

OBITUARY NOTICE OF MR. BANCKER BY JUDGE CADWALADER.

CHARLES NICOLL BANCKER, one of our oldest members, died on 16th February last, aged 91 years. The Society's request that I would prepare their memorial of him is fulfilled with a mournful pleasure. But my domestic connection with him was so close that the duty cannot be performed without a feeling of some embarrassment. The spontaneous tendency to the language of eulogium will be restrained.

I will not here speak of him in his religious or social relations. My remarks will be limited to subjects which may concern more directly his relations to our Society.

We may thus consider the career of Mr. Bancker as a merchant on an extended scale, as a practical and scientific insurer, and as a man of general scientific information.

New York, the city of his birth, was, in the days of his youth, a place of secondary importance. He removed, in his boyhood, to Philadelphia, then the commercial, political, and literary metropolis, where he entered the counting house of John Guest, one of the largest importers from England, and was thoroughly educated for the pursuit of commerce. Before he had completed his twenty-first year, he became, through his abilities, energy, and assiduous efficiency, the partner of Mr. Guest, who changed his residence to England, leaving their vast concerns here in the sole charge of his young associate. This was Mr. Bancker's responsible relation for many years, including the latter part of the first war, and a great part of the second war, of the French revolution. In each of these eventful periods, the commercial navigation of the world was, in a great measure, carried on under the flag of the United States. The opposing belligerents asserted that the cargoes, professedly of neutral ownership, in vessels thus navigated, were of more than twenty times the greatest value that could be honestly owned by neutrals. The retaliatory maritime hostilities of the opposing belligerents against professed neutrals were chiefly directed against the United States. Cruisers and privateers captured our vessels and those of avowed enemies almost indiscriminately. Such were the causes of the maritime war of the United States with France in 1799, and of their general war with England in 1812.

I believe that Mr. Bancker's house in trade owned no vessels, and neither imported nor exported merchandize for the account of others. The immense business in which they were engaged for their own account required the purchase of millions of sterling bills. This important part of their business was conducted so regularly and carefully that not a penny was ever lost from the failure of parties to such paper. The fact is remarkable, and the reason is interesting. It was not that parties to the paper did not fail. Many failures of course occurred. Of perhaps five sets of Exchange, three, or even four, through capture, might not reach their destination. But there was no loss, for the reason that Mr. Bancker's

house took no bills which they did not, on sufficient grounds, believe to have been drawn upon shipments, or intended shipments, of adequate value. His house were mere buyers in the exchange market. They did not themselves take, or directly control, any security except the personal responsibility of the drawers of the bills. But this was not the security on which they relied. Believing that the business in which every bill had been drawn was legitimate, they had no doubt that the bill would be accepted abroad, upon the credit of shipments which had been, or would be *fully insured* against capture.

Capricious vacillation marked the belligerent conduct of the British Government in the occasional suspension and renewal of ill-judged retaliatory measures affecting neutrals. A sudden commercial crisis, from one of the most ill-timed of these vacillations, caused, in 1810, an unprecedented depression of the values of a large stock of British imports in the United States. The heaviest losers were Guest and Bancker. The partnership was dissolved. He retired from it, without retaining any property, but was not indebted to any one.

During the interval which preceded the war of 1812, he visited England on business of Stephen Girard, then the wealthiest merchant of the United States, with results of extraordinary profit for Mr. Girard, and of corresponding advantage to himself. He soon resumed commercial business on his own account, and continued it variously for several years. At one time, he dealt largely in cotton, including the product of the remotest parts of our country in which it was grown. His practical experience in almost all subjects of internal and external trade, was of the most extended range.

He was not engaged in commerce after 1826. It then became necessary for him to seek other employment; and his attention was turned to insurance.

The science of insurance—for it *is* a science—cannot be sufficiently taught by professors of law, nor fully understood by mere merchants, nor very deeply fathomed by mere mathematicians. Insurance, we may be told, is a substitute for capital, and should enable men without capital to engage securely, on borrowed means, in enterprises otherwise unduly hazardous; and, therefore, that where insurance has been made, and the premium paid, anything which may tend to prevent fair indemnification against loss, ought in law to be deemed a breach of contract, and must in ethics be a subterfuge and fraud. On the other hand, we may be told that the contract is one of indemnity against a risk of which the subject is always beyond the insurer's reach or control, and is at the exclusive charge and disposal of the insured; that the insurer is therefore entitled always to expect a rigid application of the purest principles of ethics for the protection of his interests, and that no public interest would be promoted by excusing a careless disregard of his rights. Each proposition, when correctly understood, may, with certain applications, be true. But neither proposition is of much practical use. In the absence of fraud,

persons insured do not ordinarily forfeit their insurances through any mere carelessness of themselves or their agents. But *no prudent insurer will take a risk where any interest of the insured would be promoted by carelessness of the subject of the risk.* Insurance, it has again been often said, is an *aleatory* contract, that is to say, a bargain upon a chance, like a throw of dice. An insurer's tables of risks may, in a certain sense, resemble those which might be made for the use of a professional gamester on a grand scale. But beyond this, there is properly no analogy to gaming. Insurance, in its general results, is, in fact, though not in form, a contract of mutual benefit; and the benefit is not, in any proper sense, *uncertain* upon either side. The values of life insurances can thus be calculated with approximate certainty, because, however uncertain may be the continuance of an individual life, the *average* duration of human life, is known from experience, and is almost invariable. Then, as to marine insurances, it has been often said with truth, and, in our own city, has been practically tested in more cases than one, that a merchant employing a great many ships, or shipping a great many cargoes, may prudently calculate for himself whether he would more probably lose by insuring than derive benefit; in other words, whether the premiums to be paid would probably exceed the maritime losses to be incurred.

Fire Insurance, under this head, is not an exception. Where the risks are sufficiently numerous, at points detached from one another, and of small amounts, or where large risks are divided among several insurers, the rates of premium are safely adjustable to a standard of uniformity. The more the insurances are with due caution multiplied, and the source of profit increased, the greater is the safety of the insurer. These are truisms, whatever may be the complexities of their safe application. I will not add any general remarks concerning the reservation and investment of accruing income to meet losses.

It is a misfortune of the present age, and an especial evil in this country, that men do not scruple to engage in responsible business, without any apprenticeship, or other preparatory training. An insurer without experience would be not less unfit for the business than a landsman for navigation. In Mr. Bancker's time, interests of importance were not thus trusted in untried hands. His youthful experience of marine insurance had been acquired when it was principally the business of underwriters not incorporated. It had been regulated by them on the sound basis of self interest. The insurance of his own shipments may have been instructive to him, but had probably been less so than his necessary constant observation, during the wars of the French revolution, of the transactions of other merchants, whose bills he purchased when the safety of his remittances depended upon the insurances of millions in value of shipments afloat, whose dangers have been mentioned under a former head. He had afterwards been, for some years, the agent, in this country, of one of the largest associations of English insurers; and had been a director of a life insurance company in this city. Fire

insurance was the branch of the business in which he proposed specially to engage. To the preparatory study and observation of the peculiarities of insurance of this kind, he devoted more than two years until 1829, when, through his influence, the Franklin Fire Insurance Company was incorporated. He conducted this Company's business for almost forty years.

At his death, the Company, with an entire capital of \$400,000, had paid five-and-a-half millions of losses, and the claims unsettled were less than \$24,000. The annual income was \$360,000, or 90 per cent. on the capital. The yearly dividends for ten years had been 32 per cent.; and the assets were more than \$2,600,000,—the accrued surplus being about \$1,100,000. Nothing had ever been lost upon an investment; nor was there an existing investment of doubtful security. This complete success of the Company was due entirely to his administration of its affairs.

The attainment of such success, or of much greater seeming success, would not have been surprising, or even extraordinary, if there had, in the meantime, been a corresponding hazard of proportional heavy losses. But such hazard had not been incurred. At the outset, serious difficulties were indeed encountered in promoting the extension of the new Company's business without assuming an undue proportion of extra-hazardous risks. Of risks of small amount in Philadelphia, most of the less hazardous were taken by two or three mutual insurance Companies of long established standing, which made no dividends. Competition for such risks, at full premiums, could not be expected until a corresponding surplus fund, in addition to the capital, should have been accumulated. The division of large risks among several insurers was then difficult, if not impossible, because fire insurers, and fire insurance agencies, were few, and fire insurance brokers fewer. Upon manufacturing establishments and the contents, insurances might readily have been effected. But there could be no standard of premiums on such risks uniformly proportional to the actual hazard, because, independently of the combustibility of the subjects, and of general reasons which under a legislative policy of artificial protection affect such risks, the constantly recurring changes in the protective legislation of the United States made the inducements to care of such subjects by the parties insured peculiarly variable. These early difficulties were for a time partly overcome by the obvious and ordinary, though often unsatisfactory expedient of establishing agencies at points more or less distant. The difficulties were completely overcome through the adoption of a very simple plan to multiply insurances upon small risks near home.

The plan was to lend on first mortgages of newly constructed dwelling houses of moderate dimensions, in Philadelphia and the suburbs, enough money to pay the cost of the ground and the premium of a perpetual insurance on the buildings, with sometimes the addition of a small portion of the cost of their construction. The insurances were, of course, made by the Company's own policies. The two-fold purpose of a proper insurance, and a safe investment, was thus effected in every such case.

There was nothing novel in such transactions of combined investment and insurance. The novelty in this Company's transaction of such business was, that they were the first insurers who made it *systematic* instead of *occasional*. Every builder of limited means became aware that he could, with certainty, on making such an insurance with this Company, obtain the accommodation of such a loan upon mortgage, and that the time of credit, however limited in form, would, in fact, be indefinite, if the interest were punctually paid. The Company's business of this kind increased until such mortgage investments, I believe, 1100 or 1200 in number, of an average amount of less than \$2,000, constituted four-fifths of the assets.

I have described this method of investment in order to introduce the statement of a wonderful truth. It is that, although this Company has paid, as I have said, five and a half millions for losses by fire, these losses have all, with one or two insignificant exceptions, occurred on property *not mortgaged* to the Company. The exceptions have been within a year or two, and of an amount so small as to be quite inappreciable. Thus, it may be said that these insurances and investments have actually been made *without any loss*. The Company, for several years past, might have annually divided more than 20 per cent. on their capital, though during the whole of this time, not a single new insurance had been effected. I do not mean that it would in that case, have been prudent for insurers to have done so. But the fact attests the safety of the business of an insurer who while extending it to the utmost fair limit, adheres to the cardinal maxim, already mentioned, of *never insuring where the interest of the insured might be promoted by carelessness* of the subject of insurance.

But who may be the cautious and energetic insurer capable of combining constant adherence to this maxim with a continual increase of business? Without answering the general question, let us consider Mr. Bancker's peculiar capacity for executing the two-fold function.

His perception was most acute, clear and comprehensive, his intellectual energy the most active, his decision was always prompt, and his purpose firm. I have already shown that the range of his practical experience was almost universal. Let me add here that no extent or magnitude of his operations ever prevented his vigilant, particular, and accurate attention to the minutest details of any and every business in which he was concerned for himself or others. This minute attention to the details of his duty was continued until the closing hour of his life.

As a man of general scientific tastes and attainments, he was known within these walls, and extensively beyond them. The general results of existing knowledge were, in the concrete, well understood by him; and he pursued experimental and analytical investigation sufficiently to enable him to understand the causes and modes of improvement, and to keep pace with its progress. His mind was thus amply stored with true knowledge. He was a constant, it might be said, universal reader. To the day of his death, he read as a student, not, according to the ordinary habit of old

age, as a critic or a censor. His own extensive library contained, in theology, in metaphysics, in history, belles lettres, natural philosophy, and every other department of useful knowledge, or polite accomplishment, all the literature of his varied and unremitting study. New books in every department, read by him, and on his parlor table upon their first publication, were, in due season, transferred to their proper shelves. His philosophical apparatus, constantly renewed from all parts of the world, was the collection of his long lifetime, and, like his library, was arranged according to the most improved plan. Possibly this apparatus may now, in some part, be antiquated. But I am informed that in certain departments, every modern improvement has been supplied, and that, under some heads, for example the polarization of light, the means and appliances for illustrative experiment are complete and unsurpassed.

He took pleasure in promoting and assisting the pursuit of useful knowledge by others. Such a man may, through such benevolence, contribute more to the diffusion of scientific information than those who justly obtain the praise of useful discoverers. Public lecturers on natural philosophy and on experimental chemistry, had always the free use of his apparatus. They frequently availed themselves of the privilege. I heard, in my childhood, public acknowledgments of his liberality in this respect; and they were, after the lapse of half a century, renewed in the hearing, perhaps, of others now present.

If I have described him rightly, it will be understood that he may have been eminently capable of comparing the results of investigations by other persons in different branches of art and science. This made his conversation often useful and instructive to practical men. Fallacious pretensions to originality of invention he detected at once, by intuition, as it were. He discerned, with as quick a glance, latent merit which was ultimately to succeed, not only in the practical, but likewise in the fine arts.

Stated Meeting, April 2, 1869.

Present, twenty-two members.

JOHN C. CRESSON, Vice-President, in the Chair.

A letter accepting membership was received from S. Nillson, dated Lund, Sweden, 3d Marz, 1869.

A letter was received from Mr. J. Whiteaves, Curator of the Museum of the Natural History Society at Montreal, dated March 29, 1869, acknowledging the receipt of Transactions