sell."[279] These comparisons, between voluntary conditions like smoking and drinking, and immutable conditions, like a person's sex, were made regularly by insurers and their supporters. Critics of risk calculations,

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[277] *Insurance: A Workshop Guide*, 4.
[278] Barbara Bergman, "Insurance by Gender, point counter point: Beware The Industry's Logic," *New York Times*, June 26, 1983.
[279] Tamar Lewin, "Business and the Law," *New York Times*, March 23, 1982.

however, failed to point to this obvious rhetorical blunder, just as they missed the fact that nearly every account of longevity differences between women and men (including those offered by women's activists) cited different statistics. The differences between the life expectancies of women and men claimed by commenters on both sides of the debate ranged from as low as 3 to as high as 12 years, an inconsistency that might have alerted activists to the problem of using statistically-based arguments to refute actuarial claims of objectivity.

One solution to the discriminatory impact of sex-based classifications posed by women's activists was to replace them with classifications based on conditions that individuals could control, like those related to behavior. "Rates should be based on appropriate criteria: driving record, smoker/non-smoker, high-stress job, etc. - Not on the gender of a person," argued Jacqueline Zachary, Connecticut Coordinator for the National Organization for Women.[280] Insurers responded by stating that behavioral classifications would be costly to measure and would require invasive surveillance of policyholders to do so. Beyond these claims, they also noted that such classifications were "too subjective" in the sense that they were often irregular and could change over time. A smoker might not always be a smoker, insurers insisted, but a woman? Well, presumably that wouldn't change.

Feminists and other insurance critics responded by pointing out that even if biological women were always going to be biological women, what it means to be a woman, and the risks that are associated with that category, *do* change. On this platform, they called for refined classifications that reflected the new and changing roles of women

[280] Nick Ravo, "Hartford Weighs Insurance Curbs," *New York Times*, February 28, 1988.

in postwar American life – their increasing presence in the workforce, their embrace of traditionally "masculine" habits and behaviors, and so on. Women might live longer statistically because of cultural reasons, they argued, not natural ones. Women smoked and drank alcohol more than they had in the past; they drove more miles in their cars, and had fewer children. All of these new factors, activists claimed, might change women's risk portfolio as a group. Thus more data was needed, data that wasn't so old and outdated. In 1977, for example, the National Commission on the Observance of International Women's Year advocated that "recent, actuarially sound data be used to justify premiums and insurance rates, rather than the decades-old, notoriously outmoded data that companies now use."[281] Like redlining activists, women's activists argued that insurers needed newer and more refined data, that they needed to measure women as a group more carefully in order to better assess their "actual" risks. This stance was, again, self-defeating, because it confirmed the usefulness and virtue of sex as a classification category and denied the ethical and moral nature of *all* classifications based on risk.

Interestingly, the two forms of insurance discussed most in these public debates, auto and life, were types of policies where women traditionally paid less than men on premiums. It may seem odd that activists would focus on classifications used in areas were women enjoyed an "advantage," but this emphasis makes more sense when examined alongside the rhetoric used in arguments made by insurance representatives. While feminist and women's activists pointed to the discriminatory impacts of sex-based risk classifications in a wide variety of insurance forms, and particularly health and

[281] *Insurance: A Workshop Guide*, 6.

disability (where women were often denied coverage and paid rates up to 60 percent higher than men in the private market), insurers tended to focus only on auto and life because this bolstered their argument that unisex legislation and other related reforms would ultimately be harmful to women.[282] This stance reflected the paternalistic approach of many industry representatives to their female critics. Richard Schweiker, president of the American Council of Life Insurance and Secretary of Health and Human Services in the Reagan Administration, for example, suggested that in pushing for gender blind rates, women were "hurting their own cause."[283] Conservative journalist James Kilpatrick, a proponent of sex-based classifications, echoed this sentiment. "[Women] pay lower rates than men because they deserve to. Who wants to equalize?" Celebrating the defeat of a 1983 federal unisex insurance bill proposed by women's activists, Kilpatrick added, "My pint-sized wife, who drives less than 5,000 miles a year can finally put down her shootin' irons. Her side finally won."[284]

While many activists contested sex-based classifications on the grounds that they were old or inaccurate, others embraced more abstract arguments based on principle not practice. For feminists who participated in these debates, sex-based risk calculations violated the principles of individual advancement and equality. They contended that risk classifications based on immutable characteristics were dangerous because they reproduced already existing social hierarchies, and then projected them into the future. An individual identified by insurers as a "bad risk" would not only have to bear this

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[282] "Pro and Con: Women vs. The Insurance Industry - Sex, Risk, and the Actuarial Equation."
[283] Ibid.
[284] James Kilpatrick, "Unisex Insurance Measure Went the Way of the ERA," *Ocala Star Banner*, May 1, 1984.

designation in the present, they would also, at least in the realm of insurance, be classed as a "bad risk" perpetually. Insurers, activists claimed, were slow to recognize social change, and this led them to make erroneous assumptions about groups like women, who had recently made significant social advancements – particularly in areas like employment. The blindness of insurance companies to the constructed and changeable nature of social conditions thus created and reinforced impediments to individual mobility and advancement. Put another way, immutable risk classifications prevented individuals from transcending social hierarchies.

Feminists went on to assert that sex-based risk classifications threatened the autonomy of the individual by classing her within a group and then treating her as such. "It is no longer acceptable to classify risk on the basis of sex," proclaimed a feminist guide to insurance for women, "No justification, be it economic or otherwise, is reason to treat women as a class rather than as individuals."[285] Such liberal, individual-centered arguments did not deny the usefulness or ethical nature of risk classification grouping; they merely asserted the right of individuals to move into groups other than those in which insurance companies had placed them.

This stance was confirmed in two groundbreaking Supreme Court rulings from the era. The 1978 *Norris* and 1983 *Manhart* decisions prohibited insurers from charging women higher monthly premiums on employer-based pension plans and banned employers from offering retirement plans that provided men and women with unequal benefits. Both cases were argued under Title VII of the Civil Rights Act of 1964,

[285] *Insurance: A Workshop Guide*, 8.

forbidding employers to discriminate on the basis of sex, race, religion or ethnic origin. Echoing the individual-centered, feminist argument against sex-based classifications, Justice Thurgood Marshall concluded, "Even a true generalization about class cannot justify class-based treatment. An individual woman may not be paid lower monthly benefits simply because women as a class live longer than men."[286]

These important successes encouraged activists to push for further legislation that would extend beyond insurance plans offered by employers and bring about equal rates for individual polices sold on the voluntary market. In 1983 two federal unisex insurance bills were introduced to the United States Congress, one in the House and one in the Senate. Both would prohibit insurers in all areas of the industry from using sex-based classifications to calculate risk and price policies. Unisex legislation, deemed "the most hotly contested consumer and civil rights issue in years" by the *New York Times*, attracted enemies and allies from both sides of the political spectrum, drawing support and scorn from democrats and republicans alike.[287] Proponents included women's, consumer, civil rights, and labor organizations. The National Organization of Women was a particularly strong proponent of the bills, and led pickets of insurance company offices around the country, chanting slogs like "Life, health, and auto insurance, too! Sex discrimination is bad for you."[288]

When the federal unisex bills were initially introduced, "to much fanfare and support," the industry panicked. The Manhart and Norris rulings had caught insurers off

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[286] Thurgood Marshall, quoted in Anne Constable & Guy D. Garcia ,"Law: Turning the Sexual Tables," *Time*, July 18, 1983.
[287] Michael de Courcy Hinds, "Parity in Insurance for Men and Women," *New York Times*, June 10, 1983.
[288] Ibid.

guard, and fearing an assault on the McCarran-Fergusson Act, insurance lobbyists in Washington quickly offered to compromise and assist in shaping legislation. After a majority of insurance executives vowed to fight the bills, however, this compromise was withdrawn, angering many congressional leaders.[289] The insurance lobby swiftly mounted a skillfully developed public relations campaign. Several companies posted full-page ads in major national and regional newspapers, urging the public to turn against the legislation. Aetna Life and Casualty posted over a dozen such notices, titled ”Our case for Sex Discrimination.”[290]

The industry argument against unisex bills rested on two key factors – the cost of the legislation to women, and its cost to the industry. Industry supporters pointed out that while women might benefit “abstractly or ideologically” from unisex bills, they would “pay for these intangibles in cold cash.”[291] The American Academy of Actuaries estimated that the bills would annually increase the national cost of women’s life insurance by $360 million and women’s auto insurance premiums by $700 million, while rates for women’s health and disability insurance would only decrease $69 million and $37 million, respectively.[292] Some activists contested these figures. Others, especially those who opposed sex classifications as a matter of principle, responded that they were willing to pay. As Johanna Mendelson, director of public policy for the American Association of University Women claimed, “We may have to pay a price for equality, but

[289] “Unisex Insurance Rates Not Likely Anytime Soon,” *Spokesman Review*, May 5, 1984.
[290] Tamar Lewin, “Business and the Law.”
[291] James Kilpatrick, “Unisex Insurance Measure went the way of the ERA.”
[292] Michael de Courcy Hinds, “Parity in Insurance for Men and Women.”

it will eventually even itself out."[293]

Along with warning against the negative impacts of unisex legislation on female consumers, industry lobbyists also argued that the bills might bankrupt small companies and produce billions of dollars in debt for state and local government agencies. The Academy of Actuaries estimated that that administrative costs of complying with the bills could be as high $1.3 billion.[294] The American Council of Life Insurance painted a more disastrous picture, warning that the unisex bills, which would require companies to equalize women's benefits to match men's, would immediately cost the industry $14.5 billion and bankrupt an untold number of firms.[295] Responding to these figures and fearing their implications for the national economy, one journalist concluded, "The good reasons to eliminate sex discrimination in insurance do not justify reckless damage to the insurance industry."[296]

Industry lobbying efforts intensified as the bills neared consideration in the House and Senate, leading to charges of foul play by unisex insurance proponents. Senator Bob Packwood, a Republican form Oregon and leading supporter of the bills, claimed he was "absolutely infuriated" by the industry's "inaccurate" publicity campaign, and warned, "insurance companies are asking to die by the sword if they want to live by the sword."[297] One activist charged the lobby with "sending industry-concocted 'personal' letters to congress" claiming concern about unisex laws.[298] Another, professor of economics

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[293] Quoted in Michael de Courcy Hinds, "Parity in Insurance for Men and Women."
[294] Ibid.
[295] Ibid.
[296] "Be Careful About Unisex Insurance," *New York Times*, Apr 20, 1983.
[297] Quoted in Michael de Courcy Hinds, "Parity in Insurance for Men and Women."
[298] Ibid.

Barbara Bergman, reminded voters and representatives "the insurance industry does not come to this debate with a good record on women's issues." Bergman accused the industry of treating women with contempt, and warned the public to beware "a profit-making industry that attempts to portray itself as a truer champion of women's economic welfare than women's rights organizations while in the process fighting to keep old ladies on low pensions."[299]

Despite such accusations, insurance industry warnings about the potentially catastrophic effects of the bills were successful in tempering the public's (and many activists') enthusiasm for such measures. The bills, given a "better than even" chance of passage by *Time* magazine in June of 1983, were dead in the water by the end of the year.[300] The National Organization of Women continued to pursue lawsuits against insurers throughout the 1980s, despite dwindling support for such projects, but they were defeated across the board. In 1987 they led a $21 million class action suit against the Metropolitan Life Insurance Company, charging that the firm had violated New York's human rights laws by using sex in setting rates. The appeals court ruled that the practice was justified. A year later NOW lost a similar suit against Mutual of Omaha.[301] Other efforts also failed. In 1987 alone, 12 states considered unisex insurance legislation, but none of these bills advanced beyond initial hearings. At the close of the decade, Montana was the only state in the nation with a unisex insurance law on its books.

The battle for federal unisex legislation occurred less than a year after time had run

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[299] Barbara Bergman, "Insurance by Gender, Point Counter Point: Beware The Industry's Logic," *New York Times*, June 26, 1983.
[300] "Sexy Premiums: Feminists Vs. Insurance Firms," *Time Magazine*, June 20, 1983.
[301] "Pro and Con: Women vs. The Insurance Industry - Sex, Risk, and the Actuarial Equation."

out for ratification of the Equal Rights Amendment, a measure that, like the unisex bills, encountered fierce opposition from the insurance industry because it promised to equalize insurance rates. Some suggested that unisex insurance became a kind of "consolation prize" after the ERA's defeat, attracting activists looking to "reheat the hot potato," as one conservative journalist put it, by supporting a "new woman's issue."[302] It is likely, however, that many women's activists simply didn't have the stomach after the devastating defeat of the ERA to jump on board what many identified as an ideological crusade, not an pragmatic one. Along with these practical concerns, the defeat of unisex insurance legislation also reflected larger changes in American society and in popular conceptions of insurance and risk. The willingness of Americans to support risk classifications based on immutable characteristics grew out of widespread belief in the apolitical nature of insurance systems and a large-scale acceptance (even amongst insurance critics) of identity-based aggregation as a useful and ethical way of creating groups in a market society.

The debate over sex discrimination and sex-based classifications in insurance ended in much the same way as the debate over insurance redlining. Insurance critics in both cases succeeded in attracting substantial public attention to discrimination in insurance, but failed in establishing legislative frameworks that would more effectively regulate the industry in favor of consumers. More importantly, both efforts to reform insurance practice and institutions foundered on the criticisms activists leveled against risk classifications. Anti-redlining and anti-sex discrimination activists challenged risk classifications by calling into question their accuracy and objectivity and demanded that

[302] James Kilpatrick, "Unisex Insurance Measure Went the Way of the ERA."

particular classifications were unfair or unjust. Neither group called for a total prohibition on the use of risk classifications to price or determine availability of insurance, and neither identified risk classification itself as a moral, ethical, or political system. The failure to identify the measurement of risk, and not simply its application, as a political and ideological exercise prevented critics of insurance in the 1970s and 1980s from addressing the true root of discrimination in insurance: the actuarial logic itself.

Conclusion: The Challenge of Actuarial Practices to Collective Action

By the middle of the twentieth century private insurance had become the primary provider of financial security for most Americans. The only competitor was the state, which became an "insurer of last resort" through programs (often administered and controlled by private insurers) designed to "catch" those individuals and communities deemed "too risky" for participation in the private market. As noted in the discussion of FAIR programs, these state insurance mechanisms provided inferior service and less coverage than private ones, at rates that were in most cases exorbitantly higher. This led to a situation in which a private, profit-driven industry held a monopoly on security and became almost entirely responsible for providing a service that many considered an essential right. Insurers used this leverage to avoid extensive regulation, claiming that social legislation banning certain practices would be too costly and might lead to widespread insolvency – a kind of "too important to regulate" argument similar to the "too big to fail" rhetoric that permeated the 2008 banking crisis. Not surprisingly, resistance to the insurance industry and its actuarial practices became difficult.

But resistance to private insurance was impeded for other reasons too, ones more closely linked to the governing nature of insurance and the risk classification systems explored in this chapter. The kinds of group formations risk classifying systems encouraged were neither active nor voluntary, and their contours were largely determined by profit-driven entities. Yet despite this reality and its implications for collective organizing, insurance critics accepted the naturalization of risk pools and the usefulness of risk classification as a route to social order and organization. Anti-redlining activists claimed that risk classifications were too often arbitrary and subjective, and could easily serve as tools through which to justify overt, blatant discrimination. Feminist and women's activists argued that such classifications were responsible for maintaining the status quo, by identifying existing social hierarchies and then projecting them into the future. Both arguments offer compelling reasons to resist specific types of risk categories, but neither addresses the ideological and political nature of risk classification as a *system*.

As Jonathan Simon has argued, risk classifications do not simply identify (or misidentify, as some activists argued) the world as it exists, they also actively construct that world, and they do so according to the interests of those who wield them.[303] Insurance systems that spread risk are inherently conservative in the sense that they preserve the status quo by maintaining the economic and social status levels held by individuals before a misfortunate event. Yet, as legal theorist Tom Baker, in "Containing

[303] See especially Jonathan Simon, "The Ideological Effects of Actuarial Practices"; Tom Baker, "Risk, Insurance, and the Social Construction of Responsibility"; François Ewald, "Insurance and Risk"; David Knights & Theo Vurdubakis, "Calculations of Risk: Towards an Understanding of Insurance as a Moral and Political Practice." See also the collections, Richard V. Ericson, Aaron Doyle & Dean Barry, eds. *Insurance as Governance* (Toronto: University of Toronto Press, 2003); and Richard V. Ericson & Aaron Doyle, *Risk and Morality* (Toronto: University of Toronto Press, 2003).

the Promise of Insurance: Adverse Selection and Risk Classification" notes, the presence of risk classification in modern insurance systems complicates this picture. Under such systems, "some people have to pay more than others to enter the pool, and others cannot enter at any price – thus, insurance institutions not only maintain status, they also assign it."[304] Baker argues further that risk classifications, in their emphasis on individual responsibility via the notion of moral hazard, "help to persuade people that the purpose of insurance is individual protection and, accordingly, that the insurance group [or risk pool] is a collection of individuals without any responsibility to one another."[305] In other words, private insurance wore an ideological veil that masked its collectivism: in the United States during the postwar era, insurance, an inherently collectivist activity, effectively promulgated and reinforced atomized individualism.

This shrinking sense of commitment to others prompted and aided by insurance risk classification systems was supported by the industry's insistence that such systems were "actuarially fair." Yet despite insurer claims of scientific objectivity, "actuarial fairness" is at its heart a deeply moral concept, what Baker calls "a watered down form of liberalism that privileges individual interests over the common good and that privileges, above all, the interests of insurance institutions organized on its terms."[306] Other scholars have supported this stance and suggested its implications for collective resistance to actuarial systems. Regina Austin, in her extraordinary 1983 analysis of the "insurance classification controversy" argued that internal ties and external experience, the tools through which humans have formed groups for centuries, are useless to, and often

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[304] Tom Baker, "Containing the Promise of Insurance: Adverse Selection and Risk Classification."
[305] Ibid.
[306] Ibid.

attacked by, actuarial mechanisms.[307] More recently, Daniel Defert, in his essay "Popular Life and Insurance Technology," argued that modern insurance practices separate individuals from existing communities and solidarities and then reconstitute them in new, more passive, distributions. [308] Finally, Simon argues that risk classification systems "diminish the potential for resistance by changing the representations through which we come into ourselves as collective subjects."[309] As these arguments suggest, the social and political consequences of actuarial practices are both powerful and diffuse. A popular joke amongst actuaries proposes that it is impossible to die by any cause not listed on mortality tables. Following this logic, we might also ask if it is impossible to participate in any group, to occupy any political position, that is not recognized by actuarial models that calculate risk.

Since the conclusion of the insurance discrimination debates in the early-1980s, actuarial classifications and the aggregate group formations they produce have become an increasingly prevalent aspect of American life. Calculations of risk used to create statistically determined "probabilistic communities" have been adopted in numerous arenas beyond insurance, including, most prominently, education and criminology.[310] At the same time, within insurance, risk pools are becoming more abstract and less tied to personal experience, behavior, or responsibility. In the twenty-first century the use of credit scores to determine auto and liability insurance rates has become widespread,

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[307] See Regina Austin, "The Insurance Classification Controversy."
[308] Daniel Defert, "Popular Life and Insurance Technology," 213.
[309] See Jonathan Simon, "The Ideological Effects of Actuarial Practices."
[310] For a study of the increasing use of risk classification in education, see Michael Peters, "The New Prudentialism in Education: Actuarial Rationality and the Entrepreneurial Self," *Educational Theory* (55:2, 2005); for a study of risk and criminology, see Jonathan Simon…

forcing some to question the fairness of calculating risk susceptibility according to factors having little to do with the risks in question. If this and other related issues, including the usage of genetic data to classify risk, generate extensive public concern, will the terms of debate change from those embraced by insurers and their critics in the 1970s and 1980s? If they do not, and if the insurance industry succeeds in maintaining its unique regulatory situation, consumers and critics stand little chance of curtailing such practices.

Beyond these immediate policy concerns, the history of 1970s and 1980s debates over insurance discrimination and risk classification matter because they illustrate well how disputes over insurance are often at the center of, or close to, some of the most pressing social and political questions of the postwar period. The discrimination debates revealed tensions in American society surrounding the role of insurance in American life, but they also, more generally, called into question the constitution of, and relationships between, institutions, individuals, and communities in advanced liberal societies. The insurance discrimination debates touched on concerns over how society should be ordered and how its members should be cared for, how difference should be measured and responsibility assessed. The tendency, especially over the past 30-40 years, to relegate discussions of insurance to the realms of economics and finance has created a situation in which many of the moral and ethical questions insurance and its calculative techniques raise are subsumed under the so-called "objective" logic of the market – a primary tenet of neoliberal governance. An understanding of insurance and risk classification as divorced from moral questions, the very understanding endorsed by insurers and their critics during the 1970s and 1980s, has become mainstream and very

difficult to challenge, even in the twenty-first century, when Americans are once again beginning to question the relationship between insurance, actuarial practices, and social justice.

CHAPTER 4

INSURANCE AND ACTUARIALISM IN THE POSTWAR POPULAR IMAGINATION

Introduction: Why was Insurance Such a Prevalent Theme in Postwar Culture?

The dissertation thus far has focused primarily on the logics, arguments, and rationalities of postwar insurance institutions and representatives, as expressed in their internal literature, investment strategies, and materials produced for public consumption. The three previous chapters have examined the evolution of insurance industry marketing, investment, and regulation over the course of the postwar era. We've seen how insurance advertising and educational efforts during the first two decades after World War II helped create a new kind of American subject-citizen trained in actuarial thinking and the entrepreneurial management of risk. We've followed the investment activities of insurance institutions and their impacts on commercial life and the postwar built environment. Finally, we've examined connections between attempts to regulate insurance practices and the role of risk and actuarialism in redefining social activism and political community in the United States during the 1970s and 1980s.

These changes, and the new prevalence of actuarialism in American life, did not go unnoticed or uncontested by contemporary observers. Insurance and actuarial thinking attracted the interest of myriad artists, authors, commenters, and critics, permeating the popular culture and social criticism of the age. During the two decades following the War, representations of insurance companies, agents, and fraud flooded American theatre, film, and popular literature. Indeed, some of the most celebrated artistic

productions from the period explored actuarial themes. Billy Wilder's *Double Indemnity*, perhaps the most famous insurance fraud film in history, was released in 1944. Robert Siodmak's *The Killers* (featuring an insurance investigator as the main character) and Tay Garnett's *The Postman Always Rings Twice* (another insurance fraud film), followed in 1946. Three years later, Arthur Miller's *Death of a Salesman,* a Pulitzer prize-winning play about a man who commits suicide in hopes of funding his family with an insurance payoff, premiered on Broadway. Science fiction author Isaac Asimov depicted a distant future ruled by actuaries in his acclaimed 1951 *Foundation* trilogy, which won a special Hugo Award for "All-Time Best Science Fiction Series." Lorraine Hansberry's *A Raisin in the Sun*, a domestic drama that revolves around the question of how an impoverished black family should spend an insurance claims check, was first performed in 1959.

These well known productions stand out, but insurance companies, agents, and scams appear in works throughout the era in genres as diverse as horror, romance, musicals, and melodrama. In the 1948 musical comedy *Are You With It?* Donald O'Connor starred as an actuary forced to join a carnival after misplacing a decimal point on a statistical table. In *Bells of Coronado,* a 1950 Western, singing cowboy Roy Rogers played a claims inspector investigating a case of stolen uranium ore. *Fool Coverage*, a 1952 Warner Brothers animation, presented Daffy Duck as an insurance peddler attempting to convince Porky Pig to purchase an insurance policy on his hazard-laden home. Jim Anderson, the father in the 1949-1954 CBS radio drama *Father Knows Best*, was an insurance agent. The longest running radio drama (from 1949-1962) in that network's history, *Yours Truly, Johnny Dollar*, tracked the expense account charges of an

insurance investigator. Hitchcock's *The Wrong Man* (1957) and Wilder's *The Apartment* (1960) were both set within the institutional frameworks of insurance companies. Between 1944 and 1960, over 200 American films were produced containing insurance-related themes.[311] How can we understand this massive infusion of insurance and actuarial systems into the postwar cultural landscape?

The relationship between insurance and cultural production was certainly not a new phenomenon in the mid-late 1940s. The poet Wallace Stevens, the linguist Benjamin Whorf, and the composer Charles Ives all worked for insurance companies, and all of them published literary and scholarly work related to the trade.[312] As literary scholar Jason Puskar has noted, throughout the late nineteenth and early twentieth centuries insurance industry magazines and trade journals often published fiction and other "scholarly" materials alongside more mundane reporting on market conditions, legislation, and actuarial practices.[313] Puskar identifies the insurance business during this era as a "warehouse for literary talent," and suggests that actuarial concepts like chance, accident, and hazard became central elements of American literary realism.[314] Eric Wertheimer's *Underwriting: The Poetics of Insurance in America, 1722–1872*, pursues a

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[311] AFI Database Catalog, http://www.afi.com/members/catalog/ (accessed February 19, 2010).
[312] Whorf's research on linguistic relativity was inspired by his work as a fire insurance inspector, and particularly a series of cases where misunderstandings based on linguistic confusion led to insurance losses. See Whorf's "The Relation of Habitual Thought and Behavior to Language," in *Language, Culture, and Personality: Essays in Memory of Edward Sapir*, ed. Leslie Spier (Menasha, Wis.: Sapir Memorial Publication Fund, 1941), 75-93. Ives was the chief executive of Ives & Myrick, an insurance firm he founded in 1907. In the field of insurance he is recognized for devising creative life insurance solutions for people of means hoping to avoid inheritance taxes, and is generally considered the "father" of estate planning. See L. Macy "Charles Ives," *Grove Music Online*, http://grovemusic.com (accessed January 24, 2011). The connections between Stevens' insurance work and his poetry are well known. See Michael Szalay, *New Deal Modernism: American Literature and the Invention of the Welfare State* (Raleigh, NC: Duke University Press, 2000).
[313] Jason Puskar, "William Dean Howells and the Insurance of the Real," *American Literary History* 18, no. 1 (2006): 29-58.
[314] Ibid. 29.

similar argument, charting interactions between the literary and insurance industries throughout the nineteenth century. Wertheimer reads works by Phyllis Wheatley, Herman Melville, Ralph Waldo Emerson, and other influential American authors as products of, and commentaries on, the convergence of artistic production and market relations during a period of intense capitalist expansion and literary experimentation in the United States. Like Puskar, Wertheimer argues that American literature and American capitalism evolved together, responding to similar (insurance-related) questions of loss, risk, and chance.[315]

Cultural historians and literary scholars interested in the 1930s and the New Deal have also found important links between art and insurance during that era.[316] The Depression years were a watershed moment in the representational life of insurance and actuarial systems. In *New Deal Modernism: American Literature and the Invention of the Welfare State*, literary scholar Michael Szalay argues that art produced in the 1930s adopted the actuarial logic of the New Deal, as well as its emphasis on community and democracy as principal routes to individual and national security. Szalay shows how many of the era's most influential thinkers, from Keynes to Dewey to FDR, came to see economics, politics, and literature in terms of the same actuarial models introduced by public insurance via Social Security. Thus, Wallace Stevens, one of the most celebrated literary minds of the period, and a man who could assert with confidence that "poetry and

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[315] Eric Wertheimer, *Underwriting: The Poetics of Insurance in America, 1722–1872* (Stanford, CA: Stanford University Press, 2006).

[316] Szalay provides the most complete study of the New Deal era's insurance imaginary. See also Joseph Harrington, "Wallace Stevens and the Poetics of National Insurance," *American Literature* 67, no. 1 (1995): 95-114; and Frederick Whiting, "Playing Against Type: Statistical Personhood, Depth Narrative, and the Business of Genre in James M. Cain's Double Indemnity," *Journal of Narrative Theory* 36, no. 2 (2007): 190-227.

surety claims are not as unlikely a combination as they may seem," injected his poetry with formal and conceptual elements derived from his work in insurance.[317] Like Stevens, the literary theorist Kenneth Burke also embraced actuarialism, claiming that the problem of literary form was best represented by the "thorough rationality of the actuarial table."[318]

As Puskar, Wertheimer, and Szalay have shown, connections between insurance, art, and authorship existed as early as the nineteenth century in the United States and became important shapers of American literature during the first half of the twentieth. The post-World War II confluence of actuarial systems and artistic production was thus not a new development, nor one unique to the era. Important differences exist, however, between pre and postwar portrayals of insurance and actuarialism in American culture. To begin, insurance themes in cultural productions were far more prevalent in the postwar than in any other era. They also reached different and much wider audiences. Representations of insurance in popular culture exploded after World War II, moving from the pulps and niche groups of elites, experts, and professional connoisseurs into the mainstream market, and, as I argue in this chapter, into the very heart of the American popular imagination.

The rising tide of insurance themes in postwar popular culture reflected the growing importance of actuarial systems to the nation's social, economic, and cultural life. Private insurance proliferated rapidly after World War II, quickly becoming one of the largest industries in the nation and one of its biggest employers. It should come as no

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[317] Szalay, *New Deal Modernism*, 127.
[318] Cited in Szalay, *New Deal Modernism*, 15.

surprise, then, that so many of the period's "everyman" characters were portrayed as working, in some capacity, for insurance. The exploding birthrate, along with postwar prosperity and its concomitant surge in home ownership, automobile ownership, and ownership of consumer goods in general, also led to more insurance purchases. Again, it is not surprising that insurance, in popular culture, would thus come to represent the secure, middle-class lifestyle it was thought to protect and ensure.

And yet, while insurance certainly did work as a signifier of safety, comfort, and normality in some postwar productions, as often as not it signaled the opposite. Szalay argues that insurance served as a symbol of democratization and collectivity during the 1930s. By the end of the War, however, artists had abandoned the New Deal's optimism towards actuarial systems, expressing instead feelings of entrapment and dehumanization imposed by cold, calculating, technocratic institutions. Artists of the postwar era depicted a world in which personality, identity, and individual agency had been smothered by the same security that had so inspired artists just a few decades earlier. Insurance themes in cultural works from this period no longer evoked the democratic, communal values of the 1930s. Instead, they became sinister, unsettling symbols of constraint, bureaucratic control, and omnipresent hazard (social, technological, and moral).

In the pages that follow, I explore this transformation in the cultural life of insurance, focusing primarily on the critical nature of postwar popular culture in its treatment of actuarial themes. The major threads of postwar cultural and social criticism – loss of agency and identity, a sense of entrapment by totalizing, systemic forces, the fragmentation of self and society – are, of course, not unknown to historians. These

concerns are commonly attributed to a lingering fear of totalitarianism, exemplified by fascism and the horrors of World War II. Postwar dystopian visions of alien invasion and mind control, for their part, are seen as mere symptoms of Cold War anxiety about a possible communist takeover. In response to these claims, literary critic Scott Sanders suggests that scholars of American science fiction and other dystopian postwar genres "have projected onto the communists, onto flying saucer crews and aliens the distaste we feel towards our own rationalized society."[319] Sanders proposes that postwar stories about monsters and machine domination offer instead "exaggerated versions of the regimentation we experience in our present world."[320] While fear of external enemies and totalitarian regimes certainly played a role in shaping the culture of the era, with Sanders I argue that the anxieties expressed by postwar American drama, film, and literature also sprang from more homegrown sources. Each of these genres, I argue, responded to the explosion of actuarial systems and rationalities in American life and embraced a critical lens focused more keenly on developments at home than abroad.

The chapter begins with an analysis of Arthur Miller's *Death of a Salesman* and Lorraine Hansberry's *A Raisin in the Sun*. Both plays critique the monetary abstraction of human life involved in the insurance contract and call into question the ability of insurance to provide social, personal, and financial security to lower income and non-white Americans. The chapter then moves to a study of representations of insurance and actuarial systems in film noir. Noir films depict characters struggling to wrest control of their own fates, many of whom use insurance fraud as means to escape from the

[319] Scott Sanders, "Invisible Men and Women: The Disappearance of Character in Science Fiction," *Science Fiction Studies* 4, no. 1 (March 1977): 22.
[320] Ibid.

confining coordinates of middle class life. Noir characters find themselves trapped within totalizing actuarial systems, which became a central element of the genre's critique of postwar American society. An exploration of actuarial themes and the crisis of character and individual agency in mid-century science fiction follows. In science fiction works from the postwar period, actuarial systems take on lives of their own and replace human characters as protagonists and villains. This elevation of agentic systems over human characters, I argue, became a key aspect of the genre's critical message, but also a sign of its embrace of actuarialism. The chapter concludes with a discussion of the embeddedness of these productions within the actuarial logic of the era, emphasizing the limits of critique in postwar culture and popular social criticism.

Two Plays that End and Begin with Insurance Money

Death of a Salesman

Death of a Salesman is often considered the most important play of the postwar era and one of the canonical works of American drama. It has been preformed regularly in the United States and around the world since its first appearance on Broadway in 1949. It has been adapted to film four times, first as a Hollywood production directed by Elia Kazan in 1951, and then three times abroad, in Sweden (1961) and Germany (1968 and 1985). There have been a handful of television adaptations of the play as well, and it has received more critical analysis by literary and cultural scholars than perhaps than any other American drama. Many consider Willy Loman, the play's protagonist, the perfect

embodiment of the archetypal everyman, a character whose hopes, dreams, and failures mirror those of millions of Americans. As Joyce Carol Oates has argued, Willy Loman is "our quintessential American tragic hero, our domestic Lear."[321]

Death of a Salesman owes its much of its success and lasting popularity to its ability to dramatize the psychological trauma lurking behind the promise of consumer society and postwar prosperity. The play offers a powerful indictment of modern commercial life, forcing audiences to confront the destructive potential of market concepts like "planned obsolescence" and credit purchases, as well as the "business world" more generally. The psychological burden of debt and the pressure to succeed in a competitive, dog-eat-dog corporate setting are also key themes of the play. Most scholarly treatments of *Death of a Salesman* emphasize Miller's scathing critique of the "American Dream." Few, however, mention insurance, or the symbolic burden it carries in the play. Despite this lack of attention, insurance figures into Miller's critique of commercial society and the "American Dream" in significant ways.

When Miller first introduced the play to his producers, they expressed concern that the presence of "death" in the title might turn audiences away. Asked to consider alternatives, Miller proposed "A Period of Grace," a reference to the insurance industry practice of allowing a policy to stay active beyond its effective termination date.[322] Insurance was clearly on Miller's mind, and his willingness to cite industry terminology in the play's title suggests he considered it something more than a plot device. Anecdotal

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[321] Joyce Carol Oates, "Arthur Miller's *Death of a Salesman*: A Celebration," in *Where I'm Going, and Where I've Been: Essays, Reviews & Prose* (New York: Plume, 1999): 324.
[322] Christopher Bigsby, afterword to *Death of a Salesman,* by Arthur Miller (New York: Penguin, 1998), 116.

evidence aside, though, there are other reasons to emphasize the role of insurance in *Death of a Salesman*.

One of the most unsettling aspects of *Death of a Salesman* is the sense of inevitability that accompanies its protagonist's decent into despair and madness. From the earliest moments of the play, Loman's struggles to succeed and wrest meaning out of a deflated, damaged life seem inexorably impotent and doomed to fail. And things do, in fact, end badly. Convinced that a life insurance check will compensate for his failures as a father and husband, Loman commits suicide (and stages it as an accident) in one of the final scenes of the play. Insurance plays a vital role in bringing about Loman's death. Unlike some victims of suicide, for whom death "by one's own hand" is an act of pure escapism, Loman takes his life out of a sense of altruism. Believing that the $20,000 indemnity on his life policy will pave the way for his family, and especially his son Biff, to succeed and achieve their dreams in ways he never could, Loman pursues death in a sprit of hope. This hope, however, hinges on the insurance contract; his death is only "profitable" with the promise of an insurance payout. On a very basic level, insurance provides the impetus for Loman's suicide – and the climax of the play's narrative.

The play, of course, ends before anyone sees any money. Miller leaves the audience guessing if the insurance company will pay the claim, or challenge it on the basis that Loman's "accident" was in fact quite intentional. This ambiguity is a central element of *Death of a Salesman*. Upon first considering his plan to commit suicide, Loman discusses the insurance money in an imagined conversation with his (deceased) brother Ben. When Ben warns that the insurance company might not honor the policy if

the death is ruled a suicide, Loman insists that since he has always paid his premiums, the company could not refuse.[323] The plan is not discussed again and Ben's doubts are neither disproven nor confirmed. Yet the question of whether or not the insurance company will pay is a significant one.

If the company delivers the $20,000 check, Loman will have achieved, at the very least, a tangible result that amounts to a sort of exchange – his life for his family's financial future. He also becomes the perfect the actuarial subject: he weighs costs and benefits before charting his future course; he then wagers a risk, investing his hopes of success in the company's willingness to pay; having conflated living with entrepreneurial action, Loman finally enters into a system of exchange that prices his life and allows him to redeem it for money.[324] The materiality of the exchange here is key. Considering the sum he will trade for his life, Loman muses, "and twenty thousand—that is something one can feel with the hand… it is there." The insurance money materializes in Loman's

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[323]The question of whether or not Loman family would receive benefits from his death "in the real world" is a complicated one that would depend on the type of policy, the kinds of exclusions written into it, the length of the premium payment period, and the regularity with which payments had been made. Today, Loman's family would likely receive the money, regardless of how the insurance company ruled on the status of his cause of death. As of 2011, almost all life insurance policies in the United States cover suicide after a two-year "exclusion" period – i.e., after two years of paying premiums an insured can commit suicide and the insurance company will pay out the full benefit. In 1949, however, the issue would have been more complicated. The first suicide clauses were added to life policies in the mid-nineteenth century and generally rendered a policy void in the event that the insured committed "self homicide." This meant that a company had no legal responsibility to pay out benefits, or even to refund past premiums. This began to change in the early decades of the twentieth century, as companies adopted less stringent exclusions in response to changing social understandings of suicide and pressure from regulators to protect beneficiaries. By the 1940s it had become common for insurers to refund premiums in the event of suicide, but not to pay out benefits. This was thought to protect both insurance companies and bereaved families while at the same time serving as a deterrent for people like Willy Loman, who saw suicide as a solution to familial financial hardship. See Buist M. Anderson & William Reynolds Vance, *Handbook on the Law of Insurance* (St. Paul, MN: West Publishing,1951): 561-563. One and two year exclusions of the sort we see today were gaining traction around the time Miller wrote the *Death of a Salesman*, but neither suicide nor insurance were popular topics of conversation and the development was not yet well known or understood by the general public. Importantly, in most mid-century cultural productions (including Wilder's *Double Indemnity* – discussed at length later in this chapter), suicide is portrayed as an act that automatically voids a policy.

[324] And of course, the people Loman most admires – notably Ben – are "risk takers."

mind as a quantifiable object. "Oh, Ben, that's the whole beauty of it!" he gushes, "I see it like a diamond, shining in the dark, hard and rough, that I can pick up and touch in my hand."[325] If the insurer does not pay, however, Loman's death registers as yet another failure driven by self-delusion. In this second scenario, perhaps Loman wasn't actuarial enough: he should have planned more, examined the policy's fine print, made a more objective, calculated risk, instead of "speculating" and trusting the company blindly.

Miller never tells us if the Lomans get the money, if Willy's suicide was "worth it." Importantly, within the play, this question is left to the insurance company. It is the company, after all, that will decide if Willy's last act is an act of redemption, or a criminal act of insurance fraud. The burden of judgment and resolution is left to an absent, abstract entity – some insurance company we never see, represented perhaps by a hard-boiled claims inspector of the sort portrayed so often in the noir films of the era? By leaving the question open, Miller likely sought to deny audiences the naive faith in redemption (in insurance as savior) endorsed by the play's protagonist. But there is also resistance to the actuarial in Miller's choice. Does it matter, really, if the insurance company pays? The play's open ending suggests that it doesn't. The question is not if Loman's suicide was "worth it," but instead how he, and we, have come to think of life in terms of monetary "worth" in the first place.

The abstraction of all human experiences into monetary value and the equation of life with money are key elements of *Death of a Salesman*'s critique of postwar society. The loss of agency, dissolution of identity, and the feeling of impotence that arises in the face of a competitive, corporate, commercial society are other major themes. Loman

[325] Arthur Miller, *Death of a Salesman* (New York: Penguin, 1998): 97.

attempts throughout the play to overcome the sense of anonymity that has taken over his life, at one point crying out to his son Biff, "I am not a dime a dozen! I am Willy Loman...!" This refusal to become a (monetized) number, to fuse with the mass, might inspire admiration if it were not so clearly pathetic. Despite his words, audiences know that Loman lacks insight into his own condition. Like so many characters from the postwar period, he is "led" without agency, driven by forces beyond his control. Loman is a victim of what Miller himself called "the paradox of being alive in a technological civilization," as well as the abstraction and anonymity that permeates life in an Actuarial Age.[326]

A Raisin in the Sun

Lorraine Hansberry's 1959 *A Raisin in the Sun* picks up where Miller's *Death of a Salesman* leaves off: with the anticipation of an insurance check. "Big Walter" Younger, the patriarch of a poor African-American family, has passed away at some point in the unstaged past. The play opens with the family gathered in their small, cramped apartment, eagerly awaiting the arrival of a $10,000 check from an insurance company – the indemnity on Big Walter's life. The first scenes of the play serve as build-up to the check's arrival, a pivotal and much-anticipated moment. When the check is finally delivered, it is greeted with elation. Each of the Youngers demands to see and *feel* the check, and it is ceremoniously handed back and forth between them. Hansberry

[326] Quoted in Bigsby, 125.

highlights the material presence of the check here in a move similar to Miller's emphasis on the "weight" of Loman's insurance payout.

Like *Death of a Salesman*, *A Raisin in the Sun* offers a powerful critique of the "American Dream" and suggests that the security insurance is supposed to provide is neither guaranteed nor always desirable. Indeed, in *A Raisin in the Sun*, insurance money nearly tears the family apart, leading the key characters at different points in the play to denounce god, themselves, and finally, each other and the family itself. Every attempt to figure out how to use the hard-earned insurance check meets serious conflict or outright failure. In the end, most of the money has been lost through risky decision-making (the younger Walter Younger's insufficient knowledge of business and his trust of a disingenuous business partner leads him to naively loose the money). The rest, used as a down payment for a home in an all-white neighborhood, promises as much insecurity as security. The residents of the Youngers' new neighborhood have aggressively voiced their unwillingness to integrate, and towards the end of the play, another black family that has moved into a white area is reported to have been harassed. The play ends on a hopeful note, but all signs suggest that the Youngers are entering into a situation even more constrained by uncertainty and insecurity than the one they inhabited before the insurance money entered the scene.

A Raisin in the Sun offers a critical vision of insurance and its ability to provide for a secure future, and like *Salesman*, it also condemns the abstraction of human life into monetary value. During an argument about how to spend the insurance check, Mama Younger reminds her children that Big Walter "worked himself to death" for the

money.[327] This hard work is referenced throughout the play and linked continuously to the insurance claim, which serves as a symbol of Big Walter's love and labor, as well as a virtual embodiment of the dead father and husband figure. In the 1961 film version of the play directed by Daniel Petrie, for example, when Mama learns that her son plans to invest his share of the insurance money in a liquor store, she becomes indignant: "I ain't gonna be putting the memory of my husband into no liquor."[328] Later, after hearing from a friend that much of the money has been stolen by a sketchy business partner, Walter cries, "Don't you know that money is made out of my father's flesh?!"[329]

The insurance money's ability to represent the dead father, to stand for him in his absence, is never questioned by the play's major characters. Ultimately, it is an outsider who casts doubts on the morality of associating a sum of money so closely with a human life, of staking so much on an insurance claim. Asagai is a student from Nigeria who is courting Beneatha, Big Walter's daughter (Hansberry emphasizes that he is not "assimilated" or American). Upon witnessing Beneatha's despair after her brother has lost the insurance money, Asagai offers a distinctly non-actuarial response: "Isn't there something wrong in a house – in a world – where all dreams, good or bad, must depend on the death of a man?"[330] In the film version of the play, this line is followed by "We used to say back home, 'accident was at the first and will be at the last, but a poor tree from which the fruits of life may bloom.'" This approach stands in stark contrast to Walter's philosophy, uttered at a moment of desperation: "There ain't no causes. There is

[327] Lorraine Hansberry, *A Raisin In the Sun* (New York: Vintage, 1994): 45.
[328] Daniel Petrie, dir., *A Raisin in the Sun* (Los Angeles: Columbia Pictures, 1961).
[329] Hansberry, 128.
[330] Ibid. 135.

only taking in this world – he who takes the most is the smartest, and it don't make a bitter difference how."[331]

A Raisin in the Sun and *Death of a Salesman* dramatize the limits of postwar prosperity and the tenuousness of the "American dream," while highlighting the inability of insurance to provide security and solve the problems of a complex, modern world. Both plays, in their own way, show the dark side of the insurance wager. For Loman, it is the promise of the insurance money that allows suicide to become a viable option. For the Youngers, the insurance check and the uncertain, but hopeful, future it promises ultimately causes familial conflict and leads to the heartbreaking realization that money alone cannot provide security (personal, emotional, or social). Beyond these considerations, both plays call into question the very mindset that actuarial society inculcates – the conflation of risk with investment, the wedding of personal, social, and financial security, the quantification and abstraction of human life, the haunting nature of the past, and the tragic quality of lives lived only for the future.[332]

[331] Ibid.143.
[332] The Younger's insurance check is not only the virtual embodiment of Big Walter, it is also a symbol of the past's impact on the present – a theme as strong in *Raisin* as it is in *Salesman*.

"Twisted Hopes and Crooked Dreams": Film Noir's Insurance Imaginary

Midway through Billy Wilder's classic 1944 film, *Double Indemnity*, claims inspector Barton Keyes, played by Edward G. Robinson, waxes poetic about insurance:

> A claims man is a surgeon, and his desk is an operating table, and his pencils are scalpels and bone chisels. And those papers are not just forms and statistics and claims for compensation. They're alive; they're packed with drama, with twisted hopes and crooked dreams. A claims man, Walter, is a doctor and a bloodhound and a cop and a judge and a jury and a father confessor, all in one.[333]

Lovingly listing the tools of the actuarial trade (desk, pencils, papers and forms), Keyes argues that actuarial tables offer more than statistics, that insurance claims represent more than requests for financial compensation. Keyes is clearly a man who is serious about insurance and its role as a system of reason, justice, law, and morality.

As Keyes' soliloquy suggests, insurance is a central element of *Double Indemnity*. It is also a recurring motif in other films from the era – so prevalent, in fact, that one commentator called the immediate postwar period a "golden age for insurance in film."[334] Yet while insurance and actuarialism arose as themes in a variety of film styles after the War, no genre embraced them as often or as thoroughly as film noir. Identified by its sinister story lines, depictions of violence, and visual emphasis on contrasting swatches of darkness and light, noir became a dominant style in American cinema during the early postwar years. Film Critic Alain Silver argues that the visual darkness of noir reflected the dark mood of postwar American society, acting as a kind of "black slate" upon which

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[333] Billy Wilder, dir., *Double Indemnity* (Los Angeles: Paramount Pictures, 1944).
[334] Daniel D. Skwire, "Life, Death and Money," *Contingencies* (May/June 08), http://www.contingencies.org/ (accessed December 13, 2010).

the culture could inscribe its ills.[335] Other scholars have focused on the darkness of noir narrative and the shadowy noir protagonist, commonly represented as a powerless individual assailed by an irrational universe. Paul Schrader argues that the fundamental conflict in noir is the main character's confrontation with the uncontrollable nature of fate.[336] The choices of noir protagonists are repeatedly overwhelmed by a fatalistic determinism – a loss of order, a sense of being outside the law, a resignation to, as *Double Indemnity*'s Walter Neff puts it, "ride to the end of the line." Yet while the hostility of an uncontrollable, chaotic world is an emblem of noir, there is also a sense of vulnerability to systematic, structural forces from which escape is also futile. Noir characters find themselves trapped between two worlds – the realm of authority, management and social control, and the irrational chaos of passion, obsession and fate. Both lead to the loss of autonomy and the mounting abstraction and devaluation of human life.

Film scholars repetitively point to the critical nature of noir and its seemingly unique ability to articulate cultural anxiety and social angst. This understanding of noir as social critique is as old as the genre itself and appears in nearly every scholarly treatment of the subject. Film critics have explored the subversive impact of the *femme fatale*, the unsettling force of disabled bodies, and the transgressive representation of homosexual desire in noir.[337] Few, however, have addressed the role of insurance and actuarialism in

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[335] Charles Higham and Joel Greenberg, "Noir Cinema," in *Film Noir Reader*, ed. Alain Silver & James Ursini (Pompton Plains, NJ: Limelight Editions, 1996): 27–36.
[336] Paul Schrader, "Notes on Film Noir," in *Film Noir Reader*, 53 –64.
[337] Regarding disability in film noir, see Michael Davidson "Phamtom Limbs: Film Noir and the Disabled Body," *GLQ: A Journal of Lesbian and Gay Studies* 9, no. 1-2 (2003): 57-77. On homosexuality, see Richard Dyer, "Homosexuality in Film Noir," *Jump Cut: A Review of Contemporary Media* 16 (1977): 18-21. For the *femme fatale*, see Mary Ann Doane, *Femmes Fatales: Feminism, Film Theory, Psychoanalysis*

these works, or their contribution to the genre's critical vision.[338] In the pages that follow, I explore noir's critique of postwar security culture and argue that insurance served as a symbol in the genre for the mounting abstraction of human life, the questionable agency of individual actors, the uncontrollable nature of fate, and the fragmentation of the self and society that attended the Actuarial Age.

Like *Death of a Salesman* and *A Raisin in the Sun*, noir films like *Double Indemnity* exposed the dark side of the insurance contract. Unlike postwar drama, however, which focused on the failures of insurance to provide security for lower income and non-white Americans – groups for whom the "American dream" was always a tenuous prospect – film noir took its critique a step further, illustrating the corrupting force of insurance on white, relatively affluent, members of the middle and upper classes. Insurance represents opportunity for many characters in these films. But instead of working as a "responsibilizing" force (as insurers argued), insurance in noir *criminalizes* by serving as the means through which crimes are made to pay. Disgruntled housewives, desperate debtors, and bored office workers, noir films suggest, are more likely to turn to crime when there is an insurance check at the end. Insurance fraud here serves as a kind escape – from unpleasant marriages, stultifying home life, the humdrum existence of white-collar work. Importantly, though, insurance fraud in noir offers an escape that hinges on money, and one that, more often than not, is deadly.

(New York: Routledge, 1991); and Dominique Mainon & James Ursini, *Femme Fatale: Cinema's Most Unforgettable Lethal Ladies* (Pompton Plains, NJ: Limelight Editions, 2009).

[338] Notably, Daniel Skwire, author of "Life, Death and Money," is himself an actuary, and not a film scholar. Op cit. 15.

In noir, characters kill for insurance money. This is a key element the genre's critique of the moral hazard inherent in insurance contracts and their actuarial abstraction of human life and suffering. In these films, human lives are constantly associated with monetary value. Robert Siodmak's 1946 film, *The Killers,* offers an example of this trend.[339] The film opens with insurance claims investigator Reardon attempting to convince his boss, Kenyon, to let him investigate the murder of a man called "The Swede." Kenyon instructs Reardon to drop the difficult case and focus instead on a damaged freight claim, worth far more than the mere $2,500 taken out on the Swede's life. When Reardon presses his boss, attempting to pique his interest with compelling details from the case, Kenyon refuses. "I'm trying to man an organization," he demands, "I don't know what happened, and I don't care!" Kenyon is a different kind of claims man than *Double Indemnity's* Barton Keyes. Keyes is committed to insurance as a kind of justice system. Kenyon, however, in clearly interested only in profit. More concerned by some damaged freight than the murder of a man, Kenyon exhibits an unyielding drive for profit and efficiency throughout the film. Even his seemingly warm relationship with his employee, Reardon, revolves around a cash nexus. When Reardon insists on investigating the case against his boss's wishes, Kenyon responds with defeat, "I'd fire you if I didn't know you'd just go over to Prudential for more money."

Kenyon's acute ability to dehumanize individuals and think in purely statistical, monetary terms reflects noir's concerns about the quantification of human life and suffering, and the role of insurance in this process. The abstraction of individuals into statistical entities whose value can be measured in monetary terms is a recurrent theme in

[339] Robert Siodmak, dir., *The Killers* (Los Angeles: Universal Pictures, 1946).

The Killers, and in noir more generally. "The Swede," a character denied even the personality of a proper name, offers a key example of this idea. Depicted as moving through life in a number of pathetic positions, the Swede is a character constantly subject to the control of others. The first relationship of this sort we see occurs several years before the events of the film take place, with a fight manager who oversees his career as a boxer. The manager is quick to abstract the Swede's life into revenue. Showing a clear lack of concern for the Swede's health after his hand is broken badly in a fight, the manager proclaims, "Swelling up or swelling down, it don't make no difference now. Ten grand is ten grand!" The Swede is valuable to the fight manager only for his ability to bring in a profit, a trend repeated later in the insurance office when Kenyon declares his death less vexing than the loss of a few tons of freight.

Insurance investigator Reardon eventually achieves success in his mission to solve the Swede's murder. He brings the killers to the justice of law, but more importantly (and it is key that the film ends in the insurance office) he brings the rule of insurance back to ascendancy. All is set right for the insurance company; the claim on the Swede's life policy is recovered along with a $10,000 claim from an earlier case involving robbery. Yet the moral of the film's deceptively cheery ending (Reardon exists the office with a smile and a wave after exchanging a joke with his superior Kenyon) is that the Swede's life, the human suffering experienced by the film's characters, and the entire investigation were "worth" so little – Kenyon declares as the film comes to a close that the entire investigation and the losses recovered ultimately saved the company's customers "less than one tenth of cent."

Other themes related to actuarialism in noir include the loss of individual agency, a fear of being trapped within an institutional structure, and the sense of being constrained by fate. Film scholar Paul Skenazy argues, for example, that noir characters are notable for "the fatalistic inevitability of their destinies, and the intense pressure of determinism one feels ruling their lives."[340] Although many noir characters commit murder and other crimes as a possible "way out," they are always inevitably caught. There are also repetitive references to fatalistic, totalizing systems, such as astrology and religion, in the genre.[341] In *The Killers,* for example*,* the actuarial expertise of insurance man Reardon is repeatedly contrasted with the religiosity of the film's ethnically diverse supporting characters. This theme is highlighted by constant references to faith in connection with Irish Catholic characters like Kitty Collins, the *femme fatale*, and the kindly old woman who becomes the beneficiary of the Swede's life policy. Even non-religious characters in *The Killers* rely on faith-based systems – in the case of one ex-con, it is astrology – to manage fate and risk. Astrology plays a role in Frank McDonald's comic 1944 noir *One Body Too Many*, as well. In several humorous conversations between a superstitious astrology professor and Tuttle, the film's insurance man, astrology is compared to the insurance system. As the characters discuss their respective trades, for examples, each becomes increasingly confused, thinking the other is speaking

[340] Paul Skenazy, *James M. Cain* (New York: Ungar Publishing, 1989): 158.

[341] Insurance and astrology have much in common. The "mechanics" of both systems are never divulged to those who consume them. The astrology column reader, like the insurance policy holder, is presented only with the results; they do not actively participate in the predictive reasoning. Risk pools and actuarial tables, like the stars, are also incapable of comprehending individuals, and instead present only categories in which individuals are instructed to "find themselves." In the case of both insurance and astrology, the result is the same: subjects are conditioned to believe themselves individual, and totally equal, yet this individuality and equality are purely abstract. Finally, modern insurance practices share with astrology a projection and calculation of the future, and both gain purchase on the soul of the modern subject by exploiting the fear of the unknown that the future inspires.

of their own profession when in fact the opposite is the case. These linkages – between insurance and religion, and insurance and astrology – appear in a number of films from this era and suggest a critique of the rationality and expertise the institution of insurance claims to embody. Identifying insurance as a faith-based rationality contingent on various forms of speculation, films like *The Killers* and *One Body Too Many* expose insurance as a superstitious system, while still identifying it with quasi-religious power.

Fate-based systems arise often in noir, but none are depicted as more totalizing than insurance, which is portrayed as an institution that sees and knows all, from which escape is essentially futile. Keyes hammers home this point in a speech that, like the one that opens this section, exhibits unyielding faith in insurance as a legal and moral system. Explaining to the insurance company's chief executive why suicide cannot possibly have been the cause of Mr. Dietrichson's death, Keyes scoffs:

> You've never read an actuarial table in your life have you? Why, there are ten volumes on suicide alone. Suicide: by race, by color, by occupation, by sex, by season of the year, by time of day. Suicide, how committed: by poison, by firearms, by drowning, by leaps. Suicide by poison, subdivided by types of poison, such as corrosives, irritants, systemic gases, narcotics, alkaloids, protein, and so forth. Suicide by leaps, subdivided by leaps from high places, under the wheels of trains, under the wheels of truck, under the feet of horses, under steamboats. But, Mr. Norton, of all the cases on record, there's not one single case of suicide by someone jumping off the back end of a moving train.[342]

With this decisive volley, Keyes rules out the possibility that Dietrichson died by suicide, opening up murder as a possibility and shaming his colleague in the process. This speech is essential in helping us understand noir's representation of insurance as a totalizing system. Keyes here appears to be channeling philosopher and historian of statistics Ian

[342] Wilder, *Double Indemnity*.

Hacking, who argues, "You can't just print numbers. You must print numbers of objects falling under some category or other"[343] Hacking's point is that statistics don't just *count* people, they *create* them – it is "beneath their various categories" the people come into being. This is a central principle of actuarial rationality, and one Keyes follows to the letter: Dietrichson simply could not have committed suicide because there is no such statistical category as "suicide by jumping off the back of a train."

The insurance agent is a key element of noir's portrayal of actuarialism as a totalizing, inescapable system. In order to appreciate the actuarial nature of the insurance agent in film noir, one need only examine the agent in comparison with the detective characters that preceded him in American film and fiction. Detectives, insofar as they are rationalists, are very similar to insurance agents, actuaries, and claims adjustors. But there are also historical connections between insurance and detection. Literary and film theorist Joan Copjec traces the origins of detective fiction to a period roughly between 1830 and 1848, the same period Ian Hacking associates with "the avalanche of printed numbers," an unprecedented outpouring of printed statistics and numerical data that accompanied a new passion for counting things and people in Western nations, as well as the onset of the social application of probabilistic mathematics.[344] Copjec explains this period as a moment when statistics began to "structure the modern nations as large insurance companies that strove, through the law of large numbers, to profit from the proliferation

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[343] Ian Hacking, "Making up People," in *Reconstructing Individualism: Autonomy, Individuality, and the Self in Western Thought*, ed. Thomas Heller, Martin Sosna, and David Wellerby (Stanford, CA: Stanford University Press, 1986): 222-236.

[344] Hacking "Biopower and the Avalanche of Printed Numbers," *Humanities in Society* 5, no. 3/4 (1982): 292. See also Hacking, *The Emergence of Probability: A Philosophical Study of Early Ideas About Probability, Induction and Statistical Inference* (Cambridge: Cambridge University Press, 1975) and *The Taming of Chance* (Cambridge: Cambridge University Press, 1990).

of categories of people, the very diversity of its citizens, by collectivizing and calculating risk."[345]

The concurrence of Hacking's "avalanche of printed numbers" with the emergence of detective fiction suggests historical affiliations between the two developments, both of which rely on the application of calculative techniques designed to depict and "decode" reality. But despite these affinities between insurance and detection, some key differences exist between the classic detective character and the insurance agent depicted in American noir films of the postwar era. Copjec, for example, argues for the "incompatibility" of detective fiction and film noir, and suggests that *Double Indemnity* sits at a critical moment between the spaces of each. For Copjec, identification is a key element of this incompatibility: in noir, the detective character (commonly an insurance man) comes to identify more and more closely with the criminal, until "at the end of the noir cycle he has become the criminal himself."[346] In *Double indemnity*, for example, Neff is both investigator and murderer. The key shift in the film comes when Neff moves from thinking about how the insurance company's customers might try to "crook the house" to devising his own strategies for crooking the house himself. For Copjec, this is when Neff leaves the realm of detective fiction and "enters the noir world." This shift – from detective fiction to noir – can be seen as arising in response to the actuarialism that was so quickly becoming a part of American life after World War II.

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[345] Joan Copjec, *Read My Desire: Lacan Against the Historicists* (Cambridge, MA: MIT Press, 1994): 166. In this quotation, Copjec summarizes a piece that has been important for my own understanding of insurance and actuarialism: François Ewald, "Norms, Discipline and the Law," *Representations* 30 (Spring, 1990): 138-161.
[346] Ibid.

Film noir, in other words, provided a new version of the detective story and the detective character for an Actuarial Age.

There are other important differences between the detective character and the noir insurance man. The classical detective figure, for example, is an exemplar of freedom, a character that owns their own labor, and uses rationality and ingenuity to "detect" hidden truths. Detectives are also imbued with personality and "quirky" signs of individuality, anomalies that ultimately help them to excel at their detecting work. Noir insurance agents – salesmen, investigators, claims inspectors – lack this individuality. Instead, they are portrayed either as faceless drones or thoroughly disciplined experts who know the system's logic "inside out." This notion is emphasized over and over again in film noir – you simply can't beat the insurance system because its representatives are the best at what they do. In *The Postman Always Rings Twice* (1946), an adaptation of the James Cain novel directed by Tay Garnett, for example, a slimy attorney who has just won a case, proclaims, "I knew [the other lawyer] was bluffing… If the insurance company, with the smartest detectives in the world, couldn't find any evidence of murder, then it's a cinch the DA couldn't."[347] Insurance investigators, insurance doctors, and other agents of the industry are often lauded for their expertise in these films. Insurance company doctors, for example, are referred to on three separate occasions as "the best in the world" in Wilder's 1966 *The Fortune Cookie.*[348] Insurance agents are also shown as less constrained and more competent than police officers and other agents of the state. Indeed, in these movies insurance investigators are often given full authority of the law – they

[347] Tay Garnett, dir., *The Postman Always Rings Twice* (Los Angeles: Metro-Goldwyn-Meyer, 1946).
[348] Billy Wilder, dir., *The Fortune Cookie* (Los Angeles: The Mirisch Company, 1966).

have badges, carry guns, use car sirens, and in some cases even requisition vehicles from civilians. Neff confirms the sense that insurance is the ultimate realm of expertise, noting prophetically at the beginning of *Double Indemnity*, "Insurance companies know more tricks than a carload of monkeys, and if there's a death mixed up in it, you haven't got a prayer. They'll hang you as sure as ten dimes will buy a dollar."

Yet despite their expert status, noir insurance men are rarely *true* agents – they are constrained by fate, controlled by chance, and subject to the rules and rationality of the system in which they work. Tensions between these competing visions of agency and autonomy are a central element of noir. Working for (and sometime against) the company, the genre's insurance agents are often revealed as the perfect subjects of discipline. Noir films highlight the insurance industry's abstraction of human life, but they also emphasize insurance as a disciplinary system that shapes the subjectivities of insurance workers and clients. The confessional narrative style of *Double Indemnity*, for example, plays a key role in defining Neff as a subject conditioned and disciplined by actuarial rationality. Neff's confession in *Double Indemnity* identifies him as a thoroughly conditioned initiate of the insurance system. His crimes in the film offer conclusive evidence of his conditioned state and his ability to plan and commit murder provide a mark of his disciplined status. As Neff himself asserts, he knows his business "inside out," and his murder of Dietrichson could not be possible without this knowledge.

Keyes, like Neff, is also a disciplined character. His "little man" (a kind of gut feeling) identifies insurance as a form of morality and justice, but it also represents the internalization of the insurance system – of norms, actuarial tables, and the knowledge of

calculable patterns of human behavior. If Keyes is the moral center of the film, as is often argued, then his is the actuarial morality of insurance, internalized through strict conditioning and discipline. The same is true of *The Killer*'s Reardon. Siodmak offers little explanation for Reardon's intense desire to investigate the Swede's death. Unlike Sam, a police officer and former friend of the Swede, who is driven to solve the case by his personal connection to the deceased, the only clear motivation for insurance investigator Reardon is his inability to fit the Swede's death into a calculable, rational system. Early in the film, Reardon becomes obsessed with the Swede's dying words, "I did something wrong once." These words, offered as an explanation for his own murder, represent an unyielding acceptance of fate that flies in the face of Reardon's training in insurance, a system intent on quantifying death and destruction, on taming fate. In order to make sense of the world, he must solve the Swede's murder and explain his acceptance of fate. Reardon has been thoroughly disciplined by the insurance system, and like Neff, his actions are driven by the system's logic.

And yet this disciplined status also makes insurance agents in noir incapable of escaping the actuarial system. In *Double Indemnity,* Neff becomes obsessed sexually with Phyllis Dietrichson, the wife of the man he eventually murders. What drives him to murder and the betrayal of Keyes, however, is not his sexual desire for Phyllis so much as the challenge of the act itself. Neff, though successful, is bored with his achievements as an insurance salesman. Yet when offered a promotion up the corporate ladder, a better position as the assistant to Keyes, he turns it down. It is not his position in the industry that irks Neff, it is the system itself, which embodies a rationality so totalizing and

complete that escape is essentially futile. Though apparently in control of the game, Neff eventually realizes he's a front man, that his every move and decision is dictated in advance by the laws of probability that drive actuarial calculations. These laws ostensibly circumscribe his behavior, but by committing the perfect murder, he hopes to resist the depersonalizing forces that deny him autonomy, to beat the very system in which he works. His plan, like those of so many noir protagonists, ultimately fails. A character thoroughly conditioned by insurance, Neff is unable to escape the rationality of the system that has made him. At the film's conclusion, he is brought back to the rule of insurance by Keyes, a move that signifies a return to the established order and the total reign of insurance as a legal and moral system.

Importantly, Neff's biggest mistake is his internalization of insurance logic. Or, to put it differently, he behaves too actuarially. In trying to avoid detection by the law (and more importantly, by his boss and insurance company representative Keyes) he takes a number of steps designed specifically to throw the system off his trail. He makes a long distance phone call, knowing it will be recorded, decides to stage Dietrichson's death as a train accident, because "death by train" is covered under a rare double-indemnity clause, and he makes sure that his building attendant sees him "returning home" on the evening of the murder in order to establish an alibi. But in the end, all of this planning was *too* perfect. Neff, trying to escape the system using the systems tools, fails miserably.

The confessional nature of the genre compounds this sense of entrapment and determinism. Noir films often begin with confessions, and the voiceover narrative structure suggests that film events have already happened. There is no sense of possibility

here, no sense of the unknown or uncertainty. Importantly, confession is also the sign of a disciplined, conditioned subject.[349] Noir confessions are different from other forms of confession, though, because in noir no one claims active agency or volition. Confession in the classic Catholic context calls on a subject to actively accept responsibility for their sins. In noir confessions, however, responsibility is always deferred – onto the seductiveness of a scheming woman or the crookedness of fate. Nor is the confession in noir repeated. It is always a final act that marks "the end of the line," the conclusion of a series of fated moves in which the protagonist, it turns out, never had any say, any choice. James M. Cain, the author of the novels on which the noir films *Double Indemnity* and *The Postman Always Rings Twice* were based, once wrote that murder "had always been written about from its least interesting angle, which was whether the police would catch the murderer."[350] Doing away with the detective narrator and replacing it with the criminal's flashbacks or confession, noir enters directly into the minds of ordinary people driven toward crime. This device is one of the elements that makes noir so gritty – in earlier detective fiction, criminal activity was always depicted through the distancing lens of the police or private eye. Retelling a crime through the guilty protagonist's voice makes it more real and more accessible. But in the case of a character like Neff, who kills for insurance money, it also reveals the conditioned state of the criminal, his embrace of a logic that associates human life with monetary value and that codes insurance as a route to a better future.

Finally, along with depicting the disciplinary functions of insurance, noir

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[349] See Michel Foucault, *The History of Sexuality* Vol. I, trans. Robert Hurley (New York: Vintage, 1978): 17-35.
[350] James M. Cain, *Three of a Kind* (New York: Alfred A. Knopf, 1943): xii.

responds to the fragmentation of the self and society that characterizes the Actuarial Age. The primary way it does so is through a focus on privatization – noir is a genre filled with private industries (especially insurance), private desires, and private spaces. Publicity and public life all but disappear in these films. It is important, for example, that the primary detective character of noir is an agent working for *private* enterprise, for a profit-driven insurance company. If the classic private detective represents an individualistic system of enlightened, liberal rationality, and the cop represents the morality of the collective, democratic state, then insurance agents represent the actuarialism of privatized security and the private insurance system that underwrites it. This also explains why, so often in noir, when characters commit fraud they are not "brought to justice" by police or other state-employed workers. Instead, criminals are brought back to the rule of insurance by representatives of the industry.

Representations of private industry are complimented in noir by depictions of private spaces. Noir spaces are abandoned and lonely. It is a genre filled with dark, empty streets, shops, offices, and city squares – places that should be brimming with life and social activity but that somehow are not. At the same time, public spaces are transformed into private ones. In *Double Indemnity,* for example, Neff and Phyllis choose a public spot, a supermarket, rather than a private one, to plot their murder of Phyllis' husband. The market is virtually deserted in this scene, and the sense of publicity and normality that one usually associates with social spaces like grocery markets is gone.

The fixation on privacy and privatization in these films is also linked to the impossibility of disguise, the inability of characters to hide. Copjec writes brilliantly

about this aspect of noir:

> Of all the admonitory ploys in the noir arsenal, surely the most characteristic was its insistence that from the moment the choice of private enjoyment *over* community is made, one's privacy ceases to be something one supposes as veiled from prying eyes and becomes instead something one visibly endures – like an unending, discomfiting rain.[351]

Whether its the bandages and plastic surgery that fail to conceal Vincent Perry in Edgar G. Ulmer's 1945 film *Detour,* or the comic sunglasses worn by Phyllis in the market scene in *Double Indemnity*, attempts at concealment fail constantly in noir, leaving its characters laid bare and exposed.[352] Phyllis's sunglasses, worn in an indoor grocery store, actually make her *more* conspicuous (see figure 31). The message is that there can be no real privacy in a thoroughly privatized world, and this leads to the impossibility of concealment. Noir has been read often as deceptive, dark, and shadowy – but in fact the noir world is one where nothing can lie hidden, where everything eventually must come to light. Copjec calls this "the dark truth of noir."[353] But is it not also the dark truth of our Actuarial Age, which encourages privatization at every turn and constructs risk pools by deploying statistical measurements and quantification practices that insist we bare our souls, revealing all?

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[351] Copjec,183.

[352] A related trend is the interchangeability of characters in noir and the recurrence of mistaken identity. In David Miller's 1952 film *Sudden Fear,* for example, two women (one a conspirator in murder, and the other her potential victim) accidentally wear identical white headscarves and dark dresses on the same night. This sameness allows the killer to mistake his lover (and coconspirator in murder) for his intended victim. I think connections can be made between the inability to hide in a privatatized world where all is exposed and the loss of individuality that accompanies statistical personhood and numerical objectification by actuarial systems. See David Miller, dir., *Sudden Fear* (Los Angeles: RKO Radio Pictures, 1952).

[353] Copjec, 183-4.

Firgue 31. Still from *Double Indemnity.* Walter and Phyllis conspire in a grocery market.

This focus on private desire, private industry, and private space in noir is not surprising, given that the genre arose out of a moment when privatization as a political, social, and economic rationality was gaining steam. The new postwar order prompted a celebration of private being and enjoyment and an elevation of individual gain over community and the collective good. Noir depicts a world similar to the one from which it emerged: a nation besieged by a shrinking sense of commitment to others and the rapid disappearance of public life – both central elements of neoliberal governance and social order. In postwar America, as in noir, privatization was quickly becoming the rule, not the exception. This changed the very meaning of privacy and, indeed, of "society" itself – which, as Copjec argues, "begins with the introduction of this new [privatized] mode of being to shatter into incommensurable fragments."[354]

[354] Copjec, 183.

The gradual dismantling of social life – of society itself – and its replacement with private existence and a privatized socio-economic order, was declared complete by British Prime Minister Margaret Thatcher in her now infamous 1987 assertion, "There is no such thing as society."[355] Thatcher's declaration is commonly associated with the economic policies she and fellow neoliberal Ronald Regan put into play during the 1980s in Great Britain and the United States. But, as I've argued throughout this dissertation, the roots of neoliberalism and its actuarial reshaping of social, cultural, political, and economic life extend deeper into the past than is commonly imagined. Thatcher's vision of a thoroughly privatized world populated by self-interested, disconnected individuals driven by private, rather than communal, commitments and desires found its first expression forty years earlier in the critical lens of film noir.

Systems that have Agency and Characters Who Don't in Postwar Science Fiction

The 1950s are often considered the "golden age" of American science fiction. It was the first moment when sci-fi began to loose its association with "juvenile" literature, and many of the most influential writers of the genre (Asimov, Pohl, Bradbury, Heinlein, Dick, Vonnegut, Bester) worked, or got their start, during the period. M. Keith Booker's *Monsters, Mushroom Clouds, and the Cold War: American Science Fiction and the Roots of Postmodernism, 1946-1964*, is one of few book-length studies to attempt a synthesis and scholarly treatment of postwar science fiction. Booker calls into question what he identifies as two of the most common misconceptions about mid-century sci-fi: its

[355] Margaret Thatcher, interview with Douglas Keay, in *Woman's Own* 31 (October 1987): 8–10.

"conservative" reputation, and the idea that the genre's primary occupation was with communism. Booker argues persuasively that sci-fi, particularly during the "long 1950s," should be understood instead as responding critically to the development of "late capitalism" in the United States. The "fundamental historical phenomenon of the period," he argues, "was not the Cold War, but the rise of late capitalism, to which the Cold War contributed, but was not an absolute premise."[356]

Following Booker, I argue in this section of the chapter that postwar science fiction, like drama and noir, became a major site of reflection on the growing presence of actuarial systems and emergent forms of neoliberal governance in postwar American life. Science fiction's treatment of these themes followed many of the same patterns we have already seen in other cultural productions from the period: the abstraction of human life, the loss of individual agency and identity, the feeling of being trapped within deterministic, totalizing systems. Yet while science fiction explored many of the same themes as drama and film, it did so differently, and not surprisingly with a spirit much more technological and scientific in nature. The abstraction of human life, for example, was a major theme in science fiction, just as it was in other cultural productions of the era. Science fiction authors, however, focused much more on the numerical quantification of human life, rather than the more monetary forms of abstraction depicted in postwar drama and film. Like noir, postwar science fiction also explored the loss of human agency in the face of totalizing systems. Noir, as we've seen, produced deep reflections on the confining quality of the corporate order, the smothering security of middle class

[356] M. Keith Booker, *Monsters, Mushroom Clouds, and the Cold War: American Science Fiction and the Roots of Postmodernism, 1946-1964* (Westport, CT: Greenwood Press, 2001): 5. What Booker calls "late capitalism" is virtually indistinguishable from neoliberalism.

life, and the inescapable determinism of fate. In postwar science fiction, however, the systems that constrain and entrap are more calculating, and more rooted in statistical quantification and administration.

The insurance industry also has less of a presence in postwar science fiction than it does in film and drama from the era, though it does arise occasionally. The most obvious example of a sci-fi treatment of insurance is the novel *Preferred Risk*, written in 1955 by Frederik Pohl and Lester del Rey.[357] *Preferred Risk* is the story of a future world run by "The Company," a massive insurance agency. In this dystopian novel, The Company has brought "peace and plenty" to the world by distributing comprehensive insurance for everything imaginable – war, hunger, natural disasters, reproduction, and so on. It rules over humanity in exactly the ways one might expect an all-powerful insurance agency to do so: by refining every action and consequence down to a scale of precise probabilities, which are then represented statistically on complex actuarial tables decipherable only by specially trained expert elites. The protagonist of the story is a career-climbing claims adjuster called Willis. He is a great believer in The Company,

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[357] The book has an interesting history. In 1954, the publishing house Simon and Schuster and the science fiction magazine *Galaxy* ran a contest that invited science fiction readers to write a novel. The winning novel was to be serialized in *Galaxy,* and then published in hardcover by Simon and Schuster. A year and a number of disappointing submissions later, the editors at *Galaxy* and Simon and Schuster decided that none of the submitted novels were "worth publishing." So they approached established sci-fi authors Lester del Rey and Frederik Pohl to write an acceptable entry. Pohl and del Rey chose (or were assigned) the pseudonym "Edson McCann" and *Preferred Risk* was serialized and published as the "winning entry" under that name. The ruse was extended to the point that a fake identity was established for the fictional McCann. Readers were told that McCann was a nuclear physicist and armchair sci-fi enthusiast. (See Pohl's autobiography and also Freedman and Booker). This story reveals quite a bit about the science fiction publishing scene in the 1950s an its market-oriented, rather than solely literary, ambitions. I think it's key, too, that anonymity and the "interchangeability" of persons, themes explored so often in science fiction, also applied to authorship and the production side of the genre. See, Edson McCann, pseud. *Preferred Risk: A Science Fiction Novel* (New York: Simon & Schuster, 1955). See also Booker, *Monsters, Mushroom Clouds, and the Cold War*; Pohl, *The Way the Future Was: A Memoir* (New York: Ballantine, 1978) and Carl Freedman, "Remembering the Future: Science and Positivism from Isaac Asimov to Gregory Benford," *Extrapolation* (Summer 1998): 128-138.

which portrays itself (and is almost universally accepted) as a benevolent, paternalist force. Willis begins to reconsider his blind faith, however, when he meets Rena, a beautiful woman whose radical father has been arrested by The Company and frozen in a subterranean vault. Deemed a deviant by The Company, Rena is forced to join the ranks of the "uninsurables," a desperate group of outcasts who live miserably on the outskirts of society. *Preferred Risk* follows, almost exactly, the narrative framework of Pohl's other novels from the period about giant corporations (law firms, advertising agencies) that achieve total global domination. As a study of what a thoroughly actuarial world ruled by insurers might look like, though, it is eerily prescient. From the omnipresence of statistical data and its entry into nearly every aspect of daily life, to the work of risk classification mechanisms in shaping communal ties and affiliations, to the sorry fates of those deemed "uninsurable," Pohl and del Rey's vision of a dystopian future mirrors our own actuarial age in many ways.

Pohl returned to the topic of insurance two decades later in his 1972 novel *The Merchants of Venus.* In this story, future humans discover tunnels on the planet Venus that were created by an extinct alien race. The tunnels, which are inhabitable, allow for colonization and Venus eventually becomes a sovereign state. Though very powerful, the capitalist society that develops on Venus is driven by corruption, cutthroat competition, and greed. The only thing more sought after than money is insurance, which, along with medical science, has made astounding advancements and can cover almost every risk that

faces humanity. "Full Medical" insurance, available only to the extremely wealthy, even covers resurrection in the event of untimely death.[358]

Pohl was one of few postwar science fiction authors to address the insurance industry specifically, but the genre explored actuarial systems, the statistical management of populations, and probabilistic rationalities perhaps more than any other cultural form of the time. Actuarialism was a primary occupation of sci-fi and a central element of its critical social vision. The key themes of sci-fi are certainly actuarial: the fragmentation and anonymization of the self, social engineering and regimentation, the subordination of the individual to the system, the interchangeability of persons, and a sense that the future is foreordained. Postwar sci-fi is filled with faceless multitudes, and its characters are manipulated creatures, citizens of administered worlds.

Even those aspects of science fiction that don't appear on the surface to relate to insurance can be read as deliberations on actuarial life. Machine domination, for example, became a recurring plot in sci-fi from the 1950s onward. In these stories, human beings are transformed into bits of data, numerical entities, and then manipulated by efficient, calculating, computing systems. In Kurt Vonnegut's 1952 *Player Piano*, for example, a powerful computer presides over every detail of society, from economic transactions to cooking and cleaning. As a result of automation, machines have taken over most forms of labor, leaving humans to mindlessly consume useless trinkets. Human lives are circumscribed by a kind of mechanical fate that is as impersonal as it is

[358] Frederik Pohl, "Merchants of Venus," in *Platinum Pohl* (New York: Tom Doherty, 2005): 13-58.

inescapable. In *Player Piano* individuals become statistics, ciphers with no real identity or existence outside the memory-banks of computers.[359]

Arthur Clarke explores similar motifs in *The City and the Stars* (1957), another novel about computers that rule over society. Here, computers assemble humans atom by atom, creating fragmented, managed lives. The computers allot each person a lifetime of 1000 years and a personality pattern from a computer database. At the end of the 1000-year lifetime, individuals are retired again into the system. Eventually, a "freak" emerges who develops an awareness of humanity's condition and he becomes a rebel against conformity. This rebel saves humankind from a system in which every action is foreordained by machine calculation.[360] Vonnegut's 1961 *Sirens of Titan* tells a similar tale in which radios have been implanted in the skulls of all human beings, allowing machines to control their every action. In these and many other sci-fi works from the era, machine domination leads humans to become fragmented examples of mindless unanimity, precision, and efficiency.[361]

The overwhelming trend in all of these works is a focus on, and embrace of, what Scott Sanders calls "the disappearance of character" in twentieth-century science fiction.[362] Truly developed human characters, Sanders argues, do not exist in postwar science fiction. Instead, abstract systems become heroes and villains, the primary characters in stories that exhibit a near total lack of interest in the agency of human beings. In science fiction, theme supplants character and abstraction trumps personality.

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[359] Kurt Vonnegut, *Player Piano* (New York: The Dial Press, 1999).
[360] Arthur Clarke, *The City and the Stars* (New York: Spectra, 1991).
[361] Vonnegut, *The Sirens of Titan* (New York: The Dial Press, 1998).
[362] Sanders, "Invisible Men and Women: The Disappearance of Character in Science Fiction."

Just as noir offered a postwar "update" of the detective story, sci-fi offered its own update of character-based fiction, producing a style of fiction suited to the systematic quality of life in an actuarial age. As Saunders argues, science fiction "reproduces the experience of living in a regimented, rationalized society" where "persons are interchangeable, relating to each other through defined roles; actions are governed by procedure, and thus do not characterize the actor; emotion is repressed in favor of reason; the individual is subordinated to the system."[363] Kingsley Amis, writing at the same time that many of these works were produced, offers a similar reading. Science fiction deals in "stock figures" Amis argues, because it sets itself to the task of pondering the "general condition" rather than the intricacies of personality – a formula he calls "idea as hero."[364]

No work exemplifies this trend and the "idea as hero" formula better than Isaac Asimov's *Foundation* trilogy, published between 1951 and 1953. A kind of science fiction re-writing of Edward Gibbon's *Decline and Fall of the Roman Empire*, the *Foundation* novels depict a distant future where humans have expanded far beyond earth and created a massive Galactic Empire. At the beginning of the series, the Empire appears to be at the height of its powers, but the great scientist Hari Seldon has predicted its ultimate decline and fall, a development that he anticipates will plunge humanity into a new dark age – a period of "barbarity" that will last 30,000 years. Seldon devises a plan to save humankind from this fate, or, at the very least, to shorten the period of advancing chaos and disorder to a mere 1000 years. His only tool in this undertaking is psychohistory, "a profound statistical science" that he himself invented. Using the

[363] Sanders, 14.
[364] Kingsley Amis, *New Maps of Hell: A Survey of Science Fiction* (New York: Ayer Publishing, 1975): 137.

predictive powers of psychohistory, Seldon creates the "Seldon Plan," a strategic scheme designed to play out over the course of a millennium, ultimately culminating in the rise of a new, much improved, "Second Empire."

Central to the Plan is the establishment of two "foundations," tucked away and isolated at opposite ends of the galaxy. Seldon accomplishes this task in his lifetime, populating the foundations with scientists and scholars who are alerted to their importance to the grand scheme, but denied any instruction concerning their future course or overall purpose. After Seldon's death, a small, secret priesthood emerges – the only humans schooled in the intricacies of psychohistory – and they set about the task of manipulating politics and economics on a galactic scale, in accordance with Seldon's Plan. The rest of humanity remains ignorant of psychohistory, a condition Seldon identifies as crucial to the Plan's success. Asimov never describes in real detail the methods behind psychohistory or the mathematical equations that supposedly constitute its conceptual core. Essentially, it is a technique for predicting the future that allows long-term historical tendencies driving worlds and galaxies to become visible to the scientific investigator. A central element of the theory is the notion that events and outcomes cannot be predicted at the individual, or even planetary, scale. On a much larger galactic scale, however, the future progressions of entire civilizations become largely predictable, with, as one of Asimov's psychohistorians boasts, "margins of error less than two percent."[365]

Some debate exists concerning the origins and influences of psychohistory, which has been compared to physics, psychology, sociology, religion, and history.

[365] Isaac Asimov, *Second Foundation* (New York: Bantam Books, 1991): 87.

Freedman calls psychohistory "just another entry in the long list of attempts at synthesizing Marx and Freud," but also suggests the fictional science has "quasi-religious" elements.[366] Booker also sees Marxist influences in psychohistory, which he calls "a kind of scientific historiography," and suggests that the Soviet-born Asimov was "lucky" no one at the time "caught on" to the Marxist inclinations of his work.[367] These claims aside, there can be no doubting the fact that the premises of psychohistory are thoroughly actuarial. The idea that the behavior of people *en masse* can be rationally foreseen in ways that the behavior of any given individual cannot is a primary tenet of actuarial science, which, like psychohistory, accomplishes its "predictive" feats by applying the law of large numbers (or in actuarial parlance, the Central Limit Theorem). Psychohistory's reliance on the collection of enormous quantities of statistical data, its grounding in probabilistic mathematics, and its presumptions to manage populations and tame fate through rational calculation are equally suggestive of an actuarial orientation. And, as a number of *Foundation* fans working in the insurance industry have insisted, the psychohistorians themselves seem very much like actuaries.[368]

Psychohistory, like actuarialism, positivistically detaches itself from its supposed object of knowledge – populations. Though it is based on the study of large groups, psychohistory's masses are totally passive. Like billiard balls, they are acted upon by deterministic forces they can never influence or understand.[369] Asimov presents an entire

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[366] Freedman, 133.
[367] Booker, 50. This claim that Asimov was inspired by Marxism fails to account for psychohistory's positivism, which contradicts the dialectical approaches of both Marx and Freud.
[368] Asimov's fiction, and particularly the *Foundation* novels, are a regular topic of discussion on the website Actuarial Outpost's forums, http://www.actuarialoutpost.com/actuarial_discussion_forum/archive/index.php (accessed January 10, 2010).
[369] This, again, contradicts the "Marxist influence" argument.

cosmos administered according to impersonal, actuarial laws incomprehensible to those caught up in them. While human agencies in the trilogy certainly do conspire to shape history (the books are populated by warlords, merchants, and petty monarchs intent on planetary and galactic domination), the real shaping influences, as Asimov constantly reminds readers, are "the deeper economic and sociological forces" that "aren't directed by individual men."[370] Seldon's Plan is an abstract entity whose status as such is emphasized by its painstaking mathematical elaboration at the hands of the priesthood of the Second Foundation. Ultimately, the Plan transcends the agency of its creator, functioning as the hero of the trilogy – a more developed and vital presence than any other character, whose lifespans rarely extend beyond 50 pages.

The Seldon Plan functions, in effect, as the protagonist of the story, one that is able to maintain narrative continuity through a chronological span many times the length of an individual human life. Asimov depicts the "phases" of the decline and fall of the Galactic Empire as completely predictable, and the rise to dominance of the foundations follows a similar trajectory. The *Foundation* series portrays a future that is wholly known and foreseeable, yet Asimov is able somehow to keep tension in the narrative, to maintain suspense. This is a considerably difficult task, since the temporality of narrative and the burden of suspense in popular fiction is often associated with the chronology of individual human lives. Asimov's primary occupation in the series is finding creative

[370] Isaac Asimov, *Foundation and Empire* (New York: Bantam, 1991), 7.

ways to maintain reader interest in a story about a plan that, by definition, cannot fail, with a conclusion that is forecasted early and almost guaranteed to come to pass.[371]

The primary device Asimov employs to this end is "the Mule," the major villain of the series, and also its most developed character. The Mule first appears at the end of *Foundation*, the first book in the series. He is a "freak," a one-of-a-kind human mutant whose psychic powers allow him to control the emotions of others. Though physically inferior and shunned by society, the Mule's ability, an anomaly, allows him to disrupt the flow of psychohistory and the Seldon Plan. He uses his powers to establish his own growing empire, which threatens to overthrow the actuarially prophesied rise of the Foundation. Though powerful, the Mule is an outcast. He is sterile (hence the name) and physically deformed, but his outsider status is also a product of his association with emotion. Unlike every other human character in the series, the Mule is driven by passion, not calculation. His primary motivation for contesting the Foundation and building a competing empire, for example, is revenge "on a galaxy in which he didn't fit."[372] He is also capable of controlling the emotions of others, a power that allows him to conquer entire planets simply by sapping the willingness of their inhabitants to resist.[373] The Mule is ultimately defeated by the advanced psychohistorians of the Second Foundation, who have elevated their actuarial powers through mathematical elaboration to a level of psychic ability on par with the Mule's. The Mule is the longest-lived and the most vividly

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[371] This is also our burden, as residents of an increasingly predictable, actuarial world. Ewald suggests that one response to this challenge at the beginning of the twenty-first century is a heightened sense of "catastrophe." See Ewald, "The return of Descartes' Malicious Demon: An Outline of a Philosophy of Precaution," trans. Steven Utz in T. Baker and J. Simon, eds. *Embracing Risk: The Changing Culture of Insurance and Responsibility* (Chicago: University of Chicago Press, 2002): 273-302.
[372] *Second Foundation*, 8.
[373] Asimov celebrates reason and rational calculation throughout the series while portraying emotion as an insecure, susceptible realm – humanity's greatest weakness.

portrayed human psyche in the series, but importantly, Asimov never depicts him as compellingly or sympathetically as the Seldon Plan.

The lone outsider/rebel is a common character in postwar science fiction, and typically this character is an individual who is able to resist conformity and heroically stand up to and against "the system." The Mule fits this description perfectly, with the important exception that he is a villain, not a hero – that role is filled instead in the *Foundation* novels by the all-encompassing Seldon Plan. The fact that Asimov casts "the system" as protagonist and "emotional man" as villain is just one of many indicators that his approach to actuarialism is not particularly critical. Throughout the series, he exhibits an unshakeable optimism concerning the benefits of science and technology (including nuclear weapons). He also celebrates capitalism and the use of markets as a geopolitical/galacto-political strategy, advocating at several points the expansion of the free market as a route towards winning the hearts and minds of "backward" peoples inhabiting the galactic periphery. Even his vision of mind control is positive. The psychohistorians of the Second Foundation use their psychic powers (derived from rational advancement of actuarial science, not from religious mysticism or a chance "mutation" of the sort the Mule exhibits) for the greater good, "nudging" people to act in ways that will help keep human history on course.

Ultimately, the *Foundation* series is a celebration of the modernizing, rationalizing power of the calculative sciences and the ability of actuarial prediction to make a better world. In an interview about the invention of psychohistory, Asimov confirmed this stance: "I was writing a future history and I assumed that the time would

come when there would be a science in which most things could be predicted on a probabilistic or statistic basis." Asked if he thought such a science would be a "good thing," Asimov responded, "Well, I can't help but think it would be good…I happen to feel sort of on the optimistic side. I think if we can somehow get across some of the problems that face us now, humanity has a glorious future, and if we could use the tenets of psychohistory to guide ourselves we might avoid a great many troubles. But on the other hand, it might create troubles. It's impossible to tell in advance."[374]

I think it is significant that the most thorough reading of actuarial rationality and its operational effects in postwar science fiction embraced the actuarial as a social good. Other science fiction authors, as I've noted, were more critical, but like Asimov, they also participated in a genre that reflected its logic. The future oriented, "predictive" nature of the genre suggests a faith in that central foundation of actuarialism – a willingness to expect the future to conform to the patterns of the past. The dissolution of character and the agentic nature of systems in postwar science fiction can also be read as a symptom of actuarial thinking as much as a critique of it. Finally, the profit-driven, market oriented (and market segmented) system in which postwar science fiction was produced was hardly "resistant" to the new forms of neoliberal capitalism developing during the era. Like many other sci-fi series, *Foundation* eventually became a franchise in the 1980s and 1990s, with several other authors (most famously Gregory Benford) picking up the story where Asimov "left off." Anonymity, repetition, and the interchangeability of persons, it

[374] Isaac Asimov, interview with Terry Gross, *Fresh Air* podcast (September 25, 1987): http://homepage.mac.com/pockyrevolution/asimov/multimedia.htm (accessed February 04, 2011).

turns out, were not only subjects of critical reflection for postwar science fiction – they were also conditions of its production.

The Limits of Critique and the Actuarial Turn in Postwar Social Criticism

The postwar drama, film, and science fiction analyzed in this chapter provide only a few examples of cultural forms that offered critical reflections on insurance and actuarial thinking. The popular culture of the era was filled with references to actuarial systems and insurance companies, agents, and fraud, though, as was the case with Asimov, not all productions were overtly critical. And, like science fiction, many popular cultural forms of the era also embraced actuarial elements. There were real limits to the critique of insurance in postwar culture, and it is important to remember that, though these productions served as sites of reflection, they were also themselves products of the actuarial age.

Asimov and other sci-fi authors were not the only commenters of the era who, though working in a critical mode, were captured to some extent by actuarial thinking. The most glaring example of this trend can be found in the work of postwar social critics. The popular sociology and social criticism of authors like William Whyte, David Riesman, C. Wright Mills, and Daniel Bell explored many of the same themes addressed by postwar drama, film, and fiction: the fragmentation of self and society, anonymity and interchangeability and persons, loss of individual agency, entrapment by totalizing systems, and the numerical and monetary abstraction of human life. Though these critics rarely addressed insurance directly, their extensive critique of corporate culture was

clearly relevant to insurance – one of the largest industries in the nation. Mills, whose books *White Collar* (1951) and *The Power Elite* (1956) became bestsellers, argued that although Americans prided themselves on individualism, "among them the impersonal corporation has proceeded the farthest and now reaches every area and detail of daily life."[375] In *The Organization Man* (1956), William Whyte made a similar argument, suggesting that the regimentation of corporate culture was transforming Americans into anonymous "corporate clones" utterly lacking individual identity. Finally, David Riesman's *The Lonely Crowd* (1950) argued that the expanding postwar service economy and the growth of corporate, consumer culture had given rise to a society of "other-directed" individuals unable to identify themselves outside of references to others.

Other critics focused less on corporate life and more on other major postwar institutions. Erving Goffman's 1961 sociological study, *Asylums: Essays on the Social Situation of Mental Patients and Other Inmates,* described life and work in "total institutions," specifically prisons and psychiatric hospitals. Goffman argued that institutional demands for "predictable" and "regular" behavior (for both workers and inmates) leads to the "fragmentation of the psyche."[376] Daniel Bell, who became famous for his work on ideology and post-industrial society, argued in *The New American Right* (1962) that decision making in bureaucratic institutions had "become more technical with the automation of middle management" and the displacement of engineers with mathematicians and technical workers.[377] For Bell, this development was particularly

[375] C. Wright Mills, *The Power Elite*, new ed. (Oxford: Oxford University Press, 2000), 120.
[376] Erving Goffman, *Asylums: Essays on the Social Situation of Mental Patients and Other Inmates* (New York: Anchor Books, 1961).
[377] Daniel Bell, ed. *The New American Right* (New York: Anchor Books, 1964), 22.

troubling within the armed forces, where a new brand of "technipol" intellectual (epitomized by Robert McNamara) had taken over military decision-making. Bell worried that the technipols' obsession with statistical data and their use of "computer simulation, linear programming, and gaming theory" had transformed the "very nature of rational choice" in strategic matters, and might lead to disastrous results.[378]

Actuarial systems and rationalities were clearly on the minds of postwar social critics, who identified statistical quantification, regimentation, and institutional demands for predictability as dangerous trends in American society. Yet many of these thinkers *themselves* participated in actuarial thinking, placing great power and agency in the functioning of abstract concepts and systems, and regularly turning to sociological surveys, market research studies, and other actuarial sources as evidence for their arguments. Mills, for example, continuously draws on statistical data from market research firms and other institutions like the Bureau of Labor Statistics.[379] In *White Collar*, he refers on several occasions to the research of Paul Lazarsfeld, founder of the Columbia University Bureau of Applied Social Research, and a major figure in the development of quantitative market research methods.[380] William Whyte's critique of "scientism" in communications research also leans heavily on statistical data. Both critics, along with many of their contemporaries, criticized the loss of individuality and the fragmentation of postwar life in one stroke, and in the next they separated the American population into aggregate "types" and "sets" available for quantitative, social-

[378] Bell, "The Disposed," in *The New American Right*, 37
[379] Citied in Mills, *White Collar: The Problem of Definition*, new ed. (Oxford: Oxford University Press, 2002), 359.
[380] Mills thanks Lazarsfeld for access to this research. See Mills, *White Collar*, 356.

statistical analysis. Mills, Riesman, and Whyte became famous for reifying the "middle class" as a category by naming it a "new" object of study. Yet this in itself was a normalizing act of a strikingly similar nature to the normalization of society they criticized. Postwar social critics employed quantitative, statistical methodologies while condemning the effects of such methods on American life. The result is that many of these thinkers were critiquing actuarialism while at the same time introducing and distributing its logic to wider audiences. Statistics, it appears, were as unavoidable for postwar social critics as the typologies they used to segment and classify their subjects.

Was it possible to write probing, non-actuarial, social criticism in an actuarial age? The German philosopher Theodor Adorno, who spent the years 1938-1949 in exile in the United States, considered this question deeply. Hired in 1938 by Paul Lazarsfeld as the Musical Director of the market research-driven Princeton Radio Project, Adorno experienced firsthand the growing dominance of actuarial approaches in sociological research. Though he left the Project in 1941 (his belief that "advertising turns to terror" conflicted with Lazarsfeld's willingness to work closely with and for corporate partners), the experience was an influential one for the émigré philosopher.[381] Adorno's dissatisfaction with the Project's quantitative methodologies and its "statistical division of consumers" helped shape his later work on the "culture industry" and played a crucial role in his development of concepts like "instrumental reason," "pseudo-individuality," and "administered society."[382]

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[381] Theodor Adorno, "On the Fetish-Character in Music and the Regression of Listening," in *The Essential Frankfurt School Reader*, ed. Andrew Arato, Eike Gebhardt (New York: Continuum, 1978): 287.
[382] Theodor Adorno and Max Horkheimer, *The Dialectic of Enlightenment: Philosophical Fragments*, trans. Edmund Jephcott (Stanford: Stanford University Press, 2002): 97. For studies on the influence of his

Adorno's primary objection to the new research methods being developed by Lazarsfeld and other sociologists working in America was their willingness to numerically abstract human life and experience. Adorno rejected quantitative social-scientific research for its participation in a system that equated human beings with numbers and treated them as objects. He warned that such methods only fueled the advance of a thoroughly mediated, administered society, where human beings turn into "examples of the species, identical to one another through isolation within the compulsively controlled collectivity."[383] Though Adorno never explicitly addressed insurance or used the terminology of actuarialism, the connections between what he called "instrumental reason" and actuarial rationality are unmistakable. His emphasis on the dangers of quantification and his critique of humanity's attempts to master nature and manage fate also suggest links between his understanding of "administered society" and actuarial systems.[384] Finally, the world Adorno described and feared, in which individuals "define themselves only as things, statistical elements, successes or failures," is quite similar, if not identical, to an actuarial society.[385]

For Adorno, the idea that sociological research and criticism had begun to adopt the instrumental rationalities of the world it sought to critique was appalling. Few of his sociologist contemporaries, however, including Mills and Whyte, agreed. Perhaps what separated Adorno from other postwar critics was his outsider status, the condition of

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American experience on Adorno's thought, see Martin Jay, "Adorno in America," *New German Critique* 31 (Winter 1984):157-182; Deltev Claussen "Intellectual transfer: Theodor W. Adorno's American Experience," *New German Critique* 97 (Winter 2006): and David Jenemann *Adorno in America* (Minneapolis, MN: University of Minnesota Press, 2007).

[383] Adorno and Horkheimer, *Dialectic of Enlightenment*, 29.

[384] See *Stars Down the Earth*, 1954

[385] Ibid. 21.

living as an émigré in a world that seemed everywhere to be closing in upon him. Perhaps it was his personal experience of the holocaust – one of the century's most brutal expressions of actuarial logic. Whatever the reason, he was able to diagnose the "problem" much more astutely than his American peers. Though Adorno feared the horrific consequences of a totally administered society ruled by instrumental logic, he also recognized the banality of life in an actuarial age. There is something absurd, almost asinine, about a future imagined in strictly numerical terms, one that is quantifiable in statistical bundles – or as Adorno put it so astutely in his distinctly non-actuarial 1951 collection of aphorisms, *Minima Moralia*, "When all actions are mathematically calculated, they also take on a stupid quality."[386]

Conclusion

The idea of a perfect actuarial system is at the heart of many modern dystopian fantasies, where, commonly, everyone is counted, classified, and assigned a number, then managed systematically by an all-powerful machine or technocratic institution. This vision is usually seen as arising in response to the depersonalizing effects of twentieth-century versions of communism and totalitarianism. But the dystopian visions and critical cultural productions explored in this chapter were also clearly responses to the new prevalence of actuarial systems and thinking in American life. Those aspects of communism that postwar Americans are thought to have found so terrifying are, ultimately, quite similar to the most distressing aspects of insurance and risk

[386] Adorno, *Minima Moralia: Reflections on a Damaged Life*, trans. Edmund Jephcott (London: Verso, 2005), 107.

classification, of a world understood and managed through purely actuarial terms. In previous chapters I argued that the American insurance industry was able to expand so rapidly during a period of such virulent anti-communism only by masking the collective nature of risk spreading and the depersonalizing effects of risk classification. Insurers have never succeeded, however, in completely containing opposition to actuarial systems. Immediately after World War II this opposition manifested itself in the symbolic resistance of popular culture – in the critique of insurance and its ability to provide security in postwar drama, in the dark meditations on fate and fragmentation offered by film noir, and in the dystopian and turbulent future worlds depicted by science fiction.

CONCLUSION

The tendency to equate neoliberalism with a strictly economic agenda has led to an undertheorization of its social and political life. Neoliberalism is more than set of economic policies. Indeed, as I have argued in this dissertation, it is a governmental rationality that addresses itself to hearts and minds, as well as pocketbooks. Insurance provided particularly fertile ground for early articulations of neoliberal governance in the United States for precisely this reason. More than any other modern institution, insurance bridges economic and social life. It weds questions of morality to financial calculation, linking insurance consumption to "responsible action" and citizenship. It promotes risk-based thinking by expanding the language of investment (in the family, in the future, in oneself) to non-economic entities. Finally, insurance monetizes everything – even, and perhaps especially, life itself. It should thus come as no surprise that insurance institutions were some of the first to embrace and advance a neoliberal governmental rationality, or that they played such a major role in introducing it to American life.

I have argued in this dissertation that private insurers began pursuing this vision as early as the 1940s, and had made significant strides towards making it a reality by the mid-1960s. As noted earlier, neoliberalism is most often "located" by scholars, and the public more generally, in the 1970s. This is primarily because what many think of as neoliberal economic policies were not seriously embraced by the state until the last decades of the twentieth century. One of the goals of this dissertation is to call this periodization into question, while also encouraging a reading of neoliberalism less focused on economic policy and more connected to the larger historical trends and

transformations of the postwar era. Not a few commenters have noted with surprise the power and immense success of neoliberalism as a political and economic rationality over the course of the last thirty years. This power can be explained, at least partially, by the fact that neoliberalism in its governmental forms has "been around" for decades longer than most scholarly and popular accounts suggest. The massive success of neoliberal policies and rationalities at the end of the twentieth century and the beginning of the twenty-first has been possible, I have argued, because institutions like insurance have been training and promulgating actuarial thinking for well over half a century.

In his1990 book, *The Taming of Chance*, philosopher Ian Hacking offered the following observation:

> Probability and statistics crowd in upon us. The statistics of our pleasures and our vices are relentlessly tabulated. Sports, sex, drink, drugs, travel, sleep, friends – nothing escapes. …Our public fears are endlessly debated in terms of probabilities: chances of meltdowns, cancers, muggings, earthquakes, nuclear winters, AIDS, global greenhouses, what next? There is nothing to fear (it may seem) but the probabilities themselves." [387]

That was two decades ago. Today American culture is even more saturated with probabilistic calculations, statistical renderings of human life, and actuarial depictions of chance, uncertainty, and risk. In 2010, for example, the computer company IBM introduced a television commercial featuring a baby crawling with statistical data (Figure 31) and a voiceover that announces,

> This is a baby. A baby generating data in a neonatal ward. Every heartbeat. Every breath. Every anomaly. From over a thousand pieces of unique information per second. Helping doctors find new ways to detect life-threatening infection up to twenty-four hours sooner. On a smarter

[387] Ian Hacking, T*he Taming of Chance* (Cambridge: Cambridge UP, 1990).

> planet, analyze the data and you can predict what will happen faster. Let's build a smarter planet.[388]

It is hard to imagine a human infant being depicted as a statistical databank even a couple of decades ago. But in the twenty-first century, actuarialism has become a part of the culture we breathe in and out every day, as well as a primary way that we understand our lives and our world.

Figure 32. Still from IBM's 2010 "Data Baby" television commercial.

Critical approaches to actuarialism in American culture and politics have become increasingly scarce over the past thirty years, a development that suggests we are becoming more and more comfortable with actuarial thinking. We have not seen the end of opposition to actuarial rationality, however, which continues to produce feelings of unease. Being "reduced to a statistic," as we say, is not a fate to be desired, and no one wants to be treated as a number – a stance Patrick McGoohan's character in the 1960s British television series, *The Prisoner,* underscored at the beginning of every episode,

[388] IBM "Smarter Planet" Title: "Data Baby" Length: 30 seconds, Air date: 03/10/11.

crying “I am not a number, I am a free man!” The sense of repulsion many feel when treated actuarially, when objectified numerically, continues to produce discomfort in the face of probabilistic classification systems that claim to tell us “what we are.” What we do with this discomfort, and the connections we make between our financial institutions and social justice, between our systems of measuring reality and our desires for the future, may determine weather we continue to live in an actuarial age or if we will move into a new one governed by different means.

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