1 THE MARINE INSURANCE MARKET FOR BRITISH TEXTILE EXPORTS TO THE RIVER PLATE AND CHILE, *c.* 1810–50

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Introduction

In the 1810s the River Plate and Chile gained independence after three centuries of Spanish dominion. From that point, British merchants opened for the very first time mercantile houses on the spot, marketing European manufactures in exchange for South American produce. During the first decades following independence, the main products imported by the new South American republics were textiles. These comprised over 80 per cent of British exports to the River Plate and Chile between 1815 and 1859 (see Figure 1.1).

Despite the predominance of textiles within British exports to these emergent markets, very little is known about the marketing chain of textile exports. This chapter sheds new light on this underexplored subject, by focusing on one aspect of this textile trade, namely, the marine insurance market in which British textile cargoes were insured before departing for the Southern Cone.[1]

This chapter relies heavily on the business correspondence of Huth & Co., a London-based mercantile house with branches in Liverpool, Valparaiso, Tacna, Arequipa and Lima, and which was very active in the marine insurance market. However, this firm was just one among over 250 British merchant houses trading with the Southern Cone during the first half of the nineteenth century. Therefore, further evidence was also obtained from other British houses involved in British textile exports to southern South America, namely Hodgson & Robinson (based in Buenos Aires), Hancock & Wylie (a Scottish house with branches at Bahia, Buenos Aires, Pernambuco and Rio de Janeiro), Dallas & Co. (also based in Buenos Aires) and Lupton & Co. (Leeds merchants exporting to the River Plate). Finally, the Chilean National Archives (Valparaiso Judicial Papers)

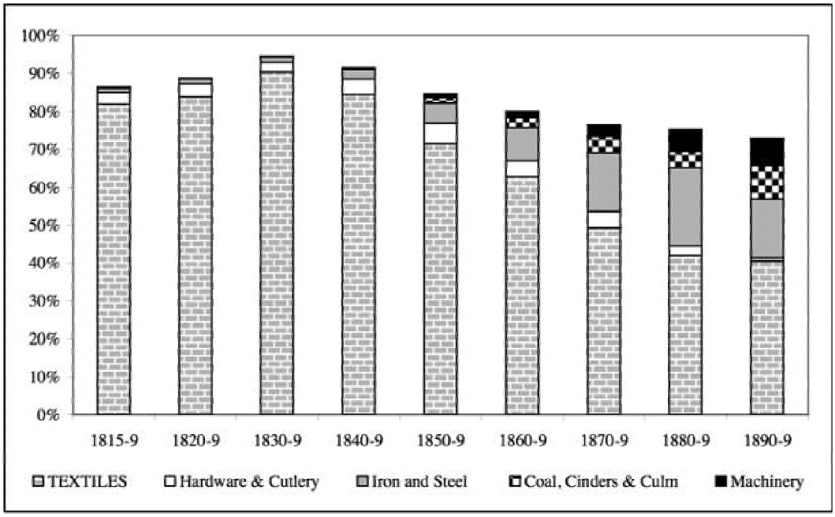

Figure 1.1: United Kingdom Exports to the Southern Cone, 1815–99: Shares of Main Product Categories (from declared value series).[2]

and British Foreign Office correspondence with consuls in the Southern Cone also proved useful.

The chapter is in four sections. After this short introduction, attention is focused on the structure of the British marine insurance market from the eighteenth to the mid-nineteenth century. The second section examines the costs of marine insurance for British textile cargoes to Chile and the River Plate. The third explains the different marine insurance policies available for British exporters, as well as the complexities derived from them. The final section discusses the growth of British textile exports to the Southern Cone from the 1810s to the 1850s, and points to the drastic reduction in the cost of marine insurances as one of the many variables behind this positive British export trade performance.

Marine Insurance: The Structure of the Market

As noted above, very little is known about marine insurances for British exports to the Southern Cone during the first half of the nineteenth century, and indeed for exports to any Latin American outlet during this period.[3] For this reason alone this chapter makes an important contribution to the field of insurance in history, particularly given that in the period 1815–49 Latin America received about a fifth of British exports.[4] Furthermore, as this chapter demonstrates, there is little doubt that marine insurances played a crucial role in facilitating the expansion of British trade to the Americas after the 1810s, a fact previously ignored by the historiography on Anglo–Latin American trade. First, however, we need to establish the general context in which British marine insurance developed during this period.

In eighteenth-century Britain, marine insurance was in the hands of private individuals, above all, those who met at Lloyd's coffee house. The first attempt to establish a marine assurance company was made in 1716 – the Public Assurance Office. Not surprisingly, there was great opposition from private underwriters, as well as from others interested in entering the market. When it appeared that the project had failed, a new scheme to create not one but two marine insurance companies was accepted, to silence the voices of those complaining about the inconvenience of having a single company monopoly.[5] Thus, in 1720, two companies were finally chartered, under the names of the London Assurance Corporation and the Royal Exchange Assurance Corporation, considered to be the 'first examples of corporate marine insurers in Europe'.[6]

For over 100 years, the British marine insurance market consisted of these two companies and the private underwriters operating mainly at Lloyd's. By law, no other corporation could enter the market. However, in spite of having a corporate monopoly, the Royal Exchange and the London Assurance had a small share of the market. Though originally chartered to operate in marine insurance only, after a few years the two companies were also allowed to effect both fire and life insurance, which soon became the main part of their business. The lion's share of the marine insurance market remained in the hands of Lloyd's until the mid-nineteenth century; Lloyd's became the foremost marine insurance centre in Europe.[7] Indeed, in time, it became clear that the main beneficiary of the 1720 charter was Lloyd's and, therefore, London. As stated by an 1810 British Parliamentary Committee, 'this exclusive privilege ... operates as monopoly, not merely to the companies, but to Lloyd's Coffee-House'.[8] Yet, in other British ports underwriters also operated. In 1802, for example, the Liverpool Underwriters' Association was created.[9] Private underwriters also signed policies at Bristol, Hull and Glasgow.[10]

The structure of the marine insurance market, thus, remained unchanged, despite the efforts made by the Globe Fire and Life Insurance Company from the late eighteenth century to enter the market. Freedom to establish new companies was not granted until 1824 when Nathan Rothschild's Alliance Marine Insurance Company was created as part of the repeal of the 1720 Act. In the same year, another company entered the market, the Indemnity Mutual, followed by others in subsequent years, of which the most successful were the Marine Insurance Company (1836), the General Maritime (1839) and the Neptune (1839). Many more subsequently entered the market, though without much success. By the mid-nineteenth century, few of the new companies had survived (e.g. the Marine Insurance Company), and the market remained highly concentrated. It can safely be stated that not until the late 1850s and early 1860s did a 'second generation' of successful companies appear in the marine market.[11]

This, then, in brief, was the market in which British cargoes of textiles heading to the Southern Cone were insured. But who effected the policies? Most of the insurance for such exports were effected by the British-based merchants handling the goods, particularly when advances on consignments were given. In the words of the London mercantile house of Huth & Co. to their northern England agent procuring consignments on their behalf: 'if we have to make advances, we must of course make ourselves the insurance'.[12] Alternatively, ship-brokers were often entrusted with effecting marine insurance for exports to South America, for which a commission was charged to the exporter.

The papers of Huth & Co. provide a rich source of information in this respect. Huth & Co. were in the habit of using mainly private underwriters to effect their insurances. Among the most frequently used were S. Boddington, R. Davis, G. Pearce, R. Ramsay and Mr Cruikshank. Huth & Co. also used the services of the London Assurance Corporation and the Royal Exchange Assurance Corporation and, from 1824, occasionally used the Marine Insurance and the Indemnity Mutual Marine Assurance companies.[13] In spite of having a Liverpool branch and most shipments leaving Britain from the Mersey, cargoes were insured by Huth at London. The standard brokerage commission charged by Huth & Co. to their textile suppliers for effecting marine insurances was 0.5 per cent of the invoice value of cargoes.[14]

Private underwriters took risks for as little as £50 for British textile cargoes to southern South America, which means that behind any given cargo there were a great number of individuals. The papers of a mixed Commission, established to investigate British claims against the government of the United Provinces of Rio de la Plata for losses suffered during a Brazilian blockade to the River Plate (1825–8) provide useful information in this respect.[15] These claims reveal that underwriters at Lloyd's in groups of up to 40 different 'names' might insure a single vessel, taking risks from £100 to £200 each.[16] Alternatively, the insurance of cargoes was shared, one-third taken by one of the incorporated insurance companies, and two-thirds by underwriters at Lloyd's.

In summary, when the market was highly concentrated in the hands of underwriters, who took little risk per ship, exporters needed to resort to a wide range of individuals to insure their cargoes. As a consequence, networks of contacts to guarantee the availability of as many underwriters as required were extremely important. The higher the risks in the shipments to distant markets, such as the Southern Cone, the lower the competition among underwriters. For exporters to Chile and the River Plate, the marine insurance market was very restricted and it was often difficult to obtain insurance, even for houses with the reputation of Huth & Co. It was not unusual for the pool of their underwriters to become exhausted. As stated to a Scottish supplier: 'we had great trouble in effecting the insurance per Zoe even at 80/pc, most of our underwriters being quite full upon her'.[17] Likewise, on another occasion the Liverpool branch was told that:

> you are not conversant with the manner in which insurances are effected here … We have repeatedly explained to you that there are only one or two channels where we can place goods in tarpaulin @35 and that when they are full we are and shall be obliged to pay 40@, the premium that many of our competitors pay at all times. You must be aware that underwriters cannot be forced to take risks, and we need hardly add … that we take the utmost pains with every order entrusted to us.[18]

In spite of these difficulties, London remained the most important marine insurance market of Europe for exporters to the Southern Cone. Even textiles exported from France to Chile were insured in London, though the cargoes never entered a British port.[19] Likewise, shipments from Antwerp to Valparaiso were also insured by Huth & Co. in London.[20] Furthermore, not only was insurance of British exports entrusted to London but also insurance of remittances from the Southern Cone, either Chilean silver and copper or Buenos Aires tallow and hides. Insuring shipments of Southern Cone produce in London was a generalized practice among local houses, as there was no insurance market on the spot. Dallas & Co., for instance, British merchants at Buenos Aires, were in the habit of requesting that their associated house in London insure hides shipped in Buenos Aires for England.[21] Likewise, David Campbell and George Faulkner (Hodgson's connections at Liverpool and Manchester, respectively) were also in the habit of effecting insurances of produce shipped from the River Plate to England.[22] Even cargoes of local produce shipped by British merchants in the Southern Cone to continental Europe and North America were insured in the London market.[23]

The Costs of Marine Insurance for British Textile Cargoes to the Southern Cone

Ocean freight rates for shipments from Liverpool to the River Plate during the 1810s–40s were most usually some 2 to 4 per cent of the invoice cost of cargoes, although moving within a wide range of between 1.5 and 6 per cent, according to the quality (therefore prices) of the fabrics or garments being shipped.[24] Likewise, packing costs were usually some 2 per cent of the invoice cost of cargoes, moving within a wide range of between 0.5 and 3.5 per cent, according to the quality of the packing used, as well as the price of the goods.[25] As with shipping freights and packing costs, marine insurance charges could also be a substantial addition to operational costs for those exporting to the Southern Cone. As already observed by Platt and Reber, during the early stages of direct legal trade between Britain and Latin America, insurance rates as high as between 6 and 12 per cent on the invoice value of cargoes were frequently seen, particularly during periods of warfare[26] and winter months, though rates were more usually 2 to 4 per cent (see Figure 1.2).[27]

As shown in Figure 1.2, in any given year there was a great dispersion in the premiums charged by underwriters. This was a result of many objective but also subjective factors. Indeed, the premium may be seen as a function, in which: premium charged = ***f*** (packing used to protect against seawater damages;[28] seaworthiness and age of the vessel;[29] reputation of shippers; reputation of master and crew; nature of cargo; destination and route of voyage, accounting in particular for distance and the danger of seas;[30] season in which the trip was taken;[31] political situation;[32] reputation of the merchant taking the insurance; sums already covered by the underwriter in same vessel). Or, as stated by a contemporary:

> In life assurance, premiums are the result of the highest science brought to bear on data most laboriously collected. The production of marine premiums is practical, merely empirical, and unscientific in the last degree ... between the premiums of life and marine insurance there are real and organic differences. The event contemplated by every life policy is a certainty – the death of the assured. The contingent part of the transaction is the time for which that event may be deferred. The event insured against by a marine insurance ... is a mere contingency, one that may never happen at all ... Marine insurance premiums are an admixture of experience, tradition, and personal fancy. They fluctuate with seasons and states of a barometer; they are affected by locality, by a storm, and by political events; by prejudice, by the character of the assured or broker, by competition ... They are too uncertain to be tabulated, too unsettled even to be quoted in a price-current.[33]

Marine Insurance Policies

So far I have described the structure of the marine insurance market and given some idea of the costs of underwriting. However, a fundamental question remains to be answered: what sort of marine insurance policies were available? Policies could cover total loss of goods (general averages) as well as particular averages (e.g. seawater damage). Any policy covering both total loss and particular averages was called 'against all risks'. A policy covering only total loss was called 'free from particular averages' and was intended for goods especially susceptible to seawater damage, e.g. corn, fruit, sugar, salt, flour, although, on account of the great extent of seawater damage of cargoes sent to the Southern Cone, it was also extended to textiles (at least for the Anglo–Latin American trades).[34]

The exporter chose which policy to use. Fielden Brothers (merchants of Manchester), for instance, sometimes insured against both total loss and seawater damage, although at other times only against total loss or did not insure at all.[35] Owens & Son, also Manchester merchants, made 'it a rule not to insure

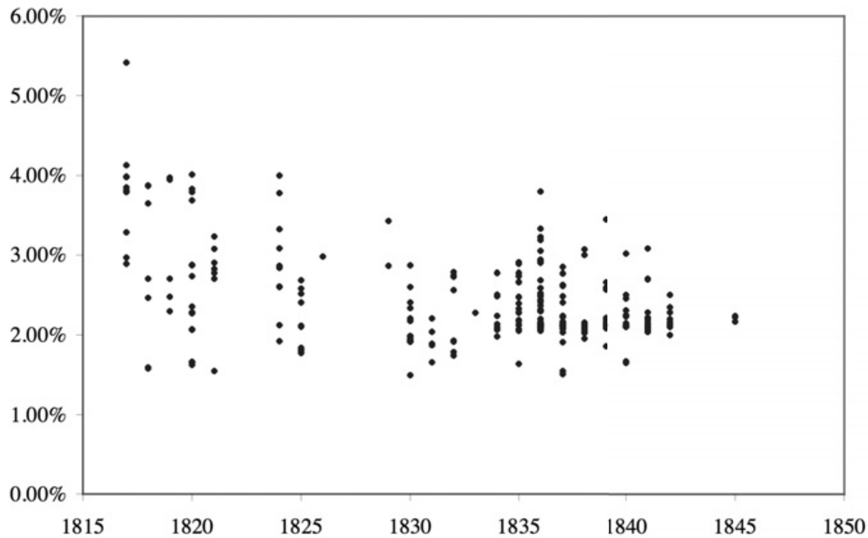

Figure 1.2: Marine Insurance as a Share of the Invoice Cost: A Sample of 271 Export Operations from Liverpool to the River Plate, 1817–45.[36]

against sea damage', while Crossley & Sons in general preferred not to insure at all.[37] Huth & Co., more cautious than any other, believed that 'we ought in the first instance look to perfect security, and next only to the terms upon which it can be obtained'.[38] It all depended on individual tolerance of or aversion to risk, as well as on the packing used. For example, a British merchant packing his textile cargoes for the Southern Cone in tarpaulin would be more inclined not to insure against particular averages, as tarpaulin provided a splendid protection against seawater damage. In the same vein, a merchant packing his textile cargoes in ordinary canvas – which provided little protection against water, would certainly prefer to insure against particular averages.

In turn, particular averages could be contracted for the whole cargo or for individual packages within a cargo. Likewise, different policies could be effected for each package insured. For instance, Thomas Walker wrote to Hodgson that 'I always insure my shipments [against] particular average on each package'.[39] These policies were called 'separate average' and were used because underwriters forced merchants to sell at public auctions all goods included in a given policy even if only few had been damaged.[40] When insuring individual packages, merchants sold at public auctions only the damaged bales; the sound ones being sold on the open market at higher prices. The only drawback of 'separate average' policies was that they were more expensive.[41]

Among policies there were other dividing lines: either to go for 'open policies'[42] or 'valued policies'.[43] In the first case, the price of the goods was not stated and to claim from the underwriter the invoice cost of the goods was required. In the second case, a quantity of goods was insured at a given price. To claim from the underwriters it was only necessary to prove that the stated quantity of goods were on board the ship, usually with a bill of lading. As explained by a Liverpool merchant:

> When insuring thus you are at liberty to value your property at any reasonable sum over the cost, without affecting the validity of the policy. But if I had insured any stated sum … without describing the quantity or without valuing them, then this is what would be termed an open policy, and before I could recover I must produce an Invoice and Bill of Lading, and nothing over the Invoice amount could be recovered.[44]

Thus, merchants could insure for the actual cost of the goods or for something more. It was very common for merchants to effect insurances to cover not only the prime cost of goods but also freight charges, import duties and commissions. The purpose of this strategy was to assure that the trade operation was wholly covered. Thus, values insured were very often up to 40 per cent above the actual invoice costs.[45] Another alternative was for merchants to pay a higher premium, part of which (e.g. four-ninths) was returned by the underwriter once notice of goods being landed was received.[46]

In contrast with particular averages, general averages affected all who had interests in the ship or cargo. In the words of McCulloch, general average:

> comprehends all loss arising out of a voluntary sacrifice of a part of either vessel or cargo, made by the captain for the benefit of the whole. Thus, if a captain throw part of his cargo overboard, cut from an anchor and cable, or cut away his masts; the loss so sustained being voluntarily submitted to for the benefit of the whole, is distributed over the value of the whole ship and cargo, and is called 'general average'.[47]

In spite of the great impact general averages had on the business of those exporting textiles to the Southern Cone, there are no references in the related secondary literature, at least not to my knowledge.

But how exactly did general averages work? If a ship was chartered in sound condition[48] but during the voyage it was damaged by causes other than those which could be attributed to its captain (e.g. bad weather) so that it could not continue, instead having to anchor at the closest port to undertake repairs, then such damages were called 'general averages'.[49] Damage thus declared was the responsibility of the consignees, not the shipowners nor the ship's captain.

When, more typically, captains of damaged ships had no funds to pay for repairs, the solution was to sell part of the cargo, borrow money from merchants at the port where the ship was to be repaired, or both.[50] For this, captains had to mortgage the ship and possibly its contents, including cargoes, against loans extended. All these costs were paid by the consignees once the ship arrived at her final destination, by signing a bond of indemnity.[51] The liability each consignee bore had to be established, which was estimated according to their respective shares of the total invoice value of cargoes. If consignees refused to pay for their contributions, their cargoes were not unloaded.[52] Under this sort of legal regime, exporters were taking huge risks when shipping to the Southern Cone. The higher the share of an exporter in the total value of a cargo, the higher the risk of being liable for a great loss. In this context, the strategy of shipping regular and small quantities of bales in as many vessels as possible seems to have been better than chartering a whole vessel.

Growth of British Textile Exports and the Development of Marine Insurances

As can be seen in Figure 1.3, there was continuous and very high growth in the volume of British textile exports to the River Plate and Chile between the 1810s and the 1870s.[53] This was the result of many developments taking place during this period, including: improvements in packing of textiles (to protect against particular averages); falling costs of production in Britain for cottons, linens, worsteds and woollens; falling ocean freight rates; falling marine insurance rates (see below); introduction of free trade in Britain; dramatic improvements in communications; falling import duties on the spot; better port facilities; the difficulties faced by local craft industries; and the establishment of a more stable political system on the spot.

There is no space in this chapter to examine all these developments. However, as far as marine insurance is concerned, as a direct result of better packing and shipping improvements, insurance premiums fell significantly. Figures 1.4 and 1.5 provide convincing new evidence in this respect. If during 1822–4 premiums at Lloyd's for shipments to Valparaiso were 5 per cent of the value of the cargoes, in 1847 the rate had gone down to 1.63 per cent (see Figure 1.4).[54] The particular experience of Huth & Co. confirms this (Figure 1.5).[55] The historical literature, however, lacks any reference to this significant reduction in the cost of insurance, a material variable explaining the development of exports to the Southern Cone.

Improvements in the packing of textiles, which gave protection against damage from seawater and fresh water, were a positive development promoting exports, a point previously neglected by economic historians. During the early decades of commercial intercourse with the republics, a great deal of British textiles arrived soaked and had to be sacrificed at very low prices in public auctions. These were times when exporters packed their goods mostly in canvas or,

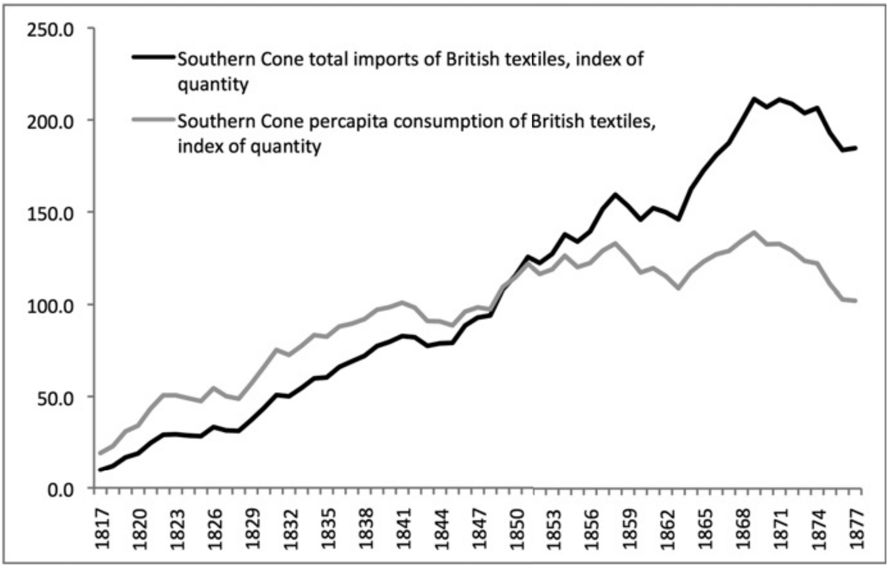

Figure 1.3: Southern Cone Textile Imports from the United Kingdom, 1817–77 (weighted indexes of total and *per capita* imports in volume; five-year moving averages of the series, 1850 = 100).[56]

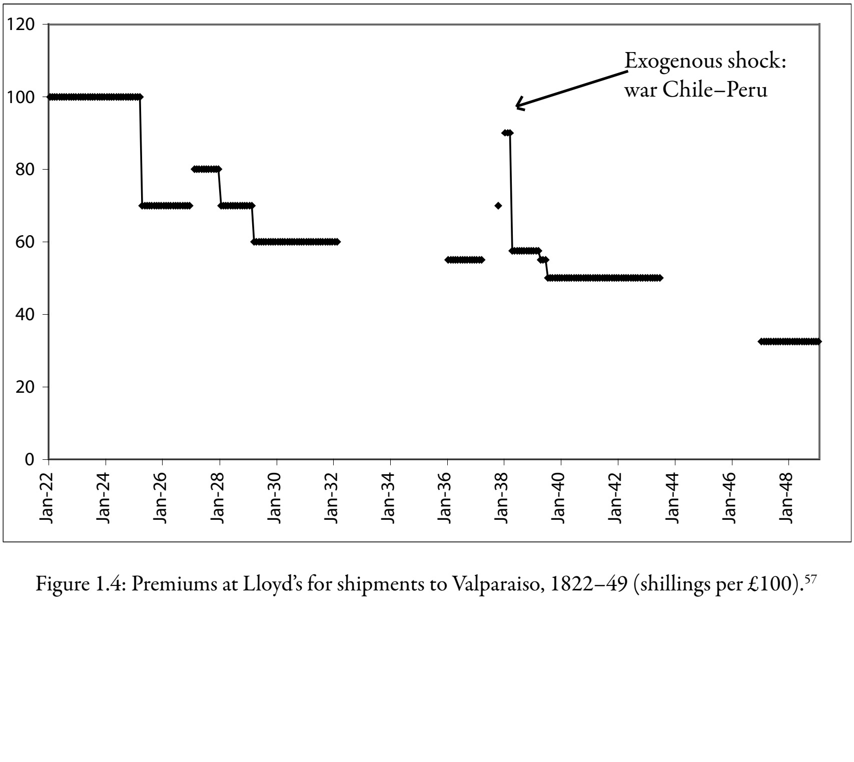

Figure 1.4: Premiums at Lloyd's for shipments to Valparaiso, 1822–49 (shillings per £100).[57]

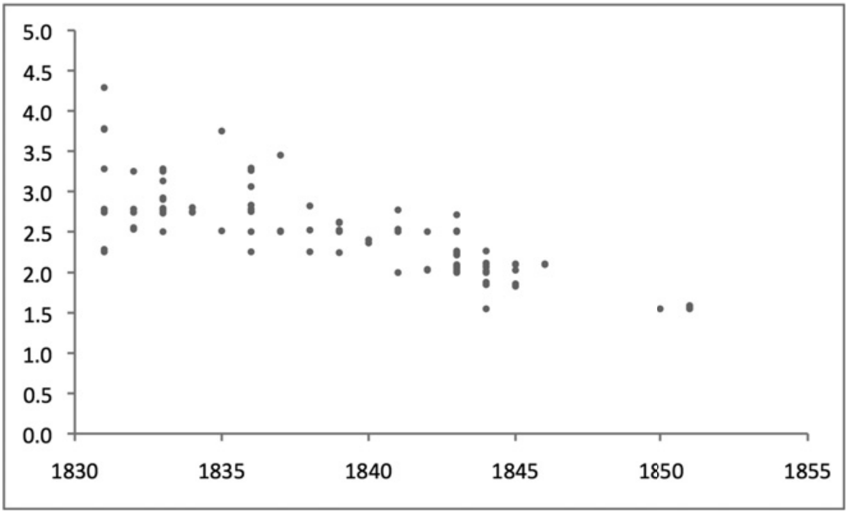

Figure 1.5: A Sample of Insurances Effected by Huth & Co. for Textile Shipments from Liverpool to Valparaiso, 1831–51 (percentage share of invoice costs; 118 operations).[58]

at best, in oil cloth. Thanks to the introduction of tarpaulin for packing textiles, the extent of seawater damage was dramatically reduced during the 1830s and 1840s. Thereafter, textiles bales were further protected through the introduction of iron vessels in the trade between Britain and the Southern Cone. Better packing and improved shipping reduced marine insurance premiums significantly, which was another important change that fostered British textile exports during the first half of the century.[59]

Conclusions

This is the first essay on the marine insurance market for British exports to South America following independence from Spain. Novelty itself does not necessarily lend any merit to a piece of writing. That said, for those interested in the history of marine insurance, this chapter sheds new light on the structure of the British marine insurance market, on the development of the costs of marine insurance for British textile cargoes to Chile and the River Plate, and on the different marine insurance policies available to British exporters. Finally, the chapter establishes a link between the growth of British textile exports to the Southern Cone from the 1810s to the 1850s and the drastic reduction in the cost of marine insurance. This is one of many variables behind the increase in British textile exports, an association so far neglected by historians. There is scope for much more research on the papers of other British merchants exporting to the Southern Cone, as well as on the business records of underwriters and marine insurance companies. I hope other researchers will join the train.

74. G. Jones, 'British Multinationals and British Business since 1850', in M. W. Kirby and M. B. Rose (eds) *Business Enterprise in Modern Britain: From the Eighteenth to the Twentieth Century* (London and New York: Routledge, 1994), pp. 172–206.
75. Dickson, *The Sun Insurance Office*, pp. 226–30.
76. J. Johanson and J.-E. Vahlne, 'The Internationalization Process of the Firm. A Model of Knowledge Development and Increasing Foreign Market Commitments', *Journal of International Business Studies*, 8 (1977), pp. 23–32; K. Eriksson, J. Johanson, A. Majkgard and D. D. Sharma, 'Experiential Knowledge and Cost in the Internationalisation Process', *Journal of International Business Studies*, 28 (1997), pp. 337–60.
77. Borscheid, 'Vertrauensgewinn und Vertrauensverlust', fig. 3c.
78. P. Borscheid, 'A Globalisation Backlash in the Inter-War Period?', in P. Borscheid and R. Pearson (eds), *Internationalisation and Globalisation of the Insurance Industry in the Nineteenth and Twentieth Centuries* (Marburg: Philipps-University, 2007), pp. 129–41.
79. J. L. García-Ruiz and L. Caruana, 'The Internationalisation of the Business of Insurance in Spain, 1939–2005', in Borscheid and Pearson (eds), *Internationalisation and Globalisation of the Insurance Industry*, pp. 66–83, in table 2.
80. B. Gales, 'Odds and Ends: the Problematic First Wave of Internationalisation in Dutch Insurance during the late Nineteenth and early Twentieth Centuries', in Borscheid and Pearson (eds), *Internationalisation and Globalisation of the Insurance Industry*, pp. 84–111, on p. 87.
81. Pearson and Lönnborg, 'Regulatory Regimes'.
82. J. S. Zappino, *El Instituto Mixto Argentino de Reaseguros: La Formación de un Mercado Nacional de Seguro, 1946–1952* (Buenos Aires: Ediciones Cooperativas, 2007).
83. J. Pons Pons, 'Multinational Enterprises and Institutional Regulation in the Life Insurance Market in Spain, 1880–1935', *Business History Review*, 82 (2008), pp. 87–114.
84. Borscheid, 'Vertrauensgewinn und Vertrauensverlust', pp. 332–4.
85. *Chartered Insurance Institute Journal* (March 1998), pp. 18–20.
86. *Sigma*, 9 (2000), tables III, VIII.
87. See, for example, H. Berghoff and J. Sydow (eds), *Unternehmerische Netzwerke: Eine Historische Organisationsform mit Zukunft?* (Stuttgart: Kohlhammer, 2007); M. Maclean, C. Harvey and J. Press, *Business Elites and Corporate Governance in France and the UK* (Basingstoke: Palgrave Macmillan, 2006).

1 Llorca-Jaña, 'The Marine Insurance Market for British Textile Exports'

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1. The term Southern Cone refers to the modern countries of Argentina, Uruguay and Chile.
2. Source: M. Llorca-Jaña, 'British Textile Exports to the Southern Cone during the first half of the Nineteenth Century: Growth, Structure and the Marketing Chain' (PhD dissertation, University of Leicester, 2008), p. 33.
3. This is also the case for other markets in the Americas. For instance, N. Buck, in his most famous work, decided 'to ignore such topics as insurance'. *The Development of the Organisation of Anglo-American Trade, 1800–1850* (New Haven, CT: Yale University

Press, 1925), p. 1. As far as I am aware, the only work dealing with the development of European marine insurance premiums to South America during the first half of the nineteenth century is that of P. Schöller, 'L'évolution séculaire des taux de fret et d'assurance maritimes 1819–1940', *Bulletin de l'Institute de recherches économiques et sociales*, 17 (1951), pp. 519–57. Another work would be J. T. Danson, *Our Next War in its Commercial Aspect, with some Account of the Premiums Paid at 'Lloyd's' from 1805 to 1816* (London: Blades, East & Blades, 1894), but it only covers a few years of our period of study.

4. Llorca-Jaña, 'British Textile Exports to the Southern Cone', p. 41.
5. F. M. Martin, *The History of Lloyd's and of Marine Insurance in Great Britain* (London: Macmillan, 1876), p. 95. See also 'Report from the Select Committee on Marine Insurance, 1810', *British Parliamentary Papers*, VII:298 (1824), pp. 1–11, on pp. 2–3.
6. H. A. L. Cockerell and E. Green, *The British Insurance Business, 1547–1970* (London: Heinemann Educational, 1976), p. 5.
7. J. R. McCulloch, *A Dictionary, Practical, Theoretical, and Historical of Commerce and Commercial Navigation* (London: Longman, Brown & Green, 1852). In 1810, it is estimated that private underwriters were responsible for 90 per cent of all marine insurance, mainly effected at Lloyd's coffee house. Martin, *The History of Lloyd's*, p. 101. See also Kingston, 'Marine Insurance in Britain and America', pp. 379, 384–5.
8. 'Report from the Select Committee on Marine Insurance', p. 6. For a new interpretation of why the two chartered corporations failed to dominate the British marine insurance market, see Kingston, 'Marine Insurance in Britain and America', pp. 385–8. According to Kingston the two chartered corporations faced a 'lemons' problem. That is, Lloyd's had superior access to risk-related information than the companies (pp. 397–9). See also A. H. John, 'The London Assurance Company and the Marine Insurance Market of the Eighteenth Century', *Economica*, n.s. 25 (1958), pp. 126–41, on p. 127.
9. Cockerell and Green, *The British Insurance Business*, p. 6. Furthermore, 'there were a number of friendly associations established among shipowners for the mutual insurance of their ships. Whether these were illegal, as the Select Committee implied, or not, they seem to have been fairly strong in the north of England.' Raynes, *A History of British Insurance*, p. 180.
10. Raynes, *A History of British Insurance*, p. 171. Indeed, Stewart & Wilson, Scottish supplier of textiles for the famous London house of Huth & Co., with branches in South America, used to effect marine insurances with Huth & Co. at London but, not unexceptionally, used the services of Black & Wingate at Glasgow. For an example, see Huth & Co., London, to Stewart & Wilson, Glasgow, 2 December 1837, Huth & Co. Papers, English Letters, University College London, Special Collections [hereafter HPEL], vol. 18. Likewise, the British mercantile house of Wylie & Hancock, with branches in Brazil and the River Plate, used underwriters in London, Liverpool and Glasgow for its textile exports to South America during the early 1810s. For an example, see Wylie, Manchester, to Dalglish, Glasgow, 14 January 1812, Wylie & Co. Papers, University of Glasgow Archives [hereafter UGD], 28/1/3.
11. Cockerell and Green, *The British Insurance Business*, p. 7.
12. Huth & Co., London, to Stansfeld, Manchester, 20 April 1829, HPEL, vol. 3.
13. For example, see Huth & Co., London, to Marine Insurance & Co., London, 26 February 1849, HPEL, vol. 59. For other merchants, it is worth mentioning that the cargoes of Hodgson & Robinson, British merchants at Buenos Aires, were insured with the London-based Indemnity Insurance Company and the Liverpool Marine Assurance

Company. Likewise, Lupton & Co., merchants of Leeds exporting to South America, used the services of Jameson & Aders, T. W. Stansfeld and E. Durant & Co. to effect insurances at Lloyd's and also insured with the Royal Exchange Assurance. For an example, see Lupton & Co., Leeds, to Luptons & Luccock, Rio de Janeiro, 4 and 6 March 1811, William Lupton & Co. Papers, Brotherton Library, University of Leeds [hereafter WLP], vol. 5; Lupton & Co., Leeds, to Luptons & Luccock, Rio de Janeiro, 3 October 1811, WLP, vol. 6. Finally, Hancock & Wylie used the services of brokers such as George Johnston & Co. and Thomas Rodie & Co. For an example, see Wylie, Manchester, to Dalglish, Glasgow, 14 January 1812, UGD/28/1/3.

14. This was also the rate charged by Gibbs & Sons, also London merchants exporting to South America. For an example, see Gibbs & Sons, London, to branches at Lima, Valparaiso, Arequipa and Tacna, 10 February 1854, Antony Gibbs & Sons Papers, Guildhall Library, MS 11471-1, Despatch N-213.
15. Sixteen volumes in total, available at the National Archives (Kew, Surrey), FO 307.
16. A typical textile cargo from Liverpool to Valparaiso had a value of between £15,000 and £60,000. See, for example, 'Abstract of shipments to Valparaiso', 1840, FO 132/18. If underwriters were taking just £100–£200 each, then the whole textile cargo was insured by dozens of individuals. Indeed, as early as 1801, the number of subscribers at Lloyd's was more than 2,000. Kingston, 'Marine Insurance in Britain and America', p. 389. Underwriters taking little risk in marine insurances is a practice that dates from medieval times. See F. Edler de Roover, 'Early Examples of Marine Insurance', *Journal of Economic History*, 5 (1945), pp. 172–200, on pp. 187–8.
17. Huth & Co., London, to Halliday, Sanquhar, 8 August 1831, HPEL, vol. 8.
18. Huth & Co., London, to Huth & Co., Liverpool, 29 November 1843, HPEL, vol. 40.
19. Huth Papers, Guildhall Library, MS 10700-5. See in particular loose papers relating to Roux.
20. Huth & Co., London, to Huth & Co., Liverpool, 17 May 1843, HPEL, vol. 38.
21. Hugh Dallas Papers, Banco de la Provincia de Buenos Aires, Argentina. For examples, see MacIntosh, Miller & Co. to H. Dallas, 15 June 1818 and 11 November 1818.
22. As did Wildes, Pickersgill & Co. upon Hodgson's request. For some examples, see Hodgson, Buenos Aires, to Fielden Brothers, Manchester, 15 May 1841, Green, Hodgson and Robinson Papers, John Rylands Library, University of Manchester [hereafter GHR], 5/1/4; and Hodgson & Robinson, Buenos Aires, to Owens & Son, Manchester, 4 August 1837, GHR/5/1/6.
23. For instance, Zimmerman at Buenos Aires requested Huth's in London to insure cargoes of hides from the River Plate to Bremen. Huth & Co., London, to Zimmerman, Frazier & Co., Buenos Aires, 21 August 1829, HPEL, vol. 4. Even smaller houses than Huth & Co., such as Fielden Brothers & Co., also effected marine insurances in London for hide cargoes sent from Buenos Aires to New York. Hodgson, Buenos Aires, to Pickersgill, New York, 6 April 1842, GHR/5/1/8.
24. Llorca-Jaña, 'British Textile Exports to the Southern Cone', pp. 234–6.
25. Ibid., pp. 79–81.
26. In 1812, during the Napoleonic Wars, premiums from British ports to Buenos Aires were quoted at 12.5–18.8 per cent. Lupton & Co., Leeds, to McNeile & Co., Buenos Aires, 7 November 1812, WLP, vol. 9.
27. D. C. M. Platt, *Latin America and British Trade* (London: A. & C. Black, 1972), p. 55; V. B. Reber, 'Speculation and Commerce in Buenos Aires: The Hugh Dallas House, 1816–1820', *Business History*, 20 (1978), pp. 18–37, on p. 29.

28. In the words of a London merchant to his Liverpool branch: 'we have effected the insurances you order … but cannot fix the premium until you state how the goods are packed'. Huth & Co., London, to Huth & Co., Liverpool, 27 August 1842, HPEL, vol. 35.
29. Huth & Co. wrote: 'our underwriters generally ask for a higher premium when the name of the ship is not given'. Huth & Co., London, to Rawson & Saltmarshe, Halifax, 20 September 1833, HPEL, vol. 12. In another case, Wylie wrote to his partner on the spot in these terms: 'your brother and I came down here last night … [to] effect some insurances per Grace, which we find some difficulty in doing, the ship not being known here, nor in Lloyds book'. Wylie, Liverpool, to Hancock, Bahia, 14 February 1812, UGD/28/1/3.
30. Though probably exaggerating, Huth & Co. were of the opinion that when fixing the premium, underwriters paid more attention to the nature of the voyage than to the vessel's name. Huth & Co., London, to Huth & Co., Liverpool, 11 and 22 July 1843, HPEL, vol. 39.
31. In the 'Report from the Select Committee on Marine Insurance' it was reported that during the winter months 'a great number of underwriters withdraw from Lloyd's Coffee-House. The merchants ascribe this to a dislike to winter risks' (p. 7).
32. For instance, premiums at Lloyd's for shipments from Liverpool to Valparaiso in 1837 were 50 shillings per £100. Once the news of the war between Chile and Peru reached Britain, the premium went up to 90 shillings per £100. Llorca-Jaña, 'British Textile Exports to the Southern Cone', p. 215. Likewise, during the Napoleonic Wars, marine insurance premiums for cargoes from Britain to Buenos Aires were as high as 9.6 per cent (e.g. in 1813). In contrast, in 1816 the premium had been reduced to 2.28 per cent. Danson, *Our Next War*, pp. 90–1.
33. M. Hopkins, *A Manual of Marine Insurance* (London: Murray, 1867), pp. 202, 205, 208. See also Schöller, 'L'évolution séculaire des taux de fret', pp. 528–30.
34. Martin, *The History of Lloyd's*, p. 137; Llorca-Jaña, 'British Textile Exports to the Southern Cone', pp. 214–25.
35. Fielden Brothers reached the extreme of insuring some bales within a cargo, while other bales going in the same vessel were not insured at all. Fielden Brothers, Manchester, to Hodgson & Robinson, Buenos Aires, 20 January 1835, GHR/5/2/7. The business correspondence of these merchants does not allow us to extract further details about the nature of these bales. It could be the case, for example, that those goods uninsured were probably 'unsaleable' goods, or textiles that had remained in hand for a long period of time. They could also have been goods badly suited to the taste of the inhabitants of the River Plate, and upon which there was little hope of making a profit.
36. Source: Llorca-Jaña, 'British Textile Exports to the Southern Cone', p. 103.
37. See Hodgson & Robinson, Buenos Aires, to Owens & Son, Manchester, 10 June 1835, GHR/5/1/5; Crossley & Sons, Manchester, to Hodgson & Robinson, Buenos Aires, 3 June 1831, GHR/5/2/3; Crossley & Sons, Manchester, to Hodgson & Robinson, Buenos Aires, 18 January 1833, GHR/5/2/5.
38. Huth & Co., London, to Rawson, Halifax, 31 October 1832, HPEL, vol. 10.
39. Walker, Manchester, to Hodgson & Robinson, Buenos Aires, 9 July 1833, GHR/5/2/5; Broadbent, Manchester, to Hodgson & Robinson, Buenos Aires, 18 August 1836, GHR/5/2/8.
40. *British Packet*, 17 September 1842. As stated by Huth & Co.: 'no separation of packages being permitted in our Custom House … our home market is mostly supplied from the auctions with goods but partially damaged'. Huth & Co., London, to Stansfeld, Leeds, 10 December 1835, HPEL, vol. 14.

41. Huth & Co., London, to Stansfeld, Leeds, 10 December 1835, HPEL, vol. 14. From 1817, Lloyd's decided to separate sound from damaged goods, as observed by Wright: 'in many ports it had hitherto been the custom to sell the entire contents of a package for the underwriters' account, although only a small part of it might have sustained damage; and the result of a forced sale in a bad market [at public auctions] was often a heavy loss to the underwriters'. C. Wright, *A History of Lloyd's* (London: Lloyd's, 1928), p. 284. This policy, however, was first implemented in the US and continental Europe, rather than in Latin American markets that had to wait longer.
42. The 'value is not mentioned ... value must be proved'. Martin, *The History of Lloyd's*, pp. 122–3.
43. The 'goods or property insured are valued at prime cost at the time of effecting the policy ... [the value] is agreed'. Ibid.
44. Campbell, Liverpool, to Hodgson & Robinson, Buenos Aires, 1 April 1834, GHR/5/2/6.
45. Huth & Co., George Faulkner, Thomas Broadbent and Owen Owens & Son, as a rule, insured for values between 10 per cent and 40 per cent over the invoice cost. For examples, see Faulkner, Manchester, to Hodgson & Robinson, Buenos Aires, 15 March 1834, GHR/5/2/6; Broadbent, Manchester, to Hodgson & Robinson, Buenos Aires, 15 March 1836, GHR/5/2/8; Broadbent, Manchester, to Hodgson & Robinson, Buenos Aires, 6 October 1832, GHR/5/2/4.
46. For some examples, see Huth & Co., London, to Webster & Sons, Morley-Leeds, 20 April 1829, HPEL, vol. 3; Huth & Co., London, to John Halliday, Sanquhar, 11 January 1831, HPEL, vol. 7.
47. McCulloch, *A Dictionary*, p. 715.
48. That is, 'that at the time of so sailing the said vessel was staunch and strong and had her hatches well and sufficiently caulked and covered and was well and properly manned, fitted and equipped for the performance of said voyage'. Chilean National Archives, Valparaiso Judicial Papers [hereafter ANCH-AJV], vol. 469-1: Valparaiso, 1834. See also vol. 73-19: Valparaiso, October 1833; vol. 77-10: Valparaiso, 1837; and vol. 91-22: Valparaiso, 1854.
49. To establish general averages, a commission was always appointed to undertake a survey. It usually comprised ships' captains, ship-builders and insurance companies or underwriters' agents. See ANCH-AJV, vol. 321-14: Valparaiso, April 1823. In this case the commission consisted of port surveyors of Lloyd's and the Marine Insurance Company of Hamburg, and a shipwright. See also vol. 73-19: Valparaiso, 1833, when the survey was conducted by four British masters. In another case, the survey was commissioned to a Lloyd's agent, a port surveyor, a master mariner and a master shipwright, all of whom were British (vol. 293-2: Valparaiso, November 1843).
50. For examples, see ANCH-AJV, vol. 73-19: Valparaiso, October 1833; vol. 75-1: Valparaiso, September 1835; vol. 91-21: Valparaiso, September 1854.
51. There were many issues in the legal processes required to declare general averages. To start with, the judge had to establish the real amount of money borrowed, the costs of repairs, the value of the ship, the value of the cargo, the income for freights, the monies given for passengers to pay for repairs, legal costs, consular stamps, expenses to feed crew as well as salaries while the ship was being repaired, and the value of the part of the cargo that had to be thrown away to save the ship (or jettison). Another, and more difficult, issue was establishing the market value of vessels after repairs and to compare this with its market value before the accident.

52. See, for instance, what happened to Huth, Gruning & Co. as consignees of a particular cargo. ANCH-AJV, vol. 77-10: Valparaiso, July 1837. See also vol. 77-12, and the case of the *Iceni*, in 'Bond of indemnity of British brig Iceni', 20 August 1834, National Archives, FO 446/4.
53. Figure 1.3 shows that, from the early 1850s, the index of Southern Cone's total imports (in volume) grew faster than Southern Cone's per capita consumption of British textiles. Before the early 1850s, British export prices of cottons, the main staple exported from Britain to the Southern Cone, declined continuously and markedly, but after the early 1850s export prices for cottons remained at a similar level. Llorca-Jaña, 'British Textile Exports to the Southern Cone', p. 211. Absolute growth of textile volumes exported by Britain from the 1850s to the 1870s was mainly due to an increase in population. In 1850, the population of the Southern Cone was some 2.7 million people, while in 1879 it was some 5.1 million people. Ibid., p. 65.
54. Before the 1820s, for textiles shipped from Liverpool to Rio de Janeiro (which had lower premiums than to Valparaiso), premiums quoted in WLP (vols 3–9) were 5.25 per cent in 1808, 4.5 per cent in 1809, 6–7 per cent in 1810–11, 5.25 per cent in early 1812 and 19 per cent in November 1812. During the years 1822–4 comparable rates for exports to continental Europe were 1.25–1.5 per cent.
55. Other variables also affected marine insurance premiums, in particular developments in shipping (which are treated below). It is believed, for instance, that in long hauls (e.g. Europe–South America), a material cause for the fall in premiums was the introduction of bigger and more secure vessels. Schöller, 'L'évolution séculaire des taux de fret', p. 530.
56. This integrated index of United Kingdom textile exports in volume was constructed with weighted averages of three individual indexes of quantum for cottons, wool manufactures and linens. The weights given each year to each textile branch were the associated shares cottons, wool manufactures and linens had in the value of United Kingdom exports to the Southern Cone for these three categories added together. Source: Llorca-Jaña, 'British Textile Exports to the Southern Cone', p. 299.
57. Source: ibid., p. 215.
58. Source: ibid., p. 216.
59. Another factor that may have contributed to a fall in marine insurance premiums was an increase in competition among marine insurers after new marine insurance companies entered into the market from 1824. Had this been the case, we would expect to see a general fall in marine insurance premiums for British textile exports to all markets. Premium data for cargoes from Britain to continental Europe, however, show that premium rates remained at a similar level before and after 1824 (between 1 and 1.25 per cent the invoice value of cargoes). Nevertheless, it is likely that there was not one marine insurance market for British textile exports, but many: a market for cargoes to nearby locations (e.g. continental Europe) and other markets for distant outlets, such as the Southern Cone. Consequently, it could still be the case that competition after 1824 pressed down on premium rates to distant markets (e.g. Chile), but I can find no evidence to confirm this.