

# **Life after Death**

## **The Diffusion of Swedish Life Insurance — Dynamics of Financial and Social Modernization 1830-1950**

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- Article I: Andersson, Lars Fredrik, Eriksson, Liselotte, Lindmark, Magnus (2010), 'Life insurance and income growth: the case of Sweden 1830–1950', *Scandinavian Economic History Review* Volume 58, Issue 3, pp. 203-219.
- Article II: Eriksson, Liselotte (2010), 'Industrial life insurance and the cost of dying: the role of endowment and whole life insurance in Anglo-Saxon and European countries during the late nineteenth and early twentieth centuries.' In R. Pearson (ed.), *The development of international insurance*, London: Pickering and Chatto.

- Article III: Eriksson, Liselotte, 'Financial Business as a Social Project Swedish Life Insurance and Married Women's Property Rights in the Late Nineteenth Century.' (A previous version in Swedish was published 2008, 'Finansiell verksamhet som ett socialt projekt: livförsäkringsrörelsen och de gifta kvinnorna under det sena 1800-talet, *Historisk Tidskrift*, no. 2, pp. 153-175.)
- Article IV: Eriksson, Liselotte, 'Enemies of Life Insurance: Representing Women and Workers in the Early Twentieth Century Swedish Life Insurance'. (Manuscript in preparation for submission)

# Abstract

The aim of this thesis is to understand the diffusion process of Swedish life insurance during the period c. 1830-1950, with the specific aim to understand financial modernization and social mobilization as reflected in the diffusion of life insurance to less well-to-do classes and women. In contrast to British and American experiences, the results of this thesis show that the rural classes played an important role in the diffusion of Swedish life insurance.

The thesis shows that demand-side factors such as income and urbanisation cannot fully explain this diffusion of life insurance, and why additionally, non-quantitative factors need to be addressed. It is shown how cultural preferences assist in understanding the development of industrial life insurance in different countries. It is also stressed that women, in their capacity as policyholders, beneficiaries of life policies, as dependents, and their limited property rights, constituted the conditions under which the life insurance industry had to adjust and operate.

In sum, female policyholders, cultural representations of women and legal constraints on women, constituted an important subset of the 'rules of the game' for the life insurance industry. Important results of the thesis are that female policyholders constituted a large part of the policyholders in the largest industrial life insurance company already in the early twentieth century. It is furthermore shown that life insurance representatives were members in organizations of the women's movement and that they acted for married women's property rights in parliament. It is also argued that different notions of 'a good death', as reflected in funeral practices, contributed to different developments of private and public insurance in Sweden and the United States. By widening the concept of 'business' and recognizing the cultural and social contexts under which the industry operated, this thesis highlights the interaction between business and social change.

*Keywords:* economic history, life insurance, married women's property rights, industrial life insurance, funeral cost, sales promotion, policyholder, Sweden, culture, financial system

# Svensk sammanfattning

Livförsäkringsindustrin växte fram vid mitten av 1800-talet i Sverige. I det framväxande industrisamhället mötte livförsäkringen ett växande behov av att trygga familjens försörjning inför livets osäkerhet. Förändrade försörjningsmönster och stigande inkomster skapade ekonomiska möjligheter att spara pengar för efterlevande. Från början var det ofta män ur medelklassen som köpte livförsäkring, men senare spreds den till både män och kvinnor inom arbetarklassen. Vid sekelskiftet 1900 var livförsäkringen en trygghet för många familjer i landet.

För ekonomin i stort innebar det att hushållens besparingar, som tidigare varit bundna inom familjen, kunde användas för att bygga industrier, vägar, järnvägar och bostäder. På det sättet fungerade livförsäkringsbolagen som en mellanhand mellan hushåll och företag.

I den här avhandlingen undersöks spridningen av livförsäkringen till fler grupper i samhället mellan åren 1830-1950. Resultat visar att inkomst som generellt ses som en viktig efterfrågefaktor inte räcker till för att förklara utvecklingen av livförsäkringssparandet innan sekelskiftet 1900. Livförsäkringens spridning drevs av folkförsäkringen och livförsäkringar på mindre försäkringssummor. Betydelsen av arbetare, kvinnor och den rurala befolkningen i spridningen av livförsäkringen visar därför även på vikten av sociala förändringar där fler grupper i samhället blev inkluderade i ekonomin. Folkförsäkringen i sin tur visar att kulturell kontext påverkade hur livförsäkringen kom att utvecklas i olika länder eftersom olika preferenser kom att påverka efterfrågan.

Forskningsresultaten visar vidare att livförsäkringens utveckling och sociala rörelser var integrerade. Livförsäkringsrepresentanter var aktiva i kvinnorörelsen och propagerade för gift kvinnas äganderätt i riksdagen. Samtidigt användes representationer av kvinnor som beroende och finansiellt inkapabla som viktiga argument för män att försäkra sig. Trots dessa föreställningar och att livförsäkringsindustrin framställde kvinnor som fiender till livförsäkringen, var kvinnor i lika hög grad som män livförsäkrade i det största folkförsäkringsbolaget 1926.



# Introduction

By focusing on how life insurance evolved from a concern for few to a service for many, the rationale behind this thesis is to provide a better understanding of the diffusion of life insurance to women and workers in Sweden, during the period c. 1830-1950.

In the agricultural society, it was commonplace that risk-management was based on self-insurance involving customary rules that aimed at diversifying risks in agricultural production.<sup>1</sup> Organized efforts to reduce the consequences of private risk, by sharing risk, also have a long tradition in society. Earlier, medieval guilds and craftsmen's associations initiated a primitive kind of compulsory health and funeral insurance, and in the case of illness, everyone in the guild was obligated to support the injured or seriously ill guild-member by economic or practical means. The receiver of such contributions, however, was obligated to pay back such help after his recovery. In the case of death, all guild-members had to make a contribution to the funeral. This system had its weaknesses, for instance due to insufficient funding and risk management while, from the perspective of the individual, a period of illness could result in serious indebtedness.<sup>2</sup>

A forerunner to the Swedish life insurance industry was a kind of widows' fund (*Amiralitets-Krigsmanskassan*), established in 1642. This was a new institutional form of provision for dependents, providing pensions for widows on the basis of contributions made during their husbands' lifetimes. Underwriting was limited to specific regions and was exclusively intended for men with specific positions in society, primarily a growing group of officials with a lack of capital assets, mainly priests and soldiery. The basic idea underlying the widows' funds was to avoid social degradation of upper- and bourgeois widows in case of their husband's deaths. Thus there was a socio-economic motive present in the first forms of Swedish life insurance.

It is evident that the guild system, the widows' funds and the health and burial societies, all based their business on the practice of excluding and including customers by guild, class, occupation, sex or geographic belonging. This mutual 'insurance club' type of organization was, according to Hägg advantageous because trust in the society had already been established by mutual organization, familiarity and recognition of the organizers of these societies.<sup>3</sup> It has further been suggested that such types of organizations may effectively control for risk on behalf of the insurer.<sup>4</sup>

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<sup>1</sup> Hägg (1998), p. 106.

<sup>2</sup> Lindberg (1949), pp. 2-5.

<sup>3</sup> Hägg (1998), p. 114.

<sup>4</sup> Gotlieb (2007), pp. 286-287.

From the mid nineteenth century the importance of guild based institutions gradually diminished. Market based economic relations, based on impersonal contracts, came to replace these class-based institutions. Initially, a state-owned life insurance company was planned in Sweden, with German annuity assurance companies as role models. Private interests, however, preceded the plans and the composite life and fire insurance joint-stock company *Skandia* was established in 1855.<sup>5</sup>

Like the widows funds, the purchase of life insurance was initially and in practice limited to bourgeois or upper-class male officials. Policyholders among women and blue-collar workers were quite unusual. This was probably due, at least in part, to the fact that, early on, life insurance was both expensive and inaccessible.

It is known that urbanization and new circumstances in the labour market changed the conditions for traditional mutual organizations and self-insurance arrangements as wage earnings became increasingly important during the latter part of the nineteenth century. An increasing part of the population became dependent primarily on one male breadwinner, not least in the growing cities. The premature death of the man could therefore leave the family in economic ruin. A life insurance policy could, in these cases, be a substitute for a lack of capital assets. Over time, these policies also provided a substitute for the diminishing safety net of the old agricultural society.<sup>6</sup> Consequently, life insurance came to be one of many important aspects of nineteenth century economic and social modernization. One important aspect of this is the fact that 89 percent of the adult population was covered by life insurance provided by life insurance companies in the mid twentieth century.<sup>7</sup> These numbers contrast significantly to the situation a hundred years earlier when life insurance only covered a few well-situated people. This diffusion process, where more groups in society became included in the financial economy thorough the purchase of a life insurance, is the focus of this thesis.

The development of insurance also had macro economic significance. Pearson has stressed the importance of studying insurance history since insurance contributed to the evolution of industrial society through promoting economic growth.<sup>8</sup> Sylla has further stressed that the existence of sound insurance companies was an integral part of what has been labelled the financial revolution - the evolution of a modern financial system during the seventeenth to nineteenth centuries. Basic functions of insurance include the allocation of risk by reducing its material effects through

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<sup>5</sup> Kuuse and Olsson (2000), pp. 22-23.

<sup>6</sup> Di Matteo and Emery (2002), p. 464.

<sup>7</sup> Persons over 17 years of age.

<sup>8</sup> Pearson (2004)

statistical predictions.<sup>9</sup> Pearson, for example, argues that fire insurance aided the industrial revolution because insurance liberated capital that otherwise would have remained locked due to the risk of catastrophic losses.<sup>10</sup> Life insurance mobilized and transferred capital by collecting premiums and investing the funds in, foremost, housing mortgage loans.<sup>11</sup> Since insurance companies aided the process in which more capital could be mobilized for productive investments, economic historian Schön, among others, argues that insurance aided the breakthrough of the Swedish industrial society.<sup>12</sup>

Insurance contributed to the evolution of the industrial society, not only through the mobilization of capital but, it was claimed by promoting socio-economic change as well. In that sense insurance can be seen as a bringer of social modernisation. These idealistic positions were embraced by nineteenth century insurance representatives. Sven Palme, chairman of insurance company Thule, concluded his view on life insurance as: "The science is the basic, a professional character is the key and active social politics is the goal."<sup>13</sup>

Whether life insurance really did promote social change and challenge traditional values or whether it was merely part of the sales rhetoric of these companies remains an open issue. While previous Swedish research has studied specific companies, the political organization and regulation of insurance and issues related to growth and internationalization of insurance, it is safe to conclude that both social perspectives and customer perspectives about insurance have largely been missing from the literature. Supply side factors have been more explored than demand side factors and the social role of life insurance which at least the companies themselves claimed has remained unexplored. This thesis is a first attempt to address this lack of knowledge through investigating how life insurance was diffused to the working class and to women and the dynamics that supported this process.

## **Aim and Questions**

The aim of this thesis is to analyse the role of demand side explanations and ideological and socio-economic aspects for the diffusion of life insurance to women and workers in Sweden during the period c. 1830-1950. In doing so the interdependency between social and business interests; ideological and

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<sup>9</sup> Sylla (2002), p. 280.

<sup>10</sup> Pearson (2004) p. 369.

<sup>11</sup> Mason (1995), pp. 172-175.

<sup>12</sup> Schön (2010) pp. 245-246.

<sup>13</sup> Skandia (2005), p. 9.

cultural aspects of changing demand; economic growth and the evolvement of a mass-market for life insurance are stressed.

The thesis is comprised of four articles that in different ways are used to address the diffusion of life insurance, raising four main questions.

1. What role did growing incomes and urbanisation play in generating demand for life insurance during the period 1830-1950?
2. What was the impact of various cultural contexts in explaining the diverse roles played by industrial life insurance in Anglo-Saxon countries and European countries such as Sweden?
3. What role was played by the evolving insurance industry in the development of women's extended rights and how did women's limited property rights influence the development of the industry?
4. How were the perceptions of the policyholder as 'middle class' and 'male' in sales promotion contested by the diffusion of life insurance to women and the working class during the early twentieth century?

Answers to the first question will contribute to an understanding of the scope and potential limitations of quantitative factors in explaining the development of life insurance. Testing for the impact of income growth and urbanization justifies further explorations into socio-economic and cultural factors in the diffusion process governing the development of life insurance.

The second question is grounded in the conceptual background of life insurance as a vehicle of social change. This argument presupposes the diffusion of life insurance to the working class, which was done through the so-called 'industrial' life insurance. The use of these policies was, however, radically different in Anglo-Saxon countries and continental Western and Northern European countries, pointing toward the importance of a cultural context in their application.

The third question is motivated by the dynamics between insurance business interests and democratic political movements. This contributes both to knowledge about the early women's movement in Sweden and to knowledge of business as a carrier of political values. It explores whether this involvement was motivated by economic self-interest or an exponent of the general political views held by nineteenth century insurance actors.

The fourth question is motivated since it shows the impact of ideology on business development as exemplified through the discrepancy between, on the one hand, representations of women as financially irrelevant in sales promotion and, on the other hand, the actual financial activities of women as policyholders.

By answering these questions this thesis contributes to the financial history literature by exploring cultural and socio-economic dimensions of the diffusion of life insurance in Sweden. The thesis further contributes to

gender history by putting forward a dimension that integrates social change, women and women's conditions with the development of the emerging financial market.

## Outline of Thesis

The remainder of this thesis comprises of two main sections and the four articles in their full length. This first chapter addresses delimitations and definitions followed by a presentation of research methods and sources. Thereafter a short summary of each article is presented.

The second section provides a discussion and interpretation of the main findings in relation to a broader theoretical framework and previous research. Finally, the four articles are attached.

'Life Insurance and income growth: the case of Sweden 1830-1950' (henceforth *article I*): Investigates the role of demand side factors such as income, urbanisation and risk for life insurance demand during the period 1830-1950 by using a counterfactual method (published in: *Scandinavian Economic History Review* 2010, Volume 58, Issue 3, co-written with: Lars Fredrik Andersson and Magnus Lindmark).

'Industrial life insurance and the cost of dying: The role of endowment- and whole life insurance in Anglo-Saxon and European countries' (henceforth *article II*): Aims to understand the different roles of industrial life insurance in different countries. The article addresses the role of culture and preferences in explaining different development paths (published in *The development of international insurance*, ed. Robin Pearson).

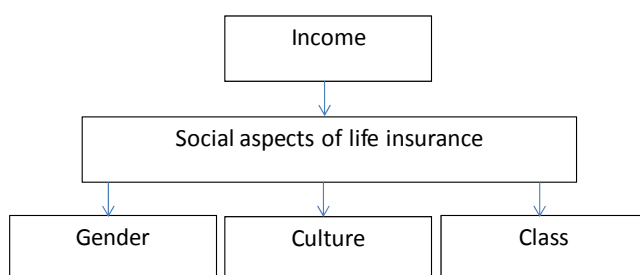
'Financial Business as a Social Project Swedish Life Insurance and Married Women's Property Rights in the Late Nineteenth Century' (henceforth *article III*): Focuses on the interaction between social movements and the life insurance industry by identifying the actions of life insurance representatives in the question of Married Women's Property Rights (A previous Swedish version published in *Historisk Tidskrift* 2008 no. 2).

'Enemies of Life Insurance: Representing Women and Workers in Early Twentieth Century Swedish Life Insurance' (henceforth *article IV*): Studies the marketing approach of, especially, the industrial life company Trygg. How representations of working class men and women were used in marketing is particularly emphasised (Manuscript in preparation for submission).

The structure of the thesis is illustrated in figure 1 below:

In *article I* the role of income growth for the expansion of life insurance is investigated. The result of *article I* points towards the importance of social aspects in explaining the diffusion of life insurance. Therefore, in the three

remaining articles, the role of social factors like class, gender and culture in the diffusion of life insurance is emphasised.



*Figure 1. Structure of thesis*

## **Delimitations and Definitions**

The research presented in this thesis encompasses roughly the period from the 1830's to the 1950's. Although the period comprises over 100 years, the focus is on the late nineteenth century and early twentieth century. This period was fundamental for the diffusion of life insurance which is supported by the findings in *article I* showing that demand for life insurance started to increase in proportion to incomes by the turn of the twentieth century.

The starting year 1830 is about when the first foreign owned agencies were established in Sweden. Their business in Sweden was, however, very modest especially from the turn of the century, which is the focus-period of this study.<sup>14</sup> Only *article I* covers the full period from 1830-1950. Since the first industrial life insurance company *Trygg* was established in 1899, *article II* concerns the late nineteenth and early twentieth centuries. *Article III* covers the period around 1873-1927, since the organisation for married women's property rights was established in 1874 and because the law of insurance contracting was implemented in 1926. *Article IV* roughly covers the first half of the twentieth century for the same reason as *article II*.

The diffusion processes explored in this thesis do, however, not end by the closing year of this study. It is therefore true to say that the delimitation is partly motivated by practical considerations. The closing year 1950 is however also motivated by the increased importance of public insurance. The public widow's pension was introduced in the early 1940's and by the late 1940's it is clear that the lion's share of the Swedish pension system was publicly organised.<sup>15</sup> Since the life insurance industry issued policies that

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<sup>14</sup> Bergander (1967), p. 287

<sup>15</sup> Larsson (2011), p. 18-20.

worked partly or exclusively as a pension, this changed the market conditions.

This thesis is only concerned with actuarially based life insurance which excludes friendly societies, burial clubs and the like originating from the guild system. For a considerable time *Skandia* (founded in 1855), and the subsequent companies such as *Svea* (1866), *Thule* (1873), *Victoria* (1883) and *Skåne* (1884), operated side by side with these societies. The market share of burial insurance offered in the Swedish societies was, however, very small.<sup>16</sup> This Swedish situation, therefore, was not comparable with the British or German.<sup>17</sup> The role of these societies in the diffusion process of life insurance in the late nineteenth century was not that prominent while they restricted their members by class, occupation, gender and region.

The thesis draws upon several technical terms and concepts. These are defined in each article. Some general concepts do, however need clarification here in the introduction.

‘Modern insurance’ is in this respect used for defining life insurance based on actuarial methods. This stands in contrast to the early insurance societies which usually levied members in connection with each life insurance payout. In this sense, *Skandia* was the first modern insurance company in Sweden. ‘Modern insurance’ is in turn connected to the term ‘capitalist system’ which here is used in the general sense of a market based economic system.

‘Class’ indicates different economic status but also different ideological and cultural belonging. Both ‘middle class’ and ‘working class’ are habitually connected to urban life, although groups with similar economic assets also existed in rural areas. In this thesis these groups are identified as ‘rural middle class’ and ‘working classes in rural areas’. Importantly, despite similar economic assets, the rural and urban classes may have different ideological and cultural belongings. ‘Culture’ is further viewed as dynamic and constantly changing. Culture is more of an idea than something solid and is made up of ideas, norms and values that in turn are influenced by specific economic, social and political conditions and relations within, for instance, a nation. Culture may alter or preserve, for instance, preferences regarding life insurance.<sup>18</sup>

The different expectations, perceptions and the limitations put on men and women just because of their sex are regarded herein, similarly as class and culture, as socially constructed. The term ‘gender’ is used for illustrating this social constructivist point of departure when analyzing relations

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<sup>16</sup> According to Lindberg Swedish health insurance societies offered a very modest sum as burial benefit. Lindberg (1949), pp. 257-258.

<sup>17</sup> Historian Martin Lengwiler argues the German and British industrial life insurance industry competed with the friendly societies by offering products that not were conditional to gender, workplace or region. Lengwiler (2010), pp. 179-180.

<sup>18</sup> Mitchell (2000), p. 294.

between men and women. Gender ideology refers to ideas regarding the appropriate roles, rights, and responsibilities of women and men in society. Consistent with a traditional gender ideology about the family, for instance, men fulfil their responsibility through breadwinning activities and women fulfil their roles through housework and parenting activities.<sup>19</sup>

## Sources and Methods

This thesis is based on a wide range of historical sources, trade journals, monographs and official statistics.<sup>20</sup> Detailed descriptions of the sources, including source criticism and methodological considerations are provided in each article. A few points should, however, be made in the introduction. The documentation of life insurance companies is strictly limited to the largest and longest-lived companies, leaving the experiences of the small and short-lived companies in the shadow. The small companies, as shown by Lönnborg, did however model their actions on 'the market leaders'.<sup>21</sup> Studying long-lived companies also gives access to longer time series and comparable material stretching over a longer period of time. The focus on the largest and longest-lived companies however raises the usual concern of representativeness which applies to all forms of case studies. Certainly, this also applies to text analyses, when the ideology of the life insurance industry is generalised from statements of a limited number of persons belonging to leading companies.

It is further worth noticing that the thesis is placed on the boundary of both economic and social history. It encompasses the demand for life insurance, the role of cultural contexts and socio-economic aspects which is reflected by a multiple methods approach. To address economic regularities quantitative methods are applied and a qualitative approach is employed for tracing social processes and dynamics. This application of qualitative and quantitative methods has also been stressed by Grytten.<sup>22</sup>

To understand the diffusion of life insurance, the demand of life insurance is investigated in *article I* of this thesis. This was made through a counterfactual method comprising the period 1830-1950, a method deserving a critical discussion. It has been pointed out that the counterfactual method in one sense becomes a-historical while the method assumes that certain economic behaviour is static. The purpose of the

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<sup>19</sup> See e.g. Owens (2006), pp. 20-21.

<sup>20</sup> For a more detailed description of sources, see Eriksson (2008) licentiate thesis.

<sup>21</sup> Lönnborg (1999), p. 150.

<sup>22</sup> "Culture is an important factor to explain economic development both on the micro- and macro level. Since culture is more of a qualitative than a quantitative factor, it demands a qualitative approach." Grytten (2003), pp. 23-24.

counterfactual method, as it is used in *article I* is, however, to demonstrate that there were differences in the dynamics behind nineteenth century and twentieth century life insurance demand. The result showed that the demand of life insurance cannot entirely be explained by income prior to the 1890's and the diffusion process of life insurance was due to other factors than income, price and risk. By showing this, the remainder of the articles can focus on how these differences can be explained.

*Article I* showed that the demand of life insurance started to reach modern growth-rates when classes economically below the middle class started to purchase life insurance, indicating socio-economic change. The remaining task therefore involved understanding the role of social change in the diffusion of life insurance. This in turn gave rise to questions demanding primarily qualitative and exploratory approaches.

The connection between social development and the development of a business is not explicitly expressed in historical material. Ågren points out that not all aspects of society are equally visible in historical sources. This state of affairs is rarely a coincidence but due to power relations in society. If a phenomenon is absent in historical sources, it is not a reflection of its non-existence.<sup>23</sup> Source criticism is essential to the research process of this thesis, where it is considered where a statement was made, by whom and for what purpose. In short, the method used in *article II* departs from combining secondary sources on burial customs in various countries with material, reports and business writings of ordinary and industrial life companies, demonstrating the critique of industrial life insurance during the late nineteenth century and early twentieth century. This is conducted for understanding the role of industrial life insurance in different countries. The method applied in *article III* further combines records of insurance company boards, membership in associations of the women's movement and parliamentary records. Accordingly it has been possible to map insurance actors to social and political networks that were active in the issue of married women's property rights. Last, in *article IV*, sales promotions are analysed to identify how the industry wished to represent itself and its customers. How individuals and businesses sought to represent themselves was due to the dominant ideologies in society. The attempt has been to understand the motives behind representing the business in accordance with a specific ideology; in the case of *article IV* the bourgeois gender ideology.

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<sup>23</sup> Ågren (2005), pp. 253-254.

## Summary of the Articles

### ***Article I: Life Insurance and income growth: the case of Sweden 1830-1950***

*Article I* provides an analysis of the life insurance market in Sweden from the early nineteenth century to the mid-twentieth century. Determinants put forward in the financial history literature are considered to explain the growth of life insurance.

The counterfactual method applied derives from a combination of household budget surveys, income data from the Historical National Accounts and historical premium income series. To study demand for life insurance an estimate of the income elasticity of demand for life insurance is conducted on data gathered from twentieth century household budget surveys. The estimated coefficients are used for a counterfactual estimate of total life insurance premiums spanning from 1830 to 1950. The estimation of elasticity of demand is based on a pooled dataset of six household budget surveys undertaken during the period 1913 to 1951. The demand function model utilises consumption shares of food and insurance respectively, rather than expenditure in absolute terms in order to avoid methodological problems arising from deflation of consumption baskets with changing composition.

The paper shows that income elasticity of demand gives a fairly good approximation of the development in the twentieth century, while the development of risk and insurance innovation, among other things, need to be taken into account to explain the growth of life insurance in the nineteenth century. The price of life insurance, measured as the overhead-to-premium-income ratio, remained relatively constant during the second half of the nineteenth century, while the risk, as indicated in terms of crude mortality rates and their volatility, did decline. This probably improved the return on life insurance savings and further helped the entry of new firms. The average premium size was reduced to enable the diffusion of life insurance to workers.

***Article II: Industrial life insurance and the cost of dying: The role of endowment- and whole life insurance in Anglo-Saxon and European countries during the late nineteenth and early twentieth centuries***

*Article II* investigates the underlying causes for the development of different functions and characteristics of industrial life insurance in Anglo-Saxon countries compared to other western countries.

The industrial life insurance in the US had the function of a burial insurance and was mainly a so-called whole life insurance. In countries like Sweden the industrial life insurance on the other hand was closer to an ordinary life insurance and to a higher extent an endowment insurance suggesting also a function as old-age pension support. The price of industrial life insurance was also higher in the U.S. than in Sweden.

In investigating these issues, nineteenth century reports on burial costs, trade journals and articles arguing for or against industrial life insurance have been applied. This material, with authors mainly from the insurance industry, has been viewed as subjective, contemporary statements and used with caution. To receive a more substantial understanding of the cost of industrial life insurance, a quantitative comparison between the overhead cost between Swedish and U.S. industrial insurance was made to investigate if American industrial insurance was, in fact, more expensive than the Swedish.

The results show that the price of industrial insurance in the U.S was higher than in Sweden while U.S. industrial life insurance issued smaller policies which led to higher costs. The question is why the policyholders demanded this, in a comparative perspective, expensive insurance.

This study argues that a rapid urbanisation, the prohibition of graveyards in the cities and the commercialisation of the funeral industry resulted in costly cultural preferences regarding the meaning of a 'decent funeral' in Anglo-Saxon countries. In Sweden with a slow urbanisation and with a burial monopoly of the state church, it was less costly to realize the cultural notions of a 'decent funeral'. In Anglo-Saxon countries the population therefore had to sacrifice more of their earnings to get the reassurance of a decent funeral. Therefore the demand of industrial insurance was higher in these countries and also more a necessity for all members of the family, irrespective of age.

### ***Article III: Financial Business as a Social Project: Swedish Life Insurance and Married Women's Property Rights in the Late Nineteenth Century***

*Article III* argues that the developing life insurance industry was interconnected to married women's property rights through insurance contracting. This could be explained by the fact that the legal terrain for life insurance contracts was uncertain; widows had no right to the life insurance payout in the case of extant creditors. It is reasonable that the Swedish insurance actors therefore would favour a law that protected widow's rights. *Article III* however argues that the insurance industry's interest in women's rights cannot solely be assigned to economic gain.

This work has used primary material from the National Archive (Riksarkivet) on the Swedish association for married women's property rights. Parliamentary publications and journals for women's movements and the insurance industry have also been applied.<sup>24</sup>

Endeavouring to reach more policyholders, life insurance representatives supported more liberal regulations regarding the rights of women. Representatives of the industry were also engaged in social movements, actions that cannot be explained by economic rationale. The market expansion of life insurance was, in many ways, interdependent with social changes which challenged the power of the privileged classes and the suppression of women that occurred in the late nineteenth and early twentieth centuries. As a part of the evolving financial system, those in the life industry viewed social changes that reinforced the participation of women and workers in the economy, as a precondition for the continuous growth of life insurance. Women's limited rights were viewed as an obstacle for market expansion. The market expansion of life insurance and the liberation of women's rights thus were interdependent.

### ***Article IV: Enemies of Life Insurance: Representing Women and Workers in Early Twentieth Century Swedish Life Insurance***

*Article IV* studies representations of women in Swedish life insurance sales promotion the first half of the twentieth century by employing primary material from the archive Centre of Business History (Centrum för Näringslivshistoria). The material consists of prospects, flyers, commercial texts and other promotional material.<sup>25</sup> General trade journals aimed at

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<sup>24</sup> Föreningen för gift kvinnas eganderätt, vol. 3, Fredrika-Bremer-Förbundets arkiv, Riksarkivet; Dagny 1886-1913; Tidskrift för hemmet: tillägnad den svenska kvinnan 1877-1885; Försäkringsföreningens Tidskrift (henceforth FFT)

<sup>25</sup> C/N, S.A., Liv Thule B 10.1 Annonser och kampanjer, Lifförsäkrings Aktiebolaget Thule annonser 1923-1924. C/N, S.A., Skandia B5A.3, Försäkringsbolaget Skandia, prospekt för lifförsäkring 1855-1916. C/N, S.A., Skandia B5A:4 agent prospekt 1920-1928 Agent prospect 1928. C/N, S.A., Skandia B5A:3 Prospekt 1909-1920, C/N, Försäkringsaktiebolaget Skandia, reklamroschyrer 1907-1939 B12.1A, Hemmets försäkringsplan 1935.

anyone and 'notices' from the ordinary life insurance company *Skandia* and the industrial life insurance company *Trygg* have additionally been used.

Representations of women as dependents and financial illiterates were pictured in life insurance sales promotion in order to motivate life insurance as a moral business. Treating women as dependents and men as breadwinners; the industry could claim the purchase of a life insurance by a male breadwinner for the sake of women and children was a moral act. The industry further explained why not all men bought life insurance by presenting women as enemies of life insurance where women were represented as the immoral consumer. These prerequisites became challenged chiefly by the entry of the working classes into the modern financial market. The article shows how the middle class gender ideology became contested with the introduction of industrial life insurance, an insurance targeting the working classes. A large share of the policyholders of the largest Swedish industrial life insurance company was working class women, resulting in contradictory representations of women as financial actors. The financial activity of women as industrial life insurance policyholders is partly explained by the middle class gender ideology, displayed in sales promotions, which was a distant ideal for the Swedish majority who lived in rural areas.

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*CfN* S.A., Skandia reklambroschyrer 1912-1943. *CfN*, S.A., Liv Thule B 10.1 Annonser och kampanjer, Lifförsäkrings Aktiebolaget Thule annonser 1923-1924. *CfN*, S.A., Skandia B12.1B reklambroschyrer 1917-1949. *CfN*, S.A., Liv Thule B9:1, Trycksaker och särtryck Varför bör hustrun bli en förespråkare för mannens livförsäkring? 1920-t; Skandia B14:2 Skrifter och broschyrer om livförsäkringen 1918-1958. *CfN*, S.A., Liv Thule B9:1, Trycksaker och särtryck Varför bör hustrun bli en förespråkare för mannens livförsäkring? 1920-t. *CfN*, S.A., Skandia, B8 B:1, Meddelande till agenter och ombud 1855-1902, Femtio upplysningar för Lifförsäkringsagenter, Stockholm, central-tryckeriet, 1875.

# **A History of Swedish Life Insurance**

In the following section, the main findings of the four articles presented in this thesis are placed in a theoretical framework and discussed in a broader economic historical context. This is made by relating the results to previous research and showing the contribution made to the research area. The articles are referred to in a non-chronological manner, as they add to the story.

## **Life Insurance and Social Change – Points of Departure**

The theoretical framework used for interpreting the main results of this thesis, focuses on life insurance as part of the expanding capitalist system and on the role of life insurance in giving rise to social change. Additional theories are also used but are discussed in each article.

The main feature of the capitalist system is, according to De Soto, its capacity to represent real assets in terms of financial assets. This makes the ownership of the original real asset widely transferable and fungible. In short, this is made possible by codified ownership generally recognized in society. This allows assets to be a basis for mortgages and loans and permits their owners to be held accountable.<sup>26</sup> The modern life insurance contract is an example of a financial asset belonging to this system. The life insurance contract has been recognized and properly documented for generating savings, credit, loans and collateral. The relevance of life insurance as a social innovation is therefore both related to its financial functions and to its capacity to reduce the risk of poverty.

The importance of a broad participation by the public in the market economy has also been put forward by Fernand Braudel, who likens the development of early modern capitalism to a process occurring inside a 'bell jar', separated from the rest of the economy and unable to expand to the whole society.<sup>27</sup> Joseph Schumpeter, in addition, states that the capitalist achievement did not typically consist of providing silk stockings for queens, but in bringing them within reach of factory girls.<sup>28</sup> The capitalist achievement is thus based on broad public economic and financial participation. The diffusion of life insurance is therefore in itself an exponent of the diffusion of the capitalist system.

This thesis also relates to the central discussion regarding the tension between the emerging forces of the market economy and the old societal order. Polanyi has emphasized how the market forces interacted and

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<sup>26</sup> De Soto (2001), p. 223.

<sup>27</sup> Braudel (1982), p. 263.

<sup>28</sup> Schumpeter (1942), p. 67.

conflicted with the socio-economic structure during the industrialization phase. He further stressed that the middle class reformed the regulatory system in accordance with economic-liberal ideas. Polanyi's arguments are that prior to the nineteenth century the human economy was embedded in society and culture. The system of self-regulating markets required subordinating society to the logic of the market. Polanyi however regarded the disembedded self-regulating market economy a utopian project.<sup>29</sup> The economy is therefore still, as a contrast to assumptions in economic theory, not autonomous but subordinated to politics, religion, culture and social relations. With these points of departure and contrary to the mainstream business focus, this following text aims at 'replacing' culture, religion, politics and social relations in the history of Swedish life insurance.

## **Life Insurance – a Service for the Few**

The first modern Swedish life insurance joint-stock company *Skandia* was established in 1855 and became the first insurance company that operated as a limited liability company.<sup>30</sup> It was aimed at the very beginning at an international market.<sup>31</sup>

Although the early Swedish life insurance industry, compared to burial- and health societies, was made available to a larger variety of people, life insurance initially was, as put forward in *article III* and *IV*, a middle class project, founded by the middle class for the middle class. In part, the idea of early life insurance was not so far from the idea of widow's funds that were already established in the eighteenth century. According to Rosenhaft, widow's funds had the function of avoiding that middle class widows, due to the lack of support, had to engage in an occupation not suitable for their class.<sup>32</sup>

In *article III* it is stated that the Swedish middle class, scientific and economic elite played a crucial role in establishing the life insurance industry, both by raising necessary capital and providing the knowledge necessary for the foundation of an actuarially based insurance company. As Schön argues, towns became hubs of development and knowledge in the late nineteenth century.<sup>33</sup> The middle class elite in these towns had political influence as well as the private initiative to form the first Swedish life

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<sup>29</sup> Polanyi (2001), pp. 3; 57.

<sup>30</sup> Behind the establishment of *Skandia* was C. G. von Koch who for several years had worked as a general agent for British life insurance companies. Kuuse and Olsson (2000), pp. 22-23.

<sup>31</sup> For a comprehensive study on the internationalisation of Swedish insurance companies, see Lönnborg (1999).

<sup>32</sup> Rosenhaft (2004), 163.

<sup>33</sup> Schön (2010), p. 214.

insurance company. The initiative was probably facilitated by the representation of private business interests in Parliament.

Previous research shows that life insurance actors were very much involved in the regulation of their own business.<sup>34</sup> The parliament provided a platform that allowed insurance companies to promote a modern insurance act, eventually implemented in 1903. This regulation process has rigorously been analyzed in previous Swedish insurance history literature.<sup>35</sup>

Hägg argues that when insurance companies could not persuade a potential buyer to undertake a transaction due to a low level of trust they sought a third party to give guarantees and to eliminate those who deviated from their commitments thus establishing a necessary level of trust.<sup>36</sup> Insurance interests were represented in Parliament but this was not a unique state of affairs for the Swedish insurance industry. This is illustrated by the biographies of businessmen from the most famous Swedish industrialist family, the Wallenbergs. The Wallenbergs are described as bankers but also as politicians, statesmen and philanthropists.<sup>37</sup> Banking, as in the case of the Wallenbergs, and life insurance were both 'new' economic phenomena; characteristic of the new modern, industrialized era.

In *article III* it is argued that the fact that the industry evolved contemporaneously with social organizations was more than sheer coincidence. Several life insurance representatives had additional identities as scientists, politicians and businessmen but also as members in social organizations. Life insurance was presented as facilitating the modern way of living by encouraging education and thrift among the population; by rendering a transfer from the old reliance on fixed capital to a new enlightened existence as an educated urban wage earner. The need for education and enlightenment among common Swedes was one of the most important principles of the middle class. This principle led to the establishment of the *Workers Institute* which offered public lectures for workers. While several life insurance actors were engaged in the institute, there were also lectures on the subject of, and importance of, life insurance. Insurance interests were thus represented by the middle class elite that wished to turn Sweden into an industrialized and 'modern' country. The urban middle class represented a new, liberal and democratic era; the rural was hence viewed as backward and traditional. This may in turn be understood in line with Polanyi's concept of the 'Great Transformation'. From this perspective, it is certainly an intriguing issue whether the social

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<sup>34</sup> See Hägg (1998), p. 215 and Larsson (1998), p. 101.

<sup>35</sup> Larsson (1991), p. 29; Lönnborg (1999), pp. 76-77 and Larsson (1998), p. 129.

<sup>36</sup> Hägg (1998), p. 215-218.

<sup>37</sup> See Nilsson (2005); Olsson (2007) and Lindgren (2009).

concern, as advocated by some insurance representatives, was driven by altruistic motives or as part of the strategy to implement a market economy.

Tjeder has studied middle class masculinity in the nineteenth century and shows that the middle class, generally, was influenced by social-liberal ideas which involved democratic ideals and social and philanthropic engagements towards the less fortunate.<sup>38</sup> Therefore, business interests like the life insurance industry not only promoted new legislation but also worked for the abolishment of pre-industrial, conservative laws that counteracted the drive toward an expansion of the market economy. Many of these pieces of legislation were based on values restricting the rights of women. Consequently many businessmen, also life insurance representatives, took the chance to engage politically in changing these laws that they believed were poorly suited for the capitalist economy.<sup>39</sup> Although previous Swedish research on insurance has had a major focus on the regulation of the insurance markets, no one has made any attempt to study the Swedish law on life insurance contracting.<sup>40</sup> Sweden did not receive a law regulating insurance contracting until 1927, in America and Britain laws had been passed in the late nineteenth century. International research has stressed the importance of these laws.<sup>41</sup>

In many places where laws were drawn up governing life insurance contracting they were intimately connected to the issue of married women's property rights. Regulations about how the life insurance contract should be handled were specifically drawn up in the British Married Women's Property Acts.<sup>42</sup> As shown in *article III*, several American and British historical studies on women's legal rights argue the Acts did not, in practice, influence the rights of women.<sup>43</sup> Some has further claimed that the economic interests of lowering transaction costs were the major reason for reforms of women's property rights.<sup>44</sup> This study argues that this argument sometimes mirrors a too negative perspective on the economic actor. The 'capitalist' as stated by McCloskey, is often generally viewed as someone incapable of doing anything morally good.<sup>45</sup>

In *article III* the aim is to understand the connections between the life insurance industry and the women's movement during the late nineteenth century. It is shown, that several life insurance representatives were engaged

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<sup>38</sup> Tjeder (2007), p. 40.

<sup>39</sup> Taylor argues that joint-stock companies presented women with an opportunity for independent commercial activity in the share market. Taylor (2006), pp. 80-81.

<sup>40</sup> Larsson (1998), p. 116.

<sup>41</sup> Stalson (1942), p. 99 and Murphy (2006), p. 19.

<sup>42</sup> *FFT* 1884 p. 34.

<sup>43</sup> Combs, however, shows that for the British case, married women profited from the Act. Combs (2005), p. 1053.

<sup>44</sup> See e.g. Braukman and Ross (2000), p. 74.

<sup>45</sup> McCloskey (1998), pp. 297-299.

in the first Swedish organization for women's rights. The first explanation that comes to mind, if considering the transaction cost argument, would be that these agents acted out of self-interest wanting to assure potential widows of their life insurance benefits through a law governing life insurance contracting. A married woman's partial property rights restricted her right to the life insurance benefit of insurance on her husband's life in the case where creditors made claims on the life benefit. If the widow would acquire the right to the life insurance benefit despite the existence of creditors it would most likely have benefitted the Swedish life insurance industry like it is reported to have benefitted the American insurance industry.<sup>46</sup>

However, contrary to the conclusions of American and British researchers, Göransson argues that a potential Swedish married women's property rights act would have increased transaction costs for business.<sup>47</sup> This partly explains, according to Göransson, the late implementation of the Swedish married women's property act in 1921. In sum, if the role of transaction cost given by Göransson is asserted, the actions of Swedish life insurance representatives in favour of married women's property rights during the 1870's cannot easily be explained and understood solely by the transaction cost argument.

The results presented in *article III*, show that the reason for the actions of life insurance representatives cannot be solely ascribed to purely economic motives. While arguing for improved property rights for married women life insurance representatives argued, in the mid 1870's, for reforms that would render the most extensive improvements for married women rather than being primarily focused on benefits for the industry.

According to Tjeder, it was important for the middle class business man to justify his business as an almost charitable deed. <sup>48</sup> Taylor argues that joint-stock companies in nineteenth century Britain overall were viewed as undermining the importance of character in business. Companies therefore sought to define them as transacting ethical commerce.<sup>49</sup> Clark further argues that the charitable and prudential character of life insurance made prominent clerks lend their names and support to British insurance societies. He stressed that life insurance as a vehicle for charitable enterprise reflected an increasing interest shown from the late seventeenth century by philanthropists and social reformers in market-oriented enterprises to solve

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<sup>46</sup> Murphy (2006), p. 19; Stalson (1942), p. 99.

<sup>47</sup> "Thus, while the introduction of full property rights for unmarried women must certainly have lowered transaction costs - and alleviated the economic responsibility of their male relatives - the extension of such rights to married women would probably have increased these costs and reduced the assets readily available to husbands in their business. At least this fear was expressed in the contemporary debate." Göransson (1993), p.28. More on Swedish women's property rights, see e.g. Ågren (1999) and Ågren and Ericksson (2005).

<sup>48</sup> Tjeder (2003), pp. 230-232.

<sup>49</sup> Taylor (2006), pp. 22-23.

social and spiritual ills.<sup>50</sup> The different roles of insurance actors as both idealists and economic actors did therefore not necessarily come into conflict with each other.

The emergence of new market based ways for assuring support, like life insurance and banking, and the emancipation of women cannot be seen, therefore, as two separate processes having little or nothing to do with one another.<sup>51</sup> The argument presented in *article III* is that life insurance representatives close relations to women in the women's movement and their view on life insurance as not only an economic but also a social innovation made the life insurance representatives regard the life insurance industry and social movements as different sides of the same coin. The urban middle class, according to Abenius, had a self-assumed mission to assist less well-to-do fellow citizens.<sup>52</sup> New progressive middle class values were regarded as though in opposition to old conservative traditions and values characterizing the old and rural Sweden.

This 'self-assumed' role of the middle class, the philanthropic character of the business and its liberal and progressive attributes contribute to a development where participants in the life insurance industry and in social movements consisted literally of the same people. Life insurance, as argued by McFall, "[...] filled the gap between liberal governmental theory in the abstract and the management of concrete social problems".<sup>53</sup>

These early actions of life insurance representatives presented an initial indication of the life insurance industry's intended direction. To foster expansion, the industry needed the participation of the entire market; this included the participation of women and workers. The development of life insurance and women's and worker's emancipation therefore went hand in hand. Democratisation and equality were compelling developments for the industry as well as for suppressed groups in society. A broader perspective on financial development is garnered when recognising the entwined development of both the industry and society; financial institutions did not develop in isolation from society nor should their evaluation be undertaken purely on the basis of mere economic performance.

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<sup>50</sup> Clark (1999), p. 83

<sup>51</sup> Nordlanders thesis (2000) highlights the role of women in a business context although they officially had a small influence in business decisions.

<sup>52</sup> Abenius (2007), p. 25.

<sup>53</sup> McFall (2010), pp. 145-146.

## Towards a Market Expansion of Life Insurance

Life insurance actors perceived life insurance as a social innovation. Together with economic interests and the wish of insurance representatives to be regarded as social benefactors, insurance actors proclaimed early on their desire to reach the working classes.<sup>54</sup> In *article IV* of this thesis the argument is presented that ‘workers’ were viewed those most in need of life insurance but also as a group they most lacked the prudence necessary for purchasing a life policy. It is demonstrated in *article II* that efficiency gains in companies such as *Skandia* and *Thule* were not likely to allow large enough premium cuts to increase demand among the lower classes during the first half of the nineteenth century. Despite this, and as shown in *article IV*, life insurance representatives still explained the low insurance frequency among the Swedish population to be due to a lack of thrift and prudence among the working classes and not due to their own inability to attract other classes for life insurance and reach a mass market.

The expansion of life insurance has been associated with general income growth and urbanization. As such, life insurance becomes a rather uncomplicated matter generally reflecting the ongoing economic changes associated with industrialization, mainly per capita income growth and urbanization. However, *article I* shows that the growth of life insurance premiums in Sweden vastly exceeded income growth during the period around 1850 to 1910. This result leads to the suggestion that the demand for life insurance was due to other factors than income during the nineteenth century. It would appear that the establishment of life insurance as a capitalist form of contract cannot be explained as solely an outcome of structural changes associated with industrialization; alternatively the assumed structural changes commonly associated with industrialization might be less prominent in Sweden.

The demand for life insurance shows a phase of convergence between the underwritten premiums and estimated and real premiums; where income as an explanatory factor grows in importance over time. Throughout the nineteenth century the decline in the risk associated with the provision of life insurance further reduced demands for large reserves thus facilitating the establishment of new companies by lowering barriers of entry. Up to the year 1900, 18 life insurance companies had been established. As put forward in *article I*, the convergence of estimated and actual premiums mirrors the diffusion of life insurance to comprise more and more groups in society, something that was also illustrated by the decreasing average policy size over time.

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<sup>54</sup> This intention was first declared by the life insurance company *Thule* established 1875, which became one of *Skandias* major competitors.

The importance of broad participation by the public in the market economy has, as noted previously, been put forward by Braudel who emphasised that early modern capitalism was separated from the rest of the economy.<sup>55</sup> In stating that the capitalist achievement lay in spreading consumption to less-well-to-do classes, also Schumpeter's ideas correspond well to the operations of the industrial life insurance companies.<sup>56</sup> In this respect, the companies playing the most important part in economic modernisation were not organisations targeting the elite, but companies like some life companies who targeted a mass market and people from various classes. Thus economic activity cannot be judged solely on immediate outcomes but must be assessed on a broader social basis and on whether it is inclusive or exclusive.

Industrial life insurance was developed as a business that targeted and accomplished broad financial participation among the less well-to-do. Industrial life insurance was especially suited for working class conditions and the business was outclassing ordinary life insurance considering the number of policies sold. Economic performance, however, given the amount insured, was better among ordinary life businesses. Despite this, if broad participation in the economy is acknowledged as important to economic growth and modernization, industrial life insurance becomes crucial in understanding the development of the life insurance industry.<sup>57</sup>

The diffusion process of life insurance to comprise more groups in society was very much due to the first Swedish industrial life insurance company *Trygg* which was founded in 1899. Larsson argues that the cooperative industrial life company *Folket* played the most prominent role in addressing the needs of the working classes.<sup>58</sup> However, the first Swedish industrial life insurance company *Trygg* surpassed *Folket* by number of policyholders between the years 1904-1950 and by issuing smaller policies *Trygg* diffused life insurance more broadly than *Folket*.<sup>59</sup> *Folket* was actually established in 1914, 15 years after the establishment of *Trygg*. Schön shows the importance of the emergence of new financial institutions, such as life insurance, for long-term saving in order to explain the Swedish 'saving shock' of the 1910's.<sup>60</sup> *Trygg* was, by 1910, the largest Swedish life insurance company by number of policyholders and probably contributed to this increase in long term saving and the 'saving shock' of the 1910's.

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<sup>55</sup> Braudel (1982), p. 263.

<sup>56</sup> Schumpeter (1942), p. 67.

<sup>57</sup> Among recent research, Lewenstein (1992); Keneley (2008) and Lengwiler (2010) have all contributed to the literature on industrial life insurance.

<sup>58</sup> Larsson (1998), p. 65.

<sup>59</sup> Enskilda Försäkringsanstalter, official statistics 1904-1940.

<sup>60</sup> Schön (2010), pp. 244-245.

An industrial life insurance policy was based on a smaller sum than an ordinary policy and was issued without a medical examination. The premium was further collected at the policy holder's house by an agent on a weekly or monthly basis. In ordinary insurance, the premium was paid quarterly, annually or semi-annually and was often paid at the head office of the company. *Trygg* was set up on principles similar to those of British and American industrial life insurance providers. The idea behind industrial life insurance companies was to reduce risk by issuing many, but small, policies. By doing this, the companies also could count on more frequent lapses than in ordinary companies; a considerable sum would thus be assured the company without obligations to the owners of the lapsed policies. However, administrative costs rose with declining policy size so that the cost of insuring an industrial life policy was higher than an ordinary policy issued by non-industrial or ordinary life companies. *Article II* shows that industrial life insurance was criticized especially in Anglo-Saxon countries where the policies were even smaller and consequently more expensive to administer.

It was stated, as shown in *article IV* that *Trygg* was accused of failing to achieve the social role a life insurance company should. *Trygg* and other industrial life companies were accused of selling bad and expensive policies to workers through unscrupulous agents and failed to meet the values of life insurance companies in general. The new industrial life insurance business might have deserved some of this criticism; however, the business made life insurance available also for farmers in the remotest areas of Sweden. It is likely that financial services and the organisation of financial businesses needed to customize their policies and procedures and face realities of workers and farmers in order to win them as customers. It might not be a winning strategy to assume that farmers and workers would deliberately enter a fancy bank or insurance building where their, maybe, low social status, appearances and manners would be a contrast to the middle class clerks and the more well-to-do customers. Instead, company representatives visited them in their own homes or in their own environment and talked in a manner that they comprehended. The industrial life businesses recognised that the rural population had to be targeted in a different way than urban middle class and there existed different values and ideals of conduct between the urban middle class and the rural population.

## The Role of the 'Rural Middle Class' in the Diffusion of Life Insurance

The success of Swedish industrial life insurance of reaching various groups in society might be due to marketing or at least to an organizational achievement. Stalson explained the expansion of the American industry by a 'marketing revolution' with reference to new ways of conducting life insurance business.<sup>61</sup> Demand for life policies in rural Sweden was, to a large extent, a question of availability. In the beginning of the twentieth century, *Trygg* invested in agents and inspectors and in an organization that reached remote areas of Sweden; soon other industrial life companies and ordinary companies followed suit. By contrast, the British and American industrial life companies targeted, as the name industrial indicates, the urban industrial population. *Trygg* and the following Swedish industrial life insurance companies on the other hand had a large share of farmers, peasants and rural workers as policyholders; therefore the Swedish term for industrial insurance, '*Folkförsäkring*', can be translated into 'peoples insurance'.

While it has not been possible to estimate the impact of urbanization on the demand for life insurance, as discussed in *article I*, it is likely that the large impact of Swedish industrial life insurance in diffusing the concept was more due to *Trygg's* comprehensive agency system that managed to reach the rural middle and working classes both in urban and rural areas. This included social classes that ordinary companies with fewer agents, and with a focus solely on urban areas, had failed to reach. In 1912, *Trygg* had over 2600 agents while *Thule* (a life company that had an ambition early on to reach workers), only had 839 agents.<sup>62</sup> A monograph on the industrial life insurance company *De Förenade* states that as late as in the mid-1930's a considerable proportion of the insured in industrial life insurance companies consisted of peasant people, although the majority of the policyholders were urban and rural workers.<sup>63</sup>

The targeting of the rural population and the working classes early was rewarding for *Trygg*. Two years after its establishment the company had more policyholders than any other Swedish company.<sup>64</sup> Although *Trygg* targeted rural Sweden and the working classes, it is argued in *article IV*, that the average Swedish industrial policy was larger than its American counterpart although America was considered a wealthier country in the late nineteenth and early twentieth centuries. This suggests that, as put forward in *article II*, industrial life insurance in America and Sweden were used for

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<sup>61</sup> Stalson (1942), p 10.

<sup>62</sup> Palme (1923), p. 62ff; *Trygg's N. 1913*, no. 5.

<sup>63</sup> *Lifförsäkrings-aktiebolaget De Förenade 1933* (1934), p. 11-12,

<sup>64</sup> *Försäkringsinspektionen, Försäkringsinspektionens underdåniga berättelse till Kungl. Maj:t beträffande försäkringsväsendet i riket år, Stockholm, 1903.*

different purposes. Swedish industrial life insurance managed to reach groups that could afford larger policies but were out of reach from ordinary life companies. This in turn indicates that the rural population came to play an important role in Swedish life insurance but also in the financial market as a whole as previously addressed by e.g. Petersson and Perlinge.<sup>65</sup>

When considering the development of Swedish insurance, it is important to remember that Sweden was predominantly agrarian in the mid nineteenth century and comparatively small changes were noticeable even by the turn of the twentieth century.<sup>66</sup> The small urban population in Sweden has made some researchers assume that pre-industrial Sweden was underdeveloped and poor when compared with other western countries.<sup>67</sup> Gadd, however, demonstrates that the free-holding farmer was an important actor socially, economically and politically as early as the eighteenth century. This perspective is supported by Aronsson who also argued that Swedish farmers and peasants had a predominant position in the eighteenth century, especially when compared to other European farmers. Söderberg argues that pauperization cannot be said to have been the dominant trend in Sweden in the mid nineteenth century.<sup>68</sup> Contrary to the assumption, the majority of farmers owned their farms and, according to Morell, Sweden had been the Scandinavian country where freehold peasant-farmers historically had been strongest.<sup>69</sup> The strength of agrarian artisans may have been due to the fact that the Swedish nobility was small and lacked the wealth that characterised its counterparts in other part of Europe. As a result, the Swedish nobility was weaker and could only establish a limited feudal system.<sup>70</sup> The Swedish middle class was also comparatively small. The social composition of the Swedish population meant that Sweden had a large 'rural middle class' consisting of free-holding farmers that was economically comparable with the urban middle class.<sup>71</sup> Urbanity and middle class status are regarded as two sides of the same coin and as prerequisites for financial resources and the accumulation of capital.

Previous international and Swedish research into life insurance argues that the rise of the middle class caused the rise of interest in life insurance.<sup>72</sup> In the Swedish case, however, the great expansion of the life insurance industry, at least in terms of the number of policies sold, was accomplished

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<sup>65</sup> Perlinge (2005); Petersson (2001).

<sup>66</sup> Morell (2011), p. 172; Flygare and Isacson (2011), p. 214.

<sup>67</sup> See Sandberg (1979), p. 229.

<sup>68</sup> Gadd (2011), pp. 122-123; Söderberg (1989), p. 488.

<sup>69</sup> Morell (2011), p. 170.

<sup>70</sup> Aronsson (1992), pp. 44, 47.

<sup>71</sup> Gadd (2009), p. 10.

<sup>72</sup> Supple (1970), pp. 113-115. Both Pearson and Alborne have in the case of Britain challenged this assumption arguing British policyholders to be more driven by the aristocratic dissipation than middle class thrift and prudence in their use of life insurance. Pearson (1990), p.237; Alborne (2009) p. 4.

after the turn of the twentieth century with the introduction of industrial life insurance companies. The Swedish experience and the social composition of the population show that the expansion of life insurance instead was due to increasing participation by the rural population and the working classes in the financial markets. Lindgren argues that the Swedish nodes in the traditional financial network were, among others, the numerous urban dealers and brokers, together with prosperous farmers and peasants which actively sought out income-generating investment opportunities.<sup>73</sup>

A similar development was experienced by savings banks in Sweden. In the beginning these were situated in cities but in the mid- nineteenth century they found an important market in the country side.<sup>74</sup> Researchers who asserted the role of the middle class in the expansion of life insurance as found in core economies such as the U.S. and Britain therefore cannot have their findings transferred to the Swedish case. The different social composition of the Swedish population provides an alternative view of market expansion where rural industrialization occurred all over the country and provided an extra income for the farming household.<sup>75</sup> The role of the rural population and the urban and rural working classes was, therefore, distinctly different from that in these other economies.

The many and varied occupations of the average Swede as sometimes farmer, sometimes craftsman, and at other times industrial worker implies that the Swedish case does not provide a sharp dividing line between the reliance on fixed or human capital. Fixed capital as a means of support can be a piece of land or a house, capital that can generate returns and secure the continuous support of the family over generations. Human capital on the other hand is a person's own capacity to work and may be defined as the present value of expected future earnings. A person's human capital, compared to fixed capital, ceases to exist when the ability to work is lost. Previous researchers have argued that concurrently with a country becoming gradually industrialised, as the share of industrial workers increases in proportion to the population as a whole, the means of support changes from fixed- to human capital.<sup>76</sup> Life insurance insures against this loss of human capital in the event of death and provides support for surviving relatives. Life insurance, urbanisation and the rise of the middle class, therefore, have been argued to walk hand in hand. However, while Sweden and many other countries such as Denmark partly experienced a rural industrialisation, in the sense that most people lived in the countryside during the industrialisation phase, they frequently fall outside the theoretical

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<sup>73</sup> Lindgren (2002), p. 811.

<sup>74</sup> Larsson (1998), pp. 39-40.

<sup>75</sup> Gadd (2009), p. 9.

<sup>76</sup> Di Matteo and Emery (2002) p. 442.

framework developed from American or British examples.<sup>77</sup> The Swedish, rural industrialization did not result in a drastic transfer from a reliance on fixed capital to a reliance on human capital; instead many rural industrial workers relied on both fixed and human capital for support.

Given these mixed ways of provision, there might have been a low demand for life insurance in Sweden. None-the-less, the Swedish industry grew impressively during the second half of the nineteenth century, largely because of the industrial life insurance company *Trygg*. This indicates that a rural class, economically comparable with the urban lower middle class, regarded life insurance as a compelling investment or savings instrument. Even more surprising, women as policyholders came to be as important for industrial life insurance companies as men early on.

## Market Expansion and Women's Emancipation

Historical studies on the role of women in society have identified a gender division of labour from the agricultural society where women and men performed different tasks.<sup>78</sup> The industrial society and increased wage labour gave rise to an ideal of the 'housewife' and the 'male breadwinner'.<sup>79</sup> This ideal was especially embraced in the middle class. Early life insurance was a middle class concern which implied that this ideal was promulgated in life insurance sales promotion. In this process of self definition, women were presented as economically dependent and financially ignorant and men as responsible breadwinners. *Article IV* of this thesis is used to show how perceptions of the role of women and men were reproduced in the evolving financial economy. Life insurance was marketed as a moral duty for all men; the men that failed to realize this were presented as imprudent and/or as belonging to the working class. These representations made, according to Davidoff and Hall, life insurance the number one exponent of middle class female dependency.<sup>80</sup>

In *article IV*, the process by which the life insurance industry presented life insurance in accordance with the moral standards of urban nineteenth century society, as a moral duty of every male breadwinner is explained. The urban middle class way of living gave rise to what Davidoff and Hall call bourgeois gender ideology, where the ideal was that women and men were to act in different spheres, women in the private and men in the public

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<sup>77</sup> In 1900, 80 percent of the Swedish population lived in rural areas. *Historisk Statistik* Del 1, p. 66.

<sup>78</sup> See e.g. Fiebranz (2002), p. 136. Sommestad and McMurry additionally show how the gender division of labor changed from female to male tasks with the mechanization of traditional, female work. See Sommestad and McMurry (1998).

<sup>79</sup> Craig *et al.* (2006), p. 3.

<sup>80</sup> Davidoff and Hall (1987), p. 213.

sphere.<sup>81</sup> The life insurance industry used the representation of women as dependents in arguing for the moral superiority of their business. This excluded, at least on a theoretical level, women from economic life. In practice, however, a growing body of historical evidence rejects the model of separate spheres where women were only assigned to a domestic role.<sup>82</sup>

When *Trygg* entered the market the company targeted urban and rural workers and the rural population, but the company still followed the traditional way of motivating a life insurance purchase. This way of marketing life insurance was, as previously mentioned, in line with values promulgated by the middle class gender ideology. It presented life insurance as no concern for women apart from their role as beneficiaries. An ideology of course has the power to affect the behavior of those exposed to it. However, the ideal of the housewife and the male breadwinner was connected to an urban way of living, that is, wage labor and the separation of the workplace from the home. For a large part of the Swedish population this was not their experience. Rural and working class women lived a life far away from the ideal of the middle class urban housewife. Their roles were larger than simply that of a beneficiary.

Representatives in *Trygg* claimed to be very surprised by detecting that women constituted a large proportion of their policyholders, up to 50 percent in 1926. Ordinary companies, with a larger share of urban policyholders had far fewer female policyholders. The role of women as financial actors is additionally illustrated by Petersson who shows that unmarried, working women comprised close to fifty percent of the depositors in the first Swedish commercial banks in late nineteenth century.<sup>83</sup>

*Trygg* became a rural life insurance company where the middle class gender ideology was quite unrealistic.<sup>84</sup> Although the middle class gender ideology, the male breadwinners' responsibility towards his family, was promulgated extensively in *Trygg's* sales promotions, the high proportion of women as policyholders indicates that the groups *Trygg* targeted seem to have been quite indifferent to its message.

However, *Trygg* was not content with the way the company attracted female policyholders. As an industrial life insurance company, *Trygg* had received a considerable portion of criticism from representatives of ordinary life companies. In *article IV* it is argued that *Trygg* viewed the high rate of female policyholders as a failure. In life insurance promotion it had been argued that the goal of life insurance was first and foremost to insure the

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<sup>81</sup> Davidoff and Hall (1987).

<sup>82</sup> Doe (2010), p. 85.

<sup>83</sup> Petersson (2009), pp.259-260.

<sup>84</sup> An industrial life insurance company described their clientele: the majority of the insured belonged to the working classes but a considerable proportion of the insured consisted of peasant people. *Liförsäkringsaktiebolaget De Förenade 1933* (1934), pp. 11-12.

male breadwinner in order to provide for potential widows and orphans. According to this rationale, the high proportion of women implied that *Trygg* did not fulfill its 'moral mission' as a life insurance company by offering a means for the male husband and father to support his family. The question of female policyholders had been a topic in insurance trade journals since the 1880's. *Skandia* and all other life insurance companies established up until 1880 adopted different tariffs on female and male lives when it came to life annuities. Women had a higher life expectancy, therefore their annuities only became two-thirds of men's, and it was believed that without this precaution, companies would end in bankruptcy.<sup>85</sup> Industrial life insurance did not introduce this principle and the forthcoming trend of the life insurance business as a whole went towards the adoption of more generous terms for women as policyholders.<sup>86</sup>

Previous research has shown how perceptions of gender are constructed and reproduced by individuals and groups in society.<sup>87</sup> *Article IV* shows how life insurance companies, as part of society, played a prominent role in promulgating the 'bourgeois gender ideology'. There was a stated preference for insuring the urban middle class male, also seen in the number of regular insurance companies that catered to this group. This illustrates the power relations between both the urban and the rural regions and between men and women. These relations also intervened in the way business was conducted.

The critique against industrial life insurance by ordinary insurance firms underscored a conflict resulting from the inclusion of groups that previously had been regarded as imprudent and inferior. This change to the concept of life insurance into a service for everyone was resisted. In the case of women, the reformulation of gender in sales promotion seems to have been much delayed, especially when considering the real activity of women as policyholders. Although *Trygg* had a large proportion of women as policyholders, women continued to be presented as enemies of life insurance and the male breadwinner as the number one person to target for life insurance as shown in *article IV*.

Life insurance was viewed by its representatives as moral primarily in the case where death benefit was assigned to dependents. Many of the policies issued were, however, different types of endowment policies which had the main purpose of providing a living benefit or a pension in the policyholders' old age. This could of course still benefit dependents, but the unselfish moral dimension got slightly lost as did the argument to primarily assure widows and children a decent future. Endowment policies became harshly criticized

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<sup>85</sup> *FFT* 1880, p. 8.

<sup>86</sup> See, *GH* 1927, no. 5, p. 61.

<sup>87</sup> See e.g. Sommestad and McMurry (1998).

because of this 'selfish' dimension and the sales promotion continued to focus on the marketing of traditional whole life insurance with its major purpose as family security. In an incisive wording it might be said that the industry marketed policies they did not sell to a clientele that did not buy them. These examples, in any case, show that the moral motivation of life insurance was considered very important for the industry.<sup>88</sup> The idea of morality and the bourgeois gender ideology was intimately connected with each other. Thus an entire industry was founded on the idea of female dependency.

In this thesis it is argued that the mass-market and the capitalist way of conduct encouraged women to become policyholders although when the real number of female policyholders became visible, this was not met without at least ideological resistance. As discussed in *article IV*, the diffusion of life insurance among female policyholders partly was due to the way industrial life companies conducted their business with very strong incitements for agents to sell policies to everyone. Agents worked on commission and did not have any interest in promulgating the middle class ideals of domesticity by turning only to the husband of the household. The farming household also failed to provide support for the ideal of a male breadwinner and a female dependent housewife. There was a strict division of labor in the farming household, but the farming household required that everyone on the farm and farming women too, perform hard work which was crucial for the function of the farm and survival of the family.

The argument here is that women's work was essential for the family economy and that the bourgeois ideal might not have influenced the Swedish population to the same extent that it did in countries with a larger urban middle class. Maybe this was a contributing factor to why the housewife ideal never grew strong in Sweden in a comparative perspective.<sup>89</sup> The farming wife was not as dependent as a middle class urban wife. She could take over the farming herself after the death of her husband or she could decide to remarry. In the case of both the rural and the urban working class, women worked to a large extent and their death could hit the family just as hard as the loss of a husband or father.

Among others, Wikander argues the seemingly more liberated woman in the early industrialization phase is a result of social rules dictating the role of women having not yet had been formed.<sup>90</sup> The establishment of the ideologies of the urban industrialized society probably was less successful in

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<sup>88</sup> This corresponds with the findings of Hägg who claims it was particularly important for the life insurance industry to establish confidence in its business. Hägg (1998), p. 55.

<sup>89</sup> Myrdal and Klein (1957), p. 52. Hirdman (1992) and Axelsson (1992) have further studied women's way to paid labour.

<sup>90</sup> Wikander (1988), pp. 218-219.

rural areas of Sweden as they industrialized. This may indicate that class more satisfactorily explains the different roles of women in society.

Another factor that helps to explain the high rate of female policyholders was that industrial life insurance was issued as smaller policies than ordinary insurance, therefore a family might choose to insure all adults rather than only the husband and father. In this way industrial life insurance was not just adjusted to the conditions of workers, as argued by the industrial life insurance companies themselves, but also to the conditions of the rural population and women.

The influence of a bourgeois gender ideology and representations of women as economic and financially passive are integrated in trade journals and in the majority of historical data used to reconstruct women's conditions, roles and contribution to the national economy. Kindelberger for example notices a possible underestimation of the share of female foreign holdings in England in the 1750's because of the widespread practice of holding securities through nominees.<sup>91</sup> The data, as shown in the case of life insurance, often reproduced representations of women for a specific aim. These and similar historical representations of women in financial material, although obviously biased, still influence our understanding of the financial and economic role of women in nineteenth and twentieth century Sweden.

Cultural perceptions of the role of women in society resulted in biased representations of women that probably limited women but had limited impact in certain strata of society. However, cultural perceptions dominating the customs of a country came to influence the entire path of its development for private, but in the long run also for public insurance.

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<sup>91</sup> Kindelberger (1984), pp. 186-187.

## Cultural Contexts and the Development of Insurance

The findings presented in *article I*, that the level of life insurance demand was lower in the mid nineteenth century than expected given early twentieth century income elasticity might be consistent with previous research on British and American life insurance that argues that especially the evolving life insurance industry had to tackle special issues due to its function of insuring, not any commodity, but lives.<sup>92</sup> Zelizer argues life insurance challenged both religion and perceptions of morality.<sup>93</sup> Despite a quite rigorous archival work, no evidence has been found of moral and religious opposition at work in Sweden. The lack of concrete opposition towards life insurance, as displayed in America and Britain might be due to the fact that life insurance already had been tested and accepted by forerunner countries. The early Swedish life insurance actors could present empirical evidence of its application and its advantages.<sup>94</sup>

Still the life insurance product must be available for those that might have an interest in purchasing it for the business to diffuse. It is argued here that the initial low demand for life insurance in the Swedish case was partly due to problems of availability, which also is consistent with the saying that life insurance was sold and not bought.<sup>95</sup> Industrial insurance managed to reach the rural population, a very large group and not always badly off. This played an important part in making life insurance a mass-market product.

How the process of demand and supply evolved is, however, due to cultural conditions. As put by McCloskey: '[...] to explain how markets live, to explain where technology and tastes originate, to explain what symbolic systems supported or discouraged people we need culture [...]'<sup>96</sup> Different cultural contexts thus give rise to different types of demand and different roles for insurance.

*Article II* in this thesis contains an argument that the role of industrial life insurance companies differed between Anglo-Saxon and other European countries on the continent and Scandinavia. Anglo-Saxon insurers issued more funeral insurance while, e.g., Swedish and Danish industrial insurance was more on the boundary of ordinary life insurance. These differences, it is argued, were due to diverse preferences regarding what a decent funeral should entail and also to changing funereal practices in urban areas.

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<sup>92</sup> See Clark (1999); Alborne (2009) and Clark *et al.* (2010).

<sup>93</sup> Zelizer (1983), pp. 73-79;

<sup>94</sup> Britain and America were forerunners regarding many aspects of society during the period of study. The Swedish life insurance industry used the large number of policyholders in Britain and America as yet another proof of the countries progressiveness and superior character. See e.g. *FFT* 1878, p. 6; *CfN*, S.A., Liv Thule B 10.1 Annonser och kampanjer.

<sup>95</sup> "Yet nothing is clearer than this: without marketing of a determined character there would be little life insurance bought." Stalson (1942), p. 647.

<sup>96</sup> McCloskey (1998), p. 300.

In Britain and America urbanization was very fast with rapidly growing cities. Because the mortality in large cities was extremely high in the nineteenth century, burial grounds quickly became crowded and soon problems evolved regarding the interment of dead bodies.<sup>97</sup> The cost of dying rose with the lack of available space and the transport of the dead in a dignified manner outside the city where the burial grounds eventually, by law, became situated. These factors and a reduced role of the church in Anglo-Saxon countries concerning the funeral rites gave rise to the commercialization of the funeral.

A huge discrepancy evolved between a pauper funeral in a mass grave a few inches under the ground, and a funeral for wealthy citizens with embalming, viewing of the body and a large monument in a private, beautiful cemetery. This further came to involve stigmatization of those who ended up with a pauper funeral. To avoid this, industrial life insurance companies offered burial policies and because the stigma of a pauper funeral concerned everyone in the family it was common that women and children also got insured. In Sweden and other European countries where urbanization was slower and the state church played a crucial role in the funeral rite, the funeral never became as commercialized. Perceptions of what a decent funeral should entail remained more modest while the discrepancy between funerals of the rich and poor did not become as great as in the Anglo-Saxon countries. The need to have enough means to cover a funeral thus became more urgent in Anglo-Saxon countries, where industrial life insurance also was bought by the very poor, further contributing to explaining why smaller policies were issued in the U.S. than in Sweden.

Industrial life insurance as insurance for the less well-to-do was further put forward as an alternative to public insurance.<sup>98</sup>

The exposed conditions of some groups in society, despite private insurance, had been recognized in Sweden and other European countries for some time. In Sweden, the rural worker without ownership of land who worked for an employer mostly on a farm, previously had a quite secure position as the master of the household and had the responsibility to provide for everyone in the household and relations of the employee with whom he had a contract. These contracts were less frequently used over time and the employees more often found themselves without a contract. Instead they became day-labourers, working day by day without a contract and hence without social security.<sup>99</sup> Employers also had very little responsibility to compensate workers injured at the workplace.

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<sup>97</sup> Cain and Suk Chul (2009), pp. 450-451.

<sup>98</sup> Thomas has regarded the development of the private insurance industry as a sign of evolving humanitarianism and a decline in the belief in magic and religion as major determinants in life. Thomas (1971), p. 651.

<sup>99</sup> Arbetare-försäkrings-kommitténs betänkande 1888, 1 Utlåtande och förslag, s. 69.

With a larger group of people lacking social security many were at risk of becoming the responsibility of society. The conditions of the less well-to-do therefore started to get materialized in protective legislations and public insurance. In the late nineteenth century, politicians started to question the lack of responsibility of employers toward their employees. As presented in *article III*, life insurance representatives were members of the committee investigating this issue.

The idea that not everyone had the same opportunities in life and that everyone should be granted a certain degree of social protection evolved into suggestions on public pension in the early twentieth century. In many countries a belief in the ability of private insurance to solve all the needs of the population started to diminish. In Sweden the dominant view became that not everyone could afford private insurance that covered the needs of themselves and their families. Larsson *et al.* show that this notion was shared by one of the most influential life insurance representatives, Sven Palme. Palme argued in the 1920's about the need for public insurance.<sup>100</sup> As referred to in *article III*, in Sweden life insurance representatives were involved in the committee work that eventually would lead to the first public pension insurance in the world.<sup>101</sup>

This stands in contrast to the attitude towards public insurance among American industrial life insurance representatives.

Proponents of public health insurance in America argued the insurance should include also a public burial insurance. While burial benefit was a large business for American industrial life companies they opposed the health insurance movement.

According to Emery, compulsory health insurance would not have been welfare improving for American wage-earners which in turn can explain the lack of political support for the legislation in the Progressive Era.<sup>102</sup> The American wage-earners already had a high private savings rate. The urge of many Americans, also the very poor, to purchase industrial life insurance for burial benefit, of course together with other societal expectations, probably contributed to an increased savings rate in America. Burial insurance was not as urgent a necessity in Sweden as it became in America, the very poor in Sweden therefore probably did not get insured to the same extent as in America. The Swedish poor thus did not have comparable financial assets as the American poor.

It is possible that public insurance in Sweden did not compete as directly with private insurance as it would have done in America, while burial insurance was not the main function of Swedish industrial life insurance. It

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<sup>100</sup> Larsson et al. (2005), p. 16.

<sup>101</sup> Englund (1993), p. 20.

<sup>102</sup> Emery (2010), p. 69

is therefore likely that the cultural conditions, under which the private life insurance companies developed, together with other factors, came to influence also the development of public insurance.

## Concluding Remarks

The aim of this thesis was to analyse the role of demand side explanations and ideological and socio-economic aspects for the diffusion of life insurance to women and workers in Sweden during the period c. 1830-1950

It is shown in the thesis that growing incomes and urbanisation were only important in terms of generating demand for life insurance during the period after 1910. The results indicate that the previous neglected role of various cultural contexts additionally have an important role in explaining the early Swedish development. Moreover, the case of the making of life insurance in relation to property rights has illuminated the interaction between gender and the evolving insurance industry. In this respect, the complex interaction between the construction of the male policyholder and the role of the women as economic agents has been illustrated.

The remainder of this section will present a more detailed discussion on the main findings along with a discussion on how these results may be understood in the wider context of Swedish financial and social modernisation.

To begin with, income has often been regarded as the major factor for enhancing demand for life insurance historically. However, in this thesis a first attempt is made to test the historical impact of income on demand for life insurance. The main finding of *article I* is that growing incomes and urbanisation was important in terms of generating demand for life insurance during the period after 1910 but before 1910 other factors must be analysed for understanding the demand for life insurance. In the early twentieth century, Sweden was a rural country with a small middle class but with a fairly rich rural population. As a result the rural population played a more prominent role in the development of financial markets in Sweden than previously has been acknowledged. *Article I* stresses the importance of acknowledging other factors for the development of life insurance.

In analysing the role of other factors, the second finding is that different cultural contexts, comprising of different perceptions of what a decent funeral should entail, explain the diverse developments and roles of insurance in different countries. In Anglo-Saxon countries funerals became more a status marker than in many European countries, and to reach the notion of a 'decent funeral' was more expensive. This increased the demand for burial insurance and in turn resulted in Anglo-Saxon industrial life insurance functioning more as burial insurance than in other European countries.

In tracing the interconnection between social change and life insurance, the third finding is that life insurance representatives were engaged in the organisation for married women's property rights and worked for women's

rights in parliament. Married women's lack of property rights was an obstacle in assuring her right to the insurance benefit in cases where creditors also made claims. In contrast to previous research on women's property rights, this thesis argues that it is too one-dimensional to address the engagement of life insurance actors through only economic motives. For only acting in the interest of their business, the representatives hardly needed to engage in other women's rights issues or other organisations working for social change. The engagement of the representatives was in line with progressive middle class values that propagated women's and worker's rights along with the establishment of new financial institutions for reducing poverty and transforming Sweden into a modern country. In this sense, business and social change went hand in hand.

Although insurance representatives worked for women's rights, gender ideologies were additionally used for marketing life insurance. The last finding shows how the life insurance industry marketed their products as moral by presenting the purchase of life insurance as a moral act and a moral duty for every man. In this construction women became dependents and beneficiaries and because of their assumed ignorance, also obstructers of life insurance sales. The representations of women as dependents and economically ignorant were in line with the middle class gender ideology. The large rural population implied that this ideology had marginal influence. This is shown by the fact that women, despite representations of them as enemies of life insurance in sales promotion, were frequent industrial life insurance policyholders. Industrial life insurance targeted the rural population and workers in a way that benefitted women at the expense of ideas promoted primarily at the head office.

The rise of the Swedish insurance market and the diffusion process to various groups of consumers shows the importance of also adding demand-side dimensions to insurance history. By doing so, the role and importance of insurance in the industrial transformation of Sweden can be better understood.

The growth of the Swedish insurance market was a socio-economic process, where income, price and risk could play a role as insurance could attract not only the few but the masses. Industrial insurance companies established in the early twentieth century attracted customers from the urban lower income segments but also from the rural population. Sweden was, in the early twentieth century, a rural country with a small middle class but with a fairly rich rural population. The role of a middle class gender ideology in a rural and sparsely populated country like Sweden was even more marginal while women bought insurance despite the gender ideologies telling them not to. As a result the rural population played a more prominent role in the development of financial markets in Sweden than previously has been acknowledged.

Polanyi has stressed that the economy cannot be entirely disembedded from society and social relations. In line with his arguments, this thesis argues that the market expansion of life insurance was interdependent with social changes. This process challenged the power of the privileged classes and the suppression of women in the late nineteenth century. This thesis further argues that there is no conflict with the ambition of one hand facilitating for the market economy and on the other hand regard women's suppressed role as unjust. As a part of the evolving financial system, those in the life industry viewed social changes that reinforced the participation of women and workers in the economy, as a precondition for the continuous growth of life insurance. Women's limited rights were viewed as an obstacle for market expansion. The market expansion of life insurance and the liberation of women's rights thus were interdependent. This stands in contrast to the previous historical research on women's rights that mainly pictures the economic actor as profit maximizing. McCloskey even claims it has been orthodox since mid-nineteenth century to regard business men negatively. This thesis further addresses a more complex role of economic actors as capable of having other loyalties and driven by several motives, of which, the economic motive was one.

The industrial life insurance sought a market that gained many small policies rather than a few large. This rationale challenged the class and gender hierarchies in society by slowly neutralising the dominance of urban middle class men as financial actors. In this way industrial life insurance contributed to the 'capitalist achievement' as put forward by Schumpeter and included the masses in the financial market.

By studying the diffusion of life insurance, the ambition of this thesis was to investigate the role of women and class in the financial history of Sweden. Legal restrictions put on women constituted the 'rules of the game' for the industry and female policyholders, early on, became an important group especially for industrial life insurance companies. Representations of women were further used to motivate the entire business in competition with other savings institutes. To include women in financial history, researchers do not need to go very far. Unfortunately, perceptions of the economic role of women in history as primarily marginal still dominate a large part of the economic historical research.<sup>103</sup> Therefore, the importance, persistence and power of perceptions are also stressed in this thesis. Ultimately, perceptions even contributed to the rise of different insurance systems in different countries.

The conventional approach of studying economic activity as a phenomenon more or less isolated from society, excludes dimensions that

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<sup>103</sup> See for instance Honeyman who argues that women played a more important part in British business than historians have acknowledged. Honeyman (2007), p. 471.

are crucial for our understanding of economic development. This thesis argues that the diffusion of life insurance to the public was influenced by and gave rise to social change. This thesis therefore stresses the need to study business development as an integrated part of society that was influenced by social change, class, culture and women's conditions. By widening the concept of 'business' and recognizing the cultural and social contexts under which all business had to operate, this thesis gives new insights to the interaction between business and society.

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## **Life Insurance Terms**

*Term life insurance* is a basic form of life insurance. The policy endures during a given period and result in death benefit if the policyholder dies during the given period.<sup>104</sup>

*Whole life insurance* is a policy that remains in force for the insured's whole life and usually requires regular premium payments. The industrial life insurance or burial insurance was usually this type of policy.

*Life annuity* is a policy basically used for pension plans where the policyholder pays a large or a few lump sums to the company. The policyholder then receives regular payment from a given year until the death of the policyholder if there are no beneficiaries in the contract.<sup>105</sup>

*Endowment insurance* provides both life- and/or death benefit while it is usually cashed out before the policyholder dies at a pre-agreed date, it can therefore also function as a pension. It is also linked as part of a savings account. If the savings ends in surplus because the real mortality is lower than the estimated or if the overhead costs turned out to be lower than expected, the policyholder receives a bonus.

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<sup>104</sup> Lönnborg (1999), p. 24.

<sup>105</sup> Lönnborg (1999), p. 25.