

Sheppard Homans.

THE news of the sudden and somewhat tragic death of Sheppard Homans must have been much of a shock to his many friends among the members of the Institute. He was probably known to nearly all as the oldest and most prominent American actuary, since his name has appeared in the *Journal* for forty years past, either in commendatory references by the foremost men, or in connection with original contributions of great value, and he had also visited England very frequently, becoming personally acquainted with nearly all the actuaries of London and Edinburgh who have been prominent during the last forty years.

Mr. Homans was born in Baltimore, 12 April 1831. After graduating at St. Mary's College there, he entered Harvard University in 1849, devoting himself specially to mathematics and astronomy; in these studies he so excelled that, while still a student, he was appointed by the United States Government to conduct an astronomical expedition to determine the difference in longitude between Liverpool and Boston. This work occupied many months, during which he made two visits to England, and it was so well done that he was appointed an officer on the United States Coast Survey, and afterwards Astronomer on several expeditions across the then wild western plains. In 1855, Professor Gill, the first Actuary of the Mutual Life Insurance Company of New York, died, and Mr. Homans' friends

procured his appointment to the position without his knowledge. He was at that time on a western expedition, and, as he once remarked, "did not know anything whatever of life insurance—not even what a premium was."

His high mathematical ability and singular industry soon enabled him to master the science so fully, that his researches, "The Mortality Experience of the Mutual Life Insurance Company," (1859), earned the commendation of his seniors in the profession—see the Paper of Samuel Brown (*J.I.A.*, vol. viii, p. 193)—so that when he visited England in 1861, he was warmly received by the Institute, among whose members his cordial manner made him many friends. During this visit he consulted English actuaries as to the best and most equitable mode of dividing surplus, having become convinced that the percentage method should be abandoned. The Jellicoe method was recommended and was adopted by the Mutual Life Insurance Company on Mr. Homans' return, but shortly afterwards further consideration led him to recommend a different and entirely novel method, which he urged so forcibly, that his company adopted it, namely, that which is known as the "contribution plan." It was applied to the company's quinquennial distribution in February 1863, when \$3,000,000 was divided. Despite his arduous labours at home, he immediately contributed an article on "The Equitable Distribution of Surplus" to the *Journal of the Institute* (Vol. xi, p. 121). This is thought by many to have been, directly or indirectly, the means of revolutionizing the methods of division everywhere.

Mr. Homans' next most important achievement was the production of a mortality table based partly on the experience of the Mutual Life Insurance Company of New York and partly on previous tables. This was adopted first by his own company and afterwards by the State of New York, by which it was entitled the American Experience Tables; it soon became—as it is still—the basis of the premium tables of all the New York companies, besides many others, and thus promises to prove a lasting memorial of him.

In 1870, he attended the Statistical Congress at the Hague, where he presented the experience of his company for its first twenty-two years, and called attention to the remarkable fact, that the rate of mortality amongst those insured under endowment assurance policies was much less than among holders of whole life policies, while among the latter, those who held limited

payment life policies had a lower death rate than those who took the ordinary continuous premium life policy; from which he deduced the general proposition that in any particular company, the rate of mortality among persons selecting high premium forms of policy would always be found to be less than among those insuring on low premium forms, which probably had never been so clearly demonstrated before, if, indeed, it had been ever pointed out.

In 1871, he resigned his appointment as Actuary of the Mutual Life of New York and became a consulting actuary. In 1875, he founded the Provident Savings Life Assurance Society, to embody his plans for insurance without large reserves, and his idea that business could be obtained by employing salaried solicitors or agents without paying commissions. Though at first he obtained considerable business from the large circle of persons friendly to himself or his shareholders, the system did not prove a permanent success, but Mr. Homans struggled bravely onward, and by giving up the salaried agency system, finally plucked victory from the very jaws of defeat. His health became broken under the long strain, and in 1886 he made a trip around the world. In 1890 and 1894 he visited England and the Continent, making long stays, and, on his return in 1895, resigned the presidency of his company and resumed independent actuarial work, but his attention was much engrossed by various outside ventures, so that he did little strictly professional work.

In 1889, he took part in the movement for the formation of the Actuarial Society of America and became its first President. He was a very active and zealous member, never missing any meeting unless abroad, and was most highly esteemed by all the members. His courtesy to the youngest or least prominent was as marked as his cordiality to his older associates, so that all feel they have lost a dear friend. Mr. Homans won the regard of all his subordinates by treating them, as one lately said to the writer, "more like an elder brother than a superior officer." His disposition to do them justice was strikingly illustrated in the last paragraph of the above-mentioned article on the distribution of surplus (Vol. xi., p. 127).

Mr. Homans was much opposed to the excessive Governmental supervision that obtains in the United States, and in February 1897 presented to the Institute a paper on that subject, which was cordially welcomed, not only as the production of an old friend,

but for its clear, graceful, and forcible treatment of that important subject.

His home was in a suburb of New York; he also had considerable real estate and a seaside house on Long Island. He was fond of cycling, and probably over-exerted himself. On the evening of the day he died, 8 January 1898, after riding a bicycle he ran to get on a tramcar, the exertion was too great, his heart gave way, and he died a few rods from home, where his family were awaiting him.

His genial yet dignified cordiality will ever be remembered by those who knew him personally, and his scientific achievements will insure him a permanent place in the insurance Valhalla.

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