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BOOK REVIEW

Adrian B. Leonard. London Marine Insurance 1438–1824: Risk, Trade, and the Early Modern State

Woodbridge: Boydell Press, 2022. Pp. 304. $ $140.00 (cloth).

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This book describes the development and evolution of marine insurance in London from the mid-fifteenth century to 1824. It develops and significantly expands upon Adrian Leonard's earlier articles and chapters on this topic. It analyzes the impact of the market and various crises upon these novel institutional structures, paying particular attention to state-sponsored initiatives and new corporate forms of insurance and, importantly, the development of Lloyd's of London. As Leonard points out in the introduction, a huge range of threats to shipping existed in the early modern period, caused by nature and the "violence of men" with the near constant threat of war. The insurance developed in these years meant that the losses incurred by these hazards could be indemnified, thus mitigating and spreading the risks of seaborne trade. It allowed individual merchants to conduct business with less capital because marine insurance transferred the risk accruing from moving goods by sea to others. This in turn meant that, across the economy, more money could be, and was, invested in trade, because risk and uncertainty was reduced. The wars of that period prompted many merchants to begin to purchase insurance more regularly as a result. The system thrived because merchants trusted a system of insurance that was affordable and flexible.

The chapter on early marine insurance by merchant-insurers in the fifteenth and sixteenth centuries, exploiting and developing de Roover's work from the 1940s, is a helpful and detailed investigation of the later medieval situation, the centrality of Italian merchants and their mercantile procedures at the time, the influence and importance of the internationally recognized Law Merchant and arbitration, and how merchants attempted to spread risk with the financial instruments available to them. The second chapter deals with the years between 1570 and 1688, a period of expanding trade and trade finance. This included the institutional intervention in the market by the Privy Council with the creation of the Office of Assurance as an attempt to tackle unscrupulous dealers within the growing insurance sector and the codification of insurance regulations—the "Book of Orders"—in the 1570s. Further intuitional interventions in the market followed, such as the Insurance Act of 1601. These are considered here in terms of New Institutional Economics (NIE), particularly with reference to the distinction between market "insiders" and "outsiders" considered by contemporaries either simply as strangers or as individuals with nefarious intent. Chapter three reveals that these new institutions introduced in the sixteenth century had been abandoned by the end of the seventeenth century following the Glorious Revolution. The market returned to its previous self-regulatory practice using custom and the Law Merchant while the state took a more hands-off approach. At the same time, by the early eighteenth century, London had become the center of a world market and was the underwriting capital servicing this world trade. This is also the period of the development of

Lloyd's Coffee-house. The inimical impact of the Dutch Wars upon the market is explored here, as is the importance of a ship's speed and safe passage, allowing it to gain the highest prices by arriving first in a foreign port. The revival of England's economic fortunes after 1690 led to a resumption in the growth of the economy and, in consequence, the resurgent growth in the market for insurance. Innovations in insurance during the financial revolution, with the launch of several joint-stock insurance companies, are considered here. The Bubble Act of 1720 is examined in detail here, as is the important American insurance market much of which was underwritten by London agents despite the existence of local American underwriters. The fourth chapter engages with the new parliamentary interventions of the 1740s, flourishing trade, common law reform, and dealing with the problems of information sharing, particularly the launch of *Lloyd's List* in the 1730s. This includes a detailed analysis of the reinvented Lloyds, which in the eighteenth century was refashioned from a coffee house where underwriting took place to an institution owned and controlled by underwriters. The importance of this institution is seen in the fact that members of Lloyds (and other insurance brokers) had a significant role in financing Britain's participation in the French Revolutionary wars. Leonard argues that this lending contributed significantly to the fiscal modernity of the British state.

This is an extremely thorough, wide ranging, and detailed institutional analysis of the development of marine insurance over the centuries making London a world leader in this market. It makes bold yet effective augments about the important contribution of marine insurance to the process of state formation and Britain's economic divergence from its neighbors on the European mainland. This was achieved by London's superior marine insurance system preventing Britain's enemies from achieving their strategic goal of crippling trade. Furthermore, it highlights the ways that efficient and effective marine insurance could adapt to shifting circumstances and how this ability was vital to the growth of trade and the economy. This volume will represent the standard work on the development of marine insurance for some time to come. It will be of interest to scholars and students of early modern economics and politics. Of particular value for students is the citation of often full (or extracts from) representative primary sources. These are very effectively and thoroughly utilized as a starting point of analysis.