Underwriting Marine Warfare:
Insurance and Conflict in the Eighteenth Century

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Introduction

Britain’s success in her eighteenth-century wars against France is said to have turned on the “financial revolution” and the government’s “sinews of power.” These refer, respectively, to Britain’s use of increasingly sophisticated financial instruments to fund a long-term national debt and to the development of a sophisticated bureaucratic infrastructure to raise the tax revenue required to service it.2 The historians who formulated each explanation of course recognized the critical role of Britain’s naval might and strategic alliances but stressed the importance of being able to pay for maritime superiority and foreign fighters over the course of the long eighteenth century. They grant only scant attention to the importance to the equation of marine insurance, even though practices in London’s insurance market allowed British merchants to survive, and even to profit from, seaborne conflict. Marine insurance helped Britain to transform violence at sea into a national strength.

Early modern Britain waged war largely at sea. Governments since the later Tudors had favoured naval superiority in the English Channel and the North Sea over expeditionary armies. The Royal Navy’s fleet was augmented by merchantmen armed sufficiently to participate in the line of battle and by lesser private ships. When bolstered by letters of marque, merchant vessels plundered rival trade under state sanction.3 Mainland intervention to sway the European balance of power – either through direct action or the subsidy of

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1I am grateful for the feedback from Martin Daunton, D’Maris Coffman, William O’Reilly and especially the other contributors to this forum, and to the Ellen Macarthur Fund for financial support.

2P.G.M. Dickson, The Financial Revolution in England: A Study of the Development of Public Credit, 1688-1756 (London, 1967; reprint, Aldershot, 1993); and John Brewer, The Sinews of Power: War and the English State, 1688-1783 (London, 1989).

3See the contributions by Edmond Smith and Richard J. Blakemore in this forum.
allied armies – was a last resort. The policy was “cost-effective, practical, and mundane.” Describing the combination of these tactics as a “blue-water strategy” may well be a “modern rationalisation of what had more to do with atavistic prejudice than rational calculation,” as Nicholas Rodger describes it, but William III retained a keen interest in the projection of British sea power. In a ringing endorsement of the blue-water approach, Robert Walpole in 1741 argued that even superior enemies could be defeated through naval warfare because their armies could “only stand upon the Shore, to defend what their Enemies have no Intention of invading, and see those Ships seized, or their Provisions are stored.”

The belief was widespread that the interruption of enemy trade would prove the ruin of the foe. This theory motivated French privateering activity against the British during the later stages of the Nine Years’ War and the War of the Spanish Succession. France concentrated its diminishing naval resources on privateering and squadron attacks against merchant shipping, a strategy fully adopted by July 1704, and sought to destroy England’s ability to prosecute the war by devastating its commerce, bankrupting the nation in the process. The short-term impact was disastrous. Daniel Defoe reported the early cost of attacks on trade even before the tactic was adopted as the key focus of French naval activity. “The Loss computed by those who pretended they were able to guess [is] at above Fifteen Millions of Pounds sterling, in Ships and Goods, in the first two or three Years of the [Nine Years’] War.” In total, up

4Ralph Davis, *The Rise of the English Shipping Industry in the Seventeenth and Eighteenth Centuries* (London, 1962; new ed., St. John’s, 2012), 300-304.

5Daniel A. Baugh, “Great Britain’s ‘Blue-Water’ Policy, 1689-1815,” *International History Review*, X, No. 1 (1988), 41.

6N.A.M. Rodger, *The Command of the Ocean: A Naval History of Britain, 1649-1815* (London, 2004), 179.

7John Ehrman, “William III and the Emergence of a Mediterranean Naval Policy, 1692-4,” *Cambridge Historical Journal*, IX, No. 3 (1949), 269-292.

8Samuel Johnson (attributed), “Debate in the House of Clinaibs, on the Second Reading of a Bill to Prevent Inconveniences Arising from the Insurance of Ships,” *Gentleman’s Magazine*, January 1742, 10.

9J.S. Bromley, “The French Privateering War, 1702-13,” in H.E. Bell and R.L. Ollard (eds.), *Historical Essays, 1600-1750, Presented to David Ogg* (London, 1963), reprinted in Bromley, *Corsairs and Navies, 1660-1760* (London, 1987), 210; and Rodger, *Command of the Ocean*, 172.

10Daniel Defoe, *An Essay Upon Projects* (London, 1697), 5.
to 4000 English merchant vessels were lost over the course of the nine-year conflict.\textsuperscript{11} The French captured 12,000 allied prizes between 1689 and 1713.\textsuperscript{12}

Despite these blows, French efforts were foiled to a great measure by the robustness of the English marine insurance system. Not only did marine insurance make good merchants’ losses arising from enemy actions but also, by requiring as a condition of cover that merchant vessels travel to and from markets in protected convoys, directly influenced the naval resources dedicated to trade protection. During wartime, the condition “Warranted to depart with Convoy” was routinely inserted into policies.\textsuperscript{13} It appears, for example, in those issued to Ralph Radcliffe between 1709 (the earliest surviving) and July 1711 but is absent from his policies issued after Britain treated with France, when Radcliffe’s cost to insure cargo between London and Levant ports fell from six guineas percent with convoy, to three pounds percent in 1712 and to two in 1714.\textsuperscript{14}

As a result of these characteristics of English marine insurance, merchants continued – with interruptions – to prosper, their vessels and capital preserved by London underwriters’ increasingly efficient system of indemnification and trade protection encouragement. The French strategy ultimately backfired as insurance permitted trade to continue, allowing British naval primacy in European and especially Mediterranean waters.\textsuperscript{15} In this way underwriters, by this time congregating in Lloyd’s Coffee House, played an important defensive role in commercial warfare. Marine insurance was further seen by almost everyone to have a strategically important offensive role in war, but as the extensive contemporary debate on the topic shows, no consensus existed about how the weapon should be fired.

\textbf{Capture and Ransom}

Merchants who lost vessels or cargoes to belligerent navies or privateers could recover from their insurers. Policies always included, as insured perils, “Men
of War...Enemies...Letters of Marque and Counter-Marque, Suprizals, and Takings at Sea.”

Ships’ masters were required to ransom their vessel if this was in the interests of its owners, and insurers were “obliged to declare immediately that they will contribute towards the payment of the ransom.” If a ransomed ship was lost or taken again on the same voyage, insurers were twice liable. Capture-and-ransom became institutionalized and was far more convenient than seizure for both captor and captured. It was perhaps less so for insurers. The cost of a ransom was less than that of a total loss of vessel and cargo, but the possibility of recapture negating the loss was eliminated, and efforts at evasion and resistance by crews were reduced. Nonetheless, insurance cover of ransoms clearly allowed trade to continue by preventing the permanent loss of vessels from the merchant fleet.

In the acrimonious atmosphere of the House of Commons during the period of the “rage of party,” insurance was at least once suggested as the direct cause of merchant losses. In his effort to support the Admiralty and blame the victims, MP Sir Robert Cotton, a Court Tory, argued that “the miscarriage of our Merchants was, that having insured, they ran for Markets, and saved themselves well enough in the whole, though often they miscarried; and they might often have had Convoys, but would not stay for the above said reason.” Yet in the same breath Cotton declared that “there is not a sufficient number of proper cruising Ships for Convoys.”

Cotton’s complaint came in the aftermath of the successful and devastating French attack on the Anglo-Dutch Smyrna convoy in 1693. About 400 merchantmen had been overwhelmed by French privateers and men-of-war despite twenty Anglo-Dutch escorts. More than ninety-two merchant vessels, valued with their cargoes at over £1,000,000, were captured or destroyed. The loss was a severe blow to merchants in both London and Amsterdam and caused outrage well beyond their communities. The Smyrna catastrophe hit the nascent Lloyd’s insurance market hard: at least thirty-three private under-

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16These perils were explicitly covered in all London policies which I have examined and which were issued between the seventeenth and nineteenth centuries unless explicitly excluded.

17John Weskett, A Complete Digest of the Theory, Laws, and Practice of Insurance (London, 1781), 440-441.

18Charles Wright and C. Ernest Fayle, A History of Lloyd’s: From the Founding of Lloyd’s Coffee House to the Present Day (London, 1928), 154.

19Anchitell Grey (ed.), Grey’s Debates of the House of Commons (10 vols., London, 1769), X, 294, 1 October 1693.

20Michael A. Palmer, Command at Sea: Naval Command and Control since the Sixteenth Century (Cambridge, MA, 2005), 78-79.
writers were driven into bankruptcy. A parliamentary relief plan was introduced to the Commons in December 1693 as a “Bill to Enable Divers Merchants-Insurers, that Have Sustained Great Losses by the Present War with France, the Better to Satisfy Their Several Creditors.” It called for something akin to a modern English law “scheme of arrangement” – a kind of bankruptcy protection – to apply to stricken underwriters. London merchants owed “very great sums” by the insurers petitioned to be heard on the issue, a pamphlet was circulated, and a committee of MPs, including all the merchants in the House, was struck to consider the bill. In February, the name of money-losing merchant-insurer Daniel Foe (later Defoe) was inserted into the bill, but the Lords rejected it on second reading for reasons unknown.

The Navy’s approach to convoying, however, was scrutinized in depth. The Commons found that “a notorious and treacherous mismanagement” had caused the Smyrna “miscarriage.” The loss was a direct result not only of poor naval intelligence and an over-ambitions strategy but also of a chronic shortage of small craft suitable for escort duties. As had been the case for a century, the Royal Navy had not expanded sufficiently with trade. The debacle prompted parliament again to address trade protection while leveraging national outrage to make partisan political gains. It is not the purpose of this paper to discuss the political machinations which resulted in William III sacking his longstanding naval advisor, Tory Secretary of State Lord Nottingham, and appointing a distrusted Whig MP as commander-in-chief of the fleet. Instead, trade and trade protection are our interests. Merchant MPs argued that the Navy Board should comprise experienced merchants who could effectively regulate convoys, but they were silenced by the appointment of a single West India merchant. Their success was enhanced by the passage of the 1694 “Act for the Better Securing the Trade of this Kingdom” which required forty-three

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21Probably due to the concentrated loss arising from the taking of the Smyrna convoy. Testimonies of Joseph Paice and John Barnard, in Great Britain, Parliament, House of Commons, Special Report, from the Committee Appointed to Inquire into, and Examine the Several Subscriptions for Fisheries, Insurances, Annuities for Lives. House of Commons (London, 1720), 43.

22Journal of the House of Commons, XI (1693-1697), 25-111; Journal of the House of Lords, XV (1691-1696), 381-390; and Eveline Cruickshanks, Stuart Handley and David Hayton (eds.), The House of Commons, 1690-1715: The History of the Parliament (5 vols., Cambridge, 2002), III: 138-139, 247 and 976; IV: 289, 447-449 and 574-575; and V: 129-130, 747 and 765.

23Grey (ed.), Grey’s Debates, X, 318, 17 September 1693.
naval vessels of specified classes to be dedicated to trade protection.\textsuperscript{24} Merchants’ political success on the issue meant that more of the convoys demanded by insurers ought to take place, reducing for everyone the transactional costs of trade. Defence did improve, but subsequent parliamentary enquiries revealed that the forty-three vessels had never been allocated concurrently since the problem of naval insufficiency had not been solved.\textsuperscript{25}

In the years to come, the shortfall in naval vessels was not rectified, a fact which was widely recognized: the Lord High Admiral’s Council received a stream of representations from merchants about defence. In 1702, for example, Maryland merchant Tobias Bowles presented a detailed deployment plan for trade protection vessels “to bring Monsieur down.”\textsuperscript{26} Later that year the Lords warned the Queen that “the Sea Preparations of Your Majesty’s Enemies seem such as intended not for encountering and fighting your Royal Navy, but rather for making a Piratical War, to the Interruption of Commerce.”\textsuperscript{27} Despite the outcry, the navy remained too small to defend both Britain’s growing trade and its coastline. Trade and the navy were growing at roughly similar rates, and thus the latter was too small to meet its dual responsibility. Table 1 compares merchant tonnage with the total number of naval vessels in roughly similar years. An index number problem means the growth rates must be considered with caution – small changes in the earliest year make a big difference in the total change over time – and merchant tonnage figures are fraught with difficulty. Nonetheless, the clear picture is one of a merchant navy growing faster than its military counterpart. Convoys were underprotected, and frequently overcome, despite the presence of one or more naval escorts.\textsuperscript{28}

\textsuperscript{24}For discussions of the debate, see Rodger, \textit{Command of the Ocean}, 153-154, 181 and 184; James Andrew Johnston, “Parliament and the Navy, 1688-1714” (Unpublished PhD thesis, Sheffield University, 1968), 233; Lucy Sutherland, “The City of London in Eighteenth-Century Politics,” in Richard Pares and A.J.P. Taylor (eds.): \textit{Essays Presented to Sir Lewis Namier} (London, 1956), 51-54; and “6 & 7 William III, c. 3,” in Danby Pickering (ed.), \textit{The Statutes at Large: From the Thirty-Ninth Year of Q. Elizabeth, to the Twelfth Year of K. Charles II} (43 vols., Cambridge, 1763), IX, 332-337.

\textsuperscript{25}Patrick Crowhurst, \textit{The Defence of British Trade, 1689-1815} (Folkestone, 1977), 260-261.

\textsuperscript{26}Robert Pentland Mahaffy (ed.), \textit{Calendar of State Papers, Domestic Series, Anne, 1702-1703} (2 vols., London, 1916; reprint, Nendeln, 1968), I, 196-197.

\textsuperscript{27}\textit{Journal of the House of Lords}, XVII (1701-1705), 147.

\textsuperscript{28}\textit{Ibid.}, XVIII (1705-1709), 366.
Meanwhile, French privateering had become “an industry” as the state “lent men, ships, and equipment to the armateurs.”

Many defences were successful, but English trade was undeniably beleaguered, suffering particularly in 1707. In November “several merchants, on behalf of themselves and others, traders of the City of London” presented a petition to the Lords which criticized trade protection efforts. Among them were a number of merchant-insurers. The Lords called a Select Committee to inquire into “the State of the Nation in relation to the Fleet and Trade.”

They were told that 1154 merchantmen had been lost since 1702 due to neglect and mismanagement. In an understandably defensive response, the Lord High Admiral made the excuse that “the Public Service hath required employing [the] great Part of our Fleet abroad in The Mediterranean,” leaving too few vessels locally for the defence of trade. Once again, military strategy had stretched the insufficient navy to its limits.

### Table 1

| Merchants/Navy | Merchant Tonnage | Change | Navy Vessels | Change |
|---------------|-----------------|--------|-------------|--------|
| 1629/1633     | 155,000         | 50     | 50          |        |
| 1685/1686     | 340,000         | 196    | 118         | 64     |
| 1702/1705     | 323,000         | -5     | 188         | 59     |
| 1755/1755     | 473,000         | 46     | 191         | 2      |
| 1785/1786     | 752,000         | 59     | 270         | 41     |
| **Total Growth** | **554**         |        | **275**     |        |

*Source:* Tonnage data from Davis, *Rise of the English Shipping Industry*, 27; Navy numbers from Rodger, *Command of the Ocean*, 607-608.

The result of the Select Committee enquiry was the 1708 “Cruisers and Convoys Act.” While trade defence had clearly failed over the course of the War of the Spanish Succession, the new legislation was a step backwards for merchants and their insurers. The number of ships dedicated to trade protection was unchanged at forty-three; all were to be “employed as cruisers in proper stations,” but twelve – up from nine – were permanently assigned to

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29 John H. Owen, *War at Sea Under Queen Anne, 1702-1708* (Cambridge, 1938), 63.

30 Bromley, “French Privateering War,” 227.

31 *Journal of the House of Lords*, XVIII (1705-1709), 338 and 366.

32 *Ibid.*, 407.
defend coastal coal carriage, and none to convoy duties. This meant that available vessels were probably removed from escort service to cruise in squadrons of “doubtful effectiveness.” Still, by all accounts trade protection in near waters improved following the Act. Both merchant complaint and French privateer success declined, and the tables turned. Of 196 privateers that sailed from St. Malo between 1706 and 1712, the allies seized 113, most after 1708. The problem simply shifted, however, as the limited number of vessels available for defence refocused on nearby seas. French privateering moved from the Channel to the Mediterranean, where from 1708 it claimed 2600 prizes and negotiated 1100 ransoms. The rate of British merchant losses peaked in 1711.

The losses of 1688-1711 were in part a consequence of the navy’s inability to protect an increasingly large and complex international commerce. Nonetheless, the French strategic belief that relentless attacks on trade would force England to adopt ruinously expensive measures of trade defence proved false. The role of insurance in preventing the collapse of trade in the face of the French onslaught and despite inadequate naval protection is clear. By creating real financial incentives for merchants to lobby for improved convoying, by financing the evolving capture-and-ransom system, and by spreading risk (including, ironically, among the increasing number of foreign and even enemy merchants insuring in London), insurance prevented the French strategy of assailing British merchant shipping from destroying the economy.

**Insuring the Enemy**

By the early eighteenth century London had become Europe’s leading insurance centre. Merchant-insurer John Barnard testified in 1720 that “Foreigners from almost all parts of Europe have continual Recourse to the Insurers of London” where premiums were frequently half those charged elsewhere and

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336 Anne c. 65, “An Act for the Better Securing the Trade of this Kingdom by Cruisers and Convoys,” in Pickering (ed.), *Statutes at Large*, XI, 333.

34Rodger, *Command of the Ocean*, 177.

35G.N. Clark, “War Trade and Trade War, 1701-1713,” *Economic History Review*, I, No. 2 (1928), 264.

36Crowhurst, *Defence of British Trade*, 19.

37Bromley, “French Privateering War,” 229.

38Crowhurst, *Defence of British Trade*, 55.

39Bromley, “French Privateering War,” 207 and 228.
where policies of much greater value, sometimes £20,000, could be underwritten. Many foreign risks were reinsured in London on the basis of this price differential. This combination of a cosmopolitan market and Britain’s frequent wars meant that some insurance buyers became enemy traders. In 1746, for example, the London Assurance Company paid claims of £18,000 to Spanish and French policyholders for losses arising from British captures during the War of the Austrian Succession. Insuring enemy vessels and property was prohibited in “Holland, France, Sweden, and most other countries,” but London insurers faced no such restriction.

Insuring the enemy was not typically accidental. Rather, it was a minor but important part of the business because it had a significant positive impact on expanding underwriters’ portfolios of insured risks. If one insured only British and allied shipping, and a Smyrna-style event were to occur, the losses could be unbearable. If the same underwriter had also insured the victorious French, English losses could be met, and perhaps even a profit secured, in part with French premiums, as their claims were subject to a negative correlation. This practice had its limits – and its price. Even before wars commenced, London underwriters would exclude from cover the risk of capture by the British. Merchant-insurer Peter du Cane did so in May 1738 when, through a broker, he wrote a line of £150 on

the Ship N° S° Delas Augustias S° Antonia de Padua, alias El Canaries, Capt. Gonzales Travitso, from Grand Canaries to Guaira [in modern Venezuela], to Porta Cabello on the Coast of Carracas, and back to Guaira, and during her stay in each Port, & back to S° Crixa in the Grand Canaries with Liberty to touch at Puerto Rico, @ £7½ PC° 98, Warranted free from English Capture...11:5:0. The policy was issued when the forthcoming trade war with Spain was easily predictable. The Spanish Guarda-Costa was harassing British shipping in the West Indies, and parliament had already petitioned the King to seek redress,
which was soon to come in the form of the War of Jenkins’ Ear.\textsuperscript{44} It was heightened risk, not an act of patriotism, which led the underwriter to exclude capture by belligerents – although other entries in his ledger show that the threat of capture by the British was usually insured.

In the early 1740s, when the “armed contest for empire between Britain and France was about to begin,”\textsuperscript{45} insuring the enemy became a public and political issue. Walpole himself entered the debate. Providing insurance to enemy vessels amounted to folly, he contended.\textsuperscript{46} The debate advanced to legislation in 1741 with a bill which included, among other provisions, a prohibition of underwriting insurance or reinsurance upon “Ships or Effects of the Subjects of any Prince or State, not in Amity with the Crown of Great Britain.”\textsuperscript{47} Debate over the proposed legislation was complex and divided the merchant community. The bill’s proposer, Bristol MP Edward Southwell, was acting upon the interests of his electors, the city’s merchants.\textsuperscript{48} The opposition was led by Barnard, now an MP, who was elected to represent London in 1722.\textsuperscript{49}

Speaking against the bill, Barnard argued that the insurance business affected would simply move to a foreign country. Describing “offices of insurance along the whole coast of the Midland Sea, among the Belgians and even among the French,” he argued that “we ought not to obstruct our own gain.” Even if the insurance business was not profitable, Barnard argued, “there is a certain Advantage to the nation by the Money paid for Commission, Brokerage, Stamps, [duties] and the Credit of Premium deposited here,” and even a benefit to the Post Office. Walpole, who found Barnard “a thorn in his side,” argued that the interests of the wider public, and not a select group of merchants, should be considered.

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\textsuperscript{44}Richard Pares, \textit{War and Trade in the West Indies, 1739-1763} (Oxford, 1936; reprint, Oxford, 1963), 30-32.

\textsuperscript{45}Geoffrey Holmes and Daniel Szechi, \textit{Age of Oligarchy: Pre-Industrial Britain, 1722-1783} (London, 1993), 63.

\textsuperscript{46}Johnson, “Debate in the House of Clinabs,” 10.

\textsuperscript{47}Ibid., 18-19.

\textsuperscript{48}Patrick McGrath, \textit{The Merchant Venturers of Bristol: A History of the Society of Merchant Venturers of the City of Bristol from Its Origin to the Present Day} (Bristol, 1975), 32.

\textsuperscript{49}Romney Sedgwick (ed.), \textit{The House of Commons, 1715-1754} (2 vols., London, 1970), I, 435.
Men unacquainted with the secret practices of our Merchants, do not suspect us of being stupid enough to secure our Enemies against ourselves...but it is often discovered...that the loss of the Spanish is to be repaid, and perhaps sometimes with interest, by the British insurers...the Insurance of Spanish ships ought to be prohibited, we shall indeed lose the Profit of the Insurance, but we shall be reimburs’d by the Captures of Spanish vessels.  

Serious flaws in the drafting of the legislation, rather than its goals, prevented its enactment. As well as prohibiting insurance of the enemy, it would have proscribed the use of “interest or no interest” policies which allowed individuals to insure vessels and cargoes in which they may have had no actual interest beyond the policy itself. Often policies granting insurance “interest or no interest” were simply wagers. But the practical applications of this policy condition were several in an era of uncertainty in trade, and thus it became commonplace in the eighteenth century. It is included, for example, in six policies issued to the merchant Thomas Hall between 1740 and 1744. Beyond strict commercial benefit, they could be wielded as mercantile weapons of war. Enemy vessels insured by patriots against capture were made more attractive targets for friendly privateers. Parliamentary opinion about the bill was further divided by its proposed restriction of the provision of insurance upon any foreign vessels, friend or foe, trading to the East Indies. The clause was inserted to win the support of MPs with East India Company links. Thomas Southwell, the author of the bill, called for it to be sent to Committee for amendment, but it failed upon these complications.

The interest-or-no-interest question was revisited in the 1746 “Act to Regulate Insurance on Ships Belonging to the Subjects of Great Britain, and on Merchandizes or Effects Laden Thereon.” The legislation recognized the condition’s potential as an offensive weapon in the hands both of His Majesty’s loyal allies and those of fraudsters. It prohibited such cover on British-owned vessels but granted two significant exemptions. Owners of British privateers could insure their vessels “interest or no interest,” and goods from Spain, Portugal or their dependent territories in Europe or America could be insured the same way. In a contemporaneous pamphlet which argued against the insurance of enemy vessels, the economist Corbyn Morris declared that “for some

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50Johnson, “Debate in the House of Clinabs,” 3-11.

51Great Britain, National Archives (TNA/PRO), C 103/132, Business Papers of Thomas Hall, insurance policies, 25 May 1740-18 June 1744.

5219 George II, c. 37, 1746.
imaginary Reasons the Prohibition was not extended to the Ships of Foreigners; which seems, as though it was of Concern, to prevent our being defrauded by each other, but that our being defrauded by Foreigners, was not to be interrupted.53

It is obvious, however, that the exclusions were offensive acts of trade war (as Morris surely realized). The decision to exclude foreign vessels was intended to increase the instances of fraud against them, as an insurance claim was an additional reward for barratry or for capture by privateers who could claim a double win. The exclusion for owners of privateers allowed them to insure such vessels for more than their value, potentially making a risk venture more appealing, and to insure cargoes not yet possessed in anticipation of their capture. The explicit exclusion of Spanish and Portuguese vessels allowed merchants to continue to evade Spanish restrictions on foreign trade to Brazil and Spanish America through the connivance of Iberian masters. It also permitted continued insurance in London of the annual flota, the Spanish South America convoy.54

Insurance of any type on French vessels was finally prohibited in 1748. The “Act to Prohibit Assurance on Ships Belonging to France, and on Merchandizes and Effects Laden Thereon, during the Present War with France” received royal assent on 25 March 1748 after a long debate in which merchants were again vociferous. The legislation, which was destined to attract popular support through its patriotic nature, was brought by Stephen Janssen, son of the Bank of England founding director who was forced from parliament over the South Sea Company scandal, and whose brother sat at Lloyd’s. The future Bristol MP and trade champion Robert Nugent opened the discussion with a declaration that to insure enemy vessels was surely high treason. He suggested – without evidence – that some insurers had given their French clients intelligence about the stations and course of British cruisers and privateers. He also restated the main argument in favour of a ban: “Without a cheap, easy, and secure Access to Insurance, no Nation can ever acquire, or long preserve, an extensive Commerce.”55 Nugent’s general support of commercial centres outside London may have affected his interest. Although some private insurance was underwritten in the outports, the vast majority of the business was transacted in London. Provincial traders, especially West India

53Corbyn Morris, An Essay towards Deciding the Question, Whether Britain be Permitted by Right Policy to Insure the Ships of her Enemies? (London, 1748; reprint, Farmington Hills, MI, 2010), 25.

54Weskett, Complete Digest, 223.

55“Journal of the Proceedings and Debates in the Political Club,” London Magazine, or Gentleman’s Monthly Intelligencer, for March 1748, 105-107.
merchants, would not lose business through a ban but would gain through damage to French commerce.

Nugent was answered by William Murray (later Lord Justice Mansfield), who is widely credited with developing England’s common law of marine insurance. Murray argued that supporting the bill would “make a Regulation under popular Pretences, which, in my Opinion, will ruin a very beneficial Branch of trade we are now in Possession of, I may say without a Rival, and will transfer it to our greatest Rival and most dangerous Enemy.” He suggested instead that naval action should make the seas so dangerous for enemy vessels that insuring them would become unaffordable for French merchants, and he claimed that some of the richest vessels captured recently were encountered based on intelligence communicated by “those employed to get Insurances upon them.”

Renewed pamphleteering by Morris attempted to prove through equations that the economics of insuring the enemy could not be of benefit to the nation, but he failed to consider the benefits of risk diversification. Ultimately, his and the patriotic arguments superseded the business case, and insuring the French was banned.

Conclusion

The cessation of hostilities seven months later, which automatically repealed the restriction, meant the various theories about the efficacy of insurance as an offensive weapon were not properly tested during the period under review. Thus, it cannot be known if withholding insurance would have damaged the enemy, or if such damage would have been sufficient to justify the reciprocal hurt that sustained suspension would have inflicted upon Britain’s economic wellbeing or on the marine insurance sector, which retained its international leadership. Nor was the issue settled; the group that voted with the government to end the practice of insuring the enemy had won the day, but despite two additional, sustained naval wars over the next three decades, the prohibition was not reintroduced until 1793. By that time, Britain’s use of marine insurance as a weapon of war had already contributed to unprecedented victories and to its dominance of the seas.

56Ibid., 107-112.

57Corbyn Morris, An Essay towards Illustrating the Science of Insurance (London, 1747; reprint, Farmington Hills, MI, 2010).

58Under the Traitorous Correspondence Act, 33 Geo. III c. 27.