From local to transatlantic: insuring trade in the Caribbean

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Marine insurance is an old and very flexible financial instrument. Most of the fundamental characteristics of the policies underwritten today in international insurance markets were established in the fourteenth century, in the Italian city states which then dominated extra-European trade. It was created by merchants as a tool to be employed amongst themselves, and was intended to spread the risks of ocean-going commerce as widely as possible between them, for the lowest possible cost. Unlike most credit instruments, marine insurance provides contingent capital which is paid to the buyer only in the event that an actual insured loss has occurred. This allows individual merchants to trade with less capital than the specific perils of individual adventures prudently demand, permitting them to maximise their investment in trade goods. As trade expanded and merchants’ trading patterns took them to increasingly distant ports, they brought their practices of marine insurance with them, transferring and expanding their system of risk-spreading at each new location.[[1]](#footnote-1)

The techniques and customs of marine insurance underwriting arrived, fully formed, in the Atlantic World with merchants and their trade. It was a critical component of that commerce, providing a contingent-capital safety net which allowed merchants to focus their cash and credit resources on their adventures, thereby oiling the machinery of Atlantic World exchange. The patterns of its use and spread highlight Atlantic World relationships, both within and outside imperial territorial constructs. This chapter examines such relationships through the lens of marine insurance, and illustrates circuits of money and trust upon which Caribbean trade – between both theoretical centres and their dependent peripheries, but also between peripheries themselves – was secured. It begins with a brief outline of the mechanics of marine insurance and its early practice in London, before moving to a specific area of Atlantic World trade: that between emerging mainland colonial economies and the plantation-based economies of the Caribbean. Insurance underwriting in British North America adopted the patterns and practices of European, and especially London insurers. The chapter then examines in detail the underwriting activities of Obadiah Brown, an eighteenth-century merchant of Providence, whose insurance business followed his trade. It then returns to London, which continued to play a critical role in Atlantic World marine insurance, although one slightly different to that of New England merchant-insurers. Finally, the chapter considers briefly the decline of private marine insurance underwriting in the United States.

*Early marine insurance*

The structure of an insurance contract, and of the market institutions that support underwriting, is relatively simple. Following Italian practices, the model adopted in most trading centres by the fifteenth and sixteenth centuries was little different from that employed more than a century earlier in the Mediterranean. Multiple underwriters participated in each contract by assuming a proportion of its face value (their *line*), measured in the currency of the policy and expressed as a part of the total value of the sum insured, which was the maximum indemnity under the policy. This approach spread the risk broadly. Each participating insurer signed his name below the boilerplate text of the policy, making him and ‘under-writer’, or ‘sub-scriber’. Underwriters charged a fee (the *premium*) which was expressed as a percentage of the sum insured (the *rate*), and which varied based on the characteristics of both the vessel and the voyage to be insured (the *risk*). The rate charged to the buyer (the *insured*) by all the underwriter-participants under an individual policy varied only very rarely; each charged the same price for their share of a specific risk, usually set by an underwriter who was expert in the risk-type (the *leader*). Rates were adjusted according to the loss experience, and to various threats related to a specific voyage, such as the season, or the activity of corsairs. Underwriters sometimes specified the broad perils which were to be insured under the policy, usually according to standard policy language (the *wording*), and included in the contract the name of the insured vessel, the nature of the cargo, and the details of its voyage. Policies were often arranged by intermediaries (*brokers*), and in some locations sealed by notaries. Most of the underwriters were merchants themselves (contemporaneously, *merchant-insurers*), although by the fifteenth century wealthy investors were also taking lines on insurance contracts. Insurers’ salvage rights, which conferred upon them ownership of any property for which a claim (an *indemnity*) had been paid under a policy, were established in principle, if not in law. Custom and trust were critical ingredients. As Muldrew states, ‘the Atlantic World was held together through ties of interpersonal credit between merchants trading over long distances’. Nowhere is this trust in the personal credit of co-venturers, colleagues, and competitors more evident than in marine insurance, where the insured buys only the underwriter’s promise to pay, reversing traditional credit relationships: it is the buyer who must be concerned about the creditworthiness of the seller.[[2]](#footnote-2)

With these characteristics more or less intact, marine insurance arrived in north western Europe from Italy in the late middle ages. It was traded regularly amongst merchants in Cadiz, Aleppo, Antwerp, Amsterdam, Hamburg, and other major European ports by the sixteenth century. It had reached London, at latest, by the early fifteenth century. The oldest surviving record yet found of conventional insurance transactions in the city is an entry in the Plea Rolls of the City of London. In 1426 Alexander Ferrantyn, a Florentine merchant resident in London, took an insurance dispute to the Lord Mayor and Aldermen. The case, heard at Guildhall, involved his underwriters’ refusal of a claim for his vessel the ‘*Seint Anne of London*’, which was carrying a cargo of wine to England from Bordeaux. Both the vessel and the cargo had been insured for £250 by seventeen Italian merchants also resident in London. The ship and goods had been seized by Spaniards, but Ferrantyn, through an agent, had managed to repurchase them from the Flemish merchants to whom the privateers had sold their prize. The policy specified that the ‘order, manner, and custom of the Florentines’ was to govern the contract. Ferrantyn asked his insurers to pay up, citing specifically ‘the *lex mercatoria*’ (the law merchant), and the clause in his policy about Florentine custom. The disputants claimed respectively that this local practice required the indemnity to be paid in this circumstance, and that it did not. Both parties promised to produce notarised testimony from the Italian city which would outline the prevailing local custom. So confident were the defending insurers that they paid into the court the disputed £250, plus £100 as surety.[[3]](#footnote-3)

Ferrantyn’s case is important not only for its primacy, but also because it shows how marine insurance practice spread with trade around the world. It arrived in England with the Italian merchant community, who used the instrument according to the customs of their homeland. England’s judicial system was ill-equipped to decide questions such as that upon which the case turned, and so the uncodified, customary Law Merchant was imported with marine insurance practice. In any case, merchants preferred faster and cheaper methods of dispute resolution, such as arbitration. Panels of disinterested merchant arbiters who were familiar with insurance custom and practice were convened to decide outcomes. Thus, England’s marine insurance market remained largely outside of the interest of the common law until the later eighteenth century, by which time London’s market was already the world leader.[[4]](#footnote-4)

The report of a parliamentary enquiry into marine insurance in London, published in 1720, reveals concretely the nature of the market at the turn of the eighteenth century. Individual underwriters (sometimes acting within private commercial partnerships) remained the driving force, and perhaps the whole local source of cover. ‘Insurance is now in the Hands of private Persons, called Office-Keepers, carried on by Brokers’, wrote Nicholas Lechemere, the Attorney General, in a document preserved in the report of the inquest. Their ‘Employment is to procure for the Merchant, as his Occasions require, Persons to subscribe the Policies of Insurance on such Terms as shall be agreed on’. Eight brokers submitted to Lechemere a list of 163 individuals who ‘had subscribed Policies of Insurance on Ships and Merchandizes’ which they had arranged. Overlap between brokers and underwriters continued. For example, John Fletcher, one of the eight submitting brokers, subscribed to at least one of nearly fifty extant policies issued to the Turkey merchant Ralph Radcliffe, and is named as the insured party in a policy issued in 1716 to insure goods to the value of £1000 on a voyage from London to China and back. The courts remained a secondary dispute resolution option: John Barnard, a wine merchant, leading underwriter, and future City MP, stated that ‘Insurers are generally desirous to have Disputes about Losses or Averages adjusted by Arbitration, it being in their Interest to do so, and that the Insurers very often pay unreasonable Demands, rather than suffer themselves to be Sued’.[[5]](#footnote-5)

The report also reveals that by 1720 London was attracting considerable foreign insurance custom. Barnard stated that ‘Foreigners from almost all parts of *Europe* have continual Recourse to the Insurers of *London*, to be insured for very large Sums of Money’. London underwriters had established an international agency network to obtain this business. Barnard’s agent in Cadiz, for example, would accept risks in the Spanish port on his behalf. By this time the international dispersion of London’s underwriting business was already long established, according to evidence surviving from 1693, which reveals that it was commonplace that ‘Assurances are made in Trust for divers Persons in remote Parts of the Kingdom, and Places beyond the Seas’. The 1720 enquiry itself related in part to applications by two joint-stock companies (the future Royal Exchange Assurance and the London Assurance ) for royal charters granting a duopoly over the underwriting of marine insurance in London. This was awarded in 1720, under legislation better known to historians as the *Bubble Act*. However, underwriting by individuals – the traditional method – was permitted to continue, which served to strengthen that sector of the market by restricting the growth of corporate underwriting. Private underwriting received a further boost when the two new companies contracted their risk appetite in the decade after their charters, in part due to concentrated claims arising from the loss of twelve Jamaica ships. In 1741 the provisions of the *Act* restricting corporate underwriting were extended to include Britain’s North American colonies.[[6]](#footnote-6)

Nash wrote of London’s merchants that they ‘progressed in the classic sequence followed by other premier business communities in Europe, such as those of Antwerp and Amsterdam – that is, from merchandising and ship owning, to commission trading and insurance, and ultimately to finance and merchant banking’. Atlantic World merchants of the American mainland colonies also followed this path. For the insurance link in Nash’s sequence, emerging American merchants emulated their London-based merchant-insurer predecessors, principally to satisfy the risks associated with their rapidly expanding trade with the Caribbean and the broader West Indies. From 1651 until independence, they conducted this trade within (or working around) the constraints of the Navigation Acts, and under the restrictions of the *Bubble Act*. A further constraint for merchants in New England, Pennsylvania, and New York, hungry for metropolitan imports, was the absence of a major staple commodity to balance their trade with Britain. They turned instead to the provision of services such as the carrying trade, and provisioning of the colonial Caribbean possessions of Britain, Spain, France, and the lesser Atlantic powers. Insurance is often cited as one of these ‘invisibles’, although the nature and extent of New England merchants’ marine insurance practice has not been outlined in detail by historians.[[7]](#footnote-7)

*The New England-Caribbean trade*

By the middle of the eighteenth century, north Atlantic trade between European powers and their colonies was enjoying a particular growth. According to Richardson the increasing buoyancy of this trade in New England – an area comprising the modern US states of Maine, Massachusetts, New Hampshire, Vermont, Rhode Island, and Connecticut – stimulated the growth of regional New England trade, particularly with the Caribbean. A contemporary, the London merchant Michael Atkins, wrote in correspondence in 1751 that ‘Traders at the Northern Colonies have all the West India business to themselves, Europeans can have no encouragement for mixing with them in the comodities of provisions and lumber. You [New Englanders] time things better than we and go to markett cheaper.’ McCusker and Menard described the ‘sugar islands’ as ‘indispensible to the development of the mainland colonies’, their ‘economies so tightly intertwined that full understanding of developments in one is impossible without an appreciation of developments in the other.’ New England’s trade links within the Caribbean were already well established by the mid-eighteenth century, and included the import of tropical produce, primarily molasses and rum, and the export of goods including livestock, fish, lumber, candles, ironware, and building and packaging materials. This trade, Richardson argues, gave rise to powerful merchant communities in Boston and other New England ports, and to a shipbuilding industry supplying, among others, the British merchant fleet. It also saw many merchants in the northern colonies become ship owners, reflecting another step in Nash’s merchant-development continuum.[[8]](#footnote-8)

The value of New England’s exports to the Caribbean approximately quadrupled between the 1750s and the early 1770s, to exceed £300,000 per year. The significant rise in these estimates is supported by a parallel increase in the number of clearances of vessels from Salem, Boston, and Rhode Island in the period leading up to the Revolutionary War. Work by Shepherd and Walton shows that New England’s trade with the West Indies increased steadily in the brief period for which detailed data is available, from £510,000 in 1768 to £750,000 in 1772, of which roughly half each year comprised New England exports. The importance of this trade to the pre-independence economy of the six states is easy to overlook (the transatlantic business receives much more scholarly attention), but Shepherd and Walton’s figures put the West Indies share of New England’s exports at 63.6% over the five-year period, much more than any of Britain, Southern Europe (primarily a vent for New England fish), or Africa (which purchased primarily New England rum). Richardson concludes that ‘trade with the Caribbean... was the most dynamic sector in New England overseas trade in the period after the War of Austrian Succession.’[[9]](#footnote-9)

Insurance arrived at the mainland colonies in the same way it had reached London, with the merchants who traded there. Men such as the Quaker merchant James Claypoole were regular buyers of insurance in London before they emigrated to British North America. From London, Claypoole had traded in a variety of commodities to Europe and the West Indies during the Restoration era, before leaving England with William Penn as a founder of Philadelphia. Brought and understood by men such as Claypoole, marine insurance was quickly adopted in the mainland colonies. In the seventeenth century, for example, Maryland planters shipping tobacco to England on their own account would frequently arrange insurances. However, in that century marine insurance was underwritten primarily in the venturing merchants’ European home cities, or those of their European correspondents, for transatlantic voyages. In the years 1664 to 1667 the English merchant Charles Marescoe underwrote marine insurance in London for voyages from Virginia and New England to English ports. (Since his own, Baltic trading interests did not extend to North America, he must have been underwriting as an investment and risk-diversification exercise.) Extant correspondence shows clearly and repeatedly that merchants resident in America purchased insurance from their London suppliers and agents. For example, Joseph Cruttenden, a London merchant supplying apothecaries’ materials to North America, wrote in 1710 to his Boston-based client Habijah Savage that ‘I have complyd with your desire and charged but 6lt5 pCent advance on all the things now sent... allowing for insurance which may be high’. Later he wrote to another Boston client, John Nichols, ‘You see by the invoice I have charged you with the Ensurance which was done with your ffriends consent, for it was noe way reasonable for me to run the risque.’[[10]](#footnote-10)

Limited private underwriting was almost certainly occurring along in the commercial centres of the north eastern colonies at the time, but evidence which confirms that it occurred during the seventeenth century is scant. It is clear, however, that marine insurance practice developed in line with American trade to other British colonies and elsewhere. In Philadelphia in 1721 local demand for local insurance was sufficient to encourage one John Copson to launch an insurance brokerage office. His advertisement of May 25 that year in the *American Weekly Mercury* announced the opening by him of an ‘Office of Publick Insurance on Vessels, Goods and Merchandizes’. It has been widely regarded as marking the advent of local insurance in the British American colonies. The announcement stated that ‘the merchants of this City of Philadelphia and other ports have been obliged to send to London for such insurance, which has not only been tedious and troublesome, but ever precarious, and for the remedying of which this office is opened’. Copson promised that the underwriters would ‘be Persons of undoubted Worth and Reputation’. A second broking office was established four years later in the same city by Francis Rawle, and a third by Joseph Saunders in 1748 (by which time Copson’s appears to have ceased operations). Boston’s first dedicated insurance office was opened in 1724 by a notary, Joseph Marion; a second was opened in 1739 by Benjamin Pollard. New York did not have an insurance broking office until 1759.[[11]](#footnote-11)

Others followed, and insurance offices garnered a role as mercantile places of association. John Rowe, a merchant of Boston, wrote in 1768 that he had ‘Spent the evening at Mr Barber’s Insurance-Office.’ The community of brokers and underwriters grew relatively rapidly. Gillingham has identified twenty-two brokers active in Philadelphia alone in the years 1721 to 1805, who were completing policies with 164 discrete underwriters. Insurance facilities were also established in the southern colonies. In Virginia in 1739 several merchants of Charleston formed a loose association for the purpose of mutual insurance, and John Benfield opened an insurance office in the city thirty years later. Broking offices were also established in Norfolk and Baltimore after 1750. The proliferation of formalised broking operations indicates that a relatively deep community of underwriters must have been operating. Where local offices had not been established, insurance buyers would source coverage from nearby centres. Pares reports that merchants of Portsmouth, New Hampshire wrote regularly to John Reynell of Philadelphia (which Pares describes as ‘probably the chief centre for insurance on the continent’) requesting that he arrange insurance.[[12]](#footnote-12)

While these facts about broking offices have been long established, little work has been completed about the dynamics of the market, or about the individual underwriters themselves. Pares has observed that ‘underwriting had some aspects of a mutual insurance scheme’. He recognised five of 23 underwriters taking lines on the Caribbean voyage risks of John Reynell as merchants, including the three most frequent underwriters of his policies. This, of course, reflects the merchant-insurer practice established in London, and that had been invented by Italian merchants centuries before.

*Obadiah Brown: underwriter*

Among British North America’s fledging merchant-insurer community was Obadiah Brown (1712-1762), a prominent merchant, ship owner, and manufacturer active in Rhode Island. Brown, a native of Providence and third-generation descendant of one of the colony’s Baptist founders, carried on a trade in goods including imported cocoa, rum, and molasses, and the export of mainland commodities including lumber, livestock, and foodstuffs. He was also a manufacturer of spermaceti candles. Brown has been identified as the first Providence merchant to trade directly with England. He and his brother James, and later James’s four sons (who had been raised by their uncle), were the colony’s leading mercantile figures.[[13]](#footnote-13)

Obadiah, fourteen years his brother’s junior, was educated in trade by his sibling. He began his career on the seas with a trading voyage to Antigua in 1733, as Master of his brother’s sloop the *Dolphin*. In 1734 his second and third voyages took him as far as Surinam, which was to figure prominently in his later trade, and in his insurances. Surinam had been opened by its Dutch colonial masters to British trade in 1704, yielded large quantities of molasses for export, and was an eager purchaser of the northern colony’s two key products: tobacco and horses. Brown also travelled, in his early voyages, to Hispaniola, where the port known in his records as ‘The Mount’ (modern Monte Cristi in the Dominican Republic) lay just a few miles from the border of French Hispaniola. The Mount was thus a regular location for illicit trade between British and Spanish Atlantic merchants and their French counterparts, with whom commerce was prohibited during the Seven Years War, 1754 to 1763. This otherwise undistinguished port was also to be of future importance to Obadiah Brown.[[14]](#footnote-14)

Brown’s earliest insurance activity leaving a trace in the record is a transaction which would more correctly be described as a risk swap. In 1747 he and his uncle Elisha Brown, who like Obadiah was a ship owner and merchant, each agreed to accept £100 of risk upon the other’s vessel, the brigantines *Desire* and *Wainscot* respectively. No doubt from Elisha, from his brother James, and from fellow merchants and published sources, Obadiah Brown learned the customary London practices of marine insurance. Amongst his papers survives his copy of a small book imported from London and entitled *A guide to Book Keepers according to the Italian Manner*. Brown will have taken note of its instructions regarding insurance. In explaining the Italian system of double-entry bookkeeping (which, like marine insurance, is a product of the Italian commercial revolution), it advises, for example, ‘When you pay the Premio for the Ensurance of any Sum upon a Voyage, you enter that Payment on the Creditor-side of your Cash-Book’. It then describes how to account for a business-partner’s share of premiums in joint voyages. Another entry describes the more complex entries required when accounting for claims and abatements under insurance policies arranged by the bookkeeper for third parties: ‘When you Receive Money of the Ensurer, on Account of Ensurance by you made in Commission, and you make him an Abatement, you enter the whole as follows: First, In your Journal you Enter...’[[15]](#footnote-15)

It seems unlikely that this was the only trade manual which Obadiah Brown owned (it survived perhaps because the volume’s blank pages are filled with Brown’s manuscript journals of his first voyages in the West Indies trade as Master of ships owned by his brother). Many other merchant manuals were published, some of which covered in great detail the customs and conventions of marine insurance underwriting (rather than simply the accounting for insurance transactions). These include Edward Hatton’s much-reprinted *Comes Commercii: or the trader’s companion*, published in London in the late seventeenth century and republished in multiple editions until the early nineteenth, and Charles Molloy’s *Treatise of affairs maritime, and of commerce*, first published in London in 1676. Both included detailed sections on the methodologies of transacting insurance, and contributed to the dissemination of London practice throughout the merchant world. William Leybourn’s 1693 book *Panarithmologia* includes a section *On insurances* which begins ‘Suppose you ship 300 *l*. of Goods for *Jamaica*, you being unwilling to run so great a hazard your self...’[[16]](#footnote-16)

Brown extended his mercantile activities in the 1750s, when he began trading directly from Providence to London, and expanded his core West Indies trade. It was at this time that he began routinely to underwrite. His *Marine Insurance Book* contains a record of the risks he assumed during the periods March 1753 to the spring of 1758, then from March 1760 until 1762, the year of his death (the break represents a halt in Brown’s underwriting, rather than a gap in the record). The document illustrates what may be a typical insurance-risk portfolio for a local merchant-insurer of his time. It shows that Brown dabbled in underwriting, insuring primarily vessels involved in his own arena of commerce, the Caribbean trade, and especially to Surinam, Jamaica, and Hispaniola (Table 1). Often his clients were his close business associates; sometimes he underwrote insurances related to his own vessels (presumably for third parties, perhaps upon his captains’ privilege cargoes). Thus, his insurance activity mirrored his mercantile work. Brown’s underwriting ignored imperial boundaries, and flourished with New England’s Caribbean trade. Policies he supported covered voyages from various mainland ports to or from Caribbean ports, including those of the Leeward Islands and other important British and foreign entrepôts. An occasional slave voyage from west Africa was insured, as were fisheries cargoes from Newfoundland, and sometimes vessels travelling to or from European ports.[[17]](#footnote-17)

Brown’s Risk Book reveals that many of the practices of marine insurance underwriting which had been developed in Italy and refined in London were employed in the American colonies by the mid eighteenth century. At the most basic level, premium was charged as a percentage of the sum insured. Brown’s currency of account was British pounds, although he occasionally offered cover in Spanish dollars, and sometimes accepted premium payments in ‘Melasses’. He sometimes charged an additional premium for vessels which made extra calls. For example, in 1753 he made an ‘adition of 2 prct more for tuching at ye Moscata shore’ on an insurance he granted on the sloop *Indian King*, sailing from Honduras.

***Table 1: Voyages insured by Obadiah Brown***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Place*** | ***Total*** | ***To*** | ***From*** | ***Return*** | ***Unstated*** |
| Surinam | **32** | 9 | 21 | 2 |  |
| Jamaica | **23** | 12 | 7 | 4 |  |
| Hispaniola (incl. Monte Christi) | **22** | 7 | 14 |  | 1 |
| South Carolina | **5** | 3 | 1 | 1 |  |
| Carolina | **4** | 1 | 1 | 2 |  |
| Barbados | **4** | 4 |  |  |  |
| Guadeloupe | **4** | 2 | 1 | 1 |  |
| Ocoya | **4** |  | 2 |  | 2 |
| Barbados | **3** | 3 |  |  |  |
| Holland/Amsterdam | **3** | 2 | 1 |  |  |
| Newfoundland | **2** | 1 |  | 1 |  |
| Leeward Islands | **2** |  |  | 2 |  |
| Antigua | **2** | 1 | 1 |  |  |
| St Eustacia | **2** |  | 1 |  | 1 |
| Martinique | **2** | 1 | 1 |  |  |
| Others\* | **6** | 1 | 5 |  |  |
| Europe or Africa | **2** | 1 | 1 |  |  |
| Cross risks, time risks, and unspecified | **39** |  |  |  |  |

*\* Including Bay of Honduras, Havana, Essequibo, Montreal, and Georgia. Compiled from Obadiah Brown Papers, ‘Marine insurance book, 1753-1762’, RIHS MSS 315, E445/44 Part 1, Reel 23.*

Although Brown’s risk book is primarily an accounting record, it is clear that the insurances noted in it were supported by traditional policy contracts, since Brown sometimes adds notes to entries such as ‘Pollacy canceled’. Sometimes the language of London policies was employed and has been recorded, for example when Brown noted that a vessel was permitted under the policy to travel ‘to at and from’ its destination. As well as the details of the voyage, the Risk Book typically (but not always) states the other standard underwriting information that was usually included on the face of London policies: the vessel name and type, and the name of its master. When some details were not known, Brown omitted them, sometimes leaving a blank space for future insertion. A handful of entries note explicitly that cover is specifically for cargo or goods. Also in common with London risk books of the period, Brown noted the fate of each vessel insured, whether ‘Ar[r]ived’, ‘Lost’, or ‘Taken’.

The outbreak of the Seven Years War (1756-1763) and the privateering it brought to the eastern seaboard of the North American continent had clear impacts on Brown’s underwriting. Premium rates rose dramatically. For example, Brown’s 1753 rate for the voyage from Surinam began at three per cent. It rose to 16% in 1758, and dropped to 14% in 1760. His peacetime rate of three per cent for vessels sailing to Barbados rose to 15%; sloops sailing to Jamaica saw the price of cover rise from a peacetime rate of five per cent to a wartime peak of 12%, although the rate charged by Brown to insure a snow, typically less manoeuvrable and therefore less defensible, on that route in wartime reached 20%. In wartime Brown often charged rates between 20% and 30%, hinting at the large profits which wartime trade voyages must have yielded. Two insurances on vessels designated a ‘flag of truce’ (which were granted immunity from enemy attack, and were limited in their role to prisoner exchange, but which inevitably carried massive quantities of contraband) attracted rates of just five per cent, including one travelling to the French colony of Martinique. This shows that the entire uplift in the rates charged during wartime was a result of the increased likelihood of losses arising from the peril group known as ‘*gentium*’ in traditional insurance parlance, the risks of men. Further, war (or the losses arising from it) appears to have compelled Brown to cease, briefly, his underwriting activities in the spring of 1758. When risks are intensified, adequate premium levels uncertain, and losses eroding earlier profits, such a decision may make sense, especially when a merchant such as Brown had alternative, potentially highly profitable investment opportunities outside marine insurance underwriting.

With war, the notation ‘Taken’ begins to appear in Brown’s Risk Book. Some vessels are noted as ‘retaken’ or ‘ransomed’. In one instance in 1761 Brown had insured £500 on the sloop *Pawtucket*, which was sailing for the port of Monte Christi in Spanish Hispaniola, presumably to trade covertly with the French. The Risk Book states that the vessel was ‘Taken and retaken’, and that an ‘aviraj’ (average) claim was calculated, presumably to cover the costs of damage, pilfering, or an entitlement arising from the capture. Average is a Mediterranean insurance practice which had been adopted in London, and, clearly was inherent in North American underwriting practice from an early stage.[[18]](#footnote-18) In the wartime period Brown also began to insure privateering ventures, such as his £50 line granted 30 January 1762 ‘On Richd Jacksons Private Adventure’ to Guadeloupe. He sometimes required that the insured bear an ‘*abatement*’, a condition of cover which limited the payment of any claims under the policy to an agreed and specified percentage of the total valid claim. This retained self-insurance was another practice common in London, and served to discourage fraud. Such a charge is noted, for example, in Obadiah Brown’s 1762 line on James Brown’s voyage from Surinam, which carries the clause ‘in case of loss 5 pCt deduct’; this policy abated five per cent, and paid 95%. At this time too Brown sometimes underwrote policies on an ‘all Risques’ basis, as noted in several entries, although it is not clear what perils were excluded in the absence of the extension. On 23 June 1761 Brown added a common European wartime warranty: his coverage of the ‘Sloope Britannia Thos Greene master from Antigo’ was required to travel ‘with Convoy’. Two final clues about colonial underwriting practice appear in the final page of the document. Brown recorded that he had paid a total of £280 for the inspection of vessels, and contributed to an ‘average’ claim which arose under one of the policies in which he had participated.[[19]](#footnote-19)

Brown’s Risk Book also reveals insurance accounting conventions. On 1 January 1757 he noted £570 as his underwriting ‘Balance Due to Premm Acct’, having paid losses of exactly £2,000, under eighty-nine risks assumed, which yielded a recorded premium of £2,570 (although the actual total was £2,555; Brown or his clerk had made an error of addition). This represents a loss ratio – the measure of loss expenses against premium income, but excluding other costs such as commissions and overheads – of 77.8% (Brown’s records show no brokerage fees, which may indicate he underwrote directly and informally, rather than through an intermediary). Brown continued to underwrite, but at his next settlement date, in early 1758, the fortunes of his underwriting had changed. He had made a loss on the period, and transferred the total that had been reserved back to his current premium account (illustrating another customary and prudent insurance practice, that of *reserving*, or setting aside profits from past underwriting to meet future claims under current, open policies, and under those to be underwritten in the future). Brown then ceased underwriting, perhaps deterred by the loss. He resumed again in 1760, when rates had increased sharply, and continued to underwrite profitably until his death. He recouped his losses, and made a pure underwriting profit of £1,045 over his recorded experience as a marine insurer. When the only recorded expenses, £280 for the inspection of vessels, are included, his underwriting activities still remained profitable overall. A completed record, divided according to the accounting periods Brown adopted, is presented in Table 2. His lifetime underwriting profit was about 8.5% of premiums. Additional expenses are likely to have reduced the profit, however, while the income, direct or indirect, achieved against the accrued premiums he held before the retained capital was paid out as claims may have made the venture somewhat more profitable.

***Table 2: Obadiah Brown’s pure underwriting balances, 1753-1762, £***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  Accounting Period | Premium in the period | Claims in the Period | Pure profit/loss | Loss Ratio  | Total Premium | Total Claims | Pure Overall Result | Total Loss Ratio |
| 29 Feb. 1753-1 Jan. 1757 | 2,555 | 2,000 | 555 | 78.3% | 2,555 | 2,000 | 555 | 78.3% |
| 1 Jan. 1757- 1 Mar. 1758 | 1,070 | 1,246 | -175.50 | 116.4% | 3662.50 | 3,246 | 417 | 88.6% |
| 1 Jan.1760-28 Feb. 1761 | 1,912 | 2,000 | -88 | 104.6% | 5574.5 | 5,246 | 329 | 94.1% |
| 1 Mar. 1761-31 May 1762 | 3,370.33 | 2654.2 | 716.12 | 78.7% | 8944.83 | 7,900.21 | 1,045 | 88.3% |

*‘Pure’ balances represent only the balance of premium over claims, without regard for underwriting expenses and overheads. Money balances converted to decimal. Compiled from Obadiah Brown Papers, ‘Marine insurance book, 1753-1762’, RIHS MSS 315, E445/44 Part 1, Reel 23.*

Brown made two forays into the slaving business. The first venture, led by his brother, appears to have been a moderate success. The outcome of the second such voyage, in 1759, is less certain. Brown’s vessel for the purpose, *Wheel of Fortune*, had been insured. Hedges reports that Tench Francis Jr., a Philadelphia merchant-lawyer and son of a London-trained merchant jurist, acted as an intermediary with underwriters who offered to insure the vessel’s round-trip to Africa at the rate of 25%. (The underwriters are not identified, and may have been from Philadelphia, London, or elsewhere; Francis was acting as a broker, but his choice of markets is opaque.) Later, cargo on the voyage was insured for £400 at 28%. In both cases a portion of the premium (10% and 13% respectively) was to be returned if the vessel ‘dont arrive at the Coast [of Africa]’. According to Hedges, a letter from Brown to Francis on 27 June 1759 reported that the vessel had indeed arrived on the African coast. Hedges then postulates, based upon an entry in Brown’s Insurance Book, that the *Wheel of Fortune* was taken in Africa by French privateers. This seems to be an incorrect conclusion.[[20]](#footnote-20)

On 27 January 1761, according to the Risk Book, Brown underwrote £200 on the *Wheel of Fortune*, Stone Howell, Master, for 12%. The voyage details were not recorded, but the notation ‘Taken’ indicates that the vessel was captured by privateers or an enemy navy. Brown recorded as paid, in the final pages of his risk book, a £200 claim. Although the claim is not identified specifically as relating to the *Wheel* policy, Brown’s line on the vessel was the only £200 risk he had noted in the Book as having yielded a total loss. This entry is the evidence taken by Hedges and others to indicate that the *Wheel of Fortune* was lost during her slaving voyage.[[21]](#footnote-21) However, as Hedges notes, the *Wheel’s* master for the Africa voyage was Captain William Earle. The Risk Book lists the captain during the insured voyage as Stone Howell. The rate of 12% may be appropriate for a return voyage from Africa, and it is not inconceivable that Brown had insured the return voyage to cover the interests aboard of a third party, perhaps the master. However, it seems extremely unlikely that the *Wheel* would have still been on that voyage in late January 1761. The Middle Passage generally required six to eight weeks, although it occasionally took longer. Brown’s letter to Francis shows that he knew of the *Wheel’s* arrival in Africa in late June; the vessel must have arrived, at latest, in mid May, for word to have reached Rhode Island. That leaves at least eight months between the arrival of the *Wheel* in Africa and Brown’s insurance of it the following year. If two of those months were required for the return journey, and a generous six for the purchase of the small vessel’s human cargo, it would still be back in time for the new voyage, which was made under a different master, which Brown insured, and which was interrupted when it was taken. In short, the evidence of the Risk Book (and the fact the slave voyage was insured elsewhere) indicates not that the *Wheel* was taken by privateers during its slaving voyage, but that it was captured during a subsequent adventure.

*Insuring colonial local trade in London*

Pares declares that London merchants ‘played an important role in the trade between New England and the West Indies’ as ship owners and traders in goods on their own accounts. London merchant-insurers played a further role as the insurers of western Atlantic voyages. Yet, despite underwriting by resident merchant-insurers such as Brown, London remained a chief source of marine insurance for much or most of the eighteenth century, at least for voyages beginning or ending in Europe. However, as Pares correctly noted based on his examination of contemporary correspondence by American merchants in the Caribbean trade, ‘London underwriters disliked policies for vessels whose condition they could not judge because they had never seen them, on cross voyages whose risks they could not estimate, stuffed with all sorts of contingent additions or returns of premium according that the vessel might touch at this island or not touch at that. They would protect themselves by charging higher premiums than an American underwriter, and they might not touch the policy at all.’[[22]](#footnote-22) In other words, London underwriters did not much like to insure the trade between British North America and the Caribbean. That does not mean that they did not insure such voyages.

Some evidence supports Pares’s assertion, although underwriters’ records from the era show plainly that London merchant-insurers did insure the distant trade between British North America and the Caribbean. For example, on 7 February 1759 the London wine merchant and prominent marine insurance underwriter William Braund insured the vessel *Sally* on her voyage from New York to the Leeward Islands at the rate of 15%. The following day, however, he insured the slaver *Chesterfield* from Liverpool to Guinea and the West Indies for just 12%. The insurance of the latter culminated in a claim; the vessel was captured by the French (and, by coincidence, one of the co-owners of the *Chesterfield* was William Earle, who had been captain of the Brown’s slaver *Wheel of Fortune*). The failed voyage was a Liverpool venture, but US slave vessels were also sometimes insured in London for the triangular voyage. For example, a few months later the owners of the Charleston-registered, New England built, 16 gun *Bance Island* bought cover from Braund through a broker, William Oswald, for its voyage from London to Africa and the West Indies (Braund was unlucky; this vessel too was seized by the French). European voyages dominate Braund’s underwriting record (and reflect the continued great importance of European markets throughout the long eighteenth century), but voyages to or from the western Atlantic were also very commonly insured by Braund, as were East India and slave voyages. Cross risks in the Americas are far less numerous in the record, but could not be considered unusual. In August 1759, to offer one more example of many, the London merchant-insurer put a line of £100 on the *Mary* for a trading voyage from Boston to the Leeward Islands and Jamaica, for a premium of eight guineas per cent. Even in wartime, the rates Braund charged for these distant voyages were strikingly competitive with those charged by Brown for what were, for the Rhode Island underwriter, relatively local voyages. His underwriting terms offered scope for the insured to ply the British Caribbean without breaching his cover, or requiring ‘all sorts of contingent additions or returns of premium’.[[23]](#footnote-23)

London’s marine insurance market was thus engaged seriously and directly in the provision of cover for merchants on both the eastern and western borders of the Atlantic World, for their transatlantic voyages and their regional trade. Few extant bundles of extant merchant correspondence do not include references to transatlantic insurance-buying. For example, the Boston merchant Henry Lloyd, writing to London clients in November 1765, requested that they ‘make insurance to the value of the cargo’ which was to be shipped westwards to England. Agents representing underwriters at Lloyd’s were present in Virginia, Alexandria, Baltimore, and Norfolk at least as early as the 1780s. American merchants appeared at least sometimes to have preferred the inconveniences of using London underwriters to the alternative of insuring at home, despite the challenges of time and distance that accompanied the use of an overseas financial services market. McCusker and Menard observe that ‘the greater availability of locally negotiated insurance for ships and cargoes represented a considerable savings for colonial merchants’, but it was not one of which they always chose to partake. Despite uncertainty about the length of time required for correspondence to cross the Atlantic – during the mid-eighteenth century a letter would, at the very best, reach London from Boston in five weeks, but could take more than twelve, while eight or ten was the norm – the London market was used regularly to insure North American merchants’ vessels. Crothers’ work on the commercial correspondence of the Norfolk, Virginia merchant Charles Steuart shows that in the 1750s he engaged a network of London and Bristol merchants to arrange insurance for outbound shipments, and had his agents in London arrange to insure inbound shipments on his behalf. Unsurprisingly, like Brown’s local underwriting, Crothers found that Steuart’s marine insurance buying patterns were affected by the Seven Years’ War. Few or no vessels went uninsured, rates doubled, and local underwriters increased their participation in the market, augmenting (but not replacing) supply from London and elsewhere in Britain, notably Bristol, Liverpool, and Glasgow. Further, the use of various underwriting centres went both ways. For example, Glasgow tobacco merchants Buchanan & Simson, writing to Messers Fraser & Wharton in November 1759, reported that ‘We find by this days Lloyds List that the [vessel] Maxwell foundered at Sea, as we have insurance made at Philadelphia, we desire you may by first Paquet to New York, send to Mr George Maxwell Merchant in Potuxant [Patuxent] Maryland a proper certificate of the ship being lost that our insurance may be received’. In this example, it is clear the even when the insurance was done elsewhere, London’s institutions of underwriting – in this case *Lloyd’s List* – supported marine insurance activity in other centres.[[24]](#footnote-24)

*The decline of US private underwriting*

American independence released the nascent country from the proscription of corporate underwriting set out in the *Bubble Act* of 1720 (which was to remain in force in England until 1824). A number of marine insurance companies were formed shortly afterwards, as US merchants ‘energetically developed domestic sources of marine insurance’. The first was the Insurance Company of North America, established by Philadelphia merchants in 1792 with authorised capital of $600,000, although it began operations with just $40,000 in subscriptions. Many others soon followed. The corporate structure of the new US insurers was not standard; some underwrote with a limitation of shareholders’ liability, while others underwrote with explicitly unlimited shareholder liability. Most had explicit protections against joint liability among the shareholders. Other underwriting associations were unincorporated groups of merchant-insurers, constituting simply a syndicate of private underwriters, although they could raise and hold mutual capital. Most companies were launched by merchants, who simply took the traditions of the merchant-insurers of old into a new corporate structure.[[25]](#footnote-25)

In 1810 a British Parliamentary Committee was convened to enquire into the state of marine insurance in London and elsewhere, in answer to petitions calling for the repeal of the *Bubble Act’s* prohibition of corporate underwriting. Giving evidence, Jenkin Jones of the Phoenix Fire Insurance Office testified that, on a recent exploratory visit to the US, the British North American provinces, and the West Indies, he had found that at least seven companies were operating in Boston, six in New York, eight in Philadelphia, five in Baltimore, one in Norfolk, two in Charleston, and one in New Orleans. Further, Jones testified that the cost of insurance was higher in America than in London for European and East India voyages, ‘generally speaking, as much as one third higher’. He attributed the higher prices to typically higher returns on capital that were expected in America. He later noted that US companies charged generally lower rates than London underwriters on voyages along the US coast, and for those between the US and the islands of the West Indies, since ‘they know the voyages better [by] a great deal’. The ‘primary cause’ of the unseating of London underwriters by US insurance companies was, he stated, ‘the difficulty of obtaining insurances in England, so as to snit [*sic*] the time and occasion of the American shipper’. Another key factor, raised by other witnesses, was a wartime prohibition which prevented British underwriters from insuring trade with the enemy (a restriction which was often circumvented), and from paying claims arising from the capture of US vessels by British naval forces.[[26]](#footnote-26)

Another testifier, Alexander Glennie, provided a contrasting account of the difference in insurance costs between London and the US companies. ‘Premiums on risks from the ports of America to the East or West Indies, or to the Mediterranean and back to America, have been generally about one half what would have been demanded by or underwriters here’, he told the Committee, while ‘the premium from America to this country ... cannot be stated at more than perhaps one third less premium, and in many instances, not quite that; in many instances, the same’. He estimated that his company annually arranged insurance cover worth about £1,000 for US correspondents, where previously the total had been ‘twenty, thirty, or forty thousand pounds’. The decline, he assumed, had begun between 1790 and 1795, ‘since the establishment of the companies in America’. Again in contrast, Samuel Williams, an American merchant established in London who regularly placed insurances amongst the private underwriters at Lloyd’s, testified that he believed 95% of consignments of goods shipped from the US to ‘the Continent’ were insured at their origin, instead of by him, as an agent, in London. If Williams’ experience is accurate and representative, it indicates a significant relative decline in London’s share of the US marine insurance market.[[27]](#footnote-27)

Jones reported also that individuals continued to underwrite in the Southern states and Baltimore, and noted that ‘private underwriters have nearly disappeared’. In this observation he called the end far too early, however. Private underwriting was to last well into the twentieth century. A 1962 report by the US Commission on Money and Credit described the ongoing operation of organisations it described as ‘Domestic Lloyds’, comprising unincorporated individuals ‘associated together and authorised to operate an insurance business’. Another testifier to the 1810 Committee, Samuel Williams, an American merchant established in London, said he believed the number of private underwriters in the US to be roughly the same as it had been before the independence and the formation of numerous companies, but noted that the rise in supply was probably due to ‘a larger sum insured now in America than there was formerly’. Kingston estimates that in the period April 1798 to March 1799, ‘perhaps fifty private underwriters’ were active in the Philadelphia market. However, the perceived financial security of corporations encouraged insurance buyers to shift towards them as providers, and away from private underwriters in the 1790s, when wartime capture by privateers was again a serious threat, and premium levels were accordingly high. This wartime threat, Kingston argues, caused at least one private underwriter to increase rates from levels which were, on average, lower than those of the new companies, to levels which were higher. Together such shifts resulted in the collapse of the private underwriters’ market share, Kingston concludes.[[28]](#footnote-28)

Nonetheless, the private insurance market in Rhode Island appears to have been operational in 1794. That year Charles DeWolf (rendered in the policy D’Wolfe), who was a member of a prominent Rhode Island merchant family and brother of the better-known merchant, slaver, and later senator James DeWolf, insured his vessel *Sally* and its cargo with private underwriters for £600 ‘Lawful Money’ to cover a voyage from Havana to his home port of Bristol, Rhode Island. The risk was divided between four underwriters, including the partnership Gibbs & Channing, a Rhode Island merchant firm headed by Walter Channing and George Gibbs. On the eve of the arrival of US insurance companies, merchants in Rhode Island were still trading marine insurance amongst themselves in the traditional way, as Obadiah Brown had done two generations earlier. One element of continuity is recourse to arbitration: a clause in the printed policy states ‘in Case of any Dispute arising hereupon, the Matter in Controiversy shall be submitted to, and decided by Referees, chosen by each party’. The De Wolf policy bears the name of no intermediary, but another, issued in Boston the same year, was ‘Underwritten in the Office kept by *Peter Chardon Brooks*’, a Boston merchant and insurer who in 1789 reportedly ‘engaged in the business of marine insurance, and accumulated a large fortune’. Brooks went on in 1806 to become president of the New England Insurance Company. The 1794 policy grants cover of £900 on the schooner *Nancy* and her cargo for a voyage from Boston to Baltimore and back, and was underwritten by five private individuals.[[29]](#footnote-29)

Meanwhile underwriting Atlantic World trade to the Caribbean continued in London. Extant policies issued by the brokers Sanderson, Brothers in 1717 and 1718 show that ships originating in Britain and sailing for the Caribbean were insured at Lloyd’s. The three brothers Sanderson (Hugh James, William Wood, and John), who conducted business as ‘Merchants and Insurance-Brokers’ from their office in Lombard Street, became members of Lloyd’s in various years between 1800 and 1814. Among others, they arranged for insurance of £200 on the vessel *Grace* for a voyage from ‘Liverpool to Barbados or her port or ports place or places of discharge in the West India Islands or Colonies (Jamaica and St Domingo excepted)’, on behalf of clients ‘Mr. Tho. Dawson and Mrs. Mary Middleton’. The entire risk was underwritten by the Lloyd’s member James Carnigie at the rate of 25 shillings per cent. Jamaica was not always a no-go zone for vessels, though. In June 1818 the same brokers arranged cover of £300 for William Pearson on the vessel *Donald* for a voyage from Liverpool to Jamaica and back, at the rate of four guineas per cent. Other policies in the same cache covered vessels heading to ‘the Brazils’, ‘British America’, ‘Savannah’ in Georgia, and from Quebec to Waterford.[[30]](#footnote-30)

*Circuits of capital*

Whether policies were underwritten in London or the United States, the mechanics of private underwriting were identical, and were based upon those invented by Italian merchants centuries earlier, and refined in London. Knowledge of the practices of marine insurers quickly permeated the Atlantic World, and served to underpin its trade. Merchants of the highest standing actively participated in established and fledgling insurance markets, underpinning the trade of the Atlantic world, enabling the balancing of payments between regions, and maximising traders’ investments in cargoes and ships. Merchant-insurers used the instrument to share the grave risks of Atlantic World commerce amongst themselves by establishing a shared and virtual pool of contingent capital which provided an important foundation upon which the integrated and expanding Atlantic World economy rested.

1. For a comprehensive exploration of the Mediterranean origins and early spread of marine insurance, see Leonard, A.B. (ed.): *Marine insurance: international development and evolution*, Palgrave History of Finance Series, Basingstoke: Routledge, 2014. [↑](#footnote-ref-1)
2. For the identity of some very early Italian underwriters, see Leone, Alfonso: ‘Maritime insurance as a source for the history of international credit in the Middle Ages’, *Journal of European Economic History*, Vol. XII (1993), pp. 363-369. Bensa, Enrico: *Il contratto di assicurazione nel medio evo: studi e recerche*, 1884. Translated to French as Valéry, Jules, (trans.), *Histoire du contrat d’assurance au moyen age*, Paris: Anciemme Librairie Thorin et Fis, 1897, p. 28; Muldrew, Craig: ‘Atlantic World 1760-1820, economic impact’, in Canny, N. And Morgan, P.: *The Oxford History of the Atlantic World, 1450-1850*, Oxford: Oxford University Press, 2011. [↑](#footnote-ref-2)
3. For Ferrantyn’s nationality, see TNA SC 8/111/5523. For his insurance suit, see Thomas, A.H. (ed.): *Calendar of plea & memoranda rolls of the City of London preserved among the archives of the Corporation of London at the Guildhall, AD 1413-1437*, Cambridge: Cambridge University Press, 1943, pp. 208-210. See also Lewin, C.G.: *Pensions and insurance before 1800: A social history*, East Linton: Tuckwell Press, 2003, pp. 85-88. [↑](#footnote-ref-3)
4. For a discussion of early insurance dispute resolution mechanisms in London, see Leonard, A.B.: *The origins and development of London marine insurance, 1547-1824*, unpublished PhD thesis, Faculty of History, University of Cambridge, 2013. For the Law Merchant and codification in English marine insurance, see Rossi, Guido: ‘The Book of Orders of Assurances: a civil law code in 16th century London’, *Maastricht Journal*, Vol. 19, No. 2, (2012), pp. 240-261. [↑](#footnote-ref-4)
5. *The special report from the committee appointed to inquire into, and examine the several subscriptions for fisheries, insurances, annuities for lives, and all other projects carried on by subscription...* London: House of Commons, printed by Tonson, J., Goodwin, T., Lintot, B., and Taylor, W., 1720, Lechemere’s report to the King, various affidavits, pp. 40, 44-5; HALSC DE/R/B293/1-47, Business records of the Radcliffe family, policies underwritten for Radcliffe and others; BL Add. Ms. 43,731 f. 58, policy issued to John Fletcher, 5 Dec. 1716 (transcription). [↑](#footnote-ref-5)
6. *The special report of 1720*, various affidavits; BL GRC 816.m.12, 16, *Reasons humbly offered for the passing of a bill...* undated, 1693/4; A subscriber to Lloyd’s: *A letter to Jasper Vaux*, London: Printed for J. M. Richardson, 1810, p. 44; Index, *House of Commons Sessional Papers of the Eighteenth Century 1715-1800*, p. 90. [↑](#footnote-ref-6)
7. Nash, R.C. ‘The organization of trade and finance in the British Atlantic economy, 1600-1830’, in Coclanis, Peter A.: *The Atlantic economy during the seventeenth and eighteenth centuries: organisation, operation, practice and personnel*. Columbia, SC: University of South Carolina Press, 2005, pp. 133; For a full discussion of the impact of the efficacy of the Navigation Acts, see Zahedieh, Nuala: *The capital and the colonies: London and the Atlantic economy 1660-1700*, Cambridge: Cambridge University Press, 2010. McCusker and Menard list among the invisibles freight charges, insurance premiums, and the costs of short-term credit. McCusker, J.J. and Menard, R.R.: *The Economy of British America, 1607-1790*,Chapel Hill: University of North Carolina Press, 1985, pp. 36, 91-92. [↑](#footnote-ref-7)
8. Michael Atkins to John Reynell, July 1751, cited in Pares, Richard: *Yankees and Creoles: The trade between North America and the West Indies before the American Revolution*, London: Longmans, Green & Co., 1956, p. 8; see that volume, p. 13, for the rise in ship ownership; McCusker and Menard, *Economy of British America*, p. 145; Richardson, David: ‘Slavery, trade, and economic growth in eighteenth-century New England’, in Solow, Barbara (ed.): *Slavery and the rise of the Atlantic system*, Cambridge: Cambridge University Press, 1991, p. 244. [↑](#footnote-ref-8)
9. Richardson, *Slavery, trade, and economic growth*, p. 253-257; Shepherd, J.F. and Walton, G.M.: *Shipping, maritime trade, and the economic development of colonial America*, Cambridge: Cambridge University Press, 1972, p. 115. [↑](#footnote-ref-9)
10. A heavily edited selection of Claypoole’s letters has been published. Balderston, Marion (ed.): *James Claypoole’s letter book, London and Philadelphia, 1681-1684*, San Marino, CA: Huntington Library, 1967, p. 136 ff. Morriss, Margaret Shove: ‘Colonial trade of Maryland, 1689-1715’, *Johns Hopkins University studies in historical & political science, vol. XXXII*, Baltimore: Johns Hopkins Press, 1914, pp. 446-599; Roseveare, Henry (editor): *Markets and merchants of the late seventeenth century: the Marescoe-David letters, 1668-1680*, Oxford: University Press, 1987. See especially Appendix E, p. 582-588; Letterbook of Joseph Cruttenden, letter 17 June 1710, to Habijah Savage, Boston; letter 28 Jul 1714, to John Nichols, Boston, Bodleian Library, MS Rawl. Lett. 66, pp. 17-18, 158-159. [↑](#footnote-ref-10)
11. Huebner, Solomon: ‘The development and present status of marine insurance in the United States’, *Annals of the American Academy of Political and Social Science*, Vol. 26, (Sept., 1905), p. 423; Crothers, A. Glenn: ‘Commercial risk and capital formation in early America: Virginia merchants and the rise of American marine insurance, 1750-1815’, *Business History Review*, vol. 78, no. 4, (Winter, 2004), p. 611. [↑](#footnote-ref-11)
12. Diary entry 1 Aug. 1768, Rowe Cunningham, Anne: *Letters and diary of John Rowe, Boston merchant*. Boston: W.B. Clarke, 1903, p. 171; Gillingham, Howard:*Marine Insurance in Philadelphia, 1721-1800*, Philadelphia: 1933, pp. 42-63; Crothers, *Commercial risk and capital*, p. 610; Pares, *Yankees and Creoles*, pp. 23-24. [↑](#footnote-ref-12)
13. For a full account of the Browns, see Hedges, James: *The Browns of Providence Plantations: colonial years*, Cambridge, MA: Harvard University Press, 1952. [↑](#footnote-ref-13)
14. Hedges, *Browns of Providence*, pp. 6, 29; Pares, *Yankees and Creoles*, pp. 61-64. [↑](#footnote-ref-14)
15. Hedges, *Browns of Providence*, pp. 5-6, 10; Snell, Charles: *A guide to book-keepers, according to the Italian manner: now in general use*, London: 1709, pp. 11, 15. [↑](#footnote-ref-15)
16. Leyborun, William: *Panarithmologia*, London: for John Dutton *et al*, 1693, p. Ap. 35. [↑](#footnote-ref-16)
17. All the references to Brown’s underwriting which follow, unless specified otherwise, are from Obadiah Brown Papers, ‘Marine insurance book, 1753-1762’, RIHS MSS 315, E445/44 Part 1, Reel 23. [↑](#footnote-ref-17)
18. An average is calculated when losses arise from actions necessary to preserve a vessel (such as the payment of a ransom, or the jettison of cargo in storm conditions). The insurers of all parties with insured interests in the vessel, whether covering the vessel or cargo, participate proportionately, according to the sum insured under each policy, to meet the cost of the claim. [↑](#footnote-ref-18)
19. For a discussion of convoys and marine insurance, see Leonard. A.B.: *Marine insurance and the rise of British merchant influence, 1649-1748*, unpublished Masters dissertation, University of Cambridge, 2011. [↑](#footnote-ref-19)
20. Hedges, *Browns of Providence*, p. 72. [↑](#footnote-ref-20)
21. Ibid. Brown University (founded by Obadiah’s father) has included this tale on the document repository pages of the web site of the *Brown University Steering Committee on Slavery & Justice*, referring to ‘the Wheel of Fortune, a slave ship dispatched to Africa by Obadiah and his nephews, Nicholas and John, that was apparently “taken” by a French privateer’. [↑](#footnote-ref-21)
22. For the overall dominance of London in the insurance of Atlantic commerce, see, for example, Huebner, *Development and present status*, p. 433. Crothers, *Commercial risk and capital*, p. 612; Pares, *Yankees and Creoles*, pp. 4, 23. [↑](#footnote-ref-22)
23. ECRO D/DRu B7, William Braund’s *Journal of Risks, 1759-1765*; *Trans-Atlantic Slave Trade Database*, www.slavevoyages.org. For the life and business interests of Braund, see Sutherland, Lucy: *A London merchant, 1695-1744*. London: Oxford University Press, 1933. [↑](#footnote-ref-23)
24. NAS CS96/507 f. 16, *Letterbook of Buchanan & Simson*, letter to Fraser & Wharton, 30 Nov. 1759; Cole, Arthur H.: ‘Tempo of mercantile life in colonial America’, *Business History Review*, Autumn 1959, 33, p. 285-287; Crothers, *Commercial risk and capital*, pp. 611-614; McCusker and Menard, *Economy of British America*, pp. 347-348. [↑](#footnote-ref-24)
25. Crothers, *Commercial risk and capital*, pp. 615-616; Testimony of Jones, Jenkin: ‘*Report from the Select Committee on Marine Insurance (Sess. 1810), 5 March 1810*’. House of Commons, BPP (226) 1810 IV 247, reprinted 11.5.1824, pp. 36-39. [↑](#footnote-ref-25)
26. Testimony of Jones, *Report from the Select Committee*, pp. 36-39. [↑](#footnote-ref-26)
27. Testimonies of Glennie, Alexander and Williams, Samuel: *Report from the Select Committee*, pp. 33-34, 51-55. [↑](#footnote-ref-27)
28. Testimony of Jones, *Report from the Select Committee*, p. 38; Commission on Money and Credit: *Property and casualty insurance companies: their role as financial intermediaries*, Englewood Cliffs: Prentice-Hall Inc., 1962, p. 13; Testimony of Williams, Samuel: ‘*Report from the Select Committee on Marine Insurance (Sess. 1810), 5 March 1810*’. House of Commons, BPP (226) 1810 IV 247, reprinted 11.5.1824, pp. 33-34; Kingston, Christopher: ‘Marine Insurance in Philadelphia During the Quasi-War with France, 1795-1801’, *Journal of Economic History*, Vol. 71, No. 1 (March 2011), p. 173, 175, 178. [↑](#footnote-ref-28)
29. Author’s collection: policy underwritten for Charles D’Wolfe, 29 Mar. 1794, policy underwritten for Wales and Field, 17 Sep. 1794, other policies; Wilson, J.G. and Fiske, John (eds.): ‘BROOKS, Peter Chardon’, in *Appleton’s cyclopaedia of American biography*, vol. 1, New Yoprk: Apppleton & Co., 1887, p. 389. [↑](#footnote-ref-29)
30. Author’s collection: policy underwritten for Dawson and Middleton, 10 Oct. 1818; policy underwritten for William Pearson, 10 Oct. 1818; *Gazette*, 4 July 1818, p. 1202; Dawson, Warren R. (Honorary Librarian to Lloyd’s): *Roll of Lloyd’s, 1771-1930*, London: Lloyd’s of London, 1931, pp. 48, 243. [↑](#footnote-ref-30)