

Insurance and risk

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The term 'insurance' is an equivocal one. It can designate, in the first place, the *institutions* of insurance, whatever their objective or social form may be. Private and nationalized companies, social security schemes, mutualist societies, companies run on a premium basis, insurance against accidental death, fire, civil liability: there are a multiplicity of such institutional types, which specialists have set out to classify in various ways, distinguishing between insurances of persons and property, mutualist and premium systems, social and private insurances. Each insurance institution differs from the others in its purposes, its clientele, its legal basis.

This plurality suggests a question. Why do such different activities come to be thus grouped together under a common rubric? What do they have in common? Actually, the term 'insurance' denotes not just these institutions but also a factor which gives a unity to their diversity, enables an institution to be identified as an insurance institution and signals to us what an institution has to be to be an insurance institution. In this second meaning, insurance designates not so much a concept as an *abstract technology*. Using the vocabulary of the nineteenth-century actuaries, economists and publicists, we can say that the technology of insurance is an art of 'combinations'. Not that insurance is itself a combination, but it is something which, on the basis of a technology of risk, makes possible a range of insurance combinations shaped to suit their assigned function and intended utility-effect. Considered as a technology, insurance is an art of combining various elements of economic and social reality according to a set of specific rules. From these different combinations, there derive the different sorts of insurance institution.

But the term must also be understood in a third sense. What in fact is the relationship between the abstract technology of insurance and the multiple insurance institutions we contract or affiliate with? One might say that the institutions are the applications of the technology, which would suggest that insurance institutions are all fundamentally alike, apart from their difference of purpose and mode of management. But this is not so. Insurance institutions are not repetitions of a single formula applied to different objects: marine insurance is different from terrestrial

insurance, social insurance institutions are not just nationalized insurance companies. Insurance institutions are not *the* application of a technology of risk; they are always just *one* of its possible applications. This indeed is something that the term 'combination' helps to make clear: insurance institutions never actualize more than one among various possible combinations. So that, between the abstract technology and the institutional actualizations, we need to find room for a third term, which we will call here the insurance *form*. Where the elaboration of the abstract technology is the work of the actuary, and the creation of the institution that of the entrepreneur, one might say that the aim of the sociologist, historian or political analyst should be to ascertain why at a given moment insurance institutions take one particular shape rather than another, and utilize the technique of risk in one way rather than in another. This variability of form, which cannot be deduced from the principles of either technology or institutions, relates to the economic, moral, political, juridical, in short to the social conditions which provide insurance with its market, the market for security. These conditions are not just constraints; they can offer an opportunity, a footing for new enterprises and policies. The particular form insurance technology takes in a given institution at a given moment depends on an *insurantal imaginary*: that is to say, on the ways in which, in a given social context, profitable, useful and necessary uses can be found for insurance technology. Thus, the birth of social insurance at the end of the nineteenth century needs, for example, to be analyzed as a realization of a new form of insurance, linked to the development of an insurantal imaginary which in this case is also a political imaginary.

So one has an insurance technology which takes a certain form in certain institutions, thanks to the contribution of a certain imaginary. The way these categories – technology, institution, form, imaginary – articulate together is a problem of logical description which of course does not correspond to the real historic process by which maritime and terrestrial insurances were constituted. Insurance technology and actuarial science did not fall from the mathematical skies to incarnate themselves in institutions. They were built up gradually out of multiple practices which they reflected and rationalized, practices of which they were more effects than causes, and it would be wrong to imagine that they have now assumed a definite shape. Existing in economic, moral and political conjunctures which continually alter, the practice of insurance is always reshaping its techniques.

Insurance can be defined as a technology of risk. In fact, the term 'risk' which one finds being used nowadays apropos of everything has no precise meaning other than as a category of this technology. Risk is a neologism of insurance, said to derive from the Italian word *risco* which

meant 'that which cuts', hence 'reef' and consequently 'risk to cargo on the high seas'. Say's *Dictionary of Political Economy* states that 'the whole theory of insurance rests on the fundamental notion of risk'.¹ The notion of risk is likewise central to the juridical definition of insurance: 'risk is the fundamental element of insurance, since it is the very object of this type of contract'. Risk constitutes an essential element of insurance; the fundamental element, even, for Picard and Besson who add: 'this notion of risk is specific in its origin to the law and science of insurance, and differs markedly from the notion of risk utilised in civil law and everyday speech'.² So what is this thing called risk?

In everyday language the term 'risk' is understood as a synonym for danger or peril, for some unhappy event which may happen to someone; it designates an objective threat. In insurance the term designates neither an event nor a general kind of event occurring in reality (the unfortunate kind), but a specific mode of treatment of certain events capable of happening to a group of individuals – or, more exactly, to values or capitals possessed or represented by a collectivity of individuals: that is to say, a population. Nothing is a risk in itself; there is no risk in reality. But on the other hand, anything *can* be a risk; it all depends on how one analyzes the danger, considers the event. As Kant might have put it, the category of risk is a category of the understanding; it cannot be given in sensibility or intuition. As a technology of risk, insurance is first and foremost a schema of rationality, a way of breaking down, rearranging, ordering certain elements of reality. The expression 'taking risks', used to characterize the spirit of enterprise, derives from the application of this type of calculus to economic and financial affairs.

Rather than with the notions of danger and peril, the notion of risk goes together with those of chance, hazard, probability, eventuality or randomness on the one hand, and those of loss or damage on the other – the two series coming together in the notion of accident. One insures against accident, against the probability of loss of some good. Insurance, through the category of risk, objectifies every event as an accident. Insurance's general model is the game of chance: a risk, an accident comes up like a roulette number, a card pulled out of the pack. With insurance, gaming becomes a symbol of the world.

Insurance is not initially a practice of compensation or reparation. It is the practice of a certain type of rationality: one formalized by the calculus of probabilities. This is why one never insures oneself except against risks, and why the latter can include such different things as death, an accident, hailstorms, a disease, a birth, military conscription, bankruptcy and litigation. Today it is hard to imagine all the things which insurers have managed to invent as classes of risk – always, it should be said, with profitable results. The insurer's activity is not just a matter of

passively registering the existence of risks, and then offering guarantees against them. He 'produces risks', he makes risks appear where each person had hitherto felt obliged to submit resignedly to the blows of fortune. It is characteristic of insurance that it constitutes a certain type of objectivity, giving certain familiar events a kind of reality which alters their nature. By objectivizing certain events as risks, insurance can invert their meanings: it can make what was previously an obstacle into a possibility. Insurance assigns a new mode of existence to previously dreaded events; it creates value:

Insurance is eminently creative where, completing the interrupted work snatched by death from the hands of the family man, it instantly realizes the capital which was to have been the fruit of savings; it is eminently creative when it gives the aged man with inadequate resources the pension needed to sustain his declining years.³

Insurance is the practice of a type of rationality potentially capable of transforming the life of individuals and that of a population.

Thus there is not a special domain of certain kinds of thing specially suited for being insured. Everything can be a risk, in so far as the type of event it falls under can be treated according to the principles of insurance technology. For certain thinkers, 'insurance is called upon to extend indefinitely the field of guarantees it affords against risk and to attain the form of an "integral" insurance. Here, in fact, it tends to the character of an indefinite, unlimited guarantee.' Doubtless there are technical limits to insurance, doubtless risks can only be insured when they are sufficiently separable and dispersed, and when the value of the risk is not in excess of the insurer's capacities; but it is striking nevertheless how something which at one time seemed impossible to insure later becomes possible thanks to the progress of insurance technology, via coassurance or reinsurance operations. The technique of reinsurance in particular, with its special kind of alchemy, shows very well what a risk can be from the insurance point of view: an abstract quantity that can be divided at will, one part of which an insurer can hand over to a reinsurer in Munich or Zurich, who will balance them up with risks of a similar kind but located on the other side of the world. What can there be in common between that singular event which each person individually fears, and this other singular object, the risk, manipulated by the chain of its insurers?

Insurance is one of those practices linked to what Pascal called the 'geometry of hazard' or 'algebra of chances' and is today called the calculus of probabilities. Thus it is a sister activity, along with demography, econometrics and opinion polls, of Quetelet's *social physics*. Like this, it is an application of probability calculus to statistics. Social physics had introduced a series of decentrings into the way one considered

people, things and their relationships; it proposed a mode of thinking completely foreign to the moral, moralizing mode which underpinned and was supposed to validate the juridical notion and practice of responsibility, and yet it did this without entering into conflict with juridical practice. While sociology brought to light many other factors of social regularity in addition to law (*droit*), and while it no longer conceded to law more than a regional function among the mechanisms of social regulation, it did not contest the domain that *was* assigned to law. The discovery of the constancy of criminal tendencies and the regularity of criminality itself as a social fact had no immediate incidence on the way the law was able and obliged to judge infractions and deal with actual criminals. The sociological discovery of the regularity of criminality did not lead to the deduction that it was inadequate to treat the criminal juridically in terms of responsibility. No doubt it affected the philosophical foundations of law and its pretensions as the great regulatory instance in society; it did not affect it in its practice. But the same is no longer true in the case of the development of insurance: insurance is a practice situated at the same level as legal right, which, as a law of responsibility, has for its object the reparation and indemnification of damages. Insurance and law are two practices of responsibility which operate quite heterogeneous categories, regimes, economies; as such, they are mutually exclusive in their claims to totality. This is the famous controversy over risk and fault which for nearly two centuries now has fuelled debate about civil responsibility. Sociology contested the juridical theory of responsibility in its philosophy, but left it in peace in its practice; insurance directly challenges this practice. Sociology and insurance – this is what gives them their historical importance – carry the seeds of a new theory and practice of legal right. And they do so not politically, not through their envisaging new objectives of social equality, but through what they are *in themselves*, in terms of their special kind of technological rationality. Insurance and the law of responsibility are two techniques which bear on the same object. As technologies they are independent of the political policies which will utilize them. It would be wrong to say that in the nineteenth century the liberals were partisans of juridical responsibility while the socialists were defenders of insurance. Both sides had their respective policies for the use of these two technologies. The same political positions can become partisans and take on the colours of one or other of them.

Risk in the meaning of insurance has three great characteristics: it is calculable, it is collective, and it is a capital.

1. *Risk is calculable.* This is the essential point, whereby insurance is radically distinct from a bet or a lottery. For an event to be a risk, it must

be possible to evaluate its probability. Insurance has a dual basis: the statistical table which establishes the regularity of certain events, and the calculus of probabilities applied to that statistic, which yields an evaluation of the chances of that class of event actually occurring.⁴

In the juridical logic of responsibility, the judge takes as the point of departure the reality of the accident or the damage, so as to infer the existence of its cause in a fault of conduct. The judge supposes that there would have been no accident without a fault. The insurer's calculation is based on the objective probability of an accident, regardless of the action of will: no matter whether it results from someone or other's fault, or whether it could have been averted, the fact is that, regardless of the good or ill will of people, regardless of what they might or might not have been able to do, accidents occur at a particular, specific rate. Juridical reason springs from a moral vision of the world: the judge supposes that if a certain individual had not behaved as he or she actually did, the accident would not have happened; that if people conducted themselves as they ought, the world would be in harmony. The insurer's attitude, on the contrary, is wholly one of registering a fact: small matter what would have happened if . . . , the fact is that there is such and such a number of industrial or traffic accidents annually, that whatever the wishes may be that one cares to voice, the figures repeat themselves with overwhelming regularity.

This is what emerged in the mid-nineteenth century from the first industrial statistics, those for the mines:

taking a large number of workers in the same occupation, one finds a constant level of accidents year by year. It follows from this that accidents, just when they may seem to be due to pure chance, are governed by a mysterious law.⁵

This constancy strikingly manifests the objective nature of risk. Regardless of the size of a workforce or the turnover of its recruits, a given mine or factory will show a consistent percentage of injuries and deaths. When put in the context of a population, the accident which taken on its own seems both random and avoidable (given a little prudence) can be treated as predictable and calculable. One can predict that during the next year there will be a certain number of accidents, the only unknown being who will have an accident, who will draw one of existence's unlucky numbers. All of which means not that accidents are unavoidable, or that they are works of a destined fate; but that the juridical perception of them in terms of fault and responsibility is not the only possible one, or perhaps the one which is the most pertinent and effective.

2. *Risk is collective.* Whereas an accident, as damage, misfortune and

suffering, is always individual, striking at one and not another, a risk of accident affects a population. Strictly speaking there is no such thing as an individual risk; otherwise insurance would be no more than a wager. Risk only becomes something calculable when it is spread over a population. The work of the insurer is, precisely, to constitute that population by selecting and dividing risks. Insurance can only cover groups; it works by socializing risks. It makes each person a part of the whole. Risk itself only exists as an entity, a certainty, in the whole, so that each person insured represents only a fraction of it. Insurance's characteristic operation is the constitution of mutualities: conscious ones, in the case of the mutualist associations; unconscious ones, in the case of the premium companies.

Under the regime of juridical responsibility, the accident isolates its victim and its author. It distinguishes them, singularizes them, isolates them, because within this system the accident can only ever be an exception, something which disturbs an order conceived in itself as harmonious. The accident is due to some individual fault, imprudence or negligence; it cannot be a rule. Moral thought uses accident as a principle of distinction; an accident is a unique affair between individual protagonists. Insurance, on the other hand, functions through a quite different mode of individualization. A risk is first of all a characteristic of the population it concerns. No one can claim to evade it, to differ from the others like someone who escapes an accident. When legislation makes a form of insurance compulsory, it acknowledges the mythical character of the principle of juridical goodwill. Each person's conduct, however immaculate and irreproachable it may actually be, harbours within itself a risk to others which may be minuscule but nevertheless exists. No will is absolutely good; even the 'good father of his family' traditionally cited as a yardstick of rectitude in judicial evaluations of conduct can have characteristic weaknesses which put others in danger. The idea of risk assumes that all the individuals who compose a population are on the same footing: each person is a factor of risk, each person is exposed to risk. But this does not mean that everyone causes or suffers the same degrees of risk. The risk defines the whole, but each individual is distinguished by the probability of risk which falls to his or her share. Insurance individualizes, it defines each person as a risk, but the individuality it confers no longer correlates with an abstract, invariant norm such as that of the responsible juridical subject: it is an individuality relative to that of other members of the insured population, an average sociological individuality.

The mutualities created by insurance have special characteristics: they are abstract mutualities, unlike the qualitative mutualities of the family, the corporation, the union, the commune. One 'belongs' to the latter kinds of mutuality to the extent that one respects their particular duties,

hierarchies, orderings. The family has its rules, the trade union its internal regulations. These mutualities place one, moralize one, educate one, form one's conscience. Insurance mutualities are different: they leave the person free. Insurance provides a form of association which combines a maximum of socialization with a maximum of individualization. It allows people to enjoy the advantages of association while still leaving them free to exist as individuals. It seems to reconcile those two antagonists, society-socialization and individual liberty. This, as we will see, is what makes for its political success.

3. *Risk, lastly, is a capital.* What is insured is not the injury that is actually lived, suffered and resented by the person it happens to, but a capital against whose loss the insurer offers a guarantee. The lived injury is irreparable: afterwards can never be the same as before. One does not replace a father or mother, any more than one relaces an impairment of one's bodily integrity. Considered as suffering, all of this is beyond price, and yet it is the nature of insurance to offer financial compensation for it. Insurance, the risk-treatment of injury works through a dualization of the lived and the indemnified. One and the same event acquires a dual status: on the one hand, a happening with the uniqueness of the irreparable; on the other, an indemnifiable risk. Hence it is a major problem here to know how to establish a relation between the unique event and its financial compensation. To the extent that things have a monetary value, their insurance admits of such a relationship being satisfactorily determined. But how can one fix the cost of a body, a hand, an arm, a leg? There is no possible common measure for the indemnity paid out by the insurer and the loss which is suffered. The indemnity will necessarily be arbitrary in relation to the injury. But this does not mean that it will be unjust, or that it will not be subject to a rule. Unlike legal damages, which are required to match the full extent of an injury, insurance compensation payments are defined by a contractually agreed tariff. Tables or scales of compensation rates are fixed in advance so as to define the 'price of the body' in all possible eventualities, and the indemnity entitlement for every form of injury. One can always argue that life and health are things beyond price. But the practice of life, health and accident insurance constantly attests that everything can have a price, that all of us have a price and that this price is not the same for all:

Man first thought of insuring his shipping against the risks of navigation. Then he insured his houses, his harvests, and his goods of all kinds against risk of fire. Then, as the idea of capital, and consequently also that of insurable interest, gradually emerged in a clear form out of the confused notions that previously obscured them, man understood that he himself was a capital which death could prematurely destroy, that in himself he embodied an insurable interest. He then devised life insurance, insurance that is to say

against the premature destruction of human capital. Next he realized that if human capital can be destroyed, it can also be condemned to disuse through illness, infirmity and old age, and so he devised accident, sickness and pension insurance. Insurance against the unemployment or premature destruction of human capital is the true popular form of insurance.⁶

This dualization of the injury as lived by the victim and the fixed indemnity paid out by the insurer (either a private company or a social security) gives rise to pitiable speculations, arguments, demands and misunderstandings between insurer and insured. For the insured, the guaranteed level of indemnity will never be enough to equal the suffering undergone, the loss endured. And the fact that bodily damage can thus be transformed into a cash price may lead an insured person to speculate on his or her pain, injury, disease or death, so as to extract the maximum profit from them. Before industrial accidents came to be covered by social insurance, employees had to take legal action against their employers. No doubt this was an unjust and unequal combat for the worker to have to fight, but it did make the struggle for compensation of an injury into a struggle against the power of the boss, a struggle for recognition of individual dignity. The worker had to enforce a public recognition that the employer was 'wrong'. With the coming of accident insurance, this combat changes its character: it becomes a matter for the worker of getting as much money as possible out of his or her disablement. The place of the judge is taken over here by the expert, who assigns a person's insurantal identity, allocates a placement in a table of categories where the individual is 'objectively' located by the criteria it applies.

From these three characteristics of risk as 'the actual value of a possible damage in a determined unit of time', one can deduce a definition of insurance as: 'the compensation of effects of chance through mutuality organised according to the laws of statistics':

Insurance does not, as has been mistakenly said, eliminate chance, but it fixes its scope; it does not abolish loss, but ensures that loss, by being shared, is not felt. Insurance is the mechanism through which this sharing is operated. It modifies the incidence of loss, diverting it from the individual to the community. It substitutes a relation of extension for a relation of intensity.

This might be taken as a canonical definition, except that it fails to bring out what is, perhaps, the essential element of insurance combinations considered from the social and juridical angle: the element of *justice*. Insurance is not just an operation which provides at a minimum premium for compensation through mutuality of losses that fall on one person or another. To define its scope so narrowly would hardly be enough to differentiate insurance from the equivalent roles of corporations and guilds. What distinguishes insurance is not just that it spreads the burden

of individual injuries over a group, but that it enables this to be done no longer in the name of help or charity but according to a principle of justice, a rule of right:

Insurance is nothing but the application to human affairs of the rule in games of chance by which one determines the outcome for players who want to withdraw before chance has decided between them, and recover disposal over the common fund created by their play. For equity to be strictly respected, each of them should get back on his stake a share proportional to the chances he would have had of winning.⁸

This 'proportional share' is what defines the notion of risk used in insurance. Liberal thought held that the attribution by nature of goods and ills is, in itself, just. Chance has to be allowed free play. It is up to each individual to provide against this state of things, freely and voluntarily. It followed from this approach that judicial decisions on accident compensation had to be linked to investigation of the cause of injury: it had to be ascertained whether a damage was due to natural causes, or to some person who should bear its cost. The problem was one of putting things back in order. Insurance proposes a quite different idea of justice: the idea of cause is replaced by the idea of a distributive sharing of a collective burden, to which each member's contribution can be fixed according to a rule. The idea of risk is not an instrument for identifying the cause of an injury, but a rule by which to distribute its weight. Insurance offers a justice which appeals no longer to nature but to the group, a social rule of justice which the group is to some extent free to specify, and which makes naturally evident the injustice of social inequalities. As Proudhon explained:

The savings bank, mutuality and life assurance are excellent things for those who enjoy a certain comfort and wish to safeguard it, but they remain quite fruitless, not to say inaccessible, for the poorer classes. Security is a commodity bought like any other: and as its rate of tariff falls in proportion not with the misery of the buyer but with the magnitude of the amount he insures, insurance proves itself a new privilege for the rich and a cruel irony for the poor.

But, conversely, to the extent that one does seek to extend its benefits to the greatest number, the idea of insurance 'naturally' implies the idea of social redistribution.

Insurance, then, is the practice of a certain type of rationality. It has no special field of operations; rather than being defined in terms of its objects, it is a kind of ubiquitous form. It provides a general principle for the objectification of things, people and their relations.

Insurance possesses several distinct dimensions of technique. In the first place, it is an economic and financial technique. This indeed was how it came into being as an effect of the Church's prohibition on interest, since

interest no longer came under the ban when it was made the remuneration of a risk. Terrestrial forms of insurance derive from the methods of state loans, either in the speculative form of tontines, or in the already rationalistic method applied by Johann de Witt to life-pensions.

Secondly, insurance is a moral technology. To calculate a risk is to master time, to discipline the future. To conduct one's life in the manner of an enterprise indeed begins in the eighteenth century to be a definition of a morality whose cardinal virtue is providence. To provide for the future does not just mean not living from day to day and arming oneself against ill fortune, but also mathematizing one's commitments. Above all, it means no longer resigning oneself to the decrees of providence and the blows of fate, but instead transforming one's relationships with nature, the world and God so that, even in misfortune, one retains responsibility for one's affairs by possessing the means to repair its effects.

Thirdly, insurance is a technique of reparation and indemnification of damages. It is a mode of administering justice which competes with that of legal right. It maintains a type of justice under which the damage suffered by one is borne by all, and individual responsibility is made collective and social. Whereas the principle of right concentrated on preserving the 'natural' allocation of advantages and burdens, insurance conceives justice according to a conception of sharing for which it undertakes to fix equitable rules.

The combination of these different dimensions make insurance a *political technology*. It is a technology of social forces mobilized and utilized in a very specific way: 'Insurance creates a new grouping of human interests. Men are no longer juxtaposed alongside one another in society. Reciprocal penetration of souls and interests establishes a close solidarity among them. Insurance contributes substantially towards the solidarization of interests.'⁹ It constitutes a mode of association which allows its participants to agree on the rule of justice they will subscribe to. Insurance makes it possible to dream of a contractual justice where an order established by conventions will take the place of natural order: the ideal of a society where each member's share in social advantages and burdens will be fixed by a social contract which is no longer just a political myth, but something wholly real. Insurance makes it possible to envisage a solution to the problem of poverty and working-class insecurity. Thanks to insurance, by a minimal contribution which can be afforded, the worker can safeguard against the ills that continually threaten: 'Among the normal costs to be covered by wages, one should not hesitate to include the cost of insurance, because without insurance everything is uncertain for the worker: the present lacks confidence, the future hope and consolation'.¹⁰ The worker, according to Brentano, should contract six kinds of insurance: (1) a life insurance on behalf of his

children; (2) a pension insurance for old age; (3) an insurance for the purpose of paying for a decent funeral; (4) an insurance against possible infirmity; (5) a sickness insurance; (6) an insurance against unemployment due to shortage of work, this last being also an insurance that the premiums of all the other insurances can be regularly paid.

Insurance, finally, liberates man from fear:

One of the first and most salutary effects of insurance is to eliminate from human affairs the fear that paralyzes all activity and numbs the soul. Seneca says somewhere *Rex est qui metuit nihil*: he who fears nothing is a king. Delivered from fear, man is king of creation; he can dare to venture; the ocean itself obeys him, and he entrusts his fortune to it.¹¹

Insurance allows enterprise, and hence multiplies wealth. As a liberator of action, insurance is seen as comparable with religion:

A remedy so potent that the emancipation of action by insurance can only be compared with that effected in another domain by religion . . . This global sense of security produced already by our fragmentary existing forms of insurance, and still more by its integral forms yet to come, is like a transposition on to the earthly plane of the religious faith that inspires the believer.¹²

One should not underestimate the importance of the epistemological transformation which produces what might be called the *philosophy of risk*. This mutation attests to a sort of conversion process in mental attitudes towards not only justice and responsibility, but also time, causality, destiny, desert and providence. All man's relations with himself or herself, with others and with the world are overturned. With insurance and its philosophy, one enters a universe where the ills that befall us lose their old providential meaning: a world without God, a laicized world where 'society' becomes the general arbiter answerable for the causes of our destiny.

From a juridical point of view, the new politics of insurance security works through a new strategy of rights. This is, in particular, the beginning of labour law (*droit du travail*). The strategy has the characteristic of making it the categorical imperative of every benefit system (public or private, operated by employers or by workers) that it must always be in a position to keep its promises. Workers who pay a subscription must be sure that they will get back what they have subscribed for (a sickness benefit, an old-age retirement pension, an indemnity in case of accident, etc.) Insurance technology needs to permeate all of the existing provident institutions, enabling them to rationalize their functions and really to offer the security they are supposed to promise. There are two key factors here, both of them pioneered by the insurance companies. One is a mathematical form, the

technique of probabilistic calculation which ensures the certainty of the institutions' operations, disciplining the future and ensuring that their combinations are more than a mere lottery. The other is the juridical form of the insurance *contract*. The person who pays a premium *acquires a right of indemnity*; the company he or she contracts with has obligations towards that person which are juridical as well as moral. Insurance allows security to be simultaneously contractualized, legalized and juridicalized.

By the end of the nineteenth century, no one is any longer in doubt that provident institutions must conform to the rationality of insurance, so that every type of benefit organization, whatever its nominal structure, becomes an insurance institution *de facto*. Insurance now really signifies not so much a particular, distinctive type of institution as a form, an organizing schema of management and rationality capable of being realized in any and every kind of provident institution.

It is the imperative of *guaranteed* security in workers' insurance that leads to the debate over state insurance. For it is not enough that the legislator merely confer rights on workers; it must also be ensured that these rights are actually guaranteed. And who better than the state can guarantee the stability of insurance institutions? Behind this problem of guarantees there lies another, profounder one, namely the problem of the permanence of insurance institutions. Since they are supposed to be providing security, these need to have a quasi-infinite longevity. With insurance one comes to experience a sort of dilation of timescales, stretched out to span not just one generation or lifetime but several, and thus positing the survival of society for an indefinite future.

One moves from a limited conception of time bound to the life of individuals, to a social time measured against the life of society, actualizing the Comtian conception of progress which founds the idea of *solidarity* as formulated in the political theory of *solidarisme*. In guaranteeing security, the state is equally guaranteeing itself its own existence, maintenance, permanence. Social insurance is also an insurance against revolutions.

The development of insurance is accompanied by a transformation of social morals, a transformation of an individual's relation to himself or herself, to his or her future, and to society. Social insurance gives concrete form to the laicized morality sought for by the French Republic and articulated by *solidarisme*. Where Kant could speak of 'the starry heavens above me and the moral law within me', in future people will speak only of society: the society to which I am joined in solidarity by history, carrying the weight of my inheritance and my share of responsibility for the future, and by contemporaneity, since I participate in society's ills and owe a debt to my fellows for the advantages society procures me. The development of insurance at the end of the nineteenth

century is paralleled by what one might call the birth of a *sociopolitics*: that is to say, a political philosophy which no longer seeks to found or legitimize 'society', to find for it a directing principle outside itself, in the dawn of its creation (a state of nature, a social contract, a natural law), but instead makes 'society', enclosed (so to speak) in itself, along with the laws of its history and sociology, into a permanent principle of political self-justification. The legislators of the French Revolution believed they were legislating for man, defining and guaranteeing his natural, human, eternal rights; henceforth, right will be 'social', legislation 'social', politics 'social'; 'society' becomes its own principle and end, cause and consequence, and man no longer finds salvation or identity except by recognizing himself as a social being, a being who is made and unmade, alienated, constrained, repressed or saved by 'society'.

At the end of the nineteenth century, insurance is thus not only one of the ways the provident person can guard against certain risks. The technology of risk, in its different epistemological, economic, moral, juridical and political dimensions becomes the principle of a new political and social economy. Insurance becomes *social*, not just in the sense that new kinds of risk become insurable, but because European societies come to analyze themselves and their problems in terms of the generalized technology of risk. Insurance, at the end of the nineteenth century, signifies at once an ensemble of institutions and the diagram with which industrial societies conceive their principle of organization, functioning and regulation. Societies envisage themselves as a vast system of insurance, and by overtly adopting insurance's forms they suppose that they are thus conforming to their own nature.

NOTES

1. L. Say, *Nouveau Dictionnaire d'Économie Politique*, Paris, 1896; article 'Assurance', T. I, p. 94.
2. Picard and Besson, *Traité général des assurances terrestres en droit français*, T. I, Paris, 1976, p. 35.
3. Chauffon, *Les Assurances leur passé, leur présent, leur avenir*, Paris, 1884, T. I, p. 309.
4. In fact the practice of insurance precedes the constitution of the statistics which at a later date enable practice to be rationalized.
5. O. Keller, *Premier Congrès International des Accidents du Travail* (Paris, 1889), T. I, p. 269.
6. Chauffon, *Les Assurances*, p. 228.
7. *Ibid.*, p. 216.
8. E. Reboul, *Assurances sur la Vie* (Paris, 1863), p. 44.
9. Chauffon, *Les Assurances*, p. 303.
10. *Ibid.*, p. 230.
11. *Ibid.*, p. 296.
12. F. Gros, *L'Assurance, son sens Historique et Social* (Paris, 1920), p. 108.

'Popular life' and insurance technology

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INSURANCE TECHNOLOGY

Histories of social policy have a tendency to lay stress on episodes of political conflict and the enactment of legislation which punctuates or temporarily puts an end to such conflicts. But in doing so they do not always find it necessary to decide whether the solutions arrived at were really in accord with the goals of the popular struggles and demands which led up to them. Social history is in fact traversed by a number of other, more covert issues, whose genealogy is not without its surprises.

Such is the case with the history of industrial accident insurance. The state of affairs in which financial compensation for an industrial accident is automatic, unquestioned and guaranteed by a system of insurance may seem like a people's victory when compared with the situation of the poor in the nineteenth century. Yet the fact is that in France the workers' movement only gradually came to give its endorsement to this solution, eventually embracing a piece of legislation originally passed without its support. For the history of insurance in industrial society begins with the invention of a technique for managing a population and creating funds for compensation damages, an emerging technology of risk which was originally devised by financiers, before later becoming a paradigm of social solutions to all cases of non-labour: first that of industrial accidents, then sickness and old age, and finally unemployment. This reparatory technology for coping with the chances and uncertainties of industrial labour came, as it was developed into the social insurance system, to play a significant role in transforming the management of industrial capitalist societies, a part which seems not to have been accorded as much study and attention as, for example, the history of banking. This discussion draws on the findings of a group research project on the formation of the insurance apparatus, considered as a schema of social rationality and social management.¹

The industrial accident occupies a strategic position in the emplacement of what was to become social insurance. What we today call social insurance was originally established in France by nationalizing the industrial accident departments of the private insurance companies. But