

The Genevan investors: the scale and fragility of their exposure

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Investments in French life annuities came to occupy a considerable place in Genevan fortunes at the end of the eighteenth century. Many families, from the patrician elite to more modest savers, held shares in schemes written on selected lives or direct life annuities. The historiography refers to very large amounts in relation to the wealth of the city.¹

This exposure carried a fragility that few investors fully appreciated. The mortality risk had been carefully controlled through the selection and diversification of lives. The credit risk, by contrast, was concentrated on a single debtor: the French monarchy. And that debtor was over-indebted and saw its financial position deteriorate rapidly during the 1780s.

The Revolution at first maintained the payment of the annuities. But it settled them increasingly in assignats, whose value collapsed over the years. The Genevan annuitants thus received payments whose real value was shrinking. In 1797, the reduction of the public debt by two thirds completed the destruction of a large part of the value of their investments.² Families that lived on their annuities saw their incomes collapse.

The irony of this story is cruel. The Genevan investors had devised a scheme of great intelligence to master one risk, the mortality of the lives, and they were struck by another risk that they had underestimated: the insolvency and political transformation of the debtor. Sophistication in managing one risk can divert attention from a more fundamental one.

The crisis struck a financial centre already weakened by political unrest, by the emigration of artisans and capital and by the difficulties of the Fabrique. It came shortly before the annexation of 1798, which the following chapter describes. The Archives d'État de Genève note the economic decline of the city during the French period.³ The losses suffered on the French annuities contributed to this impoverishment.

Caution. The Genevan schemes controlled mortality risk through diversification, but they remained exposed to a single sovereign debtor. Sophistication in managing one risk offers no protection against a risk of a different nature, in particular credit risk and political risk.

1 Notes

1. Marc Cramer, “Les trente Demoiselles de Genève et les billets solidaires”, *Revue suisse d’économie politique et de statistique*, 1946 (sses.swiss): in 1793 Geneva held approximately 10.3 million livres of French life annuities; the annuities, paid at 9-10%, were written on the lives of children aged 4 to 7 and pooled into common funds sold in tranches by means of “billets solidaires”; the revolutionary consolidation and the monetary collapse ruined the holders. Rodama (2017): after 1775, approximately one third of French life annuities on third-party lives were held in Geneva. ↩
2. The Tontine Coffee-House, “Thirty Maidens of Geneva” (tontinecoffeehouse.com, 5 August 2019): “the annuities were redenominated into increasingly worthless money. This was followed by missed payments and, in 1797, the French state’s cancellation of two-thirds of its debt”; Wikipedia (fr), “Tiers consolidé” (law of 9 Vendémiaire Year VI, 30 September 1797). ↩
3. Archives d’État de Genève, “Économie” page, archives-etat-ge.ch (accessed September 2026). ↩

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