Marine Insurance in the Netherlands 1600-1870
For my parents, Anneke and Gwan, Jorna and Maurits
Marine Insurance in the Netherlands 1600-1870
A comparative institutional approach

ACADEMISCH PROEFSCHRIFT

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Contents

List of tables, graphs and maps 7
List of abbreviations 8

Acknowledgements 9

Chapter 1: Introduction 13
§ 1.1 Marine insurance: the historiographical context 13
§ 1.2 Methodology and design of this study 17
§ 1.3 Dealing with the risks of maritime trade: a variety of options 23
§ 1.4 Sources 25
§ 1.5 Structure of this study 27

Chapter 2: Groningen: mutual interests and financial innovation in the seventeenth and eighteenth centuries 31
§ 2.1 Introduction 31
§ 2.2 Mutual marine insurance in the province of Groningen 36
  § 2.2.1 Guild boxes in the city of Groningen 37
  § 2.2.2 Guild boxes in rural Groningen 41
  § 2.2.3 From guild box to compact 43
  § 2.2.4 From compact to cassa 45
§ 2.3 Groningen's insurance initiatives in context 46
§ 2.4 Mutual marine insurance in Groningen: an institutional analysis 52
§ 2.5 Conclusion 58

Chapter 3: Amsterdam: individuals, ineffectual regulations and intricate balances of power in the seventeenth and eighteenth centuries 61
§ 3.1 Introduction 61
§ 3.2 Actors and institutions 70
  § 3.2.1 Brokers and unauthorised brokers 70
  § 3.2.2 The Chamber of Insurance and Average 95
  § 3.2.3 The insured 117
  § 3.2.4 The underwriters 126
§ 3.3 The Amsterdam insurance market: scope and dynamics 145
§ 3.4 Conclusion 156
Chapter 4: Rotterdam: commercial and political collusion in the
eighteenth and nineteenth centuries

§ 4.1 Introduction 159
§ 4.2 Actors and institutions 172
  § 4.2.1 Municipal ordinances and the Chamber of Maritime Affairs 172
  § 4.2.2 Brokers, pondgaarders and unauthorised brokers 184
  § 4.2.3 The insured 197
  § 4.2.4 The underwriters 212
§ 4.3 The Rotterdam insurance market: scope and dynamics 240
  § 4.3.1 Insurance companies and regents: the Rotterdam insurance market between 1760 and 1780 241
  § 4.3.2 New practices and opportunities for the Rotterdam insurance business between 1850 and 1870 251
§ 4.4 Conclusion 267

Chapter 5: Conclusion 271
§ 5.1 The relevance of marine insurance 271
§ 5.2 Regional divergence 272
§ 5.3 Institutions and actors: influence and interaction 279

Samenvatting (summary in Dutch) 289

Appendices
  Archival sources 303
  Printed Sources and literature 306
  Index 319
List of tables, graphs and maps

Map 1.1 The Netherlands and its surrounding countries 30
Map 2.1 Groningen and Westerwolde 32
Table 2.1 Overview of mutual insurance boxes in the city and province of Groningen 47
Map 3.1 The financial centre of Amsterdam 64
Figure 3.1 Amsterdam governmental structure 71
Graph 3.1 Number of brokers and unauthorised brokers in Amsterdam (1530-1800) 81
Table 3.1 Overview of principal ordinances, bylaws and alterations relevant to the insurance industry in Amsterdam between c. 1495 and c. 1797 110
Graph 3.2 Volume of insurance cases handled by the Chamber of Insurance and Average 117
Map 4.1 The city of Rotterdam 1733 160
Map 4.2 The city of Rotterdam 1870 168
Graph 4.1 Gross annual fee per commissioner (in guilders) 177
Graph 4.2 Total revenues of the Chamber of Maritime Affairs (gross) 181
Graph 4.3 Composition of total revenues of the Chamber of Maritime Affairs (gross) 181
Table 4.1 Number of brokers and insurance brokers in Rotterdam between 1632 and 1869 195
Graph 4.4 Percentage of Stad Rotterdam’s insured value as originating from the NHM 208
Table 4.2 The 1840 NHM classification of underwriters 226
Graph 4.5 Insured value generated by NHM as part of the total turnover of Stad Rotterdam 230
Abbreviations

GA   Groninger Archieven (Groningen Archives)
GAR  Gemeentearchief Rotterdam (Municipal Archives Rotterdam)
KB   Koninklijke Bibliotheek (Royal Library) The Hague
NA   Notary Archives
NEHA, BC Nederlandsch Economisch-Historisch Archief, Bijzondere collecties
NSM  Nederlands Scheepvaart Museum Amsterdam (Maritime Museum Amsterdam)
ONA  Oud Notarieel Archief (Old Notary Archives)
OP   Catalogus van de collectie van publicaties van de overheid (Catalogue of the collection of publications of the government)
ORA  Oud Rechterlijke Archieven van Rotterdam (Old Judicial Archives of Rotterdam)
OSA  Oud Archief van de stad Rotterdam (Old Archives of the city of Rotterdam)
SAA  Stadsarchief Amsterdam (City Archives Amsterdam)
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Chapter 1

Introduction

§ 1.1 Marine insurance: the historiographical context

Marine insurance has facilitated the development of long-distance trade and as such has influenced economic growth and progress of, in particular, seafaring nations in the early modern period. Its emergence, development and characteristics are therefore of importance to both economic historians and economists. Also, the existing structure and nature of marine insurance is rooted in early modern times: without marine insurance to facilitate long-distance trade maritime expansion would have been even more complicated than it is now, more costly and risky; developments would have taken place at a different pace and might even have taken a different route.

This research focuses on the emergence and development of marine insurance in the Netherlands between circa 1600 and circa 1870. A number of scholars have examined the insurance industry since its emergence four and a half centuries ago although, according to Frank Spooner, ‘the history of marine insurance…has still to be written’.¹ In his monograph published in 1983, Spooner focused on the Amsterdam marine insurance market during the final quarter of the eighteenth century. He analysed how the insurance market was affected by structural influences on the one hand and event uncertainties on the other. Spooner concluded that more than financial crises or meteorological circumstances, political unrest and war affected the insurance industry, insurance price levels and the overall efficiency. Although Spooner’s research has received academic praise, it does not seem to have spurred other researchers to take his study further until recently when Robin Pearson and Christopher Kingston published their studies regarding the insurance business. Pearson concentrated on the innovativeness of the British insurance industry whereas Kingston has compared the marine insurance industries in England and the United States in the eighteenth and nineteenth centuries.

In order to explain the developments of and the observed differences between these industries, Kingston chose to approach the issue from an institu-

¹ Spooner, Risks at sea, 1.
tional point of view. Kingston's approach is a break from most other research on marine insurance. Traditionally, marine insurance has been the domain of lawyers and legal researchers. Between the end of the nineteenth century and the 1960s, a number of studies appeared, addressing the emergence and development of marine insurance. One of the first scholars to study marine insurance was Enrico Bensa. Frank Spooner has listed a number of noteworthy articles and monographs considering various insurance markets in Europe and America, most of which were published between approximately 1880 and 1960. In 1945, Florence de Roover concentrated on the early beginnings of the insurance market and she also considered the issue of the semantics of the word ‘insurance’. De Roover argued that some contracts officially called ‘loans’ were in fact insurance contracts and vice versa. She found that the confusion was caused by the fact that for a long time marine insurance was only studied by lawyers, who approached the subject from a purely legal point of view, rather than an economic one. Contrary to some scholars who are of the opinion that even the Romans and Greeks had already developed some form of insurance, De Roover claimed that insurance was not introduced until the commercial revolution of 1275-1325. There now seems to be a general consensus that, like double entry bookkeeping, bills of exchange and other business innovations, marine insurance first developed in the Italian mercantile city states at the end of the thirteenth and the beginning of the fourteenth centuries, after which it was introduced in Spain and Portugal. The ordinance of Barcelona of 1435 is testimony to its application on the Iberian Peninsula. By the third quarter of the fourteenth century, King Fernando of Portugal instated a compulsory mutual insurance.

The northern parts of Europe were introduced to insurance in all probability by merchants from Italy, Spain or Portugal. As political and economic activities were at that time concentrated in the southern part of the Netherlands, this was

2 Kingston, ‘Marine insurance’.
3 Prior to the academic interest starting in the nineteenth century, the Amsterdam marine insurance market had already been studied in a more practical sense. During the eighteenth century, various authors examined the differing structures and approaches of insuring, their application and judicial solidity. Jacques Le Moine L’Espine and Isaac Le Long, for example, extensively covered the subject of insuring in the widely used book De Koophandel van Amsterdam. J.P. Ricard has also described various features of the Amsterdam insurance market in his Le Negoce d’Amsterdam.
4 Bensa, Il Contratto.
5 Spooner, Risks at Sea, 1-2, n. 1-10.
6 De Roover, ‘Early examples’, 173; Suermondt states that the oldest known insurance policy was drafted in Florence and dates back to 1318, Suermondt, ‘De oprichting van de Kamer’.
7 By the time this ordinance was proclaimed, marine insurance had in all probability already been known for a century in Spain, Vergouwen, Makelaardij in assurantiën, 17.
8 Vergouwen, Makelaardij in assurantiën, 13.
also where insurances first emerged. The oldest trace of insurance in the Netherlands is a policy from 1349. H.L.V. de Groote, L. Couvreur and Karel Veragthert study and analyse the emergence, development and characteristics of the insurance market in the Southern Netherlands. The oldest known insurance policies in the Northern Netherlands date back to 1592 and concern shiploads of rye owned by Daniel van der Meulen. Zeger Sneller gives an analysis of this voyage, including the issues regarding its insurance. An account of Europe’s dominant insurance market during the seventeenth century, Amsterdam, is given by Violet Barbour. She concludes that Amsterdam underwriters enjoyed a favourable reputation among merchants and ship-owners seeking insurance coverage. Other scholars also concentrate on insurance activities in the Netherlands. This is not surprising considering the Republic’s dominant position in international trade and finance in the seventeenth and eighteenth centuries. For instance, Willem Elink Schuurman gives an account of the early beginnings of marine insurance in the Dutch Republic and how it developed from being a mere sideline into an industry in its own right. P.J. Blok gives a detailed description of the failed initiative to set up a chartered insurance company in the first half of the seventeenth century. M.Th. Goudsmit compares extensively various ordinances and bylaws regarding the insurance industry in Amsterdam and Rotterdam. Hendrik Schuddebeurs and Elie den Dooren de Jong both examine the pre-eminence of the Amsterdam insurance market from various angles.

Hence, the emergence and initial development of the maritime insurance market, not in the least of the Netherlands, has been, particularly from a legal point of view, reasonably well chronicled. Johannes Vergouwen’s thesis, published in the 1940s, has been one of the most valuable additions to this chronicle. In his study, Vergouwen recounts the emergence, activities and relevance of insurance brokers in the Netherlands. Vergouwen comes to the conclusion that in Amsterdam, formal regulations were a far cry from daily practices and routines and that the situation in Rotterdam was far less conflicting. Although some studies do deal with or refer to other insurance markets in the Netherlands, for instance those in Rotterdam or Middelburg, the majority of the research concerns the pre-eminent market of Amsterdam.

10 Barbour, ‘Marine risks’.
11 Elink Schuurman, ‘Korte aanteekeningen’.
12 Blok, ‘Het plan’.
13 Goudsmit, Geschiedenis van het Nederlandsche zeericht.
15 Vergouwen, Makelaardij in assurantiën.
After the 1960s, and until quite recently, many economic-historians focused on other issues, so that marine insurance was one of those topics which was unable to retain academic interest. Spooner’s study of the Amsterdam insurance market, which was published in 1983, marked an exception. In spite of the lack of interest in marine insurance itself for the period of a few decades, some studies pertaining to related issues did produce interesting findings regarding the insurance industry. Ivo Schöffer meticulously analyses the General Average proceedings of the Amsterdam Chamber of Insurance and Average. In his study of the local economy of Amsterdam during a period of two decades in the nineteenth century, Theo van Tijn makes some interesting observations concerning the decline of the insurance industry. Frank Broeze opts for a microeconomic approach by focusing on the ship-owning entrepreneurs and their choices and activities. He analyses how a ship-owning company and an affiliated shipyard were initiated in the town of Schiedam in the nineteenth century. He analyses managerial decisions and strategies, including decisions made regarding the insurance of ships and cargo. The developments in the insurance industry during the eighteenth and nineteenth centuries also play a part in the study by Huibert Vleesenbeek and Paul van de Laar to commemorate the 270th anniversary of the oldest insurance company in the Netherlands, *Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam Anno 1720*. However, after this period of relative neglect, marine insurance now seems to have recaptured academic interest. J.P. van Niekerk has published a comprehensive account of the development of marine insurance law in the Netherlands. Moreover, a few years ago, Karel Davids gave an overview of the available knowledge primarily regarding the Dutch insurance market. He stressed the importance of studying the marine insurance industry from an institutional point of view, hereby linking it to the revival of institutional economics. As economic-historians and economists have started shifting their focus some years ago, the importance of institutions and institutional change in relation to economic growth and economic divergence has been re-acknowledged. Davids linked the emergence and development of the Amsterdam insurance market to its specific institutional structure and the changes of and within this configuration. He argued that divergent economic developments may be explained by variations in institutional make-up.

16 Schöffer, ‘Vonnissen’.
17 Van Tijn, *Twintig jaren Amsterdam*.
18 Broeze, *De Stad Schiedam*.
19 Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe Hoofdpoort*. The company, now known as asr, is still in existence and, after having been part of Fortis asr, has recently become independent again.
20 Van Niekerk, *Principles of insurance law*.
21 Davids, ‘Zekerheidsregelingen’.
§ 1.2 Methodology and design of this study

In this study, I examine the emergence, characteristics and development of Dutch marine insurance from an institutional point of view. Why did certain institutions emerge, how did they develop, how did they influence individuals and their behaviour and what has affected their development? The aforementioned research by Christopher Kingston explaining the difference between the English and American marine insurance markets in terms of their institutional structure is an example of the renewed interest in marine insurance and the application of an institutional approach, or rather: of New Institutional Economics (NIE). Douglass North, as eminent advocate of New Institutional Economics, has emphasized the importance of institutions to economic expansion and development. Institutions are, according to another prominent scholar, Avner Greif, the ‘engines of history. They constitute much of the structure that influences behaviour, including behaviour leading to new institutions’. Even though there now seems to be academic agreement as to the general importance of institutions, it seems that this is where consensus stops. Scholars from varying disciplines, such as economics, sociology and political science, have taken to studying institutions, their manifestation, features, implications and trajectories of change. As there is no consensus among these disciplines as to a definition of institutions or a theoretical approach to analysing them, there is abundant debate even within these disciplines.

Consequently, there are many ways to define institutions. North defines institutions as the rules of the game, the rules shaping all human interaction. They can be formal (for example written laws or guidelines) as well as informal (norms, beliefs and values, generally accepted social behaviour or extensions of formal rules). North’s definition has been widely applied, in particular among economists. Recently, Greif has posited a definition to encompass definitions used within the economic, social and political sciences. He defines institutions as a ‘system of rules, beliefs, norms and organisations that together generate regularity of social behavior’. However, as he ambitious attempts to combine these diverse disciplines, his definition has become a collection of rather vague terminology. As the debate concerning the definition of institutions will undoubtedly continue, for the purpose of this study I rely on North’s definition and consider institutions to be the rules, formal and informal, shaping all human interaction.

22 The term was first coined by Oliver Williamson.
23 Greif, Institutions and the path, 379.
24 North, Institutions, institutional change.
25 Greif, Institutions and the path, 30.
As for the approach to institutional analysis, here too there is ample debate. Greif has stressed that there is no all-encompassing method for studying institutions, but rather that there are many ways of analysing them, within economics, sociology and political sciences. Greif has made a valuable addition to the apparatus available to scholars by applying a game-theoretic approach. In his now famous study of the eleventh century Jewish Maghribi traders coalition he analyses historical data, formulates and designs a game-theoretic model and tests its validity. He has found that ultimately individuals have to deal with what he calls ‘the fundamental problem of exchange’ (FPoE): how to make sure that your business partner will ultimately honour his commitment? With this study he shows that the seemingly random behaviour of individuals is in fact rational optimising behaviour of individuals. In his recent monograph, *Institutions and the Path to the Modern Economy*, Greif takes his approach to institutional analysis further but also into a different direction with his specific ambition to combine economics, sociology and political science. Although his approach is useful in advancing our understanding of institutions and institutional development, there are limitations to its application. Greif concentrates on endogenous self-enforcing (and re-enforcing) institutions. He analyses institutional change and the conditions under which equilibriums exist. However, the method is not suitable for studying the actual emergence and origin of institutions. Moreover, Greif’s approach sets certain requirements on the use of historical data. With his study of the Maghribi traders coalition, Greif is able to test the validity of his model with an impressive amount of historical documentation, encompassing not only information concerning transactions, prices and volumes but also letters with motivations and explanations as to why individuals behaved in the way they did. Unfortunately, such a comprehensive set of data is rarely available and for this study I did not have sufficient data to define and test a model as suggested by Greif.

Due to the refractory nature of data, historical research requires the researcher, at times, to be pragmatic. Even for the nineteenth century our data is still limited and certain issues can thus not be resolved. Therefore, in addition to a reconstruction of historical data, I apply wherever possible the apparatus of New Institutional Economics, primarily as introduced by North, to analyse the insurance industry in the Netherlands and the institutions influencing individual behaviour. Naturally, I also draw on valuable insights from other scholars and, where appropriate, I provide links to the current debate among economic-

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27 For an overview of the academic debate, see Greif, *Institutions and the path*, chapter 2. As the focus of this research is on the economic implications of institutions, I will concentrate on the economic debate concerning institutions and institutional change.

28 Greif, ‘Contract enforceability’.

29 Also see Clark’s review of Greif’s recent book. Clark, ‘Review’.
historians in order to benefit from recent findings and advance the general understanding of institutions.

North has argued that the divergence between formal and informal constraints affects the overall effectiveness of an economy.\(^{30}\) Oliver Williamson is generally known for having added the transaction costs aspect to the theoretical basis of the approach; North also takes these costs into consideration to explain differences between the long-term successes of different economies. He argues that there are costs involved with transactions, apart from the actual transformation costs (the cost to produce a certain product or service). These transaction costs include the costs related to measuring and assessing a product’s added value as well as the cost of enforcing the transaction. If there are costs involved in finalising a transaction, the institutions governing this transaction become relevant. Effective institutions can decrease uncertainty and thus lower transaction costs.\(^ {31}\) North and other economists advocating this approach contend that the variations in institutional structures can explain why some economies have indeed developed more favourably and why seemingly inefficient organisations and institutions persist even if other, more efficient, alternatives are available.

Institutional change is, more often than not, incremental, consisting of a sequence of small changes, rather than a single major one. Institutional structures are tenacious and robust and not easily changed. In particular informal constraints, such as norms and values, tend to persist. It is therefore imperative to analyse institutional change over a longer period of time in order to fully grasp the nature and direction of the change.

This study aims to contribute to our understanding of marine insurances in the Netherlands in the early modern period by analysing the industry over a period of more than two and a half centuries. As stated, wherever possible, I apply the approach of New Institutional Economics to analyse the various institutional structures in marine insurance, to explain the nature of institutional change and the interaction between institutions and the various actors involved in this process. The nature of the historical data available for this study lends itself to an analysis along the lines of North’s concepts of formal versus informal constraints. Moreover, his approach is suitable for a long-term analysis and a comparison of the institutional frameworks between specific regions, as conducted in this study.

The actors – all those parties and groups of parties to the industry – are limited in their choices by institutions. To each of the individuals whose behaviour they influence, these institutions are, as Greif has stressed, exogenous in nature.\(^ {32}\) Individuals cannot, by themselves, alter a law or generally accepted norm or be-

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\(^{30}\) North, *Institutions, institutional change.*


\(^{32}\) Greif, *Institutions and the path,* 383.
lief. Even legislators are unable to individually change laws or regulations without the aid of others.\textsuperscript{33} To understand the implications, persistence and change of institutions requires studying individuals that transact and interact and the motivations for their behaviour.\textsuperscript{34} For example, why do individuals make a certain choice from a larger set of technologically possible alternatives or why are individuals motivated to honour certain sets of rules while they ignore others? Nowadays, individuals may choose to ignore traffic regulations if they believe that there is only a slim chance of getting caught: an example of an informal constraint limiting the effect of a formal constraint and affecting individual behaviour. North in particular has emphasized the relevance of the relationship between formal and informal constraints. If informal and formal institutions are not aligned, the subsequent imbalance induces tension.\textsuperscript{35} How did this influence the behaviour of the various actors in marine insurance, both individually and as a group? Mancur Olson identifies the circumstances in which entrepreneurs are more likely to collude and when these collusions are likely to be successful.\textsuperscript{36} Did the institutional structures stimulate collaborative actions on the part of the different actors or did they impede such activities? In short, I investigate how institutions have influenced the decisions and behaviour of the parties in marine insurance on the one hand and how these actors have affected institutional structures and institutional change on the other hand, within the broader context of political, technological and economic developments.

The choice of the Netherlands for this analysis is evident: the country was a prominent seafaring country during the seventeenth, eighteenth and nineteenth centuries. The Dutch fleet grew to an impressive size; the Dutch expanded their trade to virtually all known corners of the world and developed the leading capital market of Europe. But decline set in, too – first only in relative but later also in absolute terms. The political arena saw drastic change as well: the Republic was heavily affected by the Napoleonic wars and, after centuries of decentralized rule, during the nineteenth century urban rule was slowly but surely supplanted by centralized government. In economic terms, the Dutch were faced with the loss of their dominant position in world trade and finance to the English, but several industries and trades, for example colonial trade and transport, experienced high growth rates and good profitability.\textsuperscript{37}

Marine insurance developed from a novel, emerging industry to a mature business during the period from approximately 1550 to 1800. Many of the crucial changes and stages of progress were initiated in the Netherlands, making

\textsuperscript{33} Dictators may be able to change laws, but they are, as dictators, not governed by the law as they are above the law. Also see Clark, ‘Review’.
\textsuperscript{34} Greif, *Institutions and the path*, 6–7.
\textsuperscript{35} North, *Institutions, institutional change*, paragraphs 10.4 and 4.4.
\textsuperscript{36} Olson, *The rise and decline and The logic*.
\textsuperscript{37} Horlings, *The economic development*. 
Introduction

this country suitable for a long-term analysis of institutional change. It is no coincidence that Spooner, in his analysis of the marine insurance industry, selects Amsterdam as the focal point.

But was Amsterdam the only city with marine insurance activities in the Netherlands? This study shows that within the Dutch Republic, various insurance systems emerged in several regions, each with its own characteristics – and institutional framework. By comparing the different institutional structures and their interaction with the parties involved, we can assess the influence of formal and informal institutions and institutional change on the industry's long-term development. The three cases selected, the insurance industries in Amsterdam, Rotterdam and Groningen, all represent a different variety of institution. In the northern province of Groningen, for example, skippers, united in guilds, set up intricate mutual insurance boxes. The skippers of the peat communities in the countryside of the province proved that, in spite of the city's economic and political dominance, they could successfully develop financial protection systems, tailored to their specific needs. Tight social networks and non-formalised habits were crucial for the enduring success of these mutual boxes.

In Amsterdam quite a different system emerged. On this market, which was to develop into Europe's dominant insurance industry, political and social hierarchies entered into the equation. Formal structures clashed with informal routines and significantly affected the interaction between parties, as well the scope and development of the market. In the case of Groningen and Amsterdam, I concentrate on developments in the seventeenth and eighteenth centuries, as it was in this period that, from an institutional point of view, the significant developments took place.

In Rotterdam, the insurance market began to expand at the beginning of the eighteenth century, when the country's first insurance company was established in the city. However, it enjoyed its apex during the following century when the expanding city and harbour even overtook Amsterdam's position. During this century, a number of significant changes – technological, economic and political – accelerated, changing the nature and scope of trade and shipping worldwide. Technologically, the introduction of steam power, the replacement of wood by iron, the invention of communication technologies and the improvement of navigational instruments had a great impact. Also, modern economic growth set in in the Netherlands during this century. So did political changes, such as the supplanting of decentralised rule by a centralised government, and the ending of privateering as a method of war. These and other transformations affected not only all parties involved, both individually and as groups, but also the in-

38 Barbour, 'Marine risks'.
39 Modern economic growth was defined by Kuznets as a sustained increase in per capita production, most often accompanied by an increase in population and usually by sweeping structural changes', Kuznets, Modern economic growth, i.
stitutional framework. In what way were the existing institutions affected, how did the different actors respond to the changing world around them? How did the alterations influence the way institutions and actors interacted? The present analysis of Rotterdam stretches until 1870; by that time a number of the most crucial transformations had been incorporated into the institutional structures and was shaping the insurance industry and its future.

By comparing the cases of Amsterdam, Rotterdam and Groningen over a long period of time, I am thus able to analyse the emergence and development of the various systems and to identify their differing characteristics. Making use of a comparative institutional analysis, I then set out to explain why certain differences emerged – and persisted.

The focus of this study, then, is on the development of marine insurance in Groningen, Amsterdam and Rotterdam between approximately 1600 and 1870. The marine insurance industry was – and still is – a complex industry. Seasonal patterns, storms, ice pack movements, pirates and privateers, dangerous sand banks and currents and dangerous harbours: these factors were additional challenges to the ‘regular’ issues faced by entrepreneurs in the early modern era. Spooner has enhanced our understanding of the insurance market by explaining how it was affected by a number of these factors. Although I naturally take these factors into consideration, the focus here lies on the various institutions and actors: I examine the emergence, characteristics and development of institutional structures and the behaviour and conduct of the parties involved and in particular the interaction between these forces. In what way were the different actors affected by the nature and the scope of the institutions which constrained their choices and activities and how did these parties – be it authorities, ship-owners, merchants, brokers, or underwriters – influence these institutions? However, there are drawbacks to this approach and the choices I have made. Legal aspects of the insurance industry and, more in particular, the insurance contract itself, are given little attention. Numerous valuable studies have preceded mine and little can be gained by reiterating the monographs of, for instance, Vergouwen, Van Niekerk, Goudsmit and Den Dooren de Jong.40

By examining the three cases of Groningen, Amsterdam and Rotterdam, I am able to discern differences between the respective insurance systems. Can these differences be explained by the nature of the institutional structure and the conduct of the different actors? Thus, rather than concentrating on macro-economic features of the market, as do most previous studies, I study the market from a micro-economic point of view, focusing on the different institutions and actors, the development and scope of the former, the conduct and behaviour of

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§ 1.3 Dealing with the risks of maritime trade: a variety of options

Long-distance trade is, even in these modern days, not without risk. This was even more the case in early modern times, when navigational instruments were less advanced, maps were often faulty, ships were made of wood which deteriorated with every journey and international law posed many challenges for all those involved. Pirates and privateers, war and political upheaval, storms and gales, fraud and theft, sand banks and dangerous harbours: all these factors contributed to the general risks of marine trade. Merchants and ship-owners developed different methods for dealing with the various kinds of risks. Although I focus on marine insurance, we should keep in mind that merchants and ship-owners had other options. Taking out insurance was merely one alternative in a range of options.

Initially, merchants would often accompany their valuable merchandise abroad. This way they could protect themselves from risicum gentium, such as theft or fraud by the captain or his crew. But, as Florence de Roover argues, it did not safeguard them from risicum maris. Thus, methods and techniques were invented to manage the risks of long-distance trade.

Ship-owners and merchants had a number of choices in how to deal with the risks. They could opt to entirely bear the risks themselves (internal financing). In times when the seas were particularly dangerous due to enemy ships, privateers or pirates, one could mount extra armoury or sail under the protection of Admiraalschap: a fleet of ships travelling the same route under the command of the best-armed ship. One could also decide, if possible, to sail in a convoy under the protection of men-of-war. However, there were other options, both for ship-owners and merchants. At the beginning of early modern times, ships were only rarely owned by the merchants themselves. Mostly, a ship was the property of the captain or of the captain and his business partners. This latter construction, where several individuals each owned part of a ship, also called partenrederij, was the most common way to spread the financial risks of ship-owning. It was routine, especially in the Dutch Republic, for those wishing to invest in ships to buy parts of various ships, rather than invest all their capital in

41 Greif also acknowledges the importance of studying individuals and their behaviour. Greif, Institutions and the path, 6-7, 399.
a single ship. Ship-ownership was thus widely spread. Part ownership, 1/4, 1/16 or 1/32, was common, but there were also examples of parts representing 1/256th of a ship. Pieter Allen, a well-known Amsterdam merchant, owned parts in 78 ships at the time of his death in 1644.45

The owner of a part of a ship had essentially the same choices as the owner of the entire ship: he could accept to bear the risk of losing his ship or his part of the ship or he could decide to transfer the risk to another party. A well-known technique, often applied by ship-owners, was known as bottomry (bodemerij). With bottomry a loan was taken out, which was only to be repaid if the vessel or merchandise arrived safely at the port of destination. Therefore, this method incorporated a financing component and was not a pure insurance contract. The premium paid for bottomry (known as opgelt) could amount to as much as 30 or even 70 per cent of the value of the loan.46 Another option was to join a mutual insurance. Mutuals, now mostly limited to so called Protection and Indemnity Clubs (P&I Clubs), were networks of ship-owners vowing to mutually bear the financial risks of another.47 I examine this form of protection more closely in chapter 2. Ship-owners could, of course, in time also choose to take out insurance. It was common to combine these approaches: investors would spread their capital over a number of ships and would then insure their investments. A further option was for insurance to be taken out for an amount lower than the actual value of the asset, thereby internally financing the remaining part.

In general, merchants had a similar range of choices. They could choose to bear the risks themselves. They could also choose to transfer the risks. Initially, before the introduction of insurance, merchants could transfer risks to the other party involved, the buyer or the supplier of the merchandise, depending on their own position. This was the case with a Sea Loan (foenus nauticum).48 Often, they would distribute their valuable merchandise over a number of ships instead of loading it on a single ship. Even if they distributed their cargo, they could also opt for insurance, bottomry or a mutual contract, although the latter was not very common.

For some scholars, the methods of commercial protection also include general average. However, general average, in which damage purposely inflicted by the captain to salvage the ship or to limit further damage is carried pro rata by the ship-owner (or -owners) and merchants, is not a voluntary choice to transfer risk to another party.49

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46 Hart, ‘Rederij’, 121-123.
47 Cleton, ‘Aansprakelijkheidsverzekering’.
48 Sea Loans were often associated with usurious interest and therefore forbidden by Pope Gregory IX in 1236, De Roover, ‘Early examples’, 175.
49 Schöffer, ‘Vonnissen’. 
In this study, I concentrate on marine insurances and follow Arthur Williams and Richard Heins in their definition of insurance as ‘a device by means of which the risks of two or more persons or firms are combined through actual or promised contributions to a fund out of which claimants are paid.’ Unless otherwise stated, insurance here refers to marine insurance which relates to goods in transit and the vehicles of transportation on waterways.

The objective of an individual taking out insurance is to reduce the financial consequences of certain risks. The frequency with which individuals take out insurance is related to a person’s assessment of and attitude towards risk. Their behaviour towards risk is, however, influenced by the general attitude to risk of the society of which the individual is part. And this general attitude may well change over time. While it was once common to bear risks without any sort of protection, we now live in a society in which it is not common – and in fact in some cases it is even illegal – not to take out insurance to cover certain risks. Thus, over time, the general attitude towards risk has altered; whereas in earlier times most individuals were risk-tolerant, it later became routine to cover certain risks, and later still we reached a time in which most individuals are risk-averse and try to avoid as many risks as they can. This altering attitude to risk is part of a society’s institutional make-up and therefore has implications for its long-term institutional development.

§ 1.4 Sources

Apart from scholarly monographs and studies, I have made use of various archival sources as well as printed sources. The latter include for example the Kohier van de personeele quotisatie te Amsterdam over het jaar 1742, by W.F.H. Oldewelt, the so-called Sligtenhorst lists registering underwriters in Amsterdam and beyond, Noordkerk’s Handwetenen ofte privilegiën ende octroyen mitsgaders willekeuren, costuimen, ordonnantien en handelingen der stad Amsterdam and the merchants’ manuals De Koophandel van Amsterdam, naar alle gewesten des werelds by Jacques le Moine de L’Espine and Isaac le Long.

Regarding the archival sources, when, four centuries ago, clerks, brokers, merchants, Burgomasters and ship-owners recorded their activities, they regrettably did not set up these records with future academic research in mind. Records were made and kept as proof – for judicial purposes, or to assess income and assets. Unfortunately, the rationale behind specific decisions or deeds was rarely recorded. Thus, we only have indirect information as to why certain decisions were made: why a merchant would choose to insure or not, or why a ship-owner would prefer to commission an official broker rather than an unregistered one.

50 Williams Jr and Heins, Risk Management, 214.
Apart from this, a little over four hundred years have passed since the first insurance policies were signed in the Netherlands. Unsurprisingly, some information which was once recorded was lost in the course of history. Archives were moved, inventories were lost or changed, and pieces were stolen or simply went missing. World War II also left its mark on the archives, in particular in Rotterdam where many valuable archives were lost, and, tragically, some that were saved were subsequently damaged during the disastrous flooding of January 1953.

In spite of these disasters, great and small, there are sufficient data to carry out research and to enhance our understanding of the insurance industry in the Netherlands in the seventeenth, eighteenth and nineteenth centuries. As I concentrate the analysis on institutional structures and the interaction with the actors involved, the archival sources used are primarily of either governing authorities or of parties to the industry. The former include the archives of municipal authorities and judicial chambers; among the latter are the archives of shipowners and merchants, brokers and insurers.

In the most northern part of the Republic included in this research, Groningen, the Regionaal Historisch Centrum Groninger Archieven (hereafter: ga) incorporates the former Rijksarchief of the province of Groningen and the Gemeente Archief Groningen. The primary archival sources for the analysis of this part of the Republic include the archives of the Burgomasters and Council, to be found in the archives of the Stadsbestuur van Groningen, 1594-1815. This includes the Resolutions of Burgomasters and Council, 1605-1815, the Book of Requests and the archives of the secretariat of the city council of Groningen 1594-1815. I have furthermore made use of the collection of publications of the government, 1595-1814 (1857), the Register Feith and the collection of J.S.G. Koning. The archives of the guilds, in particular the Groot Schipper Gilde (Guild of Great Skippers) and the Schuitenschietersgilde (Guild of Barge Masters) have also proven valuable. Finally, the archives of the local courts of Westerwolde and Bellingwolde contain important information.

In Amsterdam, the main archival sources are located in the Stadsarchief Amsterdam (saa) and they include the extensive archives of the Burgomasters and of the Sheriff and Eschevins. The latter include the archives of the Assurantiemeesters, who were the commissioners of the Chamber of Insurance and Average as well as the Requesten aan de Gerechte. The archives of the Brokers’ Guild are of great value, as are the notary archives. Fortunately, several archives of merchant houses and even those of an insurance broker have survived these past centuries. The archives of Bosse and Zoon, Brants, De Vos en Zoon and Hudig Langeveldt have been imperative in gaining insight into the conduct of the commercial parties to the industry. Also, the library of the Stadsarchief proved to contain valuable documents, some of which had been considered lost. In ad-
dition, I have made use of the library of the *Nederlands Scheepvaart Museum* in Amsterdam which contains valuable documents concerning marine insurance.

The third city in this study, Rotterdam, was most heavily affected by World War II and the effects are still palpable in the archives, as many records were lost. In the municipal archives of Rotterdam (gar) I have made use of the Oud Rechterlijke Archieven van Rotterdam, the Oud Archief van de stad Rotterdam, the archives of the Commissioners of Maritime Affairs, the records of the Guilds and the *Handschriftenverzameling*. The notarial archives, both old and new, contain information regarding insurance transactions. Apart from the valuable archives of the aforementioned *Maatschappij van Assurantie, Discontinge en Beleening der Stad Rotterdam Anno 1720*, I have made use of the archives of another insurance company (*Societeit van Assurantie*) as well as of the records of a prominent broking firm, Mees. As for the parties seeking insurance coverage, I have been able to rely on the archives of Rotterdamsche Lloyd, Coopstad & Rochussen, Dunlop, Hudig, Family Baelde and Bauldry and the Family Van Oordt. A complete overview of the archives used for this study is included in the Appendices.

§ 1.5 Structure of this study

Having defined the goal of this study and outlined some boundaries and having explained the methodological basis of the analysis, as well as the various challenges posed by the sources, the next chapter focuses on Groningen. In order to understand how the different institutions and actors have been influenced by exogenous developments, as well as how they affected each other, I examine the emergence of mutual insurance boxes in Groningen and the formal and informal institutions governing these constructions. In the city and in the countryside around Groningen, systems of protection appear to have been set up as early as the early seventeenth century. These systems, incorporated in the structures of local skipper’s guilds, were based on equality and solidarity and held together for nearly two centuries by virtue of tight social networks and strict rules. What conditions were necessary for these mutuals to flourish, and how did the systems shape individual and group behaviour?

I then focus on another variation of a marine insurance structure: Amsterdam, the European centre of commerce, finance and wealth during most of the seventeenth century and still a formidable force in the eighteenth century. The city boasted an imposing insurance market, founded upon the great wealth within its city walls. Formal regulations seem to have been collectively ignored, money and profit being the primary benchmark of business routine. The various parties involved, the wealthy underwriters in need of alternative investment opportunities, the entrepreneurial merchants and ship-owners seeking commer-
cial protection, the brokers fighting to protect their monopoly and the authorities trying to structure a complex and important business, were all affected by the institutions—and in particular by the imbalance between the sets of constraints.

In the next part, chapter 4, we head south, towards the up-and-coming city of Rotterdam. I examine Rotterdam’s insurance market, its characteristics and scope and, based upon the results of our research in Groningen and Amsterdam, compare its institutional structure and the parties involved with our other cases. Rotterdam, all too willing to take over the lead, experienced its zenith during the nineteenth century, once Amsterdam’s position began to falter. This feature makes a long-term analysis of institutional change particularly interesting. I study the changes in the institutional structure of Rotterdam during two periods of twenty years in order to appreciate how the sets of institutions evolved in time. During the first period, 1760-1780, Rotterdam was still clearly subordinate to the dominance of Amsterdam. During the second period studied, 1850-1870, these relative positions had changed. Moreover, major transformations had taken place or were still in progress. One consequence was the integration of regional markets into one, national, insurance market. These transformations, technological, economic, and political in nature were re-shaping and affecting not only the economy and daily life but also the institutions governing the insurance industry and its participants.

Finally, in chapter 5, I give an overview of the most important findings of my research, and draw conclusions as to how the different institutions and actors have affected one another and how their interaction has influenced the overall development of the insurance industry in the Netherlands.
Map of the Netherlands and its surrounding countries (circa 1650).
Chapter 2

Groningen: mutual interests and financial innovation in the seventeenth and eighteenth centuries

§ 2.1 Introduction

Marine insurance, now a common aspect of corporate risk management, emerged and developed during the Early Modern Period and played a crucial role in the expansion of long-distance trade. Amsterdam, the largest and dominant insurance market, has received most scholarly attention. However, outside Amsterdam’s direct sphere of influence, in the Republic’s northern province of Groningen, an alternative form of marine insurance was developed in the seventeenth and eighteenth centuries: mutual insurance boxes. These boxes were affiliated with skippers’ guilds, and emerged early in the seventeenth century. Their development is of importance, not only because they originated earlier than was previously assumed, but also because of the institutional framework in which they developed and the actual role of the skippers and other parties in the foundation of the boxes.

This chapter is divided into several sections. First, to put Groningen’s experience into perspective, I provide a brief overview of the province’s economic development and other relevant aspects. Next, I examine the alternative method developed in Groningen of insuring ships, and the emergence and development of mutual forms of insurance, especially the insurance box, between circa 1605 and 1767, with an emphasis on how the various parties affected the developments. The following section relates developments in the northern part of the Republic to those in other regions and industries, focusing on the zeevarende beurzen, Guild boxes and mutual mill insurances in the Zaan region,1 in order to assess the distinctiveness of Groningen’s experience. I then analyse the institu-

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1 The Zaan is a river in the vicinity of Amsterdam; the surrounding area is called the Zaan or Zaanstreek.
tional structure of Groningen’s mutual insurance provisions within the broader context of, for example, political and regional characteristics.

Shipping has of old been important for the economy of what is now called the province of Groningen (see map 2.1). The city of Groningen was officially admitted to the Hanseatic League in 1422. Although Groningen did not become one of the major cities of the League, there was active trading with Utrecht, Cologne, Denmark, Westphalia, London, Bristol and Newcastle.

2 For this section I have made use of Borgesius, Geschiedenis; Formsma, Geschiedenis tussen Eems; Beuse, et. al. (eds.), Canon; De Lange, Eb en Vloed; Blijham and Kerkmeijer, Nieuw van de bijf; Van Koldam, Van der Veen and Wilkens, Veenkoloniaal zeevaart; Keuning, Regio Groningen; Keuning, Groninger Veenkoloniëren; Gerding, Vier eeuwen en Post, Groninger Scheepvaart.

3 Kerkmeijer, ‘Groningen en de scheepvaart’, 139; Keuning, Regio Groningen.
The exploitation of peat most probably started as of the thirteenth century near Aduard, Heiligerlee and Ter Apel, where the peat-grounds were owned by the large monasteries. The Groningen's trading position was enhanced when the Schuitendiep was dug in 1400. Until then, the Reitdiep had been the city's primary gateway to the Waddenzee and thus to its trading partners in Friesland, Holland and Northern Germany. The expansion of shipping was reflected in the establishment of the first skippers' Guild in the city of Groningen in 1403: the Schuitenschuiversgilde. On their ships, known as schuiten or snabben, the skippers transported peat to sea; they obtained a monopoly on the waterways Hunze and Schuitendiep, leading to the city. During the sixteenth century, when the high peat grounds east of the city were exploited, the shipping interests of the region expanded even further. During this century, the demand for peat increased significantly due to continued deforestation and, as Europe's urbanisation progressed, an increasing demand for building bricks. In addition, North-German cities were also in need of peat, after three decades of war and crisis (1618-1648). Shipping was concentrated in the city of Groningen, which dominated its hinterland, and in a number of peat-producing communities. These communities, including Hoogezaand, Sappemeer, Wildervank, Veendam and Pekela, emerged during the seventeenth century as peat was exploited on a large scale. The exploitation was often set up by corporations which had been financed with money from investors in Holland. The Borgercompagnie for example was set up in 1647 and the Tripscompagnie the following year. Although the city of Groningen had interests as lessor, it was not actively involved as a developer of peat grounds. Apart from being lessor, the city was also involved in other ways. For example, it ordered developers of peat areas to fertilise their land with muck from the city. This way the city was relieved of its muck and the former peat-lands became suitable for agricultural use. The city was also actively involved in creating waterways for the transportation of peat. The Heerendiep (later renamed as Winschoterdiep) was finished in 1637. A few decades later, the province had at its disposal an intricate system of waterways. Apart from the levies it raised, the city furthermore determined freight tariffs for peat from the peat colonies to the city.

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5 *Schuitenschuivers* can be translated as 'barge masters'.

6 Van Koldam, Van der Veen and Wilkens, *Veenkoloniale zeevaart*, chapter 2; Kerkmeijer, ‘Groningen en de scheepvaart’.


8 Gerding, *Vier eeuwen*, 66.


The demand for peat from the cities in the province of Holland and the North German cities was relatively stable although it was subject to weather conditions. Cold winters, such as the winter of 1757–1758, induced greater demand.11 Skippers sailing to Emden, Leer or Hamburg were known to make profits of 500 to 600 guilders per journey.12 Drought on the other hand (for example in 1775) complicated the transportation of peat. Further complications were caused by sluices and bridges.13 From approximately 1650, ship-building yards were set up in the peat communities, whereas until then most ships had been built in the city.14

Peat trade from the villages of Pekela focused on Northern Germany and the cities in the province of Holland. Skippers from Veendam, Wildervank, Hoogezaand and Sappemeer sailed almost exclusively to the province of Holland. As skippers did not want to sail back unloaded, slowly a shift took place from peat transportation to mercantile trade. As the trade network expanded eastward, the peat skippers carried wood and other products on their return voyage.15 In 1741 this change became marked as grain prices dropped and skippers went in search of alternative cargo and new destinations. The trend leading to tramp shipping had definitively set in and was to have a significant influence on the future development of trade and Groningen economy. Although, overall, the Dutch lost market share in the trade on the Baltic, this was not true of the Groningen skippers. Even after 1784, when skippers from Holland were confronted with decline, the shipping industry still grew in the province of Groningen. In 1786, a canal was opened through Schleswig-Holstein, creating new opportunities for skippers from Groningen, with their relatively small vessels.16

*Schuiten* were the smallest ships used in Groningen; while *snabben* and *tasken* were the most commonly used ships in the province during the seventeenth century.17 As *snabben* and similar ships known as *bokken* were not suitable for the Zuiderzee, they were increasingly replaced by *tjalken* which could carry the load of three *bokken*.18 During the eighteenth century the average size of European short sea ships decreased. The flute disappeared from the seas to be increasingly replaced by the *smak* and the *kofschip*. These were slow and heavy but required only a small crew, and could be navigated into shallow waters.19

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17 Ibid., 31–36.
18 Keuning, *Groninger Veenkoloniën*, 175.
The skippers in Groningen were organised into Guilds: the Schuitenschuivers formed the first shipping Guild, later followed by the Groot Schipper Gilde (Guild of Great Skippers).\textsuperscript{20} The Guilds in Groningen, formalised as of 1436, when the general Guild Letter (Algemeene Gilde brief) was published, were relatively powerful. According to P.J. Blok, it was the Guilds rather than the municipal council which held true power in the city in the sixteenth century. The Guilds’ political power was significantly reduced after Groningen was forced to join the Revolt.\textsuperscript{21}

Although the consequences of, successively, the Batavian Revolution, the French era and even the Continental System were limited for the northern skippers, they were eventually heavily affected by the French Annexation causing trade and commerce to come to a virtual standstill. The year of 1810 marked an all-time low both for shipping and for shipbuilding.\textsuperscript{22}

The city of Groningen dominated the surrounding countryside, although not as effectively as it may have wished to. The staple right, for example, was never effectively enforced.\textsuperscript{23} The reason for this ineffectiveness may have stemmed from differing political allegiances. Whereas the countryside (the Ommelanden) joined the Revolt, the city remained loyal for a long time to the Spanish king. Only after Prince Maurits besieged the city in 1594 was it forced to surrender and join the Revolt.\textsuperscript{24} If the Lords of the Ommelanden had hoped to be rewarded for their loyalty, they were disappointed. The city was granted the staple right and the judicial courts. City and countryside were joined in a sort of province, from then on named Stad en Lande. Even the Prince realised it was not a voluntary co-operation since he referred to the situation as a bad marriage.\textsuperscript{25}

Thus, even if city and Ommelanden now formed one province, it was a strained relationship, which may well explain why the countryside communities so often chose their own ways and their own path. These choices also concerned the way the skippers and their guilds dealt with the risks of everyday life. The choices and conduct of the various skippers’ groups, both in the city and outside the city walls greatly affected the development of methods for protection from economic downfall in the event a ship was damaged or lost. Several boxes were set up to support the unfortunate in times of need and even though they were all based on mutuality, as shown below, each group made its own assessments and choices, which led to interesting differences.

\textsuperscript{20} See § 2.2 for details regarding the two shipping guilds in the city of Groningen.
\textsuperscript{21} P.J. Blok, ‘Raad en gilden te Groningen’, 6, 30.
\textsuperscript{22} \textit{Ibid.}, 47-48.
\textsuperscript{23} Keuning, \textit{Regio Groningen}; Schutter, \textit{De Groninger Gilden}.
\textsuperscript{24} The year 1594 became known as the year of the Reductie, meaning that the city was ‘returned’ to the authorities of the Estates. It became a caesura in many ways. For example, from then on, no Catholics were permitted in political positions.
\textsuperscript{25} Van den Broek, ‘Van Reductie’, 32-40; Beuse, \textit{et. al.} (eds.), \textit{Canon}. 
§ 2.2 Mutual marine insurance in the province of Groningen

Local historians have identified a number of comparatively early mutual contracts in the province of Groningen. L.H.N. Bosch-Rosenthal, for instance, refers to an ordinance passed by the Burgomaster and council of the city of Groningen on 24 November 1605 in which the Guild of Great Skippers (Groot Schipper Gilde) disaffiliated itself from the Guild of Barge Masters (Schuitenschuivers). The ordinance also decreed that those who sailed were to contribute a set sum to the mutual box (gemeene bus), an amount that varied according to the vessel’s destination. Half the proceeds were intended for poor relief and half to support Guild members in distress due to poor health or the loss of a ship. Members’ wives and children were also eligible to benefit. That this ordinance has attracted little scholarly attention is surprising given the destinations specified and that it predates the Zaan whaling mutuals by seventy years. Moreover, this was not an isolated phenomenon but marked the emergence of an alternative insurance system in Groningen.

The ordinance of 1605 was the prelude to a series of resolutions, the so-called willekeuren and the compacten, which culminated in the establishment of a cassa in 1767 (see table 2.1). All of these were designed to support the skipper – who was a Guild member and generally both the owner and captain of his vessel – and his kin in times of distress. There was, however, much change over time, with the rudimentary clauses of the first ordinance giving way to the sophisticated articles of the cassa a little over 150 years later, largely in line with the growth of Groningen’s shipping interests. In the interim, the support became increasingly formalised and better regulated, while there was also spatial change as the institution of the boxes spread from the Great Skippers of the city of Groningen to the rural areas of the province.

The following reconstruction and analysis of the emergence and development of mutual insurance constructions in the city and province of Groningen is based specifically on a number of archival sources: most notably, statutes and ordinances of the city council as well as records of requests made to the city by individuals or groups of individuals. Although some general records of the ship-

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26 Van Koldam Van der Veen and Wilkens, Veenkoloniale zeevaart, iii; Top, Geschiedenis der Groninger Veenkoloniën, 265; Borgesius, Geschiedenis, 18-19.
27 The skippers of the Groot Schipper gilde differed from the skippers of the Schuitenschuiversgilde in that they sailed different routes and owned larger vessels. The latter point is shown by the heraldry of each Guild, which contains an example of the type of ship the members commonly sailed. Whereas the former took to the open sea, the latter sailed on inland waterways. Bosch-Rosenthal wrote an introduction to a commemorative book by Kramer, Zeemanscollege De Groninger Eendracht, iii–iv.
28 ga, sp 740 inv.nr. 1284, 24 November 1605.
29 Den Dooren de Jong and Lootsma, ‘Nederlandsche walvischvangst’. 
Groningen

ping guilds have been preserved, they do not include the records of the boxes, of which – unfortunately – no records have been preserved.

§ 2.2.1 Guild boxes in the city of Groningen

The ordinance of 1605 proves that a coalition of Great Skippers could disaffiliate itself from an existing Guild, the Schuitenschuiversgilde, indicating that this group had sufficient power and funds to pursue its own goals. The foundation of the mutual box may well have triggered this disaffiliation. Having larger, more expensive vessels than the barge masters – their former brothers in the Schuitezenschuiversgilde – the great skippers had a greater incentive to reduce their financial risks. A mutual consisted of a number of persons committing themselves to insuring one another mutually and reciprocally. These persons were thus joined to form a coalition in which each was simultaneously insurer and insured. Losses were borne mutually. Contributions (the so-called omslag) to the mutual were made based upon the damages incurred, but mutuals would often require members to pay a contribution in advance. Members with a claim from the mutual could then be paid instantly rather than wait until the end of the financial year. At the end of the year, the omslag (total damages paid divided by the number of members) was determined. In times of many losses, when the final omslag was significantly higher than the advance contribution, members were required to pay an additional contribution.30

A member of the Guild (and box) had to possess citizenship (borgerschap) of the city; had to pay an admission fee of three carolus guilders and had to command a ‘capable and good ship’.31 The rules regarding the actual insurance were vague. While the risks covered were not specified in detail, and the amount to be paid in case of wreckage or other major damage was not mentioned, it almost certainly would have covered only part of the damage rather than the entire loss. No additional premium was payable for sailing during the winter (winterloon), suggesting that such seasonal activities were limited in the early seventeenth century. The destinations listed offer an insight into the scope of shipping in this part of the Republic. For example, skippers sailing to Norway or into the Sound paid one carolus guilder, while those bound for Bremen, Hamburg or Amsterdam subscribed a mere ten brabantse stuiver. The same amount was levied on vessels sailing around or through Friesland or to the cities along the River IJssel. Ships bound for Emden and Westfriesland paid four brabantse stuivers.32

30 See Van Niekerk Principles of insurance law, 633-635.
31 ga, op 740 inv.nr. 1284, 24 November 1605, article 22.
32 ga, op 740 inv.nr. 1284, 24 November 1605, article 15. There were twenty stuivers to a guilder and 16 penningen to one stuiver. A stuiver brab. stands for Brabantse stuiver, also known as the stuiver of the Burgundian Netherlands. Also see Van Gelder, De Nederlandse munt, 294.
The articles of agreement of a mutual box founded by the Guild of Great Skippers sixty years later indicate that the working of these institutions had evolved considerably since 1605.\(^{33}\) In the event of a total loss, the skipper would now be paid a lump sum of 300 carolus guilders, regardless of the extent of the damage. Article 18 leaves no doubt that this was in fact mutual insurance for hulls only. Anyone suffering more than 800 guilders of damage to his ship (but not resulting in a total loss) was entitled to receive 300 guilders from the box.\(^{34}\) Aside from indicating that the box was intended to provide hull insurance, the article also demonstrates that the level of reimbursement was limited. The article further stipulates that damage of less than 100 guilders had to be borne by the insured, while losses between 100 and 800 guilders were dealt with on a pro rata basis.

No fewer than fifteen of the twenty-seven articles related to the cost of the premium for each route. Those cited in 1605 reappeared in the 1665 agreement, together with a number of additional destinations, some within the Republic and others as far away as London or the Danish ports of Rippen and Rinckoppen. A form of old-age pension was incorporated in the 1665 plan, which also included provision for payments for illness and to widows.\(^{35}\) On the downside, there was a clause relating to penalties. If a member failed to pay the stated

\(^{33}\) ga, op 740 inv.nr. 437, 21 February 1665.  
\(^{34}\) ga, op 740 inv.nr. 437, 21 February 1665, article 18.  
\(^{35}\) As we have no financial data on the box, the reimbursements that were made for damages to or loss of ships or the payments made to retired skippers or widows, an assessment of the influence of this aspect on the development of the box would be highly speculative. A study to be published in 2009 by Albert Buursma regarding poor relief in the city of Groningen, *Dese bekomenlijke tijden. Armenzorg, armen en armoede in de stad Groningen 1594-1795*, may hold promise for future research regarding this aspect.
amount before he sailed, he would be required to pay double on his return. If he still refused to pay, he would lose any rights to the box.

In 1686, various shortcomings of the system came to light. On 10 February, a resolution passed by the Burgomasters and council of the city of Groningen emphasised that Guild members should operate good and capable vessels, since defective ships harmed trade. Non-compliance would result in exclusion from the Guild, a serious punishment in such a tightly-knit community. A little over a month later, a reminder of this stipulation and the associated penalty was issued.

In 1694, a major revision of the mutual box was endorsed by the city council. In contrast to earlier versions, the name of the Guild was specifically stated, as was the objective of the box: 'to come to the aid of skippers, their widows, and children who without being culpable lose their ships.' The structure of the scheme resembled that of 1665. Again, the premium was related to destination and thus reflected the Guild members' assessment of risk. There were only a few changes to the list of destinations, and the level of premiums was also remarkably constant. The premium for sailing to Amsterdam and other cities in the province of Holland was reduced from ten to five stuivers, while premiums for destinations such as London, Bremen and Hamburg remained unchanged.

The 1694 document emphasises the voluntary character of the box. It was not mandatory for Guild members to subscribe, but if they decided to join after the scheme was initiated, they were required to pay an entrance fee of twenty guilders. Moreover, only those with 'good ships' would be paid full compensation, while those who owned a vessel worth less than 500 guilders paid half the fixed premium, but they also only received just half of the compensation. Payment for damages exceeding 800 guilders that did not result in a total loss was reduced from 300 to 200 guilders. Also, the sanction for non-payment of premiums was more clearly defined: members who continued to default would lose their entitlement to any claim on the box, including the rights to previously paid premiums.

During the early eighteenth century, a range of issues seems to have afflicted Groningen's mutual boxes. In 1712, an entry in the Book of Resolutions of the Burgomasters and council of the city of Groningen implies that some of the articles of the mutual box of the Guild of Great Skippers had been amended to clarify its procedures. In 1730, the Guild made further changes to its statutes, while the Schuitenschuivers asked the Burgomasters and council to endorse its foundation articles. This Guild had been the original Guild of skippers in the city of Groningen, but it appears to have lost its influence and dynamism once the Great Skippers established an independent identity. The Schuitenschuivers

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36 GA Resoluties 1605 inv.nr. 314r, 10 February 1686.
37 GA Resoluties 1605 inv.nr. 314r, 22 March 1686.
38 GA Resoluties 1605 inv.nr. 314r, 1 February 1694.
39 London: five guilders; Bremen and Hamburg: twenty stuivers.
40 GA Resoluties 1605 inv.nr. 314r, 2 February 1712.
evidently displayed sufficient initiative to found their own mutual box. Probably inspired by their former peers, the Schuitenschuivers’ attitude towards their professional risks altered as they became increasingly risk-averse, with a resulting need for a box of their own. Although the original documents did not survive, a reference in the Book of Requests mentions the establishment of a willekeur to benefit those who lost their ship, thus contradicting the general assumption that there was no insurance for inland skippers before the mid-eighteenth century.41

Disputes probably underlay the changes to the mutual box of the Guild of Great Skippers in 1730. Referring to the preceding versions of 1694 and 1712, neither of which has survived, the revision of the statute mentions that:

‘Since considerable time many issues and discrepancies have occurred, because some articles in aforesaid statute had not been expressed clearly: and in order to prevent these difficulties between us in the future as well as possible, [we] need to be more unambiguous.’42

This was a prelude to the introduction of a novel system of additional premiums and discounts. It stipulated that the owner of a vessel of twenty years or more had to pay only half the premium but in case of loss would only receive half the regular compensation. There was even provision for ships that passed the twenty-year mark during the season, again indicating the sophistication and thoroughness of the statute. Those who only owned half a ship would receive half the regular sum in case of loss, suggesting that the principle of indemnity was being applied, albeit in a limited form. Penalties and procedures for their imposition were elaborate and clearly defined, while a list of 110 possible destinations with fixed premiums was appended. Bordeaux was the most expensive destination with a set premium of eight guilders. A further innovation was the winter premium (winterloon), which obliged members to add 50 per cent to the standard premium if they embarked between 6 December and 2 February. In wartime, a supplement of 30 per cent was due. A remarkable feature of the 1730 system was that, despite the length and apparent sophistication of its prospectus, it was still basically lump-sum insurance, with compensation only barely related

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41 GA Requesten 1605 inv.nr. nr321, part 29, fo. 317 verso, 10 February 1730. Gales and Van Gerwen, Sporen, 50, state that insurance for inland shipping became available in the second half of the eighteenth century, but they refer to ‘regular’ rather than mutual, insurance. Davids, ‘Zekerheidsregelingen’, 187, claims that mutuals were not prevalent in sea transport – that is, ocean rather than inland shipping – before the mid-eighteenth century; Zeiler, ‘Men segt dat hier’, 19, on the other hand, cites a shipping Guild near Meppel which had, in 1634, incorporated in its statutes that members would as far as possible share the burden in case of loss or damage to a member’s ship. It is nonetheless surprising to find a mutual contract for inland skippers in the province of Groningen as early as 1730.

42 GA, op. 740 inv.nr. 787, 10 February 1730.
to actual damages. Furthermore, restitution for a less than total loss was omitted – a change which might have been implemented in 1712 – probably because this type of provision was open to fraud.

§ 2.2.2 Guild boxes in rural Groningen

Outside the city walls of Groningen, the various communities of skippers also sought to reduce their financial risks. These men lived and worked in communities in the peat district such as Pekel A, Wildervank and the Oldambten (also known as Oldampten or Old-Ampten) to the south-east of Groningen. Due to the increasing production and distribution of peat, shipping grew in importance in this region. The skippers of Pekel A created their own Guild and mutual box in 1712.\textsuperscript{43} Since the community was under the jurisdiction of the city, the Burgo-masters and council of the city of Groningen had to endorse the founding articles, which are often described as the most ancient in the region.\textsuperscript{44} Although this is now known to be erroneous, the document remains important because it illustrates the particular structure of Pekel A’s mutual box. Considering the relative proximity of the city, with its dominant Guild of Great Skippers, it is reasonable to assume that the skippers of Pekel A would have copied the Guild of Great Skippers’ articles and procedures. But analysis of this particular \textit{willekeur} – which comprises just five articles – seems to indicate otherwise: there is no sign that Pekel A’s ship-owners replicated the text of their city counterparts. Indeed, the structure of their mutual box was highly distinctive. Whereas Guild members in the city of Groningen chose to calculate premiums on the basis of destination and route, their colleagues in Pekel A decided to use the value of ships. Each vessel was to be appraised, and a premium of ten \textit{stuivers} was payable on every 100 guilders of estimated value. If a member lost a ship, he was entitled to 25 per cent of the appraised value. Although reimbursement was based on the value of the vessel and was thus related to the damages incurred, the disparity between payment and value shows that this contract was not intended to fully compensate the insured skipper. Like the other boxes, it was merely meant to support skippers in times of great distress and to prevent them from sinking into poverty.

The Pekel A skippers extended their constitution, as can be deduced from an allusion in the Book of Requests of the city to alterations required in articles 10 and 11 of an agreement that originally comprised just five articles. It is probable that such adjustments – which clarified the level of mandatory assistance and tightened the definition of a wreck – were instigated by disputes over the terms of the insurance provided.

\textsuperscript{43} The terms ‘Guild’, ‘\textit{vrije Societeit}’ and ‘contract’ are used, but the principal aim of the documents was to create a mutual box.

\textsuperscript{44} Borgesius, \textit{Geschiedenis}, 18.
In 1723, the skippers of Oldambten followed the example of their contemporaries in the city and in Pekel A by founding their own Guild. The premiums were, as in the case of the box in the city of Groningen, based on the vessel’s destination. However, when it came to compensation, an original idea was introduced: the amount paid was related to the location and route of the vessel when the loss was suffered. If, for example, a ship was lost en route to Hamburg or the province of Zeeland, the owner would be entitled to 175 carolus guilders. Losses incurred closer to home, in Friesland, yielded a lower payment of 125 carolus guilders. Loading and unloading in the province of Holland was evidently considered risky, since in a separate clause it was specified that damages sustained in such activities would be recompensed with 125 carolus guilders.

The Oldambten Guild also introduced the issue of indemnity in its constitution, for article xvii reads that:

‘If one of the Guild brothers were to be sailed over by another, and thus will lose his ship, he may as stated in aforementioned articles demand and receive the coinage from the Box, viz. in case of no compensation may be received from the one who has overrun him.’

A further notable feature of this document is the consistent use of penalties (pena’s) for non-compliance. For example, a fine of ten stuivers was imposed on those absent from meetings, while those who consumed beer before the business of the annual meeting was concluded were fined one daalder, equal to one guilder and ten stuivers. And if a member deliberately withheld information about his voyages, a similar penalty was to be levied. The nature and thoroughness of these stipulations and, in particular, the inclusion of the penalty scheme, are quite distinctive, but there is no indication in the archival records of the influences which inspired the founders of this box.

In 1737, the statutes of Oldambten’s mutual box were revised to incorporate the skippers of Wildervank and Veendam, resulting in an extended version of
the lengthy document of 1723. The most distinctive feature of this new agreement was again the number and detail of the penalty clauses. These shipping communities were evidently not so harmonious or immune to fraud as is commonly assumed. The penalty clauses were needed to enforce the box’s mission – to promote solidarity with Guild brothers in distress – and reveal that this solidarity was not always voluntary and came at a price.

In Leek, a provincial town west of the city of Groningen, a shipping Guild was founded in 1764 to support members in difficult times. The Guild’s fourteen articles included ‘standard’ clauses relating to membership of skippers’ children, donations to the poor and provision of aid to distressed members. Payment in the event of loss was set at 200 guilders. Premiums were based on routes but were paid per year instead of per journey. And there were other novelties. Article ten, for example, provided that if a member was overzeijlt (run over) by another skipper who refused to cover the damage, the Guild would then mediate. Article twelve revealed current thinking regarding the insurance of ships: ‘he who has insured his ship will be bound to declare his innocence, together with his mate, on penalty of losing payment from the Guild Box.’ Clearly, not only did they know about the possibility of taking out commercial insurance, they were also aware of the deceitful behaviour that insurance could induce in some individuals. The statutes of the organisation were adjusted several times in the late eighteenth century. The Guild in Leek was dissolved in 1811.

§ 2.2.3 From Guild box to compact

In 1739, a group of skippers in the city of Groningen established a compact. According to the founding statutes, a member received ten carolus guilders from each participant in the event of a loss. This provision was unique, which ex-

50 GA, OP 740 inv.nr. 788, 2 February 1737.
51 There are indications that another shipping Guild had been founded in Leek before 1764. See Geerdink van der Worp, *De Sociëteit Compact* and Kerkmeijer, ‘Het Leekster schippersgilde’, 2.
52 France, England and the Baltic: eight guilders per year; Norway: seven guilders per year; Zeeland, Kleine Oost (northern Germany, west coast of Denmark): six guilders per year; and Holland and Wadden isles: five guilders per year.
53 The quote is from Geerdink van der Worp, *De Sociëteit Compact*, 6. Also see Barbour, ‘Marine risks’, 591.
54 In 1791 the statutes were changed so that inland skippers only paid half of the stated premium. In the event of loss they also received half (100 guilders). In 1826 it became apparent that some sort of insurance was needed, and the skippers of Leek founded a compact. The accounts show that between 1764 and 1858, twenty payments were made for losses. See Geerdink van der Worp, *De Sociëteit Compact*.
55 GA Requesten 1605 inv.nr. nnr321, 15 January 1739. The term ‘compact’ was later applied to the Societies of Seafarers (*Zeemanscolleges*) of the province of Groningen
explains why the term *compact* was used exclusively. There was no common box, for each member was liable to offer the same amount to a fellow member in distress. This structure was seemingly adopted to strengthen the mutuality and solidarity of the body, a characteristic that was evident in the fraternal tone of the text, with the words 'us' and 'ours' being used instead of the neutral third person of the earlier *willekeuren*. Moreover, the document contained a meagre six articles, a stark contrast to the lengthy constitutions of 1730 and 1737. It concluded with the names of the founders, who were presumably great skippers rather than barge masters. Why they took this step when their Guild operated a mutual box is unclear. The most plausible explanation is that a small group of skippers decided to create a separate means of protection because the mutual boxes could not, or could no longer, fulfil their needs entirely. Perhaps the compensation paid by the boxes was considered inadequate or disputes had hampered the effectiveness of the existing provisions.

The 1739 arrangement was superseded by a further *compact* in 1752. In addition to stipulating an increase from ten to twelve guilders in members' contributions to claimants, and several revisions regarding leadership and memberships, this document contained two curiosities. First, it was agreed that if a member chose to buy a larger ship to sail 'outside', it was up to the participants in the *compact* to decide whether or not to cover the risks. Second, article eight stated that if a member sailed beyond Hamburg, Bremen or the Eijder he would be required to donate one guilder, while voyages to other foreign destinations would be regulated according to 'the book of new boxes'. This indicates that the *compact* was a hybrid, a stage in a process that would take a further fifteen years to complete.
A document of 1 April 1753 implies that a *compact* also existed in Pekel A.\(^{61}\) This might be an isolated reference, but it suggests that in the mid-eighteenth century skippers throughout the province of Groningen were looking for ways to reduce their financial exposure: clearly the overall attitude towards risk was changing as individuals became increasingly risk-averse.

§ 2.2.4 From compact to cassa

The developments of mutual boxes and *compacts* in the province and city of Groningen came to a temporary conclusion in 1767 when the last in the series of constitutions was established.\(^{62}\) Although it specifically referred to the first *compact* of 1739, this particular document represented a return to the old structure of mutual boxes. Premiums were paid on the basis of destination, with compensation fixed at a lump sum of 300 carolus guilders.\(^{63}\) Whereas the 1752 document was something of a hybrid and still referred to the *compact*, the 1767 agreement abandoned that term and used *cassa* instead. The signatories also introduced a new barrier to entry: skippers seeking to join were now required to own a vessel with a minimum value of 600 guilders, while another article specified the type and size of vessel a prospective member could own.\(^{64}\) The list of destinations was shorter, mainly because the definition of port of departure was rendered more flexibly: ‘all ports within the United Provinces and the ports along the Ems such as Emden and Norden.’\(^{65}\) Consequently, adjacent destinations such as Delfzijl, Dokkum and Griet were omitted. London was now one of the cheaper destinations (two guilders), whereas in 1694 it had still been the most expensive one on the list (five guilders). This structural change reflected an increase in the volume of by-pass trade (*voorbijlandvaart*). For example, the destinations in article ten included premiums for vessels sailing directly to Hamburg or Bremen from Texel, ‘t Vlie, Ameland, Schiermonnikoog, Ooster or Wester Ems, thus by-passing Groningen.\(^{66}\) There were also articles on the calculation of premiums for vessels engaged in triangular (regional) routes, which implies that the initiators of the *cassa* wanted to avoid problems of interpretation. For example, article seventeen reads: ‘But someone sailing from the Baltic Sea to Hamburg or Bremen will not have to pay more as if going to these countries, but coming from England or France and sailing towards Hamburg and Bremen, shall from the position near Texel or the Eems have to give an additional one guilder

\(^{61}\) *Ga* Requesten 1605 inv.nr rnn 321, 27 January 1753.

\(^{62}\) *Ga* Resoluties 1605 inv.nr. 314r, 6 June 1767.

\(^{63}\) An additional premium was required for loading and unloading. *Ga*, Resoluties 1605/314r, 6 June 1767, article eight.

\(^{64}\) *Ga* Resoluties 1605 inv.nr. 314r, 6 June 1767, articles one and two.

\(^{65}\) *Ga* Resoluties 1605 inv.nr. 314r, 6 June 1767, article nineteen.

\(^{66}\) *Ga* Resoluties 1605 inv.nr. 314r, 6 June 1767, article ten.
and five *stuivers* again because that place is that much in the appraisal, and then from Hamburg or Bremen, having there unloaded or loaded, once more sailing towards Norway or the Baltic sea, shall give a guilder for loading and unloading, and in addition as much as from these countries, provided it costs twelve and half *stuivers*, because he does not sail a return voyage from Hamburg or Bremen, but from Hamburg or Bremen again by-passing our countries, he will not be discounted because it is a whole voyage again.\(^\text{67}\)

Table 2.1 gives an overview of a number of characteristics of the various mutual constructions in the city and province of Groningen.

### § 2.3 Groningen's insurance initiatives in context

Mutual insurance schemes were neither exclusive to shipping nor unique to the province of Groningen, as attested by the existence of various mutual institutions, such as Guild boxes, *zeevarende beurzen* and mutual mill insurance contracts, throughout the Dutch Republic. In several cities, guilds founded mutual boxes to support members in distress due to sickness, infirmity or death.\(^\text{68}\) Sandra Bos studied the systems of mutual support in Amsterdam, Utrecht and Leiden in an international perspective. She contends that two factors largely determined whether or not a box was founded: the size and age of the Guild and the relevant institutional framework.\(^\text{69}\)

Other forms of mutual insurance developed in the rural areas of the coastal provinces and islands of Holland, Friesland and Zeeland, where *zeevarende beurzen*, seafaring boxes, were instigated mainly by fishermen, who had to face not only the common perils of the sea but also the violence of enemy commerce raiders.\(^\text{70}\) Privateers based in Dunkirk and commissioned by the King of Spain, were a serious threat to Dutch fishermen in the sixteenth and seventeenth centuries. When captured, fishermen were obliged to pay ration money (*rantsoengeld*) and a ransom to gain their release. Few fishermen could afford this. While village councils were sometimes petitioned to help raise the necessary funds, fishermen founded *zeevarende beurzen* to provide ration and ransom money in the event of capture.

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\(^{67}\) GA Resoluties 1605 inv.nr. 314r, 6 June 1767, article seventeen.

\(^{68}\) Bos, *Uyt liefde tot malkander.*

\(^{69}\) According to Sandra Bos, guilds focused on so-called ‘risks of life’. She argues that guilds did not cover risks of material assets: ‘risks of damage to houses, ships, mills and inventories were also excluded from their ‘insurance package’, since for these [risks] there existed separate mutual and commercial fire and damage insurances’; Bos, *Uyt liefde tot malkander*, 19.

\(^{70}\) Fransen, *Verzekering tegen Seerovers*; H. van Dieren *et. al.*, W. Smit (ed.), *De buul.*
Table 2.1: overview of mutual insurance boxes in the city and province of Groningen. The base years in the table are based upon the relevant documents of the various mutual constructions. Sources: see text.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Great Skippers Guild</th>
<th>Barge Masters Guild</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name/term used</td>
<td>Busse</td>
<td>(Gemiene) Busse Gemeene Bus Kleijne Busse en inlage Compact</td>
</tr>
<tr>
<td>Terms of entry and admission fee</td>
<td>Citizenship + 3 carolus guilders</td>
<td>Citizenship, membership of Guild, 12 carolus guilders</td>
</tr>
<tr>
<td>Number of destinations</td>
<td>9</td>
<td>43</td>
</tr>
<tr>
<td>Fixation of premium</td>
<td>Based on destination</td>
<td>Based on destination</td>
</tr>
<tr>
<td>Reimbursement in case of loss (in carolus guilders)</td>
<td>Not specified</td>
<td>300 in case of total loss. In case of damages &gt; 800 then 300. Damages between 100-800: proportionately</td>
</tr>
</tbody>
</table>

1. See text regarding founders.
2. A few destinations are specified regarding payment of additional premium (Hamburg, Bremen, Eijder).
### City of Groningen

<table>
<thead>
<tr>
<th>Year (s)</th>
<th>1605</th>
<th>1665</th>
<th>1694</th>
<th>1730</th>
<th>1739</th>
<th>1752</th>
<th>1767</th>
<th>1730</th>
</tr>
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<tbody>
<tr>
<td><strong>Additional premiums</strong></td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>50 per cent winter premium (6 Dec-2 Febr); 30 per cent war premium</td>
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<td>---</td>
<td>4 guilders winter premium (20 Dec-2 Feb)</td>
<td>No information available</td>
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<tr>
<td><strong>Discounts (value/age of ship)</strong></td>
<td>---</td>
<td>---</td>
<td>50 per cent discount if value vessel &lt; 500 guilders (both on premium and reimbursement)</td>
<td>50 per cent discount if value vessel &lt; 500 guilders (both on premium and reimbursement; 50 per cent discount for old vessel (no age limit set)</td>
<td>---</td>
<td>---</td>
<td>50 per cent discount if vessel is &gt; 20 years</td>
<td>No information available</td>
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<tr>
<td><strong>Exceptions and other conditions</strong></td>
<td>Ship must be good and capable, half of the box is for the good of the poor</td>
<td>Insurance only in excess of 100 carolus guilders; claim forfeited if one sails beyond stated destinations</td>
<td>Discounts in case of partial ownership</td>
<td>Exclusion is possible in case of sailing beyond stated destinations</td>
<td>Vessel must be worth 600 guilders or more; additional demands depending on type and size of vessels; additional premium for loading and unloading</td>
<td>No information available</td>
<td></td>
<td></td>
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<tr>
<td><strong>Penalties and sanctions</strong></td>
<td>In case of non-payment of premiums no rights</td>
<td>In case of non-payment of premiums 100 per cent penalty of premium; continued refusal to pay leads to rights forfeited</td>
<td>In case of non-payment of admission fee: 20 guilders</td>
<td>12 stuivers for not attending annual meeting</td>
<td>In case of non-payment 3 guilders, continued refusal leads to loss of rights; 12 stuivers for not attending annual meeting</td>
<td>No information available</td>
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<td>1605</td>
<td>1665</td>
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</tr>
<tr>
<td><strong>Destination(s) with highest premium</strong></td>
<td>Norway and Sont (1 carolus guilder)</td>
<td>Rippen, Rinck-oppen, London, Flanders (5 carolus guilders)</td>
<td>Rippen Rinck-oppen, London, Flanders (5 carolus guilders)</td>
<td>Bordeaux (8 carolus guilders)</td>
<td>---</td>
<td>---</td>
<td>Strait of Gibraltar (10 carolus guilders, 10 stuivers)</td>
<td>No information available</td>
</tr>
<tr>
<td><strong>Destination(s) with lowest premium</strong></td>
<td>Embden, West Friesland (4 brabantse stuivers)</td>
<td>Enkhuizen, Dokkum, Oosthumhorn, Schiermonnikoog, Delfzijl, Emden, Griet (5 brabantse stuivers)</td>
<td>Amsterdam, other cities in Holland, Enkhuizen, Dokkum, Oostmahorn, Schiermonnik-oog, Delfzijl, Emden, Griet (5 brabantse stuivers)</td>
<td>Zoutkamp, Oostmahorn, Schiermonnik-oog, Delfzijl, Emden, Griet (5 brabantse stuivers)</td>
<td>---</td>
<td>---</td>
<td>From Texel, ’t Vlie, Ameland, Schiermonnik-oog, East or West Eems to Hamburg and Bremen (1 guilder, 5 brabantse stuivers)</td>
<td>No information available</td>
</tr>
<tr>
<td><strong>Premium Groningen to Amsterdam</strong></td>
<td>10 brabantse stuivers</td>
<td>10 brabantse stuivers</td>
<td>5 brabantse stuivers</td>
<td>10 brabantse stuivers</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>No information available</td>
</tr>
<tr>
<td><strong>Premium Groningen to Bremen</strong></td>
<td>10 brabantse stuivers</td>
<td>20 brabantse stuivers</td>
<td>1 guilder</td>
<td>1 guilder</td>
<td>---</td>
<td>1 guilder</td>
<td>---</td>
<td>No information available</td>
</tr>
<tr>
<td><strong>Premium Groningen to Norway</strong></td>
<td>1 carolus guilder</td>
<td>n.a.</td>
<td>n.a.</td>
<td>2 guilders</td>
<td>---</td>
<td>---</td>
<td>Between 2 and 6 guilders</td>
<td>No information available</td>
</tr>
<tr>
<td><strong>Premium Groningen to London</strong></td>
<td>n.a.</td>
<td>5 carolus guilders</td>
<td>5 carolus guilders</td>
<td>4 guilders</td>
<td>---</td>
<td>---</td>
<td>2 guilders</td>
<td>No information available</td>
</tr>
<tr>
<td><strong>Premium Groningen to Bordeaux</strong></td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>8 guilders</td>
<td>---</td>
<td>---</td>
<td>5 guilders, 10 stuivers</td>
<td>No information available</td>
</tr>
</tbody>
</table>

3. Destination defined as ‘England’.
<table>
<thead>
<tr>
<th></th>
<th>1712</th>
<th>1723</th>
<th>1737</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisation</strong></td>
<td>Guild of Skippers of Pekel A</td>
<td>Guild of Skippers of Old-Ampten</td>
<td>Skippers of Veendam, Wildervank and Oldambt</td>
</tr>
<tr>
<td><strong>Name/term used</strong></td>
<td>Vrije Societeit, Contract, Willekeur</td>
<td>Willekeur en Ordre Gilde Kiste</td>
<td>Willekeur en Ordre Gildekiste</td>
</tr>
<tr>
<td><strong>Terms of entry and admission fee</strong></td>
<td>---</td>
<td>1 guilder per year</td>
<td>1 guilder per year</td>
</tr>
<tr>
<td><strong>Number of destinations</strong></td>
<td>n.a.</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td><strong>Fixation of premium</strong></td>
<td>Based on value of vessel (10 stuivers per 100 guilders of appraised value)</td>
<td>Based on destination and whether vessel carried cargo</td>
<td>Based on destination and whether vessel carried cargo</td>
</tr>
<tr>
<td><strong>Reimbursement in case of loss (in carolus guilders)</strong></td>
<td>25 guilders per 100 guilders of appraised value</td>
<td>Based on location of loss and route, min. 50/max. 175 guilders</td>
<td>Based on location of loss and route, min. 50/max. 175 guilders</td>
</tr>
<tr>
<td><strong>Additional premiums</strong></td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Discounts (value/age ship)</strong></td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Exceptions and other conditions</strong></td>
<td>---</td>
<td>In case skipper was not compensated when run over, he would be reimbursed by the Guild</td>
<td>In case skipper was not compensated when run over, he would be reimbursed by the Guild</td>
</tr>
<tr>
<td><strong>Penalties and sanctions</strong></td>
<td>---</td>
<td>Numerous, for example for delayed payment, for not registering all voyages, for drinking during annual meetings, etc.</td>
<td>Numerous (see 1723). In addition, skippers had to come to the aid of Guild brothers.</td>
</tr>
<tr>
<td><strong>Destination(s) with highest premium</strong></td>
<td>n.a.</td>
<td>Groningen to East Eems or Zeeland, from Pekel A, Nieuweschans, Westerwolda or Bellingwolde past Eemst (15 stuivers)</td>
<td>Groningen to Eemst or Zeeland, from Pekel A, Nieuweschans, Westerwolda or Bellingwolde to Eemst (15 stuivers)</td>
</tr>
<tr>
<td><strong>Destination(s) with lowest premium</strong></td>
<td>n.a.</td>
<td>From Friesland or Oldambten to Groningen (2 stuivers)</td>
<td>Groningen to Wildervank, Veendam, Oldambten (1 stuiver)</td>
</tr>
<tr>
<td><strong>Premium Groningen to Amsterdam</strong></td>
<td>n.a.</td>
<td>6 stuivers (+ 3 for unloading)*</td>
<td>6 stuivers (+ 3 for unloading)*</td>
</tr>
<tr>
<td><strong>Premium Groningen to Bremen</strong></td>
<td>n.a.</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Premium Groningen to Norway</strong></td>
<td>n.a.</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Premium Groningen to London</strong></td>
<td>n.a.</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Premium Groningen to Bordeaux</strong></td>
<td>n.a.</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

4. Destination is defined as ‘Holland’.
Groningen

These boxes date back to 1634, when fishermen in Graft and Harlingen sought to reduce the risks that had become intrinsic to their business. Most of these _zeevarende beurzen_ were dissolved by the early nineteenth century, as the dangers posed by privateers receded.

Mutual insurance schemes were also introduced by mill-owners in the Zaanstreek. In examining the organisational structure of industries in the area, Karel Davids considers the development of inter-firm co-operative agencies. Mutual insurance contracts were ‘the first and most persistent form in which this inter-firm co-operation took shape’, as millers and mill-owners committed themselves to compensating colleagues whose mills were damaged or destroyed by fire. While the first known contract was drawn up in 1663 and covered eight oil mills, insurance contracts in the eighteenth century covered more than 100 mills. By 1750, 40 per cent of sawmills, 70 per cent of mills in the oil, paint and snuff industries, and 80 per cent of paper mills were insured through a mutual contract. Most of these mutual insurance constructions persisted for a long time but disappeared before World War I.

Mutual fire insurance in the Zaanstreek developed in a similar way to mutual marine insurance in Groningen. Indeed, Davids’ assertion that ‘the regulations of these mutual insurance contracts assumed an increasingly elaborate form’ could be applied to both contexts. The reasons for this parallel development lie in the risks confronting mill owners and ship-owners: both needed to safeguard their interests in the political domain. Accordingly, the mutual insurance contracts of the Zaanstreek industrialists served ‘as an organizational means to defend the interests of firms in a particular industry vis-à-vis the central authorities’. In this respect, they fulfilled the role of a Guild in lobbying for common goals and protecting the interests of members, a service performed by the skippers’ guilds in Groningen. Milling and shipping shared similar cost structures. Both were capital-intensive and this capital-intensity, combined with the high risk of fire, made some form of financial safeguard necessary. A further parallel can be discerned in the demise of the respective mutual insurance devices. The capital-intensive nature of the milling industry, which explained the foundation of the original mutual insurance contracts, eventually undermined these protective agencies. The mutual mill contracts declined because the values of the insured objects varied too much, while in contrast the mutuals in Groningen probably disappeared due to the inadequacy of compensation, in particular in relative terms, as alternative means of insurance became more attractive in

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71 Fransen, _Verzekering tegen Seerovers_, 9.
72 Davids, ‘The transformation’.
73 _Ibid._, 562.
74 _Ibid._, 569.
75 _Ibid._, 563.
76 _Ibid._, 564.
terms of cost. Nevertheless, Davids' contention that 'the principle of mutuality, which lay at the base of...inter-firm co-operation...proved eventually no longer strong enough to keep the different actors in these institutions' could be applied to Groningen's Guild boxes as well as Zaanstreek's mill contracts, although the pace of this development among the skippers' guilds differed from the situation in the Zaanstreek where the mill contracts persisted for a longer time.\footnote{Ibid., 577. The shipping mutuals most probably disappeared sooner than the mill contracts due to the fact that they were directly linked to the guilds which ceased to exist in the nineteenth century.}

In spite of these similarities, it seems unlikely that Groningen's skippers drew extensively on the experience of other property owners elsewhere in the Dutch Republic. After all, the earliest box in Groningen dates back to 1605, whereas the first zeevarende beurs was founded in 1634 and the first mutual mill contract was instituted in 1663. The idea that skippers, fishermen and millers in the western part of the country, like those in Meppel, were inspired by the example of Groningen skippers is an intriguing possibility, but no evidence has been found to support it.\footnote{Zeiler, 'Men segt dat hier'.} Inspiration might also have come from elsewhere: Groningen was a commercial centre that had well-established trade with Amsterdam and other cities in Holland, as shown by the statutes of the mutuals and the cassa. Financial innovations, such as the mutuals, would certainly have been discussed by skippers, and as time progressed, information would undoubtedly have spread regarding their foundation, structuring and managing. Still, although skippers may have been influenced by foreign initiatives and precedents, the bulk of the evidence indicates that they adopted mutual institutional forms which satisfied their own particular needs and customs.

\section*{§ 2.4 Mutual marine insurance in Groningen: an institutional analysis}

The institutional framework in which Groningen's marine insurance provisions developed was of significant influence on the character and effectiveness of these financial innovations.\footnote{See § 1.1 and in general North, \textit{Institutions}, \textit{Institutional change}.}

As argued by Douglass North, these institutions, or constraints, generally shift from being informal by nature to becoming predominantly regulated and formalised over time. This applies in the case of Groningen, as does North's assumption that institutions evolve incrementally.\footnote{North, \textit{Institutions}, \textit{Institutional change}, 3-6 and 73.} As the range of implemented measures indicates, the province's ship-owners and skippers seem to have searched for the optimal form of economic organisation, while adjusting their choices to accommodate exogenous factors and their own changing needs and
preferences. In doing so, not only were they affected by the constraints limiting their choices and behaviour, they in turn influenced the development of these institutions.

In pursuing their economic and social goals, individuals often form coalitions. The purpose of most, and particularly economically based organisations is to further the interests of their members, as Mancur Olson has argued. Individual members of these groups or organisations acknowledge that they share a common interest with other group members, interests that are easier or better served by collective action. In the seventeenth and eighteenth centuries, the Groningen skippers pursued a strategy to further their common interest: to improve their status and well-being by reducing the risks related to their everyday work. But a coalition only endures as long as its members consider the goals worth pursuing and as long as the interests are better served with collective, rather than individual action. However, as common sets of goals evolved, the balance of power within and between the various groups and coalitions changed. Most notably, the power of the Guild was significantly reduced over time. Traditionally, the Guilds in Groningen held great political influence, but this influence was formally reduced with the Reductie in 1594. From then on, it was in all probability far more challenging for Guilds to amend their statutes or to enforce their penalties.

In time, the institutional framework generally shifted from an informal to an increasingly formalised structure. This process of institutional change began in 1605 with the disaffiliation of the Great Skippers from the Schuitenschuivers. Solidarity, as a common virtue, seems to have remained intact, since no penalty clauses were incorporated in the founding statute. Although we have no records concerning members of the box itself, the Guild of Great Skippers expanded and it is very likely that the number of contributors to the box also increased. But as the size of the institution grew, the nature of the coalition changed, and a compact was formed when a significant number of skippers decided that their needs were no longer being met by the Guild box. This compact, in turn, followed a similar path. Founded by a small group of skippers with a common

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81 Although great lapses of time occur between the documents referred to, it is very likely that between these changes other alterations and adjustments took place of which no records survive.

82 Olson also notes that some organisations do not necessarily aim to further the interests of their members: for example, philanthropic or religious organisations. Olson, The logic, 6; North, Institutions, Institutional change, 48-51.

83 The skippers in Groningen as coalitions exercised their influence in various ways. For instance, the guilds lobbied the city council on numerous occasions to advance trade and shipping.


85 GA 1325, Archief Gilden inv.nr. 116 and 117.
goal, the *compact* steadily gathered momentum. As the number of members increased, tensions arose that necessitated the adjustments embodied in the statute of 1752. After another fifteen years, a coalition within the *compact* initiated the *cassa* in order to overcome some of its inadequacies, notably the requirement that payments be made by each participant to members in distress and the inability of the *compact* to force individuals to pay their share when an unfortunate event occurred. While the directors of mutual boxes had been able to penalise non-payers by cancelling their right to premiums already paid, the *compact* did not have this option. The development of penalty clauses suggests that the larger the coalition, the more difficult and expensive it was to control the membership and manage the facility. This concurs with Mancur Olson’s notion that, in general, the incentive for group action diminishes as the group size increases. In larger groups it is thus harder to motivate the members to act in the best interest of the group.86

Precisely why mutual marine insurances evolved in Groningen is difficult to ascertain. In theory, factors such as the supply of capital and the relative distance from alternative means could have played a role, but these do not seem to have been of great significance in Groningen. There does not seem to have been a shortage of capital in Groningen. For example, during the War of the Spanish Succession (1702–1713) the province of Groningen issued a number of loans which they were able to place locally and for which they did not have to draw on the province of Holland.87 Also, Amsterdam and Hamburg were the nearest insurance markets. Skippers residing in Groningen often sailed to Amsterdam and it is safe to assume that they were aware of the possibility of taking out insurance in Amsterdam. There were regular lines of communication between the two cities and even between Amsterdam and Veendam. For instance, a regular sea-service, the so-called *Beurtveren*, existed from approximately 1600 between Amsterdam and Groningen. Yet even though Groningen skippers must have known about the possibility of buying insurance in Amsterdam, they seem to have preferred their own mutual boxes.88

It is more likely that the character of the province’s trade underpinned the emergence of mutual boxes. The skippers of Groningen had specific needs at the beginning of the seventeenth century in that they sailed to destinations for which the Amsterdam insurance market had no standard premiums and for which they could only offer expensive, non-standardised policies. The extent and structure of vessel ownership may well have been a decisive factor. Groningen boasted a comparatively large merchant fleet, which constituted a significant sector of the city’s economy throughout the seventeenth and eighteenth

86 Olson, *The rise and decline*, 31.
88 Fuchs, ‘De Amsterdamse veren op Groningen’, 292.
centuries. Moreover, most of these ships were privately owned by their captains. The loss of a ship would be far more calamitous for these men than for an investor who had spread his investments over a number of vessels or other types of investment. Accordingly, a particular demand for marine insurance arose.

The institutional framework governing these mutuals also played a vital role. Most of the skippers lived in tightly-knit social communities which helped foster mutual forms of organisation. Imbued with a profound knowledge of the insured objects (the vessels) and their owners, members of the guilds could keep operational and transaction costs manageable. Ship-owners in Groningen must have appreciated these advantages, as no one was better able to assess the risks of the various routes, the value of vessels and the damages incurred. More important, the risk of fraud, a major problem for other insurers, could be minimised in these comparatively closed communities. Also, the risk of moral hazard – when an individual, protected from a certain risk, behaves differently from the way he would behave if he were fully exposed to that risk – was in all probability relatively small due to the limitation of the financial compensation in case of damages or loss as well as due to the effectiveness of social control.

These various factors interacted to create a situation in which Guild members established a system entirely different from commercial insurance markets where premiums are directly based upon supply of capital on the one hand and demand for insurance on the other hand. One of the key characteristics of this system was the means by which premiums were determined and recorded in the various statutes. This meant that they remained fixed for a certain period, even though they reflected the risk assessment at the time of recording rather than the ever-changing states of trade and shipping. This offered a stark contrast to the mechanics of the ‘regular’ market in which price levels were determined by an array of constantly changing factors – such as the weather, warfare or privateering – that conditioned the forces of supply and demand. In Groningen, general factors were of secondary importance to the calculation of premium levels. Although Frank Spooner has argued that war ‘aggravated the perils of navigation and changed the scalars of risk at sea’, the mutuals hardly took this into account.

89 The province of Groningen had the highest rate of ownership by captains (kapitein-reders) in the Dutch Republic in the eighteenth century; Broeze, ‘Rederij’, 113, Van Koldam, Van de Veen and Wilkens, Veenkoloniale scheepvaart, 20. Although no data are available for the seventeenth century, it is likely that this high rate evolved over time. It is therefore reasonable to assume that in the seventeenth century a relatively high number of captains owned the vessel they commanded.

90 According to H.J. Top, during the eighteenth century the skippers in the peat colonies formed their own social class, with skipper’s daughters marrying other skippers and sons following in their father’s footsteps, Top, Geschiedenis der Groninger Veenkoloniën, 211.

91 Apart from the stipulations regarding premiums in the statutes and willekeuren, no data is available regarding the level of premiums as set by the Guilds.
consideration in setting their premiums. It was not until 1730 that the statutes of the Guild of Great Skippers referred to the dangers of war, while additional charges for sailing during the winter were only imposed on two occasions. For the rest of the year, and in the other statutes, premiums were seemingly unaffected by the weather.

Other variables which may have influenced premiums include the availability and cost of alternative means of insuring and the level of demand, although it is difficult to assess to what degree these would have mattered. Regular use of a specific route generated knowledge of the voyage and its dangers, which was certainly reflected in the premium level. The specific features and perceived risks of a route, particularly the character of the destination harbour, were also significant. The value of the vessels also mattered, with several statutes including a discount on both the premium and compensation for less valuable or older ships. A more decisive influence, however, was the fact that the mutuals were non-profit institutions, a fact that naturally had a favourable influence on premium levels. The fact that the consumers of the box were also suppliers of shipping had the same effect, for the skippers endeavoured to keep premiums to a minimum without endangering the continued existence of the box. The statute of the Guild of Great Skippers of 1767, for example, stipulated that premiums were not to be increased ad infinitum if the box had insufficient means to pay for all damages incurred. Article twenty-six stated that in such a situation the box would simply take out a loan from one of its members at a reasonable interest rate to support claimants.

Finally, the cost-effectiveness of the mutuals was of primary importance in shaping the level of premiums. The mutuals minimised their operating costs. While they made lump sum payments for a loss, the amount remained stable for a century. Moreover, their overheads were low, and they did not use expensive

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92 Spooner, *Risks at sea*, 77.
93 The premiums would then increase by 30 per cent; GA, OP 740/787, 10 February 1730; and GA, Resolutions 1605/314r, 6 June 1767.
94 Spooner, *Risks at sea*, 249, states that ‘premiums did not double with twice the distance.’ This, however, relates to the Amsterdam insurance market, which was far more focused on deep-sea navigation.
95 For an overview, see table 2.1. Only the skippers of Pekel A based their premiums and reimbursements on the value of the ships. This system resembles the practice in Amsterdam and other ‘regular’ insurance markets. GA, Resolutions 1605/314r, 19 March 1712.
96 Ibid., 6 June 1767, article 26.
97 In 1767, claimants would receive 300 guilders from the box, the same amount as in 1665. This is remarkable considering that the cost of insured vessels had generally increased over the same period of time. For example, a type of ship called a *Task* would have cost 575 guilders in 1700 and 1180 guilders in 1740; Blijham and Kerkmeijer, *Nieuw van de bijl*, 17-24. It is likely that the payments were not intended to cover the damages but
intermediaries, and neither were policies drawn up with the obligatory attendant costs. The mutuals were also able to keep costs down through the pressure of social control, limiting the costs of fraud and those incurred by the occurrence of moral hazard. Accordingly, sanctions were non-existent or scarce in the early stages, and when they were imposed they kept within the Guild. Penalties were paid to the cashier of the Guild rather than to the city or another regulating authority. Exclusion from the Guild, which probably meant exclusion from the local community, was undoubtedly the most severe of all punishments. Ostracism, which Olson has named as an example of a negative social selective incentive, is a powerful tool within small groups or communities.98

The severity of these informal constraints reduced premiums because few, if any, skippers would willingly risk becoming a social outcast by filing a wrongful claim. Mutual insurance boxes were thus able to keep premium levels low.

As no data are available on the value of the vessels insured by the various boxes, it is difficult to gauge whether the mutuals were competitive as compared to 'regular' insurance. Moreover, the premiums paid in Amsterdam, as published in the *Prijscouranten*, were expressed in percentages, and the additional conditions (such as the maximum coverage) could differ greatly. The mutuals' premiums, in contrast, were quoted in nominal value (guilders and stuivers). A notable exception was the statute of the skippers of Pekel A, where the premium was only ten *stuivers* for every 100 guilders of value (0.5 per cent).99 This seems like inexpensive insurance, although in the event of loss only twenty-five per cent was reimbursed. In Groningen, however, for a voyage to the Kattegat, the Sound or Copenhagen skippers in 1767 would pay a premium of three guilders regardless of the value of the ship.100 If we assume the value of the average Groningen vessel to be 600 guilders, then the premium would also amount to 0.5 per cent.101 Moreover, in this case the reimbursement would amount to fifty per cent (300 guilders), considerably more than in Pekel A. In Amsterdam, by comparison, a skipper would pay one per cent for a July voyage to Copenhagen, the Sound or the Belt.102

The available material indicates that the mutual boxes operated at reasonably competitive rates. This conclusion is supported by the absence of a 'regular' ma-

98 A selective incentive 'applies selectively to the individuals depending on whether they do or do not contribute to the provision of the collective good.' Incentives can be positive, in terms of a financial reward, or negative, like ostracism. Olson, *The rise and decline*, 20–23.
99 GA Resoluties 1605 inv.nr. 314r, 19 March 1712.
100 This was the regular premium (without *winterloon* or war charge); *ibid.*, 6 June 1767.
101 *Ibid.* A minimum value of 600 guilders was a prerequisite of the statute, but it is likely that most of the ships were more valuable.
Marine insurance market in Groningen, a province with a large merchant fleet that could have sustained an insurance industry. There are no traces of local underwriters or insurance brokers until the second half of the eighteenth century. Accordingly, even though the ‘market share’ of the mutuals is uncertain, it would seem it was considerable. When did the cost of ‘regular’ insurance decrease to a level where it became interesting for skippers from the city and province of Groningen to take out premium-based insurances rather than join the box of their Guild? This issue cannot be resolved with any certainty due to the lack of data but it would seem fair to assume that the strength of the mutuals was sufficient to prevent ‘regular’ insurance institutions from gaining a foothold in Groningen until the second half of the eighteenth century.

§ 2.5 Conclusion

This chapter has shown that an insurance system, based on mutual insurance boxes affiliated with skippers’ guilds, emerged in the city and province of Groningen in the early seventeenth century. These Guild boxes were established in the city as well as in communities in the peat-district like Veendam, Oldambten, Wildervank and Pekel A. In spite of their relative proximity, the various guilds clearly created systems that filled their specific needs, rather than copy their system from one another. It is possible that the resentment of the city’s dominance and claim of the staple right caused the guilds in the surrounding villages to deliberately divert from the example set by the guilds in the city. The boxes are therefore quite distinctive. Nevertheless, they seem to have had in common that the reimbursements were not meant to compensate the entire loss, but merely to prevent the unfortunate skipper from falling into poverty.

The Amsterdam market did not offer protection suitable to the particular needs of the Northern skippers, while at the same time the social structures of the communities were suited to mutual insurance constructions. The tightly-knit nature of the communities, the knowledge regarding the routes and the quality of the ships meant that operating costs, including the costs of enforcement,

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103 Ibid, 27. Frank Spooner stresses that the Sligtenhorst lists are not fully reliable for cities other than Amsterdam, but considering the fact that Groningen does not appear in the lists before 1786, it is safe to assume that a regular insurance market was non-existent in this area until the second half of the eighteenth century.

104 The Groninger Archives include a policy dated 6 December 1769 and written by A. Scharff and A. Scharff jr., both of Amsterdam. The policy, which concerns merchandise insured for a total of 999 guilders, originates in Amsterdam, as the text, stamp duty and name of the printer attest. The merchandise was to be transported on the Renswoude from Amsterdam to Cabo de Goede Hoop and was owned by Wiardis Hommes. It is likely that he was a resident of the city or the province of Groningen. GA 2041, Register Feith, inv.nr. 1630, policy dated 6 December 1769.
could be kept to a minimum. For one and a half century the boxes seem to have met the needs of the skippers, adapting to changing circumstances and needs as time progressed. The fact that informal structures took precedence over formal ones may well have reinforced the boxes’ continued existence. With an informal atmosphere it would have been easier for Guild brothers to propose alterations and thus to implement changes. Members would have felt more committed to the box and enforcement could then have been kept at a minimum. However, as time progressed and the skippers expanded their horizons and trade network, the social structure and therefore the nature of the boxes changed. Moreover, the political power of the guilds had been curbed. This made it more difficult for the guilds to guard their members’ monopoly and to represent their interests. As the skippers were longer en route, by-passing their home port and even sailing in wintertime, the ties with their home community loosened. Enforcement of the guilds’ rules and statutes became pivotal for the continuance of the guilds and the affiliated boxes. The penalties, however, were imbedded in the Guild structures, which had once been sufficient. However, as the Guild’s hold on its members became less effective, so did these penalty clauses. The guilds had no means of enforcing their statute on rebellious members. As a consequence, boxes would have been confronted with the fact that the burden had to be borne by fewer shoulders, thus weakening the financial foundation of the box. The costs of monitoring and enforcement would have increased. The boxes apparently handled these changes by keeping the lump sum reimbursement set at a given amount, in spite of the fact that the value of the ships increased over time. Ultimately, skippers with valuable and good-quality ships may well have decided that the lump sum was no longer sufficient security for them. Also, they may no longer have wanted to carry the burden for their peers with ships of lesser quality. Clearly, changing needs as well as the choices made by Guild members concerning the trade routes and shipping patterns, directly affected the development of the guilds and their boxes.

The mutual insurance constructions in the city and province of Groningen showed remarkable resilience and adaptability during the seventeenth and eighteenth centuries. In the following century, however, with an increase in the capital intensity of the shipping industry, the market was subjected to technological changes, economic shocks and the fading of social structures, with the result that joining a local mutual insurance for financial protection was no longer routine. The Guild boxes were replaced by similar constructions which were known as compacten. These compacten possessed all the advantages of their predecessors in terms of knowledge and cost structure. However, they had flaws as well: the limited reimbursement was no longer sufficient for the costly ships. Their advantage of information diminished as communication technology improved. Moreover, the compacten seemed unable to keep up with changing needs.
and requirements. This became evident during the *Scheepvaartenquête* of 1874, a parliamentary enquiry concerning the decline of Dutch shipping.\(^{105}\)

The *compacten*, in all probability hampered by a lack of professional management, did not take the state and age of the ships they accepted into consideration. According to S. Stapert who was interviewed by the parliamentary committee, the management of the *compacten* did not serve the common interests of the members, but acted in their own interests.\(^{106}\) This meant that it was relatively cheap for bad quality and old ships to have their ships insured by *compacten*. As the *compacten* were thus often left with ‘bad’ risks, their financial foundation was not only weakened by the great number of damages and losses, but also by the fact that an increasing number of ship-owners of good quality ships preferred to buy their insurance elsewhere. These owners most probably did not wish to contribute to the ‘bad’ risks of their peers, and they perhaps questioned the financial solidity of the *compacten* as well as their ability to survive.\(^{107}\)

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\(^{105}\) For more on the *Scheepvaartenquête*, see chapter 4.

\(^{106}\) S. Stapert was a valuation expert of Veritas, an agency which classified and rated ships, *Scheepvaartenquête*, 30.

\(^{107}\) For example, L. de Groof, ship broker, was highly critical of the *compacten* and was convinced that none would ultimately survive, *Scheepvaartenquête*, 108, 295, 423.
Chapter 3

Amsterdam: individuals, ineffectual regulations and intricate balances of power in the seventeenth and eighteenth centuries

§ 3.1 Introduction

Amsterdam as a centre of trade, and as the heart of the financial world, with its dominant staple market, has been elaborately researched, as has the economic development of the Dutch Republic in general. For the purpose of this research I base my analysis on a number of recent studies which are directly relevant to our central issue. In order to understand the developments during this period – impressive growth and expansion during the first half of the seventeenth century, followed by a period of stagnation after 1650, revival during the second quarter of the eighteenth century and finally decline until the end of the Republic – it is helpful and at times a necessity to consider earlier events and circumstances.

The economic expansion of Amsterdam during the final quarter of the sixteenth and first decades of the seventeenth century has attracted special academic attention and led to many theories as to the scope and nature of this development. For a long time it was believed that the demise of Antwerp and the blockade of the river Scheldt were the direct cause of Amsterdam’s rise. Critics of this approach point out that as early as 1500 Dutch shippers dealt with the majority of transports going through the Sont. Rather than blaming Antwerp’s fall, they relate Amsterdam’s surge to endogenous factors. Amsterdam’s trade, as it is argued, was far more active than Antwerp’s relatively passive trade had

1 See for example De Vries and Van der Woude, First modern economy; Israel, Dutch supremacy and The Dutch Republic; Van Tielhof, The mother of all traders; Frijhoff and Prak (eds.), Geschiedenis van Amsterdam; Van Zanden and Van Riel, Structures of Inheritance; Riley, International government finance; t’ Hart, Jonker and Van Zanden (eds.), A financial history; Burke, Venice and Amsterdam; Barbour, Capitalism and Spooner, Risks at sea.
ever been. Recently, Clé Lesger has shown that the nature of Amsterdam’s trade was not that different from Antwerp’s and that there is indeed no empirical evidence for the supposed contrast between Antwerp’s passive and Amsterdam’s active trade. Lesger has argued that fundamental changes in the spatial economic structure due to the Revolt and the subsequent rift between the Southern and Northern parts of the Netherlands were in fact the catalyst for Amsterdam’s economic expansion. He reasons that in 1584 Amsterdam’s harbour function was still limited to that of the northern gateway of the total harbour system of the Netherlands. As a result of the political turmoil and the Revolt, the gateway system of the Netherlands was destabilized and disintegrated and a new, autonomous gateway system developed. Although existing structures may have been robust, they were not fixed and as connections to Southern Europe and southern Germany as well as contacts with the colonial world were lost, new opportunities emerged and a period of exceptional economic growth set in.

Amsterdam’s economic expansion was indeed impressive: whereas around the middle of the sixteenth century its trade network was still limited to the northeastern parts of Europe, by the turn of the century it had expanded and included the White Sea, Italy and the rest of the Mediterranean, Northern Africa, the Levant, Western Africa, South America, the Caribbean, the coasts of North America and South-East Asia. Although the Baltic trade still dominated Amsterdam’s mercantile interests, the variety of goods had increased. Butter, cheese, herring and textiles, as well as imported produce such as figs, wines, spices and Brazilian woods were among the products traditionally transported to Northeastern Europe. After Amsterdam merchants had expanded the trade network to the White Sea, products such as flax, hemp, wax, potash, corn, furs, and silk from Persia were traded for metals, armoury and luxury products in the port of Archelansk (Archangel). Both the volume and the variety of goods increased: from the Mediterranean, products such as molasses, sugar, sumac, wine, fruits and jewels were imported; from Western Africa, ivory, hides, gum, sugar, pepper and gold. From the Caribbean, salts, hides, precious metals and tobacco were imported and linens, woollens, wine, iron ware, and paper were exported. Merchants were known to have interests both in Muscovy as well as in the trade with Italy. In the 1590s, Dutch merchants initiated direct trade with Portuguese colonies, importing sugar.

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2 Lesger defines gateways as cities that function as intermediary between a product’s hinterland and the rest of the world, where ‘hinterland’ is a flexible expression as the hinterland of a certain products can be the foreland of other products, Lesger, *Handel in Amsterdam*, 10-20, 88.

3 Lesger, *Handel in Amsterdam*; Van Tielhof, *The mother of all trades*.

4 A Brazilian wood was a term used for a number of hardwood varieties of South American wood used as dye, Lesger, *Handel in Amsterdam*, 42.

Amsterdam experienced exceptional growth of commerce and trade in the last decades of the sixteenth and the first half of the seventeenth century as various pioneering merchants opened up new routes and trades and initiated new enterprises. Lesger has argued that the significance of merchants, who migrated from the Southern Netherlands to the north due to the political circumstances and insecurities, was greater than previously thought. In general, it was merchants from the Southern Netherlands who took the initiative to expand the trade network and the variety of goods. Oscar Gelderblom has studied the relevance of immigrant merchants from the Southern Netherlands for the emergence of the Amsterdam staple market. He has shown that these immigrants were often young entrepreneurs, at the start of their career and willing to expand their horizons. Even though a number of the established, native entrepreneurs did acknowledge these various new opportunities – above all the East India trade – the expansion was mostly carried by newcomers, both foreign and native.6

Amsterdam's position as the world’s primary staple market has often been named as the most important reason for its dominance in international trade. However, more than anything else, as Lesger has argued, Amsterdam occupied a position as a staple market of information, rather than of a variety of produce. Ships came to the city from all directions, carrying news of harvests, weather, trends, changing demand, political developments and the like – all this information accumulated in the city and was interpreted and exploited by those active in the urban economic system. Merchants, brokers, ship-owners and other entrepreneurs used the information available to make decisions regarding existing investments and ventures as well as concerning their future plans. Information became a vital asset to the efficiency of the Amsterdam market, affecting the level of prices and the cost of transactions. In other words, the availability and quality of the information available in Amsterdam strengthened market transparency.

Closely related to this characteristic of the Amsterdam market is another competitive advantage identified by Lesger: the city's highly developed commercial infrastructure. Within the city, infrastructures and institutions emerged and were formed to effectively and efficiently deal with the flow of information. The Bank of Amsterdam (Wisselbank), instituted in 1609, has often been deemed crucial to the city’s position in international trade. Apart from its important giro-function, the Wisselbank soon became a clearing house for world trade.7 The bank facilitated stable currency and reliable and fast transfers of international payments: it was crucial to the efficiency of the Dutch capital and money market. The Wisselbank was said to administer 1,350 accounts in 1625,

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6 Gelderblom, Zuid-Nederlandse kooplieden; Lesger, Handel in Amsterdam, 91-92, 253.
7 De Vries and Van der Woude, First modern economy, 131-135; Riley, International government finance, 28.
whereas its peer in Hamburg had only 539 (1619). John Law, as quoted by Pit Dehing and Marjolein 't Hart, ‘expressed admiration for an Amsterdam merchant who could regulate his payments, amounting to 4,000 to 500,000 guilders with 50 persons within 15 minutes’. Due to the bank’s cautious strategy, it became the focal point of Europe’s financial system. Apart from the Wisselbank – and other exchange banks that appeared in several cities in the Republic – and the cashiers, a third type of bank emerged: the merchant-banker houses. These houses, of which Jean Deutz & Co. was the oldest, combined a range of trading activities with financial services, such as servicing credit lines and insurance. Deutz was soon followed by R. en Th. de Smeth and Clifford en Zoonen who started their activities in the 1650s. During the first decades of the eighteenth century, Andries Pels en Zoonen, Muilman en Meulenaar, Horneca en Hogguer

9 Spooner, *Risks at sea*, 16.
The abundance of capital, referred to as Amsterdam’s third ‘ace’ by Lesger, made the city’s expansion possible and increased the scope of the city’s commerce. The accumulation of capital primarily started as of the final quarter of the sixteenth century, as trade profits flowed to the city, with the highly profitable Baltic trade being one of the most important sources of increasing wealth. Until the middle of the seventeenth century, the Republic was still, as a result of its trade deficit, a debtor nation. As exports increased and the trade balance shifted to the Republic’s benefit, it became a creditor nation. Initially, the increasing amounts of capital were invested in domestic trade and other ventures. More and more, though, the Dutch invested their money in public loans and abroad. This latter development was encouraged as foreign governments increasingly relied upon capital markets to finance their war efforts. Amsterdam became the dominant capital market, where unlimited amounts could be written and raised. Finally, according to Lesger, the sheer volume and scope of the city’s trade was its fourth advantage as a commercial centre.

The Amsterdam town council (Vroedschap) was well aware of the importance of the city’s position as a trade centre, not in the least because wealth accumulated by trade and industry often formed the basis for a political career within the city. Although mercantile interests were heeded all over the province of Holland, or indeed the Republic, this seems to have been all the more true for Amsterdam. After Amsterdam finally joined the Revolt, the Catholic city council was replaced by a coalition with strong ties to and interests in wholesale trade. Due to the trade-conducive policy, both by municipal as well as provincial governors, Amsterdam was able to attain its position as northern gateway.

Strong economic growth continued during most of the first half of the seventeenth century, although the city was confronted with a slump in maritime

10 De Vries and Van der Woude, *First modern economy*, 140.
11 Lesger, ‘Vertraagde groei’, 42.
15 See § 3.1 for a more detailed description of the city’s governing structures.
16 Jonathan Israel states that after the town council was purged in 1535, the new Burgomasters and Eschevins had industrial interests, rather than overseas trade interests. However, among those elected by the Schutterijen in 1578, were several prominent merchants from merchant families like Pauw, Bicker and Witsen, Israel, *The Dutch Republic*, 127, 343; Lesger, *Handel in Amsterdam*, 141-143; Elias, *De Vroedschap van Amsterdam*.
The significance of this less favourable period was the shift from bulk freightage to new high-value trade it brought about. Nonetheless, the first five decades of the seventeenth century were known for their flourishing foreign trade and for boosting domestic demand as capital accumulated in the city of Amsterdam and other regions of the Republic. The number of inhabitants of the city of Amsterdam increased to keep pace with the growing local economy and its need for labour. However, after 1650, growth rates levelled off. The expansion of the trade network had literally reached its limit. The growth rate of the European population decreased and these demographical changes resulted in a lower demand for grain and thus lower trade volumes. The herring trade suffered from ecological changes when the fishing grounds moved north. Moreover, England and France, envious of the Republic’s commercial successes, implemented their mercantilist policies. The first stand-off took place when England issued the Act of Navigation in 1651, which was to advance British trade and commerce, and impede the Republic’s dominance. The growing tensions resulted in a war which was to be known as the first Anglo-Dutch War (1652-1654), the first of a total of four naval wars with England, all induced by differing economic interests. France also attempted to improve its position in international trade and Colbert issued a number of measures detrimental to Dutch navigation. Fortunately, apart from transit trade, the domestic demand in the Republic in general and Amsterdam in particular was still significant due to the wealth of the elite as well as the city’s relatively large group of middle incomes. Nonetheless, in a mercantile centre such as Amsterdam, where so many depended on trade and commerce, the decline was felt ubiquitously.

Recovery set in during the eighties and nineties of the seventeenth century and especially after the 1720s, when the Nine Years’ War and the War of the Spanish Succession had ended and the political stability boosted international trade. Although the trade volumes of rye, wheat, herring, salts, and textiles decreased, colonial produce was still in high demand. Spices, coffee, tea and particularly Indian cottons still represented growth markets in the eighteenth century. However, the high levels of economic growth and the trade volumes of the Golden Age were not to return. International competition, notably with London, Hamburg and Paris, had become too fierce as these cities, too, had developed structures and institutes to support and enhance their commercial sectors. London and Paris had the additional advantage of being a national capital, whereas Amsterdam lacked the impetus of governmental and military invest-

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18 Israel, The Dutch Republic, 314-315.
19 Amsterdam counted approximately 25,000 to 30,000 inhabitants in 1578. This had increased to 160,000-175,000 in 1650 and again increased to c. 230,000-240,000 in 1730, Lesger, ‘Vertraagde groei’, 21.
21 Ibid, 31.
ments which capitals have. Nor did it boast a royal court, so often the source of liberal spending. Decline, although still only relative in most economic sectors, did become more tangible in the second half of the century. Amsterdam's economic focus began to shift towards less labour-intensive activities, such as banking and financial services. Less capital was invested in the real economy as bonds, shares and other financials were preferred since they required less effort and generated favourable returns. As international competition increased and profit margins came under pressure, Amsterdam closed ranks. For example, as existing Guild brothers were faced with a decline in turnover and profits, guilds introduced additional entry barriers for new members in order to limit the supply of labour and uphold price levels.

The capital markets were also affected by the numerous wars of the eighteenth century. Warfare had proved to be exceedingly expensive and depleted many national treasuries. Governments called upon Amsterdam's resources to write loans in order to deal with their war expenses. Apart from the loans written in Amsterdam, the Dutch also invested directly in foreign debt. It is estimated that in 1770 approximately 230 to 270 million guilders had been invested abroad, predominantly in British government titles and bank and company stock. As governments called upon capital markets to fund their massive debt positions, interest rates increased. Private investments suffered from this crowding out effect, complicating economic post-war recovery. Financial crisis loomed and several prominent merchant houses collapsed as a result of the Seven Years' War but also due to problems with bad loans and investments, most notably the investments made in the Surinam Plantations.

In 1791, the Wisselbank, once the centre of the financial world, was forced to suspend withdrawals. The direct cause for the downfall was the bank's lending activities to its two debtors: the city of Amsterdam and the East India Company. As both these debtors were faced with the disastrous financial consequences of the Fourth Anglo-Dutch War, the Wisselbank could no longer conceal its weakened financial basis. Only a little over 20 per cent of its liabilities were covered by the contents of its vaults. But there were more important problems:

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24 Frijhoff and Prak, ‘Zelfbewuste Stadstaat’, 9; De Vries and Van der Woude, First modern economy, 681.
27 Israel, The Dutch Republic, 308–310.
29 Crowding out takes place when interest rates increase as a result of increased government lending thereby driving out private sector investments.
30 Elink Schuurman, ‘Korte Aantekeningen’, 109; Spooner, Risks at sea, 78–84; Riley, International government finance; Van de Voort De Westindische plantages.
whereas the English had picked up and perfected innovations that had initially emerged in Antwerp in the late sixteenth century, the Wisselbank’s activities were still rather limited and the bank operated predominately as a clearing house. It had, in fact, been modelled on the Venetian example – and had failed to keep up with progress and developments. Although the Wisselbank continued to exist until 1820, it no longer played any part in the economics of Amsterdam, the Republic, or Europe.

Amsterdam’s reputation as a prominent financial centre suffered severely as a result of the crises of the 1760s and 1770s, especially as other centres were more than willing to take over the lead. As Amsterdam had been at the heart of the international integration of financial markets, its financial system had also become vulnerable and sensitive to exogenous shocks.

Merchants, brokers, ship-owners and other entrepreneurs were all faced with the effects of these developments, the consequences of wars and financial crises. They had to make choices concerning prices and the level of desired stock; they had to make choices concerning which merchandise to invest in, where to obtain it and where to sell it. Under the threat of war, they had to reconsider their plans, alter shipping routes, and decide whether or not to take out insurance or to accept the risk. The municipal authorities were expected to create a regulatory framework that would strengthen and promote the city’s economy. They needed to enforce the law and mitigate problems that would hamper Amsterdam’s trade and commerce. The nature and scope of these regulations, but also of the informal institutions, affected the overall industry as well as the behaviour of the relevant parties. In what way were their choices influenced by the formal and informal institutions governing the insurance industry? And did their behaviour in turn influence the institutional framework and its development?

The Amsterdam insurance market, the dominant market in Europe for the largest part of the seventeenth and eighteenth centuries, consisted of a variety of individuals coming together at the Amsterdam Exchange: merchants and ship-owners sought insurance coverage for their transports and vessels, underwriters offered their excess capital to write the necessary sums. Brokers facilitated the transactions by bringing together the two – or more – parties. Customs and routines developed as the industry grew. The city’s successive Burgomasters created the formal structure governing this rapidly-expanding market, which involved so many of the city’s prominent inhabitants. Institutions were created in order to control and regulate the complex insurance transactions, as well as to protect some of those involved from manipulation by other parties. The decisions and deeds of these individuals and institutions and the way they interacted shaped

32 De Vries and Van der Woude, First modern economy, 133.
the Amsterdam insurance market, brought it to greatness and dominance, but also caused its weakening and eventual decline.

Why were certain institutions created and why did they change and alter in the way they did? How were the actors – merchants, ship-owners, commission-ers, brokers, underwriters – affected by the set of institutional constraints and how did they in turn influence institutional change? In order to better understand the development of the insurance industry, the next section concentrates on the conduct and behaviour of all parties involved and how their choices affected both the institutional structure and the industry, as well as the other actors.

I deal with all parties involved partly in chronological order, starting with the brokers, as their profession was the first to be officially regulated and organised. The analysis then moves on to the Chamber of Insurance and Average, examining the influence of these authorities on the market. Next, I study those seeking insurance, such as ship-owners and merchants, and finally I turn to the underwriters who supplied the industry with the necessary capital. In the final section of this chapter I bring all these actors, their choices and conduct as shaped by the institutional framework together as I examine the workings of the Amsterdam insurance market during the seventeenth and eighteenth centuries.

The Chamber of Insurance and Average was part of the complex structure constituting the government of the city of Amsterdam during the relevant period. Although I focus mainly on the Chamber of Insurance and Average, its responsibilities and authority, other parts of the city’s government also had an impact on the insurance industry. For example, the Burgomasters were responsible for instating the Chamber of Insurance and Average and they officially decreed bylaws and ordinances. I therefore begin with a brief overview of the municipal authorities.

The government of Amsterdam was formed by the city’s Burgomasters and the Schout en Schepenen (Sheriff and Eschevins). In addition, the Vroedschap had an advisory function. However, the boundaries between these authorities were not very strict: members of the Vroedschap could at the same time be part of the government. Each year, four Burgomasters were elected. As primary governors of the city they presided over the Vroedschap, of which they could also be members. Membership of the Vroedschap was not a requirement to become Burgomaster. Gerrit Corver was elected to the highest position of Burgomaster ten times, but he never became a member of the Vroedschap. Burgomasters had political and social responsibilities. They granted citizenships, were responsible for taxes and the numerous municipal bylaws and ordinances as well as the

34 Here I have made use of Hell, ‘De oude Geuzen’, 241–248, Elias, De Vroedschap van Amsterdam and Amsterdamse regentenpatriciaat; Porta, Joan en Gerrit Corver, in particular 23–26.
care of widows and orphans. They furthermore had certain economic and military responsibilities when it came to the *Wisselbank* and the citizen soldierys (*schutterijen*). Each year the *Groote Oud-Raad* (Great Old Council), consisting of all Burgomasters and Eschevins, both governing and retired, elected three new Burgomasters. These then chose one Burgomaster from the group of four of the previous year. This Burgomaster would then remain in office one more years, starting by presiding over the new group of Burgomasters for the following three months. After these first three months, the presidency would alternate between the Burgomasters every three months.36

The Sheriff was head of the city’s police force; the Eschevins had both a legal as well as a political position. With respect to their legal tasks, the Eschevins operated autonomously. However, politically their position was relevant since they made up the majority within the *Groote Oud-Raad* and were as such vital to the annual election of the four Burgomasters. Several positions were filled from the group of *Vroedschapsleden* and former Eschevins, such as the Governor of the Orphanage, the commissioners of the *Desolate Boedelkamer* (Bankruptcy Court), the commissioners of *Kleyne Zaken* (Small Claims) and the commissioners of the Chamber of Insurance and Average. The Burgomasters, Sheriff and Eschevins combined were also known as the *Heren van de Gerechte*.37 See figure 3.1 for a simplified view of the relationship between Burgomasters, Sheriff and Eschevins, and the *Vroedschap*.

Our analysis now turns to the corps of brokers, entrepreneurs who had a significant impact on the insurance market, its development and efficiency. Their presence and business activities frequently prompted actions from other parties and were often the source of conflicts and disputes.

§ 3.2 Actors and institutions

§ 3.2.1 Brokers and unauthorised brokers

*Introduction*

Buyers and sellers on the Amsterdam insurance market, were – as in other markets – brought together by intermediaries, the so-called brokers. In the early days, brokers had not yet specialised exclusively in the insurance business. They simply added insurance to their business of broking in other goods, such as corn, textiles, wine, or bills of exchange. Insuring was clearly an additional activity for both underwriters who regarded it as a way to invest excess capital, and for bro-

kers, who considered it an opportunity to exploit their existing network in yet another way.

Once commissioned by a merchant or ship-owner for the goods or ship to be insured, the broker would contact a sufficient number of interested underwriters to sign for the necessary value to be insured. He would arrange the specific terms of the insurance, negotiate the price (the premium) and draw up the contract (the policy). It was in essence the same as broking for wood, cotton, or other commodities – an activity dating back to the thirteenth century, when
brokers in Mediterranean cities such as Genoa and Pisa mediated between buyers and sellers for a variety of goods.38

Broking was a generally accepted activity, not only in the Mediterranean cities but also in the Rhine area and in cities like Bruges, Antwerp and Dordrecht.39 This is in stark contrast with Amsterdam, where broking was still forbidden in 1495 and even punishable with the loss of one’s right hand. This aversion towards broking originated in all probability in the fear of the Amsterdam regents (regenten) that brokers might abuse their information advantage, manipulate the market in general and price levels in particular, and would thus damage the reputation of Amsterdam as a trade capital.

During the sixteenth century, the Amsterdam municipality apparently realized that their dislike of broking was untenable and that broking had in fact become an indispensable link in the trading chain. They therefore altered course and initiated the first of a long series of decrees aiming to regulate the broking market. This process of regulation took over three hundred years to stabilize, and the great number of ordinances, additions and alterations (ampliaties) are testimony of the difficulty the Amsterdam lawmakers encountered in effectively regulating and controlling this market.40 This is illustrated by the fact that during the first two hundred years no less than fifty ordinances and alterations were issued by the municipality.41 The pivots of this process were, on the one hand, the seemingly relentless struggle of the accredited brokers against their unauthorised competitors, the so-called beunhazen or bijloopers42 (unauthorised brokers) and, on the other hand, their efforts to be allowed to trade on their own account.

Brokers who were officially authorised by the Heren van de Gerechte of the city of Amsterdam continuously complained about the large number of beunhazen who operated at their expense. Even though the authorities endlessly fought the existence of the beunhazen by repeatedly altering the municipal regu-

38 The first evidence of broking in the city of Genoa dates back to 1154, followed by Venice (1217), Pisa (before 1254), Bologna (1236), Florence (1299), Barcelona (1251), Avignon (1243), J.A. van Houtte quoted by Vergouwen, Makelaardij in assurantiën, 10.

39 Vergouwen again refers to Van Houtte who has found evidence of broking in Cologne dated 1247. He furthermore refers to Gilliodts-van Severen who dates the first broking activities in Bruges back to 1240. Floris Prims, as quoted by Vergouwen, dates broking in Antwerpen to c. 1310-1320. Finally, P.H. vd Wall is quoted regarding the first evidence of broking in the city of Dordrecht as early as 1284, Vergouwen, Makelaardij in assurantiën, 10; Stuart, De Amsterdamsche makelaardij, 21.

40 Vergouwen, Makelaardij in assurantiën, 35.

41 Stuart, De Amsterdamsche makelaardij, ix

42 The difference between beunhazen en bijloopers was described by Stuart. Bijloopers were brokers who were not a member of the Guild, beunhazen were generally those intermediaries not officially appointed by the authorities. However, as all officially appointed brokers were obliged to join the Guild, the difference was academic, Stuart, De Amsterdamsche makelaardij, 56.
lations, adding and increasing the severity of the penalties, the number of *beunhazen* nevertheless increased. They clearly had enough leeway to operate, flourish, and make a profitable living on the periphery of official trade. Contrary to their accredited counterparts, *beunhazen* were not limited by ordinances, bylaws (*keuren*), Guild regulations and oath declarations. The question then arises why brokers ever chose to become authorised brokers, why indeed they would have aspired to membership of the Brokers’ Guild. What did they perceive to be the benefit and the added value of this official status?

*Emergence and first developments of broking*

Italy was the cradle of broking activities, and the service was most notably made use of in mercantile centres such as Genoa, Pisa, and Venice in the late twelfth and thirteenth centuries. Spain followed suit with brokers being active in Barcelona. Vergouwen agrees with Laband that broking emerged because merchants wished to have contracts and deeds registered by an impartial third party.43 Brokers in Italy were semi-official dignitaries, and Laband argues that their name ‘sensalis’ originated from the Roman term ‘censualis’ which was used for officials responsible for drawing up and safeguarding documents and deeds. Vergouwen believes that, even though the responsibility of the broker acting as witness to the contract became of increasing importance, the economic need of having an intermediary facilitate transactions was essential.44 Initially, brokers were sought out because of their networks, rather than their knowledge of goods or produce. Only later did brokers specialise in certain products or services, insurance being one of many options.

By the time broking was at last accepted by the municipal law-makers of Amsterdam it had already developed into a business activity with its own methods, practices and techniques in which influences from the Mediterranean as well as from other cities in the Netherlands were clearly discernable. In 1530, more than two hundred years after the first broking decree of Dordrecht, the city of Amsterdam declared that broking was forbidden unless one was accredited by the municipality. This bylaw was in essence the first official acknowledgment of the profession of broking. The city specifically stated that it aimed to reduce the shams and deceit which had begun to have their effect on the industry.45

A little over a year after this first recognition, the Amsterdam City Council began regulating the market and a new bylaw was issued. The number of accredited brokers was set at eleven, none of whom were then active in the insurance business. Brokers were not allowed to actively seek out business; they were

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45 *Ibid.*, 34.
to wait until contacted by merchants. Only then were they permitted to find an interested buyer or seller. Despite this regulation brokers actively searched for business and a remark was made that offices held more brokers than they did transactions. The brokers came first, only then did business follow.46

The other alterations in this bylaw dealt with a subject which would keep brokers, lawmakers, and merchants occupied for many years to come: the *beunhazen*. In spite of the ever-increasing number of *beunhazen* and the problems of their incurrence, the penalties for unauthorised broking were strangely enough altered from capital punishments to fines during the sixteenth century.47 The by-law of 1531 stated that if one were caught broking without being accredited by the *Heren van de Gerechte* one would risk a penalty of six carolus guilders or exile for a period of four years.48

Starting with these first regulations, the business and profession of broking then became a frequent subject on the city’s regulation agenda. In 1533 yet another new bylaw was issued.49 Brokers were now explicitly ordered to respect confidentiality and to keep account of their dealings, which could be used as evidence in court. By that time, the number of brokers had increased from eleven to an astonishing 210.50 According to Stuart, the Burgomasters did not agree with the *Heren van de Gerechte* (of which they were part) that the number of brokers had initially been limited to a mere eleven which would, as Stuart argues, explain the exponential growth of the group of authorised brokers in such a short period of time. Regardless of this impressive growth, the general public still seemed to distrust the profession. Between the lines of ordinances and bylaws, the distrust and disregard trickles through.51 In fact, the strong growth of the number of brokers was perhaps exactly what aggravated the distrust: the brokers had become a powerful faction – a force to be reckoned with.

The succeeding bylaw of 1539 was the first of a number of ordinances and bylaws to be supplemented with a list of salaries. It was also the first to begin with an article intended to eradicate *beunhazen*. Besides the obvious efforts taken to cast out unauthorised broking, the municipality increasingly focused its attention on potential manipulation by accredited brokers: the first signs that accredited brokers were not flawless either. In the bylaw of 1539 it was decreed that

46 *Ibid*, 34; Stuart, *De Amsterdamsche makelaardij*, 37.
47 Van Malsen, *Makelaargeld*, chapter 1. In 1563 the ordinance states that punishment for outside broking was one year of exile or a fine of 12 carolus guilders in combination with a beating, Stuart, *Amsterdamsche makelaardij*, 38. It is not clear if and how frequently these punishments were in fact imposed.
48 Stuart, *De Amsterdamsche makelaardij*, 27.
49 Bylaw of 5 May 1533, s.a. 5020, Archief Burgemeesters keurboeken inv.nr. 6, Keurboek C, fo. 70.
51 Stuart, *De Amsterdamsche makelaardij*, 30-33.
brokers were not allowed to accept hand money, the so-called *Godspenningen*, from more than one patron. The hand money was used as a sign of obligation, as proof of the transaction; as brokers were supposed to serve only one patron they were not allowed to commit themselves to more than one client. In time this issue of which patron the broker actually served would become of increasing importance in the regulation of the profession.

Although the Guild had not yet been officially initiated, typical Guild terminology such as ‘Guild-box’ was already used and the bylaw hints at the existence of a kind of association of brokers which may have preceded the official Guild. Stuart states that the Brokers’ Guild did not exist before its official initiation in 1578 but Vergouwen does not concur and argues that, although the Guild may not officially have been founded yet, a group of brokers was clearly organised the way a Guild would be and thus operated in the market as such. The 1533 ordinance contained the earliest reference to a general box as well as to a corporation while the ordinance of 1539 stipulated that brokers were authorised to regulate their own profession. This permission was repeated in the ordinance of 1563.\(^\text{52}\) In spite of this opportunity granted to them by the *Heren van de Gerechte* to organize their profession and to initiate a Guild, the brokers did not take this matter up until the third quarter of the sixteenth century. The question arises why the brokers did not make use of this opportunity to establish a Guild sooner. Presumably, this was due to the fact that the mode of organisation of their profession met their needs. Initiating a Guild would have meant an increase in regulation, costs and co-operation. Apparently the brokers did not yet see the need to co-operate with their direct rivals in order to fight off an increasingly powerful adversary: the unauthorised brokers.

The 1563 ordinance not only repeated the endorsement to organize the profession, it also mentioned the fact that the group of associated brokers had become too large to gather in a single meeting and they were therefore required to meet in two separate groups. Both were presided over by a chairman who was both administratively and financially responsible and accountable. Every fortnight, the brokers donated their revenues to a general box which was then distributed in equal amounts among them. Thus, even though they did not have an official Guild with regular meetings, the brokers did meet because in order to be entitled to one’s share of the general box, one had to be present. Every year a lottery took place to determine the composition of the groups.\(^\text{53}\) Brokers would therefore work, indirectly, for one another. This construction, sensitive to many kinds of fraud and extremely difficult to manage, may indeed have been a motive for brokers to become a member. Was this, however, an incentive for the right kind of broker?


\(^{53}\) Stuart, *De Amsterdamse makelaardij*, 40, article 11 of the ordinance of 1563.
The foundation of the Brokers’ Guild

The brokers were at last incorporated in their Guild on 28 October 1578.\textsuperscript{54} Guilds were originally societies based on religious grounds, the common feature being that all guilds were in possession of an altar to worship a specific saint. After the Revolt and the Alteratie of 1578, this religious character of the guilds dissipated and the economic function of the guilds prevailed.\textsuperscript{55} Maarten Prak and Lidewij Hesselink show that the peak of the initiation of guilds came after the Alteration: economic growth in the city of Amsterdam was tied in with the expansion of the guilds.\textsuperscript{56} Between 1560 and 1680, when the number of guilds reached its peak, 31 guilds were founded in Amsterdam.\textsuperscript{57} However, in spite of the total number of guilds, their often impressive number of members, and their influence on urban economics, the guilds of Amsterdam never had any political authority, not even during medieval times.\textsuperscript{58}

The founding ordinance stated that brokers were admitted to the Guild by the Burgomasters while justice on the beunhazen was administered by the magistrates (Schepenen). The Guild was governed by a dean, five foremen (overlieden or overluijden), and two box masters, who were to be assisted by two Guild mates. Although the dean, foremen and box masters were officially appointed by the Burgomasters, in practice a system of co-optation applied.\textsuperscript{59} The municipal law-makers were probably aware of the risks of nepotism since it was decreed that dean and foremen were not allowed to be related either by marriage or birth in any way.\textsuperscript{60} In order to be admitted to the Guild one had to be a citizen of the city (poorter); members were officially accredited by the Burgomasters.

The 1578 ordinance meant a shift in the way brokers were regarded. Instead of the distrust and contempt with which brokers had been treated, broking now seemed to have become an accepted profession and brokers were treated with more respect. They were no longer considered inferior to merchants, although undoubtedly some merchants would not have concurred with this notion.\textsuperscript{61}

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\textsuperscript{55} The *Alteratie* refers to the coup of 26 May 1578 when the Roman Catholics lost control of the city. They were replaced in the city council with former Protestant exiles, Israel, *The Dutch Republic*, 193.

\textsuperscript{56} Prak and Hesselink state that the emergence and development of guilds is primarily related to population growth, Prak and Hesselink, ‘Stad van gevestigden’, 92–94.

\textsuperscript{57} Prak and Hesselink, ‘Stad van gevestigden’, 92–94.

\textsuperscript{58} In 1680 there were 52 guilds in the city of Amsterdam of which the tailors’ Guild was the largest. In 1688, the only year in which a count of all Guild members took place, it totalled 881 members. Altogether the guilds had 14,253 members in that same year, Prak and Hesselink, ‘Stad van gevestigden’, 92–93; Van Malsen, *Makelaarsgild*, 22.

\textsuperscript{59} Van Malsen, *Makelaarsgild*, 38.

\textsuperscript{60} Stuart, *De Amsterdamsche makelaardij*, 55.

\textsuperscript{61} Vergouwen even states that brokers went from being servants to merchants to being their equals and ultimately (during the eighteenth century) even becoming their mas-
kers were even expected to assess a merchant’s creditworthiness and were not permitted to facilitate a transaction if they knew one of the merchants would not be able to keep his part of the deal. Bottomry apparently caused enough problems and issues to be mentioned separately: brokers were forbidden to provide bottomry to captains whom they knew or even suspected to be impoverished.62

The issue which in time would cause many problems, brokers trading for their own account, had not yet been included in this ordinance in so many words, although article 7 does state ‘that brokers were not allowed to act on merchandise which they were not called upon’.63 Bijloopers, however, were dealt with in article 10: accredited brokers were not to have any contact with outside brokers. The ordinance was accompanied by an oath declaration64 as well as a statute regarding the management of the box. This statute contained six articles which stated, for instance, that one had to pay a certain fine if caught gambling during meetings, or if one did not attend the funeral of a fellow broker. Article 6 confirmed that the brokers benefited if the box received frequent donations: the fines and other contributions to the box would be used to support Guild brothers who were either sick or otherwise unable to support themselves.65

Stuart argues that this statute in effect showed that the Guild was established.66 Indeed, this decree authorised a limited number of brokers to command their fellow Guild brothers to attend funerals, to refrain from gambling, etc. They were permitted to charge, judge and discipline their peers. Even though the dean and Guild masters did not issue an ordinance regarding the conduct of their fellow Guild brothers until 1612 (it was endorsed in 1614), the Guild was effectively founded in 1578 with these preceding articles in which a small number of brokers were authorised to rule over their fellow Guild brothers.67 With the official establishment of the Guild, the monopoly of the Guild brothers was effectively also defined: only accredited brokers were permitted in the city.

62 Stuart, De Amsterdamsche makelaardij, 42.
63 Van Malsen, Makelaargild, 27. This ban was also explicitly included in the text of the oath: ‘to no merchants shall you go uncalled for, and as long as a merchant is in the company of a sworn broker, you are not to join them uncalled for’ , oath of 1578, Stuart, De Amsterdamsche makelaardij, Appendix ii.
64 Stuart, De Amsterdamsche makelaardij, Appendix ii.
65 This was in fact the first time the term ‘Guild brother’ was used in an ordinance, Stuart, De Amsterdamsche makelaardij, 42-44.
66 Ibid., 44.
67 The authorization to judge and discipline fellow Guild brothers became more prominent in the 1612/1614 ordinance. It was then that the Guild was allowed to judge and sentence outside brokers. The charges and fines were registered in the infamous ‘register of fines’ which also began in 1612. The registers are to be found in the saa 366, Archief Gilden inv.nr. 1287-1294.
Apart from the ordinances, the Heren van de Gerechte issued increasingly detailed fee lists (sallarislijst or lijst van courtagie). These lists are of importance since they show not only the range of products and services brokers facilitated, but also the city’s intention to control the development of the provisions paid. In 1581, the fee on a last of wheat (last tarwe) was a mere five stuivers.\(^{68}\) Considering the impressive penalties for outside broking, one may safely conclude that the volume of trading must have been enormous. Although insuring was not included in these first versions of the fee lists, bodemerij was.\(^{69}\) Even though the 1578 ordinance made no specific mention of the issue of trading at one’s own account by brokers, two years later the Heren van de Gerechte considered it imperative enough to publish a separate instruction referring to this problem, in which brokers were forbidden to either trade in goods or to have in any way an interest in tradable goods, directly or indirectly. The penalty was the loss of the broking license.\(^{70}\)

With these first ordinances and bylaws, the municipal authorities attempted to regulate a complex profession which became increasingly important for the efficiency of Amsterdam as trade capital. As the century drew to a close, the Brokers’ Guild had positioned itself in the spectrum of Amsterdam’s trade institutions and was probably optimistic about extending and protecting the valued broking monopoly in the future.

A group of brokers who particularly promoted the proliferation of insurance in Amsterdam is the group of intermediaries of Jewish descent.\(^{71}\) As immigrants from Southern Europe, they had experience with this financial instrument. Jewish citizens were on average not dealt a favourable hand in early modern times in most countries in Europe, including the Republic.\(^{72}\) Jews were often excluded from a number of aspects of public life. They were, for example, not admitted to official positions or Guild membership. However, in Amsterdam, Jewish brokers were granted certain rights and were even included in certain collusive proceedings. This indicates that the expert knowledge of this group of immigrants was valued. The Jews who settled in Amsterdam were mainly Marronos who came directly from Portugal, and in their wake came new trade and opportunities. The Jewish settlers carried out business with Portugal and its colonies and traded in sugar, brazil wood, and Indian diamonds. As Israel stated ‘[this] added to Amsterdam’s stock of trade without competing with any of its pre-ex-

\(^{68}\) Stuart, *De Amsterdamsche makelaardij*, 46.

\(^{69}\) In 1579 the fee for bottomry was 2 stuivers per hundred guilders for amounts up to and including 100 pounds, above 100 pounds it was up to the merchants to decide upon a fee, SAA 366, Archief Gilden inv.nr. 1043.

\(^{70}\) According to Stuart, the instruction has not been published in the bylaw books (Keurboeken) of the city of Amsterdam, Stuart, *De Amsterdamsche makelaardij*, 44-45.

\(^{71}\) Barbour, ‘Marine risks’, 580.

\(^{72}\) See Israel, *European Jewry*. 
isting interests. In Amsterdam, where economic interests seem to have taken precedence over religious intolerance, the expertise and resources of Jewish entrepreneurs – including brokers – was acknowledged and valued. Their relevance to the insurance market was such that on Saturdays their absence on the Exchange was noted. Thus, here, brokers from Jewish descent were allowed to be sworn in and they were also, once the Guild was established, admitted as Guild brothers. However, in spite of this seeming acceptance, Jewish brokers were clearly set aside from their Christian peers. Their maximum number, for instance, was stated separately. Although Jewish brokers were obligated to donate to the Guild box, they were not entitled to benefit from it: ‘Burgomasters and Rulers of the city of Amsterdam state that Jewish brokers are not to be served from the box.’

The numerous complaints from the brokers of Christian origin regarding their Jewish colleagues are an indication of the sometimes strained relationship between the two groups. According to Isabella van Eeghen, at first it was primarily Jews that were charged with bungling. In 1720, a number of brokers filed a complaint that the Jewish brokers, in spite of an official ban, frequently traded on Sundays on the Dam and in the Calvertstraat. The city acted by summoning the relevant brokers and forbidding them to ‘trade on the Dam, the Calvertstraat or any other place.’

Issues were not always dealt with in such a civilized manner. A seventeenth century document refers to an incident in which a Guild brother had filed a complaint against a Portuguese unauthorised broker who had supposedly attacked him with a knife or other instrument. Thus, in spite of the fact that Jewish brokers were far less limited in their enterprises than elsewhere, tolerance towards this group had its limits. Jewish brokers do not really seem to have blended or socialized with brokers of Christian origin. The notary archives contain a relatively large number of deeds related to insurances involving Jews. From the numerous contracts, it is clear that Jews often dealt with their Jewish peers. The fact that they, more than their Christian colleagues, had their insurance transactions recorded by notaries indicates that they were either honouring business customs they were once used to, or that they felt they might need authenticated documents in case legal procedures were necessary.

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73 Israel, European Jewry, 62.
74 Spooner, Risks at sea, 21.
75 saa 366, Archief Gilden inv.nr. 1043, fo. 104, Actum den 20e February 1670.
76 Van Eeghen, ‘De Vos’, 47.
77 saa 366, Archief Gilden inv.nr. 1039, 14 May 1720.
78 Jews were often referred to as ‘from the Portugese nation’. See Israel, European Jewry.
79 saa 5028, Archief Burgemeesters inv.nr. 517. The document is not dated but the handwriting suggests seventeenth century.
Brokers, unauthorised brokers and lawbreakers

At the beginning of the seventeenth century, the Brokers’ Guild included almost 290 members. It is estimated that about twice as many unauthorised brokers were by then active in Amsterdam, which indicates the magnitude of the problem of unaccredited broking. It has been suggested that if the municipality had increased the number of authorised brokers drastically, or had even doubled their number, it would have been easier to deal with the remaining outside brokers. The Heren van de Gerechte, however, chose to increase the number of brokers only slightly: the total number of accredited brokers was set at 360, of whom ten were to be of Jewish descent. The number of accredited brokers most probably reached its peak in the first quarter of the seventeenth century whereas the number of unauthorised brokers continued to increase, as indicated in graph 3.1. Moreover, of the officially accredited brokers, many were no longer active. In 1700 there were officially 395 sworn brokers, of whom approximately 195 were either sick, retired or inactive for some other reason. At that time it was estimated that 700 to 800 unauthorised brokers were active.

As it was, the active, accredited brokers remained a minority and they were heavily outnumbered by their unauthorised peers. Neither the Guild nor the authorities were able to effectively protect them and their monopoly against the nuisances of the unauthorised brokers.

The same year the Heren van de Gerechte increased the number of brokers it issued a new broking ordinance, apparently because misconduct and abuse of the regulations was a daily occurrence. The renewed ordinance stated that both outside brokers and accredited brokers were guilty of misconduct. Although many articles remained unchanged, a few stipulations had been added. For instance, an article which now clearly forbade brokers to trade on their own account, but no penalty was set in case of contravention. The municipal authorities granted the Guild the right to charge fines in case of outside broking. Furthermore, the Chamber of Insurance and Average (Kamer van Assurantie and Averij), established after the previous ordinance, found its way into the regulations as the authorities declared that it was not permitted to make policies from which the Chamber of Insurance and Average was excluded. According to Stuart, brokers were particularly careful regarding the insurance business due to the former

80 Stuart, De Amsterdamsche makelaardij, 47–48; Vergouwen, Makelaardij in assurantiën, 52–55.
81 The increase was authorised in 1612, Stuart, De Amsterdamsche makelaardij, 48.
82 Vergouwen, Makelaardij in assurantiën, 52–3; Spooner, Risks at Sea, 22–23; Van Malsen, Makelaargild, 42–3, 51.
83 Noordkerk, Handvesten, enz. van Amsterdam, ii, 1060. Although the 1612 ordinance was not meant to replace the earlier ones, it is the first one mentioned by Noordkerk and thus often erroneously considered the first ordinance regarding broking.
84 See § 3.2.2.
The attitude of Alva and the ban he instated on insurances.\textsuperscript{85} Complaints about brokers’ conduct may have spurred the dean and foremen of the Guild to initiate the previously mentioned ordinance for the Guild brothers. This ordinance, which concurred with the city’s ordinance of 1578, was issued in 1612 and endorsed by the municipal authorities in 1614.

This latest ordinance, as well as the following ones, clarified the benefits as well as the obligations of Guild membership. In case of sickness one would benefit from the box. If an accredited broker reported a transaction of an outside broker – which one was obliged to do – the broker would receive the profits of the bijlooper of the transaction. Another incentive for brokers to join the Guild might have been the possibility of becoming foreman or even dean, positions which were open to any Guild brother. In the course of the seventeenth century, another benefit was added when the Guild paid out 600 guilders annually in order to be excused from the obligation to assist in case of fires.\textsuperscript{86} The most important benefit, however, was probably the regulation that accredited brokers were entitled to the provision rate as stated in the official salary lists. These rates were relatively high and increased over time. De Vries and Van der Woude estimated

\textsuperscript{85} Although there has been dispute about the scope and validity of Alva’s prohibition, it is now commonly accepted that this prohibition was applicable in the Northern Netherlands, Stuart, \textit{De Amsterdamsche makelaardij}, 62; Wagenaar, \textit{Amsterdam}, 11, 435.

\textsuperscript{86} This obligation was bought off in 1640, Noordkerk, \textit{Handvesten, enz. van Amsterdam}, 11, 1064.
that brokers earned on average 2,000 to 2,500 guilders a year.**87** Although un-
authorised brokers accepted lower rates, contracts facilitated by these unsworn bro-
kers were not valid in legal procedures. If legal procedures were necessary,
merchants were better off with a transaction facilitated by a sworn broker, but
for this security they consequently paid a premium.**88** When the enforcement
of the regulations wavered and the KvAA began to accept contracts made up by
unauthorised brokers, the sworn brokers lost a very important competitive ad-
vantage.

In return for these benefits, there were also obligations and responsibilities.
For example, members paid an entrance fee to the box, as well as weekly con-
tributions.**89** Moreover, the municipal authorities, having granted the brokers a
monopoly, demanded that they publish on a weekly basis price lists of all goods
and services traded. Each year, a number of sworn brokers were appointed by
the Burgomasters to compile price lists. These brokers, the so-called prijs cou-
rantiers, hired clerks to gather and piece together the information. The clerks
circulated on the trading floor of the Exchange, obtaining from the brokers the
necessary data on the latest prices of commodities, exchange rates and insurance
rates. They would then compare the information obtained before compiling a
final list and sending it to the printer. The lists, the Prijscouranten, were sold by
individual copy or home-delivered at a subscription fee of 4 guilders per year.**90**

Spooner states that this was how the market was ‘made’, as the lists reported
the going insurance rates and set the price-currents.**91** However, the strict regu-
lations regarding these lists were also an indication of the city’s determination
to enhance the transparency of trade. John McCusker has argued that business
newspapers increase the efficiency and productivity of an economy and generate
new business. The Amsterdam municipality clearly acknowledged the impor-
tance of reliable information and by strictly regulating the compilation of the
price lists and having the lists published in four languages (English, French, Ital-
ian and Dutch), it sought to reinforce its dominant position in world trade.**92**

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**87** The estimate is based on data of 1742 for a total of 16 cities in Holland. De Vries and
Van der Woude, *First modern economy*, 582-583, table 11.23.

**88** Stuart, *De Amsterdamsche makelaardij*, 68.

**89** *De Koopman* published a list of the estimated cost of becoming a sworn broker. The to-
tal, including fees for usher and servants of the Burgomaster, inkoorgeld (admittance
fee) for the Guild, Annual fee and fire fee, came to fl. 243, *De Koopman*, 111, part No. 58,
460.

**90** McCusker, ‘The Business Press’, pars 14; Vergouwen, *Makelaardij in assurantiën*, 48-
49.

**91** Spooner, *Risks at sea*, 22.

**92** McCusker, ‘The Business Press’, pars 20-25; *Instructie voor de Makelaers, gecommitteert
tot het maken van de Cedullen, inhoudende de prijzen van alderley Waren*, et al., Noordkerk,
*Handvesten, enz. van Amsterdam*, 11, 1064-1065.
In addition, if insurance brokers drew up the policy, they were to do so in accordance with the bylaw regarding insurance and average. Furthermore, it became common practice for insurance brokers to collect the insurance premiums.

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93 Insurance brokers were allowed but not obliged to draw up the policy. In practice they would in all probability have done so.
and be involved in the *insinuatie* or *intimation* as well as the *abandonnement* and *authorisation*. *Insinuatie* or *intimation* implied that in case of damage or loss, the insured party was obliged to inform the underwriters through his broker or notary. In the event a ship or its merchandise were considered lost, the insured party could ‘abandon’ it to the underwriters. A notary or broker would then draw up the necessary documents. If an insured vessel or merchandise were not entirely lost, underwriters could authorise the insured party to do everything necessary to limit the damage. Finally, the insurance broker who had originally facilitated the transaction was often also the one to handle the financial settlement between insured and insurers in case of damages and loss.\(^94\)

In 1636 an additional obligation was added for all brokers when the *Heren van de Gerechte* stipulated that every accredited broker had to identify himself with a broker’s stick (*makelaarsstokje*).\(^95\) On becoming a member, the Guild would carry out a character research. Officially a person would for ever be excluded from the Guild if he had ever been registered as an unauthorised broker. Although this may have been the official stance, practice was once again quite different. Sev-

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\(^94\) In 1640 it was decreed that only the secretary and usher of the KvAA were permitted to deliver the *insinuatie, abandonnement* and *authorisation*. Also see § 3.3.

\(^95\) This stick was made of twisted ebony with the City’s Emblem in silver on one side and the name, surname, and first year of membership of the broker on the other as well as the letters *MKLRS*, meaning MaKeLaaRS, *Stuart, De Amsterdamse makelaardij*, 50.
eral brokers who had once been registered as unauthorised broker and had even been charged by the Guild are known to have been admitted by the Guild. Ironically, some of these repentants turned into the most fanatical unauthorised broker-accusers. Pieter Cans, for instance, was reported as unauthorised broker by his former employer Jan van de Velde (not of impeccable reputation himself). Van de Velde testified against Cans on 4 November 1660, and consequently Cans is recorded in the register of unauthorised brokers as 'naughty bungler' and sentenced to a fine of 100 guilders. Apparently, Cans refused to pay the fine, and was taken hostage and bonded by a merchant, Cornelis Bor, who also paid the additional fine of 50 guilders. A mere two years later, Pieter Cans joined the Guild and became an enthusiastic reporter of unauthorised brokers himself.

Business was booming; brokers became increasingly wealthy – as did the Brokers' Guild. Many brokers became so wealthy that in case of sickness or old age they did not need to draw upon the box. The Guild thus accumulated a considerable capital, and in 1632 it had its own premises built: the Makelaers-Comp- toir, located at the heart of Amsterdam, on the Nieuwe Zijdsvoorburgwal.

With these new, prestigious premises the future looked bright for the brokers and their Guild, but problems that were once merely thin cracks in the greater scheme of things now slowly developed into insurmountable obstacles that would definitively influence the development and position of the Guild as well as the general social status of the brokers. While the authorised brokers sought a permanent solution for the issue of outside broking and the protection of their monopoly, their counterparts, the ever-powerful merchants, were suspicious of the brokers' position and for obvious reasons strongly opposed to brokers trading on their own account. According to public opinion, merchants generally suffered losses in times of crisis whereas brokers were then in a winning position. Moreover, in good times the latter traded very profitably on their own account. Either way, the brokers triumphed. During the seventeenth century brokers tended to take the initiative for transactions and business, which often led to envy on the part of the merchants. It would seem that brokers slowly lost their hard-earned standing and reputation – as evident from this quote of Roemer Visscher: ‘He who does not cut his coat according to his cloth, becomes from merchant broker’. In the eighteenth century periodical De Koopman, an author writing under the pseudonym ‘Dioptra’ was clearly no enthusiast of the corps of brokers. In a number of articles published in the 1770s, full of mocking and scorn, he expressed his opinion that there was no longer any need for

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96 This Jan van de Velde is not to be confused with the Jan van de Velde, who was both underwriter and unauthorised broker, see Van Eeghen, ‘De Vos’, 48.
98 The quote reads ‘Wie de teering niet en zet naer de neering, die wordt van koopman, makelaar’, Stuart, De Amsterdamse makelaardij; 61-62, Roemer Visscher (1547-1620) was a well-known author as well as grain merchant.
Godspenningen. If, he argued, a broker did not even feel bound by the oath he had taken, he would certainly not feel bound by a Godspenning. He added that it was telling that the brokers had never found a suitable patron saint for their Guild. Apart from sneers, there were some remarks in Dioptra’s contributions that must have echoed the thoughts of others. For example, Dioptra wondered why the penalty for forming coalitions and partnerships was almost equal to not showing the broker’s stick, whereas he considered the former a far more serious offence. The fact that Dioptra was given the opportunity to express his frustration and distrust towards broking in several issues of De Koopman may well be an indication of the brokers’ social position.

The municipal authorities, wary of allowing the brokers too much power in controlling trade and markets, manoeuvred between these issues. They maintained the monopoly of the brokers but increased the strictness of the ordinances, as becomes clear when reading the many bylaws, ordinances, and alterations that were published. The general theme was the stand-off between brokers on the one hand fighting for the protection of their monopoly and the merchants on the other hand opposing the – in their opinion – too powerful position of brokers, and both, in their own ways, striving to convince the municipal authorities to endorse their interests.

At the beginning of the seventeenth century, some brokers were able to make a luxurious living from their business, earning up to 10,000 guilders a year, but many were not among the wealthiest of citizens, living on just 700 to 1,000 guilders a year. The city, possibly fearing that if the brokers’ salary remained unsatisfactory they would be prone to other temptations, such as trading on their own account and manipulating price levels, initially raised the official broking rates in order to increase the brokers’ income. However, in spite of this increase, it seems that for some brokers the temptation of the profits made by trading on one’s own account was still too great to ignore. Since brokers apparently continuously breached rules regarding this issue, it became virtually impossible to uphold the sanction to revoke a broker’s license. Instead, the offence was primarily punishable by fines.

The Heren van de Gerechte, undoubtedly supported by the Brokers’ Guild, continued their attempts to eradicate the unsworn brokers. Over the years, a number of ordinances and alterations were issued attempting to support the brokers’ monopoly and to make life extremely difficult for unauthorised brokers. Fines were continuously increased and it was decreed that deals facilitated by
unauthorised brokers were of no value. A broker was still entitled to the proceeds of an unauthorised broker he reported, and it also became easier to have unauthorised brokers condemned. Moreover, the beunhazen were constrained in their defence since they were only allowed to defend their behaviour using a standardized text composed by the Guild.

However, as the accredited brokers attempted, on the one hand, to minimize the damage arising from the activities of the unauthorised brokers, on the other hand, the accredited brokers themselves were being restricted from abusing their monopoly. In order to protect merchants from swindling brokers and despite many protests from the latter, in 1645 the city decreed that brokers were no longer allowed outside the Exchange (Beurs) during business hours. Although this may have protected merchants from dishonest brokers, it also gave unauthorised brokers free reign to do business without the chance of being caught by an authorised colleague. The fact that the municipality ignored the brokers’ protests was a clear indication of their dwindling influence.

As the city issued bylaws, ordinances and decrees, these regulations became increasingly discredited. Inadequate regulation actually provoked infringements of the many ordinances and bylaws. If a regulatory framework differs markedly from general practice and routine, compliance becomes all the more difficult to enforce. In Amsterdam, the discrepancy between what was generally accepted by merchants, brokers, underwriters and unauthorised brokers on the one hand and the formal regulations on the other hand, was unbridgeable. If an honest broker felt forced not to comply with one single article of the regulations, the majority thought this to be motive enough to ignore the entire ordinance. Enforcement of the law could no longer be guaranteed, and as long as offenders caused no nuisance the authorities tolerated their behaviour.

During times of economic growth, when business was booming and there was more than enough business to go around for both authorised and unauthorised brokers, few bothered to ask for the brokers’ stick.

By the end of the first quarter of the seventeenth century it had probably become common practice to commission a broker to facilitate insurance trans-

105 Ordinance of 24 January 1623, Noordkerk, Handvesten enz. van Amsterdam, 11, 1062.
106 Naturally they were allowed to travel to and from the Exchange before business hours. During business hours they were to be either inside or not in the vicinity altogether. Scheltema, Beurs van Amsterdam, 45-46. According to Stuart this regulation was part of the ordinance of 24 December 1659, Stuart, De Amsterdamsche makelaardij, 64-65.
107 See North regarding the importance of informal and formal constraints, North, Institutions, Institutional change.
108 Van Malsen adds that in 1720, Sautijn, (former) Burgomaster and therefore responsible for enforcing the ordinance, was himself a crook of the worst kind who breached and ignored all ordinance and laws, Van Malsen, Makelaargild, 53; Adams, Familial State, 145-146; Stuart, De Amsterdamsche makelaardij, 71.
109 Van Malsen, Makelaargild, chapter 4.
actions. Brokers increasingly specialized in one or a few commodities or services; it is difficult to determine exactly when this trend towards specialization developed, but it most probably happened during the second half of the seventeenth century, although it may have begun earlier. The fact that by 1635 several unsworn brokers had had problems with the Guild concerning insurances they had sold may indicate that by that time some brokers had focused on insurances.\textsuperscript{110} It does not imply, however, that these brokers dealt exclusively in insurance. Knowledge of the products or services, as well as a good personal reputation, and a good network became of more importance than whether or not a broker was officially authorised. Unsworn brokers were gradually more tolerated and the Guild was hence sometimes lenient in cases where it had to judge and condemn alleged unauthorised brokers, apparently to the dismay of the city, who reprimanded the Guild for not following the exact instructions of the ordinance, stating that they should either condemn the unauthorised broker to the standard fine or else acquit him.\textsuperscript{111}

Although in time the two groups of brokers practically melted together and it became difficult to distinguish between authorised and unauthorised brokers, and despite its sometimes lenient attitude towards unauthorised brokers, the Guild continued its official crusade against the unauthorised brokers. In 1678, an alteration of the ordinance was issued which contained three articles titled ‘Against the Unauthorised Brokers’.\textsuperscript{112} The Municipal law-makers however, seemed to have lost their patience with the brokers and apparently regarded the issue of unauthorised brokers as being of less importance than the problem of brokers manipulating markets and prices. Thus, a new ordinance was composed in 1693 with strict and extensive regulations limiting brokers trading on their own account. The ordinance also included an oath to be taken in the presence of the Heren van de Gerechte three weeks after publication.\textsuperscript{113}

All in all, the seventeenth century was an era of many bylaws, ordinances, and statutes which were increasingly ignored and broken, both by unauthorised brokers and official brokers. In 1720 the city of Amsterdam had almost 400 officially instated brokers, of whom circa 195 were no longer active.\textsuperscript{114} Because the instatement as broker was for life, it would frequently happen that brokers, having amassed enough fortune, retired from active business but remained officially registered. The imbalance between authorised brokers and unauthorised brokers increased and, as the volume of trade was in need of more intermediaries than officially admitted by the city council, this stimulated the convergence of the two groups. There was sufficient employment for sworn brokers and their

\begin{itemize}
\item Van Eeghen, ‘De Vos’, 45-47.
\item saa 366, Archief Gilden inv.nr. 1295.
\item Ordinance of 31 January 1678, Noordkerk, Handvesten enz. van Amsterdam, ii, 1070.
\item Ordinance of 22 October 1693, Noordkerk, Handvesten enz. van Amsterdam, ii,1072.
\item The estimate is from J.P. Ricard, as quoted by Van Malsen, Makelaarsgild, chapter 5.
\end{itemize}
unsworn peers, and the distinction based on an oath became less relevant. The joint struggle against the unauthorised brokers, which had been central to the seventeenth century, was no longer the common goal in the eighteenth century: the periodical *De Koopman* argued that there was little incentive for sworn brokers to betray their unsworn peers as the fines would go to the Guild, rather than to the individual broker. The clause stating that a sworn broker was entitled to the unauthorised broker’s fee was apparently not enforceable or represented insufficient motivation to report ‘illegal’ transactions. According to *De Koopman*, a sworn broker would only make himself ridiculous by reporting a unauthorised broker.115 Isabella van Eeghen is of the opinion that after 1693 the Guild no longer made any efforts to eradicate unsworn broking.116

Forces were scattered and brokers more than ever pursued their own goals. Within the group of brokers, informal subgroups of brokers, specialized in the same commodities or services and active within the same networks, presumably still formed. Some of these smaller networks would obviously have overlapped. The general benefits of Guild membership were no longer acknowledged as such and the many regulations, bylaws and ordinances were viewed as limitations rather than protection.117 This was even more the case since the unauthorised brokers did not have to abide by them and there was therefore increasingly less need for Guild membership. The Guild box, initially an important incentive for brokers to acquire Guild membership, was no longer of importance to brokers who had become wealthy enough not to be dependent on the box. Guild membership was no longer a default choice for brokers: some deliberately chose not to join the Guild.118 All things considered, on the one hand brokers acted as merchants and were tolerated by the latter; on the other hand unauthorised brokers – accepting a lower fee – acted openly in the market and were in turn tolerated by their authorised peers.

A general corruption of morals set in amongst the brokers, aggravating the increasing distrust and dislike against all brokers. During the eighteenth century, brokers were increasingly accused of manipulation of prices.119 Whereas in the beginning of the seventeenth century the salary lists had been amended

115 *De Koopman*, iii part, No. 56, 448.
117 *De Koopman* listed a number of reasons for brokers not to aspire to Guild membership: the ordinance was impossible to uphold and therefore a burden, unauthorised brokers had more leeway to conduct their business and could thus earn better profits, some would not be in a position to be admitted or would not or could not shell out the admission costs, *De Koopman*, iii part, No. 56, 447.
118 For example, a broker by the name of De Vos chose not to aspire to Guild membership which is all the more interesting since it was his grandfather who actively defended the Guild in cases regarding unauthorized brokers before the commissioners of ‘Small Claims’, Van Eeghen, ‘De Vos’, 54-55.
119 *De Koopman*, ii part No. 34, 267; Van Malsen, *Makelaargild*, 53-55.
to insure a proper income for the brokers, by the second quarter of the seventeenth century the municipality felt it should protect shopkeepers from fraud and abuse by brokers by decreasing the general broking fees. In 1734, the city officially tolerated unauthorised brokers in a bylaw regarding silk and East Indian (oostindische) fabrics.120

The city’s attitude of distrust and antagonism towards brokers and their profession is clearly illustrated in the development of the brokers’ oath. Over a period of almost two centuries, it evolved from a very general text simply stating how a respectable broker was expected to behave into a thorough, detailed text meticulously naming all that was forbidden and banned. The oath’s goal changed accordingly. In the beginning of the seventeenth century, the oath aimed to emphasize the difference in standing between the authorised (‘sworn’) and unauthorised brokers. At the end of the eighteenth century, however, the oath underlined the moral values brokers were supposed to abide by and it emphasized in particular that brokers were not to trade on their own account.121 The nature and composition of these most recent oath declarations show the municipal authorities failed in their attempt to effectively control the broking profession. Although oath declarations were already long known in Bruges, it would seem that the Amsterdam municipality attempted to eradicate fraud and deceit by having the brokers take strict oaths.122 In time, not only did the oaths become lengthier and more detailed and refer specifically to certain articles of the ordinances, the regulations regarding the oath also became stricter. Regardless of all this, the effect of the many alterations and restrictions remains doubtful.

Although sworn brokers were mentioned as early as 1531, it took until the third quarter of the sixteenth century for the specific oath declaration to take form.123 The ordinance of 28 October 1578 contained the first official oath.124

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120 saa 366, Archief Gilden inv.nr. 1039, ordinance of 25 January 1734.
121 Ordinances of 1613, 1678, 1693, Noordkerk, Handvesten enz. van Amsterdam, ii, 1065, 1070; iii, 1681.
122 Vergouwen, Makelaardij in assurantiën, 21.
123 Ibid., 34.
124 The complete text of the oath reads: Dat zweert gij, dat gij rechtvaerdelycke tusschen de cooper ende vercooper maeckelen sult, den saecken van coopmanscappen, die u sullen worden bevolen, secrecyt houden sult, gheene giften, steekpenninghen ofte overloon boven uwen behoorlycken sallaris van yeman oft nemen sult. Die ordonnancie soe bij mijne Heeren van de Gerechte als onder uluyden gemaeckt, ende noch te maecken, getrouwe van den minste totten meesten articulen onderhouden, te brande ende te bijke getrouwelycke commen sult. Gheene coopmanscappe voor uselven doen en sult, ende bij gheene cooplieden ongeroupen commen sult, ende soe lange een coopman bij een gesworen makelaer staet, ongeroupen u daerbij niet voeghen en sult, ende voort al doen dat een getrouw makelaer schuldig is, ende behoort te doen. Soo wairlyck moet u God Almachtig helpen, Stuart, Amsterdamsche makelaardij, Appendix ii. The Guild archives contain a draft version of the oath of 1587 which is similar to the text of 1578. saa 366, Archief Gilden inv.nr. 1039, Draft version of oath, 1587.
Whether or not brokers were obliged to take the oath and whether this was supposed to be done within a certain period of time or in the presence of municipal authorities is unclear. It took until 1613 before it was officially laid down that brokers were to take an oath annually. This was not decreed in a bylaw or ordinance but in the ‘Instruction for Brokers, committed to composing certificates, containing the prices of all sorts of goods etc.’ The instruction gave no exact text of the oath or timeframe in which it was to be taken.

The aforementioned oath seems to relate mainly to upholding the instruction regarding publication of commodity prices whereas a following oath of 1678 concerned the general behaviour and attitude of brokers. It is evident from the text of the oath that the municipal authorities were aware of the need for a broking profession with a trustworthy and reliable reputation. The oath, part of an ‘alteration of oath and ordinance’, read that brokers were to swear to act righteously as broker between buyer and seller, keep business entrusted to them confidential and to act as a reliable broker was expected to. It was furthermore decreed that brokers were not to take illicit commission from either party, and that they were explicitly forbidden to trade on their own account.126

Contrary to the majority of guilds, prospective members of the Brokers’ Guild did not have to create a masterpiece in order to obtain membership, one only needed to consider oneself ‘capable’ (bequam) to be broker.127 Whereas other guilds were able to manage the composition and ‘quality’ of the Guild and its members through requirements and demands regarding the Masterpiece, the Brokers’ Guild did not have this possibility. Taking an oath in the presence of the Heren van de Gerechte was therefore the only formal separation between authorised brokers and unauthorised brokers. And in time, this separation proved to be extremely fragile.

With yet another alteration of the ordinance on 22 October 1693, it became apparent that the previous ordinances and oaths had not been able to solve the problems between the various parties: the brokers, unauthorised brokers and merchants. The ordinance in which various fines were increased included a new, extended version of the oath, clearly prohibiting brokers from facilitating a transaction if they knew the goods would not be delivered. Moreover, the ban on trading on one’s own account was emphasized with the specification that the prohibition held for both direct and indirect trading.128 Contrary to previous oath declarations, it was decreed that within three weeks after publication all brokers should take the oath in the presence of representatives of the Burgo-
masters. The archives of the Brokers’ Guild contain several lists with names of brokers who have taken the oath and of those who were sick or otherwise indisposed. Brokers of Jewish descent were, as was common, listed separately.\textsuperscript{129}

This ordinance prompted many responses, both from the Guild and from individual brokers. In one of the requests directed at the Burgomasters, presumably submitted by the Guild, an exact interpretation of the oath was asked for:

‘Again the suppliants very humbly request to know if by the words of the oath (that thou shalt faithfully fulfil the articles read out to you) it is understood that they are bound by the Oath to all the articles in the old ordinance and this new extension, or that it is the intention of Your Honour by imposing penalty on all the articles of the extension, to exclude these from the oath.’\textsuperscript{130}

The Burgomasters responded by stating that the oath should be taken regarding all articles.\textsuperscript{131} As can be observed in this, as well as other requests, the Guild seemed to concentrate primarily on damage incurred by unauthorised brokers, and regulations regarding the fines.\textsuperscript{132} Requests from individual brokers, however, were concerned with the strict ban on trading on one’s own account and publicizing the name of one’s master. In the months (and even years) following this ordinance and this strict version of the oath, several brokers attempted to convince the municipal authorities that any trading they were involved in was in fact carried out by their wife.\textsuperscript{133} For example, Zacharias Amyot, sworn broker, requested the city council to be allowed to trade medals and justified his request by referring to his expensive household. He stated that trading medals did not interfere with his activities as a broker.\textsuperscript{134} Amyot was one of the brokers on the Guild’s lists who had not taken the oath by mid-November 1693, and this without a reason being given for his absence. Nevertheless, the city council was persuaded by his arguments and stated that medals would not be considered merchandise. Amyot was thus allowed to continue his medal trade. After having ignored several biddings to take the oath, Amyot’s presence was again requested on 19 December and it would seem he then finally did take the oath.\textsuperscript{135} Whether he abided by the oath is doubtful: the Notary Archives refer to a certain Amyot, stating ‘merchant’ as his profession.\textsuperscript{136} Zacharias Amyot almost certainly broadened his trading horizons in ways irreconcilable with his position as a broker.

\begin{footnotes}
\item[129] saa 5028, Archief Burgemeesters inv.nr. 517.
\item[130] Ibid.
\item[131] Ibid.
\item[132] Ibid.
\item[133] Examples are to be found in the saa 5028, Archief Burgemeesters inv.nr. 517.
\item[134] Ibid.
\item[135] Ibid, folder marked ‘Brokers Guild’.
\item[136] saa, NA 3718/35, 6 January 1701, number of deed unknown.
\end{footnotes}
The Guild must have found as much for in the Register of 1704 we find a reference to a Sacharias Amiot of Dion, instated 1684 10 November. Under the heading ‘when died or etc.’ it reads: ‘Deported for 50 years.’\(^{137}\)

In spite of the Guild council’s focus on the unauthorised brokers issue, it was not unsympathetic to the protests and problems of its individual members. In one request directed at the *Heren van de Gerechte* it requested the authorities to explicate whether brokers’ wives were still allowed to exploit a shop and whether brokers were permitted to purchase houses, land, shares of the East and West India Company, or to invest in ship-owning companies.\(^{138}\) Notwithstanding the many requests and protests, it took until 1746 for a new oath to be publicized. The new oath seems to have met the Guilds’ requests of fifty years earlier. Once again, the text of the oath was longer, primarily because a number of issues and transactions were explicitly named. It also stated that brokers would have to abide not only by the current oath but also by any ordinance still to be issued. The text clearly showed the way the authorities needed to manoeuvre between the protests of the brokers about the restrictions of the oath on the one hand and the complaints about manipulation of markets and prices by merchants on the other hand.\(^{139}\) Whereas the previous versions of the oath simply stated that brokers needed to respect the confidentiality of the businesses entrusted to them, this oath unambiguously decreed that brokers were to honour article 14 of the ordinance which read:

‘Every broker shall be bound / whenever ordered such by a buyer or a seller / or that he obviously ought to know / that it is required by the interest of his Master / to keep secret all his transactions and actions for buyer and seller / as well with respect to quantity / quality / value or condition / as in case of negotiations to the procurement of money on deposit or by pawnning / and generally everything / in which he is employed as a broker and has contracted the parties / unless he were ordered by someone who whether on account of his minority or otherwise / is having no person / or when one may reveal it where it is proper / a Guild brother who does not keep afore-mentioned secrecy / and is indicted for it will forfeit six guilders.’\(^{140}\)

The authorities met the objections of the brokers to a certain degree by allowing them to trade in real estate and shares, as long as this was not part of their daily business activities. Undoubtedly the city council had realized the impossibilities of enforcing and controlling the restrictions in the previous oath which

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137 saa 366, Archief Gilden 366 inv.nr. 1071.
138 saa 5028, Archief Burgemeesters inv.nr. 517, folder marked *Makelaarsgild*.
139 Noordkerk, *Handvesten, enz van Amsterdam*, iii, 1681.
restricted an ever wealthier group of professionals in purchasing houses or investing their capital in alternative ways.

However, even this latest oath, in spite of its many alterations, did not receive universal approval: in March of that same year, a new oath was published. This oath was to be taken within a period of eight weeks in the presence of the Burgomasters. Considering the short period of time between this and the preceding version, the alterations are all the more interesting. For example, the fascinating stipulation that brokers had to comply with ordinances still to be issued was omitted. A more significant alteration concerned the removal of the complicated restrictions preventing brokers from trading on their own account. As an alternative for attempting to name all the various transactions and investment possibilities, it was instead forbidden for brokers to liaise or associate themselves with anyone, broker or otherwise, in a way which could be harmful to Amsterdam commerce or the merchants. This was undoubtedly motivated by the merchants’ fear of brokers manipulating markets and prices.

The renewed oath furthermore stated that brokers were not allowed to accept gifts or other inducements, not even under the ‘pretext of additional provision or otherwise’. While the previous oath only forbade brokers to facilitate transactions if they knew the merchandise would not be delivered, brokers were now expected not to co-operate if they knew one of the parties involved to be ‘insufficient, fraudulent, and deceitful’. In addition, brokers were not to supply bottomry to captains whom they knew to be insolvent. This addition showed that bottomry, contrary to general belief that this financial instrument had significantly lost ground during the seventeenth century, was still very much in use in the eighteenth century and apparently on a scale that justified explicit regulation in the broker’s oath. Moreover, the oath’s closing statement referred to the delicate issue of trading on one’s own account by explicitly stating that brokers were to honour article 23 of the ordinance. This article extensively defined what type of transactions brokers, their spouses, offspring or servants were allowed to undertake, in its turn referring to the article with the ban on liaisons which could harm commerce or other merchants. In the following years, the Heren van de Gerechte would sometimes reiterate the existence of the oath. When issuing the New List of Provisions for Brokers of the city of Amsterdam in 1747, for example, they reminded those concerned that the oath of the previous year

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141 Ibid, 1681.
142 Noordkerk, Handvesten, enz. van Amsterdam, iii, 1681.
143 Davids states that the decline of bottomry started in the seventeenth century, in particular in the Baltic trade. On other trade routes bottomry was used until approximately 1775, Davids, ‘Zekerheidsregelingen’, 186.
144 Article 19 of the ordinance of 31 January 1746, Noordkerk, Handvesten, enz. van Amsterdam, iii, 1678-1679.
145 Noordkerk, Handvesten, enz. van Amsterdam, iii, 1679.
was to be honoured. However, the effect of the city’s attempts to curb the merchant activities of brokers seems to have been limited, probably also because the municipality was not unambiguous in its policy. In an undated (most probably an eighteenth century) document, the city seemed to have no objection to brokers taking an interest in ship-owning companies or shipping merchandise on their own account on these ships.

The oath dated March 1746 remained valid longer than its predecessors. Not until 1797 did the municipalities publish a new oath, in addition to a new ordinance. By that time a different era had commenced and although the Republic and its remaining forces quickly lost momentum, the new oath again emphasized the ban on trading on one’s own account.

§ 3.2.2 The Chamber of Insurance and Average

Introduction
More than half a century after the first bylaw regarding broking had been drawn up, the municipal authorities of Amsterdam issued their first insurance ordinance in 1598. One of the most important features of this ordinance constituted the initiation of a Chamber of Insurance. Although by that time the premium-based insurance industry in Amsterdam seems to already have had developed many of its practices and routines, not all actors were content with these routines. And so it was that the first municipal directive of the Dutch Republic regarding insurance, the 1598 ordinance of the city of Amsterdam, stated that at ‘the request of many respectable merchants’ an ordinance, setting out procedures and drawing heavily on the practices of Antwerp, was issued and a Chamber was established.

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146 saa, Library, Divers materiaal over het makelaarsgilde, N. 13.10.02/01-13, nr. 28.
147 saa 366, Archief Gilden inv.nr. 1042; Gelderblom, ‘Perils of the Sea’, 98.
148 ‘Ordonnantie op ’t Stuk van de Asseurantie’, 31 January 1598, Noordkerk, Handvesten enz. van Amsterdam, I, 653-656.
149 Strangely enough, Suermondts states that the Amsterdam Chamber of Insurance succeeded the Amsterdam branch of the Insurance Chamber of Antwerp, Suermondt, ‘De oprichting’.
151 Van Niekerk, Principles of insurance law, 207. Soon other cities in the Republic followed the initiative in Amsterdam. Rotterdam instated a Chamber in 1604 and applied for a charter in 1635, Suermondt, ‘De oprichting’, 209. Middelburg set up a Chamber in 1600, Van Niekerk, Principles of insurance law, 223. Although it has sometimes been suggested that the oldest Chamber of Insurance was instated in Bruges as early as 1310 no evidence has been found to support this suggestion, Scholten, Makelaars in zee-assurantie; Suermondt, ‘De oprichting’; Spooner, 18; Wagenaar, Amsterdam, II, 435-444.
The merchants’ request was probably instigated by the need to have a court specialised in dealing with intricate insurance issues, which could mitigate regular business disputes and disagreements. Problems with the payment of premiums or damage claims, underwriters withdrawing from insurance contracts, and possible cases of fraud may well also have played a role in the request to have the developing insurance market regulated and controlled. In an up-and-coming market without tangible goods but based on trust and good faith in the other party’s willingness to honour his commitment, instating and enforcing regulations was essential to the progress and expansion of the business. The munici-pality of Amsterdam seems to have realized that the insurance business evolved in a legislation vacuum, only influenced by regulation from related businesses such as broking. Consequently, other judicial courts were forced to handle ever more complex disputes regarding insurances. Thus, the Chamber’s primary concern was to alleviate other judicial courts, specifically the Schepenen, of a growing number of insurance-related issues. The instruction of the ordinance confirming the charter of the Chamber in 1612 stated that the growing number of insurance cases, on the one hand, and the increasing complexity of the cases, on the other hand, called for a specialised court.

From the initiation onwards, both the ordinance and the Chamber influenced developments of the insurance industry in general and the structure of the market and relationship between those involved in particular. The insurance ordinance seems to have been held in high regard; in higher regard it would seem than the brokers’ ordinances which were – although drawn up several decades before the insurances directives – often breached, altered and ultimately ignored. Formally, all ordinances had the same status but informally there seems to have been a certain hierarchy among them. Whereas the brokers’ ordinance emphasized the obligation to respect and honour the insurance ordinance whilst drawing up policies, in the insurance ordinances this respect and favour was not returned. On the contrary, the insurance ordinances often referred to ‘brokers and others dealing in insurances’, hereby directly undermining the brokers’ monopoly.

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152 Several articles in the ordinance hint at deceit or fraud, ordinance of 31 January 1598, article 19, Noordkerk, *Handvesten enz. van Amsterdam*, I, 653-656.


154 Article six of the ordinance of 1612 states that brokers are not allowed to sign policies in which the Chamber of Insurance is excluded and policies should be consistent with the ordinance of the Chamber of Insurance, ordinance of 27 January 1612, article 6, Noordkerk, *Handvesten, enz. van Amsterdam*, II, 1061.

The establishment and charter of the Chamber of Insurance and Average
The Chamber was first established in the ordinance of 1598 but did not receive its charter (octrooi) until 1612 when it was officially approved by the Estates of Holland (Staten van Holland). It is often believed that the Chamber only came into effect after this official charter.\(^{156}\) Based on several ordinances and alterations of previous ordinances, references to the Chamber’s commissioners and their responsibilities, it was most probable that the Chamber operated as of its initiation in 1598.\(^{157}\) The first register of the Chamber, long considered lost, has recently been located, leaving no doubt as to the Chamber’s existence starting in 1598. This register, containing such items as the initial ordinance, additional

\(^{156}\) For example, De Vries and Van der Woude state that the Chamber was not operational before 1612, De Vries and Van der Woude, \textit{First modern economy}, 137; Schöffer and Spooner are also of the opinion that the Chamber was effectively established in 1612, Schöffer, ‘Vonnissen’, 76; Spooner, \textit{Risks at sea}, 18.

\(^{157}\) For example, the ordinance of 1598 states that the commissioners were to be appointed every year on Good Friday, starting in 1599, ordinance of 31 January 1598, article 32, Noordkerk, \textit{Handvesten enz. van Amsterdam}, I, 656; Van Niekerk, \textit{Principles of insurance law}, 208, n. 49.
stipulations, a list of names of commissioners and records of the cases handled by the commissioners, starts in 1598 and ends in 1621.158

158 The register can be found in the Nederlandsch Economisch-Historisch Archief, in the Bijzondere Collecties, nr. 277, 'College van Commissarissen van de Assurantie, Amsterdam'. The rest of the archives of the Chamber are located in the Stadsarchief Amsterdam (SAA).
According to the petition to the Estates, municipal authorities were authorised to promulgate ordinances and create new judicial institutions, a privilege which had also been used in other cities such as Rotterdam and Antwerp. Nonetheless, the Amsterdam authorities apparently became concerned about the legitimacy of the Chamber and its verdicts. A charter was therefore applied for in 1612 at the Estates of Holland in which the Amsterdam municipality emphasized the influence of the Chamber’s jurisdiction and the impact of its rulings and thus the necessity of establishing the Chamber’s authority.159

Hence, the Chamber operated not from the date of its charter but from the date of its foundation, almost fourteen years earlier. Moreover, in the years between the foundation and the confirmation by charter, the most important aspects of the Chamber’s responsibilities, the range of its authority, as well as its routines, were defined and established.

The new institution was initially based in the Stadhuis (City Hall)160 and was called ‘Chamber of Insurance’ but it was not long before the Chamber extended its range of responsibilities by having it officially declared that all disputes regarding average161 were to be presented to the Chamber of Insurance.162 A few years later, this expansion of duties was incorporated into the name, and henceforward it was commonly called the Chamber of Insurance and Average.163 In addition to handling all matters concerning insurance and average in the city of Amsterdam, the Chamber also met to decide over insurance cases outside of Amsterdam which were in any way related either to the KvAA or to the Amsterdam Exchange, or submitted to the Chamber by the parties involved.164

Although it has been suggested that the Chamber was also obliged to register all insurance policies, I could trace no records relating to this assignment.

159 Noordkerk, Handvesten van Amsterdam, enz. van Amsterdam, i, 652-653; Van Niekerk, Principles of insurance law, 208.
160 Jean-Pierre Ricard as quoted by Spooner, Risks at sea, 18. In the old City Hall the Chamber was located next to the old Council Chamber (Oude Raadkamer), Oldewelt, ‘Amsterdams oudste Raadhuis’, 13-29. In the new City Hall the KvAA was located next to the Chamber of Insolvencies (Desolate Boedelkamer) on one side and the secretary’s chamber on the other side. A significant feature is the mantelpiece which was created by Willem Brassernery and depicts Ariadne giving Theseus a ball of wool that will enable him to find his way from the maze; Weissman, ‘Het Stadhuis te Amsterdam’.
161 Schöffer, ‘Vonnissen’, Insurance and average were in no way related, except when the goods or ship that were damaged by general average had been insured, Schöffer, ‘Vonnissen’, 75.
162 Alteration of 4 December 1598, Noordkerk, Handvesten, enz. van Amsterdam, i, 656.
163 The term Chamber of Insurance and Average was used for the first time in the Alteration of 20 June 1606, Noordkerk, Handvesten, enz. van Amsterdam, i, 656. Henceforth: ‘Chamber’ or KvAA.
nor any ordinance or bylaw promulgating these responsibilities. There are no indications in the register starting in 1598 that the Chamber was ever responsible for registering all policies.

The commissioners of the Chamber

Who then were these commissioners of the Chamber and what was their position in the insurance market? Did they strictly uphold the law and the city’s ordinance or did they have other loyalties as well? The expertise, familial ties and personal interests of the commissioners may well have affected their opinion and rulings in the cases they tried. The commissioners’ background is therefore relevant if we are to understand how the various parties related to one another and how they influenced the insurance market.

The Chamber consisted of three commissioners (commissarissen), who were assisted by a secretary, a sworn clerk, and later also an usher (bode). Every year, initially on Good Friday, they were either replaced or re-appointed by the Heeren van de Gerechte. The date of new appointments of commissioners or re-appointments was moved to Mid-February. Apparently, it was common for commissioners to accept other official commissions. If they were to transfer on Good Friday to their new position they needed to complete their responsibilities for the Insurance Chamber in a hurry. To prevent these complex cases being dealt with hastily and to secure a smooth transition, the Assurantiemeesters were to be appointed and reappointed in February.

Many renowned names such as Trip, Six, and Van Loon are among the list of names of commissioners, also called Assurantiemeesters. Between 1598 and

165 Frank Spooner and Violet Barbour both suggest that the Chamber was responsible for registration of all insurance policies; Barbour, ‘Marine risks’, 575; Spooner, Risks at sea, 23. Scholten on the other hand states that the Chamber did not have a registering function, Scholten, Makelaars in zee-assurantie, chapter 2; Barbour may have confused this registration function with the general obligation, as stated in the ordinance of 1571, that all brokers were to have policies registered within six days. However, since this clause was ineffective, it was left out from following ordinances, Vergouwen, Make- laardij in assurantiën, 26; Van Niekerk, Principles of insurance law, 702. The confusion may have arisen out of a clause in 1688 in which the municipal authorities determined that only standard policies were to be used and had to be signed by the secretary of the Chamber, ordinance of 29 January 1688, Noordkerk, Handvesten van Amsterdam, enz., I, 659. A significant part of the Chamber’s archives has survived, mainly concerning the eighteenth century. The verdicts on general average of these archives have been elaborately researched and described by Schöffer, ‘Vonnissen’.

166 NEHA, BC 277 Archief Commissarissen Assurantie.

167 In 1764 the number of commissioners was increased to four. There were also four commissioners in the following year, but after 1765 the number decreased again. It is not clear why the number first increased and later decreased again. Ordinance of 31 January 1598, article 32, Noordkerk, Handvesten enz. van Amsterdam, 1, 656.

168 NEHA, BC 277 Archief Commissarissen Assurantie, fo. 17.
1793, 110 commissioners were sworn into the Chamber. Of these 110, just over 40 came from no more than seventeen families, many of whom were related through marriage. Family names like Raep, Reael, Blaeuw, Bicker, Van Loon, Roeters, Hooft, Trip, Van Collen, Rendorp, and Alewijn appear several times on the lists of Assurantiemeesters as published by Wagenaar.\textsuperscript{169} It was not uncommon for positions to pass from one family member to another. For example, in 1600 Cornelis Jansz Valckenier seems to have taken over his brother’s position as commissioner. Pieter Jansz Reael was commissioner for a total of eight years (1612-1617 and 1619-1620), while Reynier Jansz Reael served as Assurantiemeester from 1622 until 1631. As Van Niekerk notes – ‘the influence of familial relationships and business connections in the appointment of the commissioners is readily apparent.’\textsuperscript{170}

Although a few commissioners, such as dr Jan Veneman (1653) and Rombout Hudde (1669), served only for one year, others held their position for a far longer period of time. For example, the previously mentioned Cornelis Jansz Valckenier was commissioner for as many as 26 years, only surpassed by Willem Six (with 29 years).\textsuperscript{171}

On average, commissioners held their position for six, usually consecutive, years. Some commissioners returned to their position after having stepped down. Willem van Loon, for instance, was Assurantiemeester for only a year in 1668, but returned in 1670 for two years and again in 1674 for the following three years. Jacob Bicker Hendricksz served for six years from 1677 to 1682, to return two years later to hold his position for three long decades. Never were all the commissioners replaced in the same year – obviously the Burgomasters of Amsterdam valued experience and stability with regard to this important judicial institution. Apart from the long-term service of individual commissioners, which supported this notion of stability, the composition of the group of commissioners was also exceptionally constant during a number of periods between 1598 and 1793. This stability in the composition of the Chamber’s commissioners would certainly have promoted the consistency of the Chamber’s stance and policy as well as their verdicts. Over a span of 195 years, there were fifteen periods in which at least two commissioners held their position for a minimum of five consecutive years. In nine of these periods, all three commissioners served for at least five consecutive years.

Between 1598 and 1793, the composition of the commissioners was relatively stable. Especially at the end of the seventeenth and the beginning of the eighteenth century, there were few changes among the Assurantiemeesters, the three-decade-long ‘reign’ of Jacob Bicker Hendricksz being the most notable.

\textsuperscript{169} Wagenaar, \textit{Amsterdam}, ii, 440-444.
\textsuperscript{171} Jacob Bicker Hendricksz was Assurantiemeester for a total of 36 years, divided over two periods.
The position of Assurantiemeester seems to have become increasingly exclusive, attainable only by a limited number of eminent citizens. An appointment as Assurantiemeester was most probably an honour, acknowledging a man’s expertise and judgement rather than being a financially attractive position. The majority of the Chamber’s commissioners had interests in maritime trade, either as merchant, ship-owner or banker. Only a few were also known as insurer, undoubtedly since underwriting was still viewed as an additional investment rather than a main source of income. And as Van Niekerk argues, it is doubtful whether a merchant for whom underwriting was indeed the main source of income would have accepted a position as commissioner since he would then have had to refrain from underwriting. In spite of the fact that few commissioners were explicitly known as insurer, connections between the KvAA commissioners and underwriters were obvious. Many of the commissioners came from families which were active in the insurance business, and social networks would only have strengthened these ties. For example, Pieter van de Poll (commissioner from 1732-1748) was not only related by blood to Jan and Jacobus van de Poll, like many of the Van de Poll family active as underwriters, but also by marriage to Cornelis Munter who became director of the famous firm Andries Pels & Zoonen after the deaths of Andries and Lucas Pels. Nicolaas Warin jr. (Assurantiemeester from 1751-1754 and 1756-1776), Nicolaas Antonisz Warin (commissioner in 1789) and Arend van der Waeyen Warin (commissioner from 1790 until 1795) were all descendants of Antoine Warin (1619-1691), whaler merchant and underwriter. Willem Six was a younger brother of Pieter Six, underwriter, and also related to Cornelis Jacob van der Lijn, who was active as merchant and underwriter. Dirk van der Meer was the son of Jeremias van der Meer who was both merchant and underwriter. Hence, even if only a handful of commissioners were explicitly referred to as being active as underwriter, many others were nonetheless related either through blood or marriage to the world of underwriting. It is therefore hardly surprising that the KvAA’s ruling often seemed to have favoured the insurers, a fact reported on by Bynkershoek, who described insurance cases which were handled by the

172 Over time an increasing number of Assurantiemeesters attained an academic degree. A few commissioners used the title dr, like Jan Veneman (commissioner in 1653) and Cornelis Dronckelaer (commissioner between 1627-1647), others had obtained a degree in law and were allowed to use the title mr.

173 For example, Jacob van Neck, Joan Hulft and Matthijs Ooster were referred to as, amongst others, insurers. Van Niekerk, Principles of insurance law, 209-210.

174 Andries Pels (1655-1731) was not only underwriter but also merchant and banker. He was one of the greatest merchants and wealthiest men of his times. See: Elias, Regentenpatriciaat, 235 and Bicker Raye, Dagboek. The widow of Andries Pels is listed with an income of 70,000 guilders in 1742; Oldewelt, Kobier van de personele quotisatie.

175 De Boer, ‘Vergeten leden’.

176 Ett, ‘Balthasar Huydecoper’.
Hooge Raad during his term in office. Since no explanation was given for their rulings, the motivation behind their decisions remains unknown.

The exclusiveness of the position of Assurantiemeesters was underlined by the fact that the majority of commissioners had had experience as dignitary in other public offices, such as the Chamber of Maritime Affairs, the College of the Admiralty, and the Small Claims Court (Kamer van Kleyne Zaken). For example, Jan Baptista de Hochepied, former Schepen, was appointed representative (Gecommiteerde) in the Generaliteits Rekenkamer, and Jan Coymans stepped down as commissioner to accept a position dealing with the valuation of houses. Both were listed as former Schepenen. From approximately 1685 on, at least one, often two and in some years all of the commissioners had formerly been Schepenen or even served in both positions simultaneously. In addition, several Assurantiemeesters were promoted to the position of Burgomaster after serving for the Chamber of Insurance. Like Gillis van Bempden, who was Assurantiemeester from 1726 until 1730. After being appointed Schepen, he became Burgomaster in 1738. Willem Six was appointed Schepen in 1693 and commissioner in the following year, for almost three decades, to finally accept the position of Burgomaster the year after his resignation from the KvAA. Pieter van de Poll stepped down after seventeen years as commissioner to become Burgomaster.

The close ties between these various public functions may explain the Chamber’s influence on policy-makers as well as the authority of the Chamber’s ordinances. Regardless of these ties with the Burgomasters and Schepenen it seems that the appointments of Assurantiemeester were less politically tainted than one would expect. During the tumultuous periods following the end of the Stadholderless Period (Stadhouderloze Tijdperken) in which the balance of power...
shifted from one coalition to another, the new authorities consequently appropriated the most profitable as well as the most influential positions to be distributed amongst themselves. In this setting one would expect the composition of the commissioners of the KvAA to change significantly, both in 1672 and in 1748.182 In the first instance, all of the original commissioners were reinstated. After the second Stadholderless Period both Gerrit Hooft Gerritsz and Theodorus de Smeth were reinstated. Hendrik Tersmitten was newly appointed as commissioner, to replace Cornelis Trip, who left the Chamber only to become Burgomaster of the city of Amsterdam.

Defining responsibilities and establishing authority

By issuing the insurance ordinance and establishing the Chamber, the municipality's aim was to influence the development of the Amsterdam insurance business. The establishment of a specialised judicial court would reduce uncertainty concerning the validity and enforcement of insurance transactions. This would then reduce transaction costs and stimulate the expansion of the industry.183 It was therefore essential that the authority of the Chamber was respected by those involved in the insurance industry. Although it is hardly possible to objectively measure the Chamber's authority in the market, it is possible to draw some conclusions as to the position of the Chamber and its commissioners among those active in insurance.

The primary task of the KvAA was therefore to pass judgment on any case regarding either insurance or average. In spite of its clear commission as stated in the ordinance of 1598, the Chamber needed to establish and secure its position and authority in the first years of its existence. According to Van Niekerk, the Chamber's jurisdiction as opposed to the jurisdiction of other courts sometimes needed to be established and confirmed in particular cases.184

Apart from these specific instances concerning its jurisdiction, the Chamber also needed to establish its authority and trustworthiness in general. The authorities aimed to effectuate this by placing their officers above all suspicion of partiality. Commissioners, secretary, clerk and usher all had to take an oath. Although the register does not stipulate which authority was to administer the

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182 Some of the commissioners of, for instance, the Chamber of Maritime Affairs, the Chamber of Marital cases, of the Bankruptcy court, the Bank van Lening (Loan Bank) and the Rekenmeesters were replaced in 1748. In 1672 there were fewer changes. Wagenaar, Amsterdam, ii, 395-448.
183 See for example North for a theoretical account on the relationship between enforcement, transaction costs and economic growth, North, Institutions, Institutional change.
184 Van Niekerk mentions a specific case concerning ransom policy, Van Niekerk, Principles of insurance law, 211.
Extract from the first register of the KvAA: the oath to be taken by the commissioners and the secretary. NEHA, BC 277, folio 14.
oath, it is most likely that the commissioners were at least to take the oath in the presence of the Burgomasters.\textsuperscript{185}

\textsuperscript{185} NEHA, BC 277 Archief Commissarissen Assurantie, fo. 14. The oath for the Commissioners: ‘Thou swearest that in the affairs of the Assurance that will come to thee, thou shalt follow the ordinance made for them, and shalt make thy statements conformably, without favour or disfavour, and not leave it for any matter, and also that thou shalt neither insure, nor make insure neither directly, nor indirectly.’ The register also contained the text of a prayer for the commissioners: Prayer for the Commissioners, Lord, merciful God, judge of all the world. Because those who are called to be judges keep justice for Thee and not for humans, for which reason Thou also wilt that they all fear Thee by their lives and judge rightly between everyone (for which wisdom and reason are needed) and Thou promisest in Thy holy word graciously to give wisdom to all those who lack wisdom and desire this from Thee. So we pray to Thee, that Thou wilt
Neither the commissioners nor the secretary or sworn clerk were allowed to act as underwriter or to take out insurance, directly or indirectly. Undoubtedly to improve the general reputation of those involved in the insurance business and to reduce fraud and swindles, this prohibition was extended to both brokers and Tollenaers. Only a few years later, a part of this prohibition seems to have become unnecessary, and it was declared that the Chamber’s commissioners and secretary were from then on permitted to take out insurance. As maritime insurances were at that time the only known form of insurance, one may thus conclude that it was probably not uncommon for either commissioners or the Chamber’s secretary to have commercial interests. The municipal authorities apparently assessed the risk of a conflict of interests to be too small to maintain the prohibition.

In spite of this alleviation regarding taking out insurance, the ban on acting as underwriter was upheld and, moreover, it seems that this restriction was honoured by those involved. The first fact Wagenaar mentions regarding the commissioners refers to this ban: ‘the Commissioners of the Insurance-Chamber... when accepting their Commission, by oath, promise not to insure.’ The fact that so few of the commissioners were also known as underwriters supports the supposition that commissioners abstained from underwriting activities, since if breaching this ban had been generally accepted, the position of Assurantie-meester would have been a most appealing position for many insurers.

Still, the Chamber’s status had to be established, as is apparent from the alteration of 1606 which explicitly decreed that if one were summoned by the Chamber one was obliged to appear – or otherwise risk a fine. All cases in which fraud or deceit were suspected had to be referred to the Heeren van de Gerechte, which was common practice in Amsterdam.

As the insurance business developed throughout the years, there were cases of all possible frauds and schemes. For example, underwriters wrote policies on

give Thy fear in our hearts and wilt impart us amply with reason and wisdom, so that we may serve the Office to which we have been appointed rightly and properly to the honour of Thy name and the requirements of justice for each. Through our Lord, Jesus Christ. Amen. Ibid., fo. 16.

186 Publicans often also acted as brokers, facilitating transactions between guests. This was eventually forbidden in 1612; ordinance of 31 January 1598, article 30, ordinance of 27 January 1612, Noordkerk, Handvesten, enz. van Amsterdam, I, 655-656; ii, 1060-1061.

187 The ban was lifted for the commissioners on 23 February 1600, for the secretary not until the following year, on 6 June 1601, NEHA, BC 277 Archief Commissarissen Assurantie, fo. 14.

188 Wagenaar, Amsterdam, ii, 439.

189 Alteration of 20 June 1606, Noordkerk, Handvesten, enz. van Amsterdam, I, 656.

190 Alteration of 14 June 1607, article 2, Noordkerk, Handvesten, enz. van Amsterdam, I, 656.
ships only to find out, a mere two hours later, that the insured ships had sunk.\textsuperscript{191} Or a master who falsely claimed that his ship had sunk off the coast of France, after having borrowed twice his money upon bottomry as well as having taken out insurance on the ship and cargo. Underwriters, as well as those insured, stalled payment of either premiums or claims, sometimes preferring to go to jail rather than pay their creditors. A more ingenious practice developed at the end of the seventeenth century: due to the activity of French corsairs, piloting the Channel had become increasingly hazardous. Individuals who had no interest in either ship or cargo would take out insurance policies after which they would spread rumours about the fate of the ships and cargoes. If the genuine shipowners or merchants, fearing that their ship or merchandise were lost, sought to insure their interests, they would either find no underwriter willing to sign, or else they would be confronted with excessive premium rates. The swindlers would then step in and offer their policies for sale.\textsuperscript{192} These and other deceptive, and often intricate, schemes underscored the necessity of the Chamber of Insurance.

Over time, the regulations became stricter and the Chamber’s authority became more prominent. In 1610 an alteration was issued due to ‘large irregularities with the payment of premiums, payment of damage claims as well as the excessive wages for insurance broking’.\textsuperscript{193} Not only were all premiums below seven per cent from then on to be paid in cash,\textsuperscript{194} it was also determined that if the Chamber ruled in favour of the insured, insurers were to pay the damage claim immediately or else pay an additional 12 per cent interest on the amount due. The provision for broking was limited to $\frac{1}{4}$ per cent of the amount insured, half to be paid by the insurer, the other half by the insured.\textsuperscript{195} Hence, the Chamber did not limit itself to merely ruling on disputes concerning insurance and average. It actively tried to influence both the development of the market and the behaviour of those active in the insurance business. It detected shortcomings of the ordinance and instigated improvements by means of alterations. Moreover, in time the Chamber advanced its own authority and influence at the expense of others, most notably the brokers. In 1640, for example, an ordinance was issued stating that ship-owners and merchants who took out insurance suffered large damages due to the inexperience of notaries and brokers with the insurance business.\textsuperscript{196} Apparently, some brokers and notaries felt at times reluctant

\begin{footnotesize}
\begin{enumerate}
\item\textsuperscript{191} SAA, NA 254/418, 22 June 1617.
\item\textsuperscript{192} Barbour, ‘Marine risks’, 584-587.
\item\textsuperscript{193} Alteration of 26 January 1610, Noordkerk, Handvesten, enz. van Amsterdam, 1, 657.
\item\textsuperscript{194} This clause was altered in 1620 when it was decreed that all premiums of outgoing voyages were to be paid in cash. Premiums on return voyages were allowed to be paid after their return, Alteration of 5 December 1620, Noordkerk, Handvesten, enz. van Amsterdam, 1, 658.
\item\textsuperscript{195} Alteration of 26 January 1610, Noordkerk, Handvesten, enz. van Amsterdam, 1, 657.
\item\textsuperscript{196} Alteration of 25 January 1640, Noordkerk, Handvesten, enz. van Amsterdam, 1, 658-659.
\end{enumerate}
\end{footnotesize}
to inform underwriters about the loss of or damage to an insured ship or cargo. From then on the Chamber’s secretary or usher would handle all these abandonmenten, insinuationen, ende authorisatien about possible losses and damages and it was expressly forbidden for ‘notaries, brokers and all other persons’ to interfere. Since it was not mandatory to have an insurance policy drafted or ratified by a notary, this decree mainly affected brokers dealing in insurances.

More than four decades later, the Chamber was still seeking to strengthen its hold on the insurance market in general and on the brokers in particular by issuing standardised policies. The motivation was the complaint from merchants and insurers about the many different insurance policies in use. According to the bylaw of 29 January 1688, every broker drafted his own policy texts and changes to the different texts were made daily. Merchants and insurers were consequently forced to read both the printed texts and all handwritten additions. Apparently, this was virtually impossible due to the volume of business; it was then decreed that only standard policies were to be used and that all insurance policies were to be approved and signed by the Chamber’s secretary. Unsigned policies would be null and void and would not be ruled on in case of disputes. In spite of the ostensible strictness of these clauses, policies which had been altered by hand, and were thus no longer in accordance with the ordinance, were sometimes nonetheless signed by the secretary of the Chamber. It was furthermore ruled that brokers were to co-sign the policy or risk a 50 guilder fine.

It is evident from introductions to amendments to the ordinance that the Chamber continued to exercise its influence on the regulatory framework of the insurance business. In 1693, for example, an amendment was issued at the request of several influential merchants and after advice had been sought from the Chamber. Although the KvAA never seems to have sympathized with the struggle of the brokers against their unsworn colleagues, their stance became official in 1744 when the renewed ordinance of insurance and average explicitly referred to ‘brokers and all others delivering insurances’. Table 3.1 presents an overview of the primary ordinances, bylaws and alterations directly affecting the insurance industry in Amsterdam.

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197 Ibid. Considering that this ban was repeated on 24 January 1701 and 30 January 1756, it is likely that it was in the first instance ignored, Vergouwen, *Makelaardij in assurantien*, 45.


200 ‘Ordinance of insurance and average, 10 March 1744, see for example article 11, 37-39, 55, and 61, Noordkerk, *Handvesten, enz. van Amsterdam*, I, 662-671. ‘Insurance deliverer’ was the term used by the unsworn brokers themselves. A well-known unsworn broker by the name of De Vos was known as ‘Assurantiebezorger De Vos & Zoon’, see: archives of De Vos, saa 557 and Van Eeghen, ‘De Vos’. 
<table>
<thead>
<tr>
<th>Year</th>
<th>Activity</th>
<th>Specifics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1495</td>
<td>Broking</td>
<td>Broking still forbidden (punishable by loss of right hand).</td>
</tr>
<tr>
<td>1530</td>
<td>Broking</td>
<td>First ordinance concerning broking. Burgomasters appointed brokers; the maximum number of sworn brokers was set at 11.</td>
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<tr>
<td>1531</td>
<td>Broking</td>
<td>Measures taken to curb unauthorised brokers.</td>
</tr>
<tr>
<td>1533</td>
<td>Broking</td>
<td>The maximum number of sworn brokers set at 210. Guild not yet formally established but typical Guild terminology used.</td>
</tr>
<tr>
<td>1539</td>
<td>Broking</td>
<td>First salary list published. Brokers are to accept a Godspenning from only one patron.</td>
</tr>
<tr>
<td>1569</td>
<td>Insurance</td>
<td>Prohibition to insure, issued by Alva.</td>
</tr>
<tr>
<td>1570</td>
<td>Insurance</td>
<td>The prohibition of 1569 is revoked.</td>
</tr>
<tr>
<td>1578</td>
<td>Broking</td>
<td>Brokers incorporated in Guild.</td>
</tr>
<tr>
<td>1579</td>
<td>Broking</td>
<td>Bottomry is mentioned, insuring not. First known text of broker's oath.</td>
</tr>
<tr>
<td>1598</td>
<td>Insurance</td>
<td>First ordinance concerning insurance. Mandatory franchise of 10 per cent. Brokers are to pay a fine if a policy they drew up does not concur with the ordinance. Establishment of the Chamber of Insurance and Average (KvAA).</td>
</tr>
<tr>
<td>1610</td>
<td>Insurance</td>
<td>Broker's fee set at ¼ per cent.</td>
</tr>
<tr>
<td>1612</td>
<td>Broking</td>
<td>Broker's fee for insurance transactions is set at 5 stuivers per 100 guilders. Ordinance issued by dean and Guild masters for the conduct of Guild brothers (endorsed in 1614).</td>
</tr>
<tr>
<td>1613</td>
<td>Broking</td>
<td>Due to insufficient income of brokers, the fees are increased. Broker's fee for insuring is set at 7 stuivers per 100 guilders. Fees are to be paid half by the insured, half by underwriters. Brokers are to take an oath.</td>
</tr>
<tr>
<td>1623</td>
<td>Broking</td>
<td>At the request of sworn brokers, the ordinance is altered, in particular with regard to unauthorised brokers.</td>
</tr>
<tr>
<td>1636</td>
<td>Broking</td>
<td>Sworn brokers are obliged to carry a broker's stick.</td>
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<tr>
<td>1645</td>
<td>Broking</td>
<td>Sworn brokers are not allowed outside the Exchange during business hours.</td>
</tr>
<tr>
<td>1678</td>
<td>Broking</td>
<td>Additions and changes to the ordinance for brokers, including three articles 'for the unauthorised brokers' and the text of the oath.</td>
</tr>
<tr>
<td>1688</td>
<td>Insurance</td>
<td>Only standard policies are permitted. Insurance policies are to be approved and signed by the Chamber's secretary.</td>
</tr>
<tr>
<td>1693</td>
<td>Broking</td>
<td>Brokers are prohibited from trading on their own account. New, extended, version of the oath.</td>
</tr>
<tr>
<td>1744</td>
<td>Insuring</td>
<td>Renewed ordinance, specifically referring to 'brokers and all others delivering insurance'.</td>
</tr>
<tr>
<td>1746</td>
<td>Broking</td>
<td>Renewed and lengthened text of broker's oath. The text of the oath is renewed several times within a few months.</td>
</tr>
<tr>
<td>1756</td>
<td>Insurance</td>
<td>All abandonnementen, insinuatien and authorisatien are to be handled by the Chamber's secretary or usher.</td>
</tr>
<tr>
<td>1797</td>
<td>Broking</td>
<td>New ordinance and renewed oath.</td>
</tr>
</tbody>
</table>

Table 3.1 Overview of principal ordinances, bylaws and alterations relevant to the insurance industry in Amsterdam between c. 1495 and c. 1797. This overview includes only a fraction of the total number of ordinances, bylaws, alterations and additions. Sources: see text.
Procedures
The KvAA’s archives reflect the institute’s two primary responsibilities: on the one hand, ruling on insurance cases, and on the other hand dealing with issues regarding average. The archives reflect the strict separation of these two commissions. In the register of 1598, the insurance and average cases are recorded separately; the eighteenth century records show that separate registers and books were kept.\(^{201}\) However, both from the average as well as from the insurance case records, it is clear that the Chamber’s proceedings were recorded meticulously and that the Chamber quickly developed strict procedures and routines. Its aim was undoubtedly to avoid any pretence of partiality and to promote predictability and consistency by formalizing and standardizing its routines. Formal and standardized routines promote predictability and reduce uncertainty. Hence, the Chamber’s authority might have been reinforced if its routines and practices had been more formalized, standardized and generally known.

During the eighteenth century, insurance cases brought before the Chamber were at first registered in the Rol van Assurantiezaken, which consisted of three volumes entitled Memorie Boek der Schadens etc.\(^ {202}\) and which was comparable to the Rol van de Averij Grosse. The registration would typically list the name of the ship and captain, the ports of departure and intended arrival or the route. The date when it was handled by the commissioners was also added, and once the case had been concluded, it was crossed out. The rulings of the Chamber were summarized in the Vonnissen ter zake van Assurantien.\(^ {203}\) The account

\(^{201}\) In the 1598 average cases which were handled by the Chamber were registered on folios 58-69; insurance cases were registered on folios 79-156. The insurance cases were further grouped as follows: cases pertaining to the reimbursement of premium on a single policy, reimbursement on two policies (relating to the same vessel or merchandise), reimbursement of premium on three or more policies, damage claims, with the stipulation of goed en quade tijdinge and without the stipulation of goed en quade tijdinge (in goed en quade tijdinge meaning that the policy was valid even if at a later stage it were to become apparent that the vessel or merchandise was damaged or lost at the time the policy was written). The eighteenth century records of the Chamber reflect that this grouping was no longer used by then, NEHA, BC 277 Archief Commissarissen Assurantie and SAA, 5061, Archief Schout Assurantiemeesters.

\(^{202}\) SAA 5061, Archief Schout Assurantiemeesters inv.nr. 2633-2635. The eighteenth century records show that when a case of Average was reported to the Chamber it was registered in the Rol van de Averij Grosse and the date when the case was heard by the Chamber was added later. Once a case had been dealt with, it was crossed out. The Chamber’s rulings were recorded in the Vonnissen ter zake Averij Grosse whereas the financial statements were laid down in the Rekeningen concernerende Averij Grosse. The remuneration of the Chamber’s commissioners and secretary consisted of one guilder per 1000 guilders of the capital sum of average, SAA 5061, Archief Schout Assurantiemeesters inv.nr. 2636-2783, inv nr. 2806-2924. This part of the Chamber’s activities has been extensively reported on by Schöffer, ‘Vonnissen’.

\(^{203}\) Ibid./2791-2805.
of these Vonnissen typically started with the text ‘Commissioners of the Chamber having seen the policy…’. In addition to handling cases regarding insurance claims for compensation, the Chamber also passed judgment in instances of overdue payments of premium. In these cases, creditors were obliged to submit an invoice as proof of the back payment. In all cases, the commissioners apparently required official documents or registers in order to handle and pass judgment. It was apparently routine for the Chamber to add a copy of the policy to the ruling. However, once it had become common practice to write one policy for several ships in order to – partially – evade stamp duty, it consequently became difficult to affix the policies to the Chamber’s rulings. Therefore, in 1707, it was ruled that it was no longer permitted to have more than one ship listed on a policy. In spite of this statute and the apparent custom of adding the policies to the verdicts, no policies or copies of policies are included in the records of the Chamber.204

In addition to the registers of insurance and average cases, the Chamber also kept records of so-called Authorisatien van Assuradeuren benevens abandonnementen en Insinuatien.205 These listed the instances in which a certain underwriter (assuradeur) was appointed and authorised by other underwriters to handle the case in which they had co-signed the policy. The abandonnementen referred to reports of insured ships and goods that had been abandoned. Often, one insurer would then be appointed by the rest of the insurers to see whether and if so what could be salvaged. An insinuatie or inthimatie was a report of insured ships or goods in distress, missing or lost.

The commissioners and the secretary received a fee of 1/3 per cent of the amount of the verdict. This could for instance be the amount of premium that was to be paid or the value of the insurance claim which was to be paid to the insured. In addition, the plaintiff – and sometimes the party condemned to pay the fee – also had to pay stamp duty for the messenger and for the poor (guardians of the poor).206

The commissioners of the Chamber would meet on the same days as the Schepenen, and their rulings (Despaches) had the same authority as those of the Schepenen Court.207 In order to ensure that those summoned would appear, the Chamber was entitled to pass default judgments and fines for non-appearance. It was stipulated that a party was to be summoned a certain number of times before a default judgment was passed. The difference with a regular judgment was that a default judgment was final and could not be appealed against, unless the commissioners specifically termed it a provisional judgment.

204 Alteration, 25 January 1707, Noordkerk, Handvesten enz van Amsterdam, I, 661.
205 saa 5061, Archief Schout Assurantiemeesters inv.nr. 2925-3050
206 Ibid./2791-2805. See for example ordinance of 31 January 1598, article 32, Noordkerk, Handvesten enz van Amsterdam, I, 656; Wagenaar Amsterdam, ii, 435-444.
207 Wagemaar, Amsterdam, ii, 439.
In spite of the Chamber's noticeable influence on the regulatory framework governing the insurance market, and the apparent expertise and status of its commissioners, the KvAA was not unassailable. One could appeal against the Chamber's rulings within a period of ten days at the Schepenen court at a cost of twelve guilders.\(^{208}\) It was known practice for underwriters to appeal against the KvAA's ruling in order to delay compensation payment.\(^{209}\) The municipality attempted to oppose this routine by stipulating that compensation claims were to be paid regardless of appeals.

According to Van Niekerk, if cases were appealed against and appeared in front of other courts, first the local Schepenen court, then the Hof van Holland and finally the Hooge Raad, the verdicts of the KvAA were more often than not overturned.\(^{210}\)

As the text of some policies demonstrates, the time it took for an insured party to receive his insurance money was crucial. Clearly, merchants and shipowners were most unwilling to wait several years for the Chamber to carry out the law and to rule. Thus some policies unambiguously excluded the Chamber's authority and stated that in case of damages claims would be paid promptly.\(^{211}\) However, for those cases brought before the commissioners, the period of time between the actual damage and the final ruling differed considerably. Most probably due to the complexity of the insurance cases, but also because the issues involved ships or merchandise damaged or lost far from the Amsterdam port, many months or even years passed before cases were handled by the Assurantiemeesters. For example, on 2 November 1701, the Chamber dealt with average suffered by a ship named the *St. Michiel* which had sailed from Amsterdam to Cadiz and back. The policy was written on 27 December 1695 at a value of 800 guilders. The premium rate was set at 13 per cent with or 19 per cent without convoy. The underwriters, who had received premium at the 13 per cent rate demanded the additional premium as the insured had not been able to prove the ship had sailed under convoy. The Chamber ruled in favour of the underwriters.\(^{212}\) But there are also examples of more prompt rulings: a case concerning a ship called *De Goede Fortuijn* which had been insured for 14,550 guilders in September/October 1703 was ruled upon by the Chamber on 4 March 1704.\(^{213}\)

\(^{208}\) Ordinance of 31 January 1598, article 36, Noordkerk, *Handvesten, enz. van Amsterdam*, 1, 656.


\(^{210}\) Ibid., 218, 230.

\(^{211}\) Vergouwen, *Makelaardij in assurantiën*, 40.

\(^{212}\) SAA 5061, Archief Schout Assurantiemeesters inv.nr. 2791, fo. 57. Another example of a slow judicial process concerned a ship travelling to Surinam. The policy had been written on 28 April 1784. Almost ten years later, on 15 October 1793, the case was handled by the commissioners. The reason for this 'delay' in handling the case is not clear. SAA 5061, Archief Schout Assurantiemeesters inv.nr. 2804.

\(^{213}\) Ibid., fo. 110 verso.
The Chamber’s records listed the names of the parties involved, but they did not generally mention an individual’s profession. It is therefore not possible to ascertain whether overdue premiums were claimed by underwriters or by brokers – either group might have relied on the Chamber to enforce payment by their debtors. Naturally, names of well-known merchants, brokers and underwriters can be identified from the numerous rulings, *abandonnements*, or *insinuatiën*. Insurers such as Nicolaas van Staphorst, Hendrik Speciaal, Claas Ploeger, and Adriaan Scharff and brokers such as Jan Bijl and Francisco Gallaccini all resorted to the Chamber in order to claim overdue premiums. Among the plaintiffs were illustrious merchants such as Andries Pels, Jacob Mol and Paul van Driest. During the second half of the eighteenth century, an increasing number of plaintiffs and defendants were represented by professional counsel. A. Mijlius, registered as notary in Amsterdam, frequently appeared before the Chamber as a representative of either the claimants or the defending party. Clearly, the number and the nature of cases justified this formal representation. This would therefore seem to indicate that the market was displaying an increasing degree of professionalism and specialization.

Although the accounts of the rulings of the Chamber are too concise to draw decisive conclusions as to the rationale behind the verdicts, the procedures and routines of the KvAA do seem to have been formal and highly standardized. These characteristics would have supported the Chamber’s aim of having its authority acknowledged and of establishing itself as a reliable and impartial institution within the insurance industry.

Recognition of authority

Did the Chamber’s authority bear any weight on the industry? Were its rulings and verdicts respected? For the Chamber to have had any affect on the development of the market and the behaviour of the parties involved, the acknowledgement of its mandate and authority was crucial.

How then can we objectively measure the Chamber’s authority within the insurance industry of Amsterdam? Since establishing its authority was a dynamic process, the Chamber’s position in relation to other parties involved in the industry altered and evolved with time. Moreover, measuring the effectiveness of a judicial court is somewhat similar to testing an army in times of peace: its mere presence may be sufficient to deter some from acting disobediently.

One possible indication of a lack of respect for the Chamber’s authority might be that parties preferred alternative means of settling disputes. Which alternatives to the Chamber’s rulings were available to the parties? Several poli-

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215 See for example *saat*, Archief Schout Assurantiemeesters inv.nr. 2633, fo. 38, 137, 138, 143.
216 *saat*, Archief Schout Assurantiemeesters inv.nr. 2798.
cies state that claims would be processed without the intervention of the Chamber. Whether this promise would indeed have been honoured by the underwriters in case of problems is, of course, not clear. If a dispute did occur, parties could also decide to appoint arbitrators. Le Moine de L’Espine and Le Long state that merchants would often prefer to settle claims informally, without the Chamber’s interference. They argue that it was the cost of the Chamber’s mediation in particular that made informal settlement appealing. Notwithstanding, however little we know about the number and scope of the Chamber’s rulings, we know even less of the use of arbitrators or other informal mediation procedures.

The number of cases brought before and handled by the Chamber may offer an indication of the general acknowledgement of the KvAA’s authority. Nonetheless, prudence is warranted as an increase in the number of cases may also be related to other factors. Karel Davids has argued that the increase in the number of average cases handled by the Chamber may well have been related to the acknowledgement of the Chamber’s authority and not just, as Spooner reasoned, to the growth of the insurance industry. However, both authors base their conclusions on the extensive research of Ivo Schöffer, which deals with the KvAA’s activities regarding average, rather than insurance. An increase in the number of average cases brought before the Chamber may well have reflected its rising reputation with regard to average issues. However, this does not necessarily carry over to the Chamber’s reputation concerning insurance disputes, although it is rather unlikely that the reputation of the Chamber and its commissioners would have differed greatly regarding their two primary responsibilities, since both were quite complex in nature. In Rotterdam, as shown in the following chapter, the Chamber of Maritime Affairs was also concerned with more basic issues concerning, for instance, payment of wages to a ship’s crew. A discrepancy in reputation regarding these simple issues as compared to intricate insurance matters would have been more likely.

Furthermore, it may be argued that even though insured, underwriters and the other parties involved may have relied upon the Chamber to resolve insurance disputes, this is no indication of the standing of the rulings themselves. As previously mentioned, verdicts could be appealed against and consequently overturned. If the number of verdicts appealed against was relatively high, this may indicate that the Chamber’s rulings were not unambiguously accepted. However, the decision to appeal may also have been taken by a plaintiff or defendant for other reasons: perhaps the higher court was more likely to sympathise with their case. Perhaps it was more or less routine for some to appeal to a

217 See, for example, the policy dated 7 December 1713, Vergouwen, _Makelaardij in assurantiën_, 39-40, Den Dooren de Jong, ‘De practijk’.
court’s verdict, hoping that if they stalled the case, the opponents would eventually give up.

After its initiation in 1598, the Chamber’s commissioners were quickly called upon. The first insurance case recorded was handled by the commissioners on 14 July 1598. The policy was signed in May of the same year and it concerned an insurance for a value of 300 pounds, from Pernambuco in Brazil to Lisbon or the Netherlands.219 Although the register officially ends in 1621 and not all cases are dated, it seems that most of the 90 cases recorded related to the period between 1598 and approximately 1603, with the occasional exception of a case dated in 1612.220 Of the 90 cases the commissioners handled, 32 involved the reimbursement of the premium for a single policy, ten related to premium reimbursement for two policies for the same insured asset and nine cases dealt with reimbursement of three or more policies. The Assurantiemeesters also handled 24 cases in which a ship and its merchandise were lost or damaged, five cases where the policy explicitly stipulated that it was valid in *goede en quade tijdinge* and ten cases where these words had not been included in the policy and had clearly led to a disagreement between underwriters and insured. Some of the cases the commissioners ruled on involved policies signed before the Chamber officially existed.221

For the eighteenth century, more detailed and extensive data are available: the volume of insurance cases handled by the Chamber during this century is depicted in graph 3.2.222 Apart from a significant dip in 1720 followed by a peak in 1721, both of which may well be related to the failed proposal for establishing an insurance company within the city, the number of cases brought before the Chamber shows a marked increase during the War of the Austrian Succession (1740-1748) and a much smaller rise during the Seven Years’ War (1756-1763). The explosive expan-

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219 neha, bc 277 Archief Commissarissen Assurantie fo. 79.
220 It is not clear why so few cases were handled between approximately 1603 and 1621. It is possible that the records are incomplete; however, this may also be related to the Twelve Years' Truce. As the records end in 1621 and are not continued until 1700 we have no information on whether the number of cases increased after the Truce ended in 1621.
221 For example, the Chamber ruled in the case of three policies signed in 1596 between October and December (all relating to the same ship and merchandise). One of the policies, with a total value of just over 3808 pounds, was written in Middelburg. neha, bc 277 Archief Commissarissen Assurantie fo. 119v, 120.
222 Unfortunately, the records of 1782-1785 have been lost. The physical state of the records of 1795 may be an indication that the records of this particular year are incomplete. In the final years of the Chamber its name had been changed according to the custom of the Batavian Revolution. It was then known as Committee of Justice of Cases of Insurance and Average of the city of Amsterdam. See for example saa 5061, Archief Schout Assurantiemeesters inv.nr. 2805.
sion of the insurance market which has often been suggested to have taken place during the second half of the eighteenth century is not reflected in the volume of insurance cases handled by the Chamber.\textsuperscript{223}

The records do seem to indicate, however, that in times of increased danger, when wars or armed conflicts changed the volatility and pattern of risks, merchants, ship-owners and underwriters were more prone to rely upon the Chamber’s jurisdiction. In these times, the financial interests had more impact for those concerned and the issues were in all probability more intricate and complex. The fact that in these times insured and underwriters relied more often on the Chamber’s qualities is an indication that its expertise was valued and its authority taken seriously. Moreover, this seems to indicate that in instances where the commissioners had exerted their authority to influence the development of the insurance market or the behaviour of those involved, their impact would have been significant.

\textit{§ 3.2.3 The insured}

\textit{Introduction}

In 1759, Henric Bicker, representing the firm of Andries Pels & Zoonen, commissioned the broker Claas van der Glas to arrange insurance for their shipload of salt which was to be transported on the ship \textit{De St. Jago}. Initially 28 insurers refused to underwrite the policy because of the risk that ship – and cargo – would be confiscated, but at last they managed to have the merchandise insured.

\textsuperscript{223} Davids, ‘Zekerheidsregelingen’, 188.
by Nicolaas van Staphorst and Philip de Flines.\textsuperscript{224} As an eminent merchant and one of the richest merchants in the city of Amsterdam, Andries Pels and his firm often sought to insure their ships or merchandise. But Pels was also a well-known insurer. In 1701, for example, he was mentioned as underwriter in the statement of an abandonment (\textit{abandonnement}) regarding a ship named \textit{De St. Jan} which had run into bad weather \textit{en route} from Groningen to Bordeaux.\textsuperscript{225}

The distinction between those wishing to insure merchandise or ship and those willing to act as underwriter was often difficult to make. For a very long time, underwriting was a mere sideline for wealthy merchants, an alternative way to invest funds rather than a key business activity or exclusive source of income.

Neither the underwriters nor those who took out insurance were in any way formally organised, represented by a Guild or any other formalised institution. Therefore no formal comprehensive archive exists of these groups which have proven to be pivotal to the development and character of the Amsterdam insurance market. Although information in general is scarce, it is possible to gain some insight from the archives of ship-owning companies, brokers’ books and public reports by contemporary writers as to why insurance was taken out, when an insurance broker was commissioned to facilitate the transaction, and why an underwriter would have decided to leave the market and concentrate on other business activities.

\textit{Merchants, ship-owners and others seeking insurance coverage}

In 1756, several parts in ships were sold at an auction and the prices paid were recorded in the \textit{Veylboeken}. The \textit{Bloemendaal}, a whaling ship, apparently sailed partly insured and partly uninsured. The insured part of $1/32$ in ship and equipment (\textit{vleet}) were sold for fl. 350. However, three uninsured parts (each $1/32$ part of ship and equipment) were sold for respectively 100, 75 and 85 guilders.\textsuperscript{226} Clearly, the prices of the previous example reflect the fact that the market acknowledged the value of an insurance policy.

It was not uncommon for ships to sail partly insured and partly uninsured, as was the case with cargoes: some goods were insured to a certain amount not equal to its value, and others were transported uninsured. Apparently, it has not

\textsuperscript{224} saa, na II382/109, 23 of April 1759.
\textsuperscript{225} saa 5061, Archief Schout Assurantiemeesters inv.nr. 2925. The father of the renowned Andries Pels, also named Andries Pels, was also active as an insurer. For example, in 1657 he wrote a policy for a ship called ‘Justice’ (Justitie), sailing from Amsterdam to Cadiz for 1,000 guilders. Considering the name of the ship it is ironic that the policy expressly stated that any claims would be dealt with outside the Chamber of Insurance, \textit{saa}, Library, \textit{Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam}.
\textsuperscript{226} Den Dooren de Jong and Lootsma, ‘Nederlandsche walvisvangst’, 35-36.
always been common practice to insure all ships, parts of ships and cargoes on every trip. So why did some ship-owners and merchants decide to take out insurance? Were they consistent in their policy to insure or did they decide per voyage, shipload of merchandise and per season whether or not to take out insurance? Besides locally based merchants and ship-owners, non-residents also turned to the Amsterdam market for insurance coverage – why did they choose to insure their assets in Amsterdam rather than on a local market?

The group that took out insurance was – more than any other group relevant to this study – heterogeneous in nature. Generally speaking, they all had financial interests in ships, merchandise or both and sought ways to reduce the financial consequences of bad weather, privateers and pirates, unfavourable currents, dangerous harbours, and other misfortunes. Merchants would often divide their valuable merchandise over a number of ships, they would have the ships sail under the protection of convoy or mount the ships with heavy artillery. The Dutch East India Company preferred to arm its ships with guns and had them sail under protection of convoy rather than pay excessive premiums of 30 to 40 per cent for a return voyage. Ship-owners commonly spread their investments by buying small parts in various ships rather than investing their entire capital in one ship. Although these practices did decrease the financial exposure of the risks, the merchant or ship-owner did not receive any compensation in case of misfortune. Furthermore, not only was the merchant dependent on a greater number of people by spreading his merchandise over a number of ships, it also made him less influential as he was than only one of many cargo-owners instead of the sole commissioner of a ship. Sailing under convoy may have had the benefit of relative safety, but it also implied many disadvantages: the convoy could only sail as fast as the slowest ship, and individual captains were dependent on the decisions and competence of the convoy’s leader. Moreover, the joint arrival of the ships with merchandise, and the attendant sudden increase in the supply of certain goods was what deterred most merchants from sailing under convoy since the bulk of supply would then reduce the price fetched for the merchandise.

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227 This was not always the case. Insurance was sometimes taken out by individuals who had no interest in the ship or its merchandise. It thus became a kind of wagering practice. De Roover, ‘Early examples’, 196–197.

228 Even though as a rule the Dutch East India Company did not insure its ships or merchandise, it would do so in exceptional cases, for example when gold, silver or coins were transported or when they had rented ships rather than using their own in times of war. Dillo, De nadagen. Several references to Dutch East India ships can be found in the records of the insurance company Stad Rotterdam, gar 199, Archief Stad Rotterdam inv.nr. 215–241.

If a merchant or ship-owner decided not to carry the entire risk himself (internal financing) and thus transfer (a part of) it to a third party or parties, his options included either buying bottomry, taking out premium-based insurance or joining a mutual society. With respect to the latter, we have seen in chapter 2 that several conditions had to be met for mutual societies to take hold and be successful. For instance, mutuals generally thrived in relatively small and socially tight-knit communities. As a result of this social structure, the capital base of mutuals was typically limited and it was therefore an inappropriate technique for capital intensive industries, or ventures requiring large financial investments.\textsuperscript{230} The international mercantile trade of Amsterdam with its large and frequent investments, combined with the nature of the urban community with its many immigrants and diverse population hardly created a suitable environment for mutual societies to prosper.

Although bottomry was a common practice, not only for financing business ventures, but also for transferring risks to a third party, it seems to have lost ground by the first quarter of the eighteenth century, most probably because it was relatively expensive.\textsuperscript{231} It was not uncommon to pay a premium of 20 to 30 per cent as payment for both the financing of either the vessel or the cargo and the transfer of the risk. For instance, in 1733, bottomry was taken out on a ship called \textit{Vier Gebroeders} which was to sail to Surinam. The premium, the so-called \textit{opgelt} was 20 per cent whereas the current insurance rate to Surinam was between 3 and 5 per cent in the 1730s.\textsuperscript{232} The merchants of Amsterdam, with their growing wealth and expanding business, hardly needed financing of their business ventures but increasingly preferred to mitigate the financial risks of long-distance trade by transferring these risks to a third party.

Therefore, the demand for premium-based insurances took hold among merchants in Amsterdam, even though – as is common with the introduction of novelties – first some pioneers had to experiment with this new technique introduced by immigrants from the Southern Netherlands and the Mediterranean. Although, as previously stated, it is generally believed that the concept

\textsuperscript{230} Davids, ‘The Transformation’.
\textsuperscript{231} Davids, ‘Zekerheidsregelingen’, 186.
\textsuperscript{232} Bottomry letter, dated 20 September 1733 in which Johannes Bock received 310 guilders and 9 stuivers from Abraham Anthonius Wouters, SAA, Library, \textit{Divers materiaal over de Kamer van Assurantie en averijen der stad Amsterdam}; Spooner, \textit{Risks at sea}, 56-57. For example, the brokers’ ordinance of 1612 stated that the fee for insurance was 5 stuivers per 100 guilders, whereas the bottomry fee was 6 stuivers for amounts up to 100 pont Vlaems and 5 stuivers for any higher amount. A year later, the fee for an insurance policy was increased from 5 to 7 stuivers per 100 guilders, the bottomry fee was fixed at 8 stuivers per 100 pont. Ordinance of 27 January 1612; ordinance of January 1, 1613. Noordkerk, \textit{Handvesten enz. van Amsterdam}, ii, 1065. The list of fees of 1612 is not listed by Noordkerk but can be found in the Guild archives: SAA 366, Archief Gilden inv.nr. 1043, fo. 27.
of premium-based insurance was introduced in Amsterdam at the end of the second quarter of the sixteenth century, there is no general agreement as to the speed with which it was accepted and applied.

During the sixteenth and first half of the seventeenth century it was still not common practice for merchants or ship-owners to take out insurance. Even though the first insurance ordinance and the Chamber of Insurance date back to 1598, insurance was still regarded by many as a last-resort method. Moreover, insurance premiums were regarded as an extra burden to relatively thin profit margins. In 1629 a group of merchants attempted to establish a mandatory insurance company but opponents argued that there was no need for such a company as there was little demand for premium-based insurance due to its effect on the cost structure of trade.

Nonetheless, the insurance market continued to evolve, and methods and techniques were refined. In time, innovations were introduced, such as fire insurance, maritime insurance with limited coverage, re-insurance and time-based insurances. By the time that revolutions swept over Europe, at the end of the eighteenth century, insuring one’s valuables, be it ships, merchandise, houses, windmills, or factories, had become accepted routine. The evolution of the insurance market, from a mere sideline for wealthy merchants and the inclination of some merchants for trying out the latest financial novelty into a fully matured and differentiated market of its own right is dealt with more extensively in § 3.3.

The merchants and ship-owners wishing to insure their merchandise, ships, or parts of ships were mostly individuals, but sometimes represented a partnership or larger firm. Insuring cargo was in all probability the first application of maritime insurances but it was soon possible not only to insure all types of merchandise but also to insure entire ships, parts of ships or the equipment of whaling or fishing ships. There is ample evidence of these insurance transactions in the notary archives. On 24 April 1592, for example, insurance was taken out on a shipload of wheat on a ship called Roode Hart. In 1606, notary J.F. Bruijningh recorded the insurance of a ship travelling from Nantes to Rotterdam. Perishables

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233 Davids ‘Zekerheidsregelingen’, 183.
234 A few years before this initiative of Mr Trip and others, Mr Melchior de Moucheron also proposed to establish a company to be called ‘Chamber of Insurance’. This plan was finally rejected in 1625. Blok, ‘Het plan'; Davids, ‘Zekerheidsregelingen’.
235 Fire insurance is beyond the scope of this research. The impact of innovations such as limited coverage insurance, re-insurance and time-based insurance is dealt with in the next chapter.
236 Considering several examples of, for instance, 1601, 1606 and 1637, I disagree with Frank Broeze who states that insuring ships was not possible in 1680 and that only insurance of cargo was possible. Broeze, ‘Rederij’, 126.
were insured too: a load of figs was insured in 1639.\textsuperscript{237} E.L.G. den Dooren de Jong also refers to a policy for a fishing vessel and its equipment in 1637.\textsuperscript{238}

It was also not unusual to combine various methods of risk management. Ship-owners and merchants would sometimes take out insurance policies in addition to spreading their investments and merchandise over several ships. There were even cases of combining bottomry with insurance policies. On 4 March 1760, for example, insurance was taken out by Muiiman and Sons who acted on behalf of the Royal Danish Asian Company of Copenhagen (\textit{Koninklijke Deense Asiatische Comp}) on the ship called \textit{Crown Prince of Denmark}. The vessel was valued at 90,000 guilders and the premium was 7 per cent, amounting to 6,300 guilders. On the same day insurance was taken out on bottomry which was intended to cover the equipment of the \textit{Crown Prince of Denmark}. The equipment was valued at 14,000 guilders, which included the 20 per cent \textit{opgelt} for the bottomry.\textsuperscript{239}

In most policies, even the insurance premiums were insured by adding the amount to the insured value.\textsuperscript{240} Initially, it was not allowed to take out insurance on the life of persons,\textsuperscript{241} excluding slaves, who were considered merchandise and were therefore insurable.\textsuperscript{242} In order to promote prudence among merchants and ship-owners, a compulsory deductible risk of 10 per cent of the total value was stipulated by the ordinance of 1598.\textsuperscript{243} Just as many other clauses and stipulations

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\item \textsuperscript{237} SAA, NA 42, fo. 133-134v, 24 April 1592, Notary L. Heylinc; Ibid, 105 fo. 76v., 11 November 1606, Notary J.F. Brujinjing; Ibid, 101 fo. 14,15, 11 May 1639, Notary E.D. Pels.
\item \textsuperscript{238} Den Dooren de Jong, ‘Marine policy’.
\item \textsuperscript{239} SAA 557, Archief De Vos inv.nr. 24, fo. 20.
\item \textsuperscript{240} Van Niekerk, \textit{Principles of insurance law}, 338-341. Examples of policies in which the insurance premiums are also insured can be found in the archives of De Vos & Zoon, SAA 557, Archief De Vos inv nr. 24, fo. 93,103,1385. In a printed policy owned by Quirijn Brants & Zoon the remark \textit{premie incluis} has been added by hand, SAA 88, Archief Brants inv nr. 543, policy dated 9 September 1740. The Brants archive includes more examples of policies with the insurance premium included in the insured value, for example the policies dated 13 May 1767 and 14 May 1768.
\item \textsuperscript{241} As of the ordinance of 1693 a standard format for an insurance policy ‘On the Body’ is included; ordinance of 26 January 1693, Noordkerk, \textit{Handvesten, enz. van Amsterdam}, I, 660. In spite of the initial prohibition, insurance ‘On the Body’ was indeed taken out. The abovementioned policy dated 3 March 1657 states that, regardless of the Chamber of Insurance’s ordinance Jeronimo de Haye and Andries Pels will insure lives on a ship called \textit{Justitie} (\textit{Justice}). The underwriters each sign for 1000 guilders. Remarkably, the policy bears the official seal of the Chamber.
\item \textsuperscript{242} Vergouwen, \textit{Makelaardij in assurantiën}, 74; Van Niekerk, \textit{Principles of insurance law}, 430. Van de Voort, \textit{De Westindische plantages}, 54; Henk den Heijer states that the West Indische Compagnie as a rule did not insure its cargo of slaves, Den Heijer, \textit{Goud, Ivoor, III.}
\item \textsuperscript{243} Ordinance and bylaw of Insurance 1598, SAA, Library, \textit{Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam}. This stipulation regarding a compulsory
of the ordinances were ignored and breached, there are also several examples of policies 
disregarding this particular condition and in which the merchandise or cargo were insured up to 
their full value. In 1712, a handwritten clause was added to a policy concerning the 
insurance of merchandise shipped from Amsterdam to Cadiz. The clause stated that the insured 
was allowed to insure the merchandise and the insurance premium up to its full value, 
disregarding the compulsory deductible risk of 10 per cent. Nonetheless, the policy was 
endorsed by the secretary of the Chamber of Insurance and Average.244 In her study on 
the trade of French wines in the Republic in the eighteenth century, Anne Wegener 
Sleeswijk found that in times of political unrest, merchants would over-insure their 
wine cargoes, even though this was strictly forbidden.245

Among the group of merchants and ship-owners buying insurance in Amsterdam 
there were, of course, also those with less honourable intentions, for example 
ship-owners reclaiming part of the insurance premium falsely stating that the 
ship had sailed under convoy. Merchants and ship-owners were also known to buy 
insurance when they already knew the ship to be lost. For example, in 1629, Diolog 
Lopes Telles had his cargo on a ship from Bayonne to Amsterdam insured through broker Duarte 
Gomes for a value of 100 Flemish pounds by Jacques Hack, merchant. However, soon after Hack 
wrote the insurance, he heard that numerous ships, including the ship with Telles’ cargo, had 
been taken by the Dunkirk privateers. As he felt that the insurance had not been 
arranged in good faith, he considered it invalid. Clearly, Telles disagreed. It is 
not clear how the matter was finally settled.246 Apart from these deceitful practices, 
there were also those entrepreneurs who simply took more risks if their 
valuables were insured. In the third quarter of the seventeenth century, insurance 
was at times still regarded with some suspicion: ‘when a great Dutch merchantman on her way home in 
time of war had the audacity to sail unescorted through the Channel, comment ran that she must be insured.’247 Not all insured 
had dishonourable intentions, as the example of the De Flines brothers shows: 
in 1617 Pieter Sijmon, broker, was commissioned by Philips and Guilebert de 
Flines to arrange insurance for their ship called De Moscovische Valk and its 
merchandise. Both were to be insured for 600 Flemish pounds. Although some 
underwriters were not too eager at first to commit themselves unless others had 
done so, Sijmon managed to get a number of insurers to write lines. By three

deductible risk was, despite frequent breaches, maintained in the ordinance of 1744 although by then it was allowed, under certain circumstances, to lower the compulsory risk from 10 to 3 per cent, saa, Library, Ordonantie van assurantie en avaryen der stad Amsterdam.

244 Vergouwen, Makelaardij in assurantien, 39-40.
245 Wegener Sleeswijk, Franse wijn, 210-211.
246 saa, na 637, fo. 300-301, 9 March 1629, Notary Sibrant Cornelisz.
o'clock in the afternoon he had convinced Lambert van Erp to write for 200 Flemish pounds. Pieter van Geel, together with David L'Hommel, signed for the same amount. Albert Schuijt and Philips Colin each signed for 100 Flemish pounds. Jan Bicker committed himself to 150 Flemish pounds, and for the same amount as procurator of Jan Janss Helmont. Hans Solt de Jonge also wrote for 200 Flemish pounds. At the time the underwriters signed, there was no news as to the condition of the ship. At five in the afternoon, the De Flines brothers went up to the broker’s office to inform him that news had just reached the city that the ship had been lost. They revoked their commission and ordered him to stop the writing of the policy.248

If a merchant or ship-owner seeking insurance coverage was not able to find enough underwriters amongst his family, friends, and acquaintances, he could try his luck on the insurance market for the necessary coverage. Before the Amsterdam Exchange was built, he could either go to the Nieuwe Brug, Warmoesstraat, or the Oude Kerk himself, or he could commission a broker to find a sufficient number of underwriters.249 The rationale behind the decision to commission a broker to handle the terms and premium rate of an insurance policy, was most likely different for every merchant and ship-owner. In general, those wishing to insure their valuables would probably have turned to a broker, or an unauthorised broker if their own network was insufficient, if they felt a broker would be able to negotiate better terms and a lower premium, if the frequency of insurance taken out required efficiency or if they felt that the deal in general or the policy in particular would be too complex without the expertise of an experienced broker. Undoubtedly, ship-owners, merchants and brokers had their personal preferences and long-term business relations. For example, Daniel Loofs was one of three brokers regularly commissioned by Quirijn Brants & Comp. Between 1764 and 1775, approximately half of all insurances taken out by Brants were handled by Daniel Loofs.250 The fact that specialised insurance brokers were sometimes capable of negotiating lower premium rates was mentioned in an article in the eighteenth century periodical De Koopman. An author by the name of David Jan Ondervinder argued that the fact that different insurance premiums were sometimes due ‘for the same ship, on the same voyage, in the same City, on the same time by the same underwriters’ was indeed reasonable and understandable. He explained that some merchants chose to have their insurances dealt with by clerks instead of brokers. These clerks were often specifically employed to handle all the insurance cases of the relevant merchant and would receive the fee, or part of the fee, otherwise paid to a broker as recompense. However, as Ondervinder argued, since

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248 saa, NA 254/418, 22 June 1617, Notary J. Meerhout.
249 Vergouwen, Makelaardij in assurantiën, 39.
250 saa 88, Archief Brants inv.nr. 547.
these clerks only dealt with the insurable interests of one merchant or merchant company, they could hardly be expected to be knowledgeable regarding ongoing insurance premiums. Brokers, on the other hand, would not only know the regte Course van Premie\textsuperscript{251} – which constituted their daily business – but they would also be able to convince underwriters that a lower premium was justified. Furthermore, as brokers frequently did business with underwriters, they would be able to negotiate a discount which a clerk, who only occasionally dealt with them, would not receive.\textsuperscript{252}

According to Stuart, those taking out insurance were indifferent to whether they commissioned an authorised broker or an unauthorised broker, and often preferred the latter since he would have charged a lower fee.\textsuperscript{253} The insurance market also became less transparent for less experienced dealers, due to the larger number of brokers, unauthorised brokers and underwriters involved and to the fact that, despite regulations stipulating that only standardised policies were to be used, insurance policies were continuously altered and became more and more complex. Therefore, it became gradually more of a necessity, rather than a luxury, to commission an insurance broker. The growing demand for insurance policies promoted the expansion and maturing of the market: as the number of transactions increased, specialisation set in. Once trade volume became sufficient, a number of brokers started to specialise in insurances.\textsuperscript{254}

The brokers’ fee was initially paid for by both the insured and the underwriters, but by the second quarter of the eighteenth century it had become common practice for underwriters to pay the full fee, a practice which was formalised by the ordinance of 1744.\textsuperscript{255} Even if the underwriters subsequently passed on this increase in costs to the insured by raising the level of premiums, if the latter did not perceive this as such, for example because all underwriters increased their premiums or they lacked the information required to expertly assess the premium levels, this practice may have been of positive influence on the expansion of the insurance market. The development may well have been an incentive for those seeking to mitigate the financial risks of long-term trade by buying an insurance policy, and it would then have had a positive influence on the volume of business for insurance brokers.

The insurance market was not only used by the resident merchants and shipowners of Amsterdam, it also attracted merchants and ship-owners from outside the city walls, from as close by as Oostzaan and De Rijp to as far as Aigil-

\textsuperscript{251} The ‘correct premium’.  
\textsuperscript{252} De Koopman VI, part nr. 46, 1776, 366-368.  
\textsuperscript{253} Stuart is often, as in this case, vague as to the source or the basis of his assumptions. Stuart, De Amsterdamse Makelaardij, 68.  
\textsuperscript{254} Also see § 3.3.  
\textsuperscript{255} saa, Library, Ordonnantie van assurantie en avaryen der stad Amsterdam; Vergouwen, Makelaardij in assurantiën, 65.
lon and Copenhagen. According to Jacques le Moine de L’Espine and Isaac le Long, only the insurance market in Amsterdam could cover every risk, regardless of the size of the insurance transaction. Foreign merchants, trading companies, and ship-owners relied on the capital base of the Amsterdam insurance market when their local underwriters were unable to cover the desired risks for a reasonable price. Although Amsterdam was not always considered cheap in terms of premium rates, its reputation rested on the fact that in Amsterdam all risks were insurable and this drew those seeking coverage, local and foreign, during the greater part of the seventeenth and eighteenth centuries to the underwriters near the Dam.

§ 3.2.4 The underwriters

Introduction

‘On account of the great number of wealthy Persons who have made a living of Insuring and who daily, without discrimination, insure businesses large and small, from and to all directions of Europe, and in case of damages, proven with reliable documents, reimburse promptly and without objecting, and are thus highly respected all over Europe. For one finds in this city a great number of Underwriters, most of them being distinguished, eminent, and wealthy people in whom many have great confidence, and are so regarded, that from all over Europe the fees for insurance, both on ships as well as merchandise, come this way; and once insured, in case of damage, by the underwriter 98 per cent is paid or else pro ratio’. According to this quote from 1753 by Le Moine de L’Espine

256 For example, on April 9, 1702 a cargo owned by Merle de Gouts from Aigillon sailing from Bordeaux to Amsterdam was insured by three Dutch underwriters at a premium of 7 percent; see, na 5884/303. In March 1760 De Vos & Zoon, unsworn insurance brokers or assurantiebezorgers, mediated for the Danish East India Company to have a number of their ships insured.

257 Le Moine de L’Espine and Le Long, De Koophandel van Amsterdam, 39.


259 The original text reads: ‘…door het groote getal van vermoogende Lieden, die haar werk van Assureeren maaken, en daagelyks, sonder onderscheyt, groot een kleyne partyen, van en naar alle Gewesten van Europa verseekeren, en in gevalle van schaade, met deugtsaame Documenten beweesen, denselven aanstonds sonder teegespreken betaalen, en daardoorin geheel Europa grootse achterging verweren. Want men vindt in deze stad een groot getal van Assuradeurs, zynde ten meesten deel bekent voor deftige, voornaame en ryke Lieden, waar op men groot vertrouwen heeft, en soodanig geagt, dat uyt het geheel van Europa de Commissien van Assurante, soo op Scheepen als Goederen, hier na toe vloeyen; en volbragt zynde, wordt in Cas van totale schade, door den Assuradeur prompt 98 percento betaalt, en anders na proportie.’ Le Moine de L’Espine and Le Long, De Koophandel van Amsterdam, 39-40.
and Le Long’s *De Koophandel van Amsterdam*, Amsterdam underwriters enjoyed an excellent reputation. This favourable reputation was not only known in the eighteenth century, but according to Barbour, already as early as the seventeenth century there was confidence in the integrity of the insurers.²⁶⁰ A contemporary observer, J-P. Ricard, also referred to the Dutch underwriters favourably: ‘leur bonté, leur cordialité, & leur promptitude à régler & à payer les pertes & les avaries’.²⁶¹ Although Amsterdam underwriters seem to have had an excellent reputation, underwriting was initially a mere sideline. Underwriting was primarily considered to be an alternative investment opportunity, rather than a key business activity.²⁶² Also, although demand for this new financial instrument increased, originally there was simply not enough demand to make underwriting a primary business activity.²⁶³

The wealthiest and the boldest

Amsterdam merchants continuously sought new opportunities to invest their increasing wealth. As previously mentioned, Clé Lesger referred to the accumulation of capital, which took off as of the final quarter of the sixteenth century, as one of the city’s competitive advantages. Real estate, parts of ships and art were among the wide variety of investment opportunities available. Underwriting was added to this range in the second to third quarters of the sixteenth century. Initially, only the wealthiest of the Amsterdam merchants were active as underwriters and those pioneering with this financial novelty would probably have invested only limited amounts of their total wealth in their underwriting activities. Abraham Boddens (1628-1679), for example, was not only an underwriter, but foremost a merchant in English manufacture. Joan Hulft (1610-1677) was a merchant trading with Sweden, rope-maker, ship-owner and underwriter. He was one of the few known underwriters to have been a commissioner of the Chamber of Insurance (from 1652-1654).²⁶⁴ As previously mentioned, it was not common for underwriters to become commissioner of the Chamber of Insurance as this would have meant that they had to forfeit their underwriting business in favour of the Chamber’s membership, which was likely to be less profitable. For Jacob Van Neck, originally a naval officer, who then started out as a merchant trading with Italy, later branched out to underwriting and was ultimately to become one of the longest serving commissioners of the Chamber of Insurance (1648-1668; 1669-1673), the lure of favourable insurance premiums may have been too hard to ignore. During his time as Assurantiemeester, he

²⁶³ Also see § 3.3.
²⁶⁴ He was also a commissioner of the Chamber of Maritime Affairs in 1641-1645 and 1656, Wagenaar, *Amsterdam*, 11, 440-444.
probably continued to be active as an underwriter – in spite of the ordinance explicitly forbidding commissioners to act as insurers. His illegal activities became public knowledge, however, when in 1673 while serving as Assurantiemeester, Van Neck went bankrupt. He was forced to give up his position as commissioner and his membership of the municipal authority. Following his downfall, he probably even left the city.²⁶⁵

Many, if not all, underwriters would at times have been confronted with the financial consequences of insurance claims. As Spooner has argued, the actual volume of insurance claims is far more difficult to reconstruct than for instance tracing back the development of price or premium levels.²⁶⁶ Clearly, not all underwriters were as unfortunate as Jacob van Neck and, in spite of the inevitable losses, some would have made healthy profits. The records of an as yet unidentified underwriter from Amsterdam illustrate the profitability of underwriting. The underwriter whose meticulous records for the period of 1725–1729 have been preserved booked a profit of 17,793 guilders in 1725. The following year he earned 14,429 guilders and in 1727 and 1728 his profit amounted to fl. 16,379 and fl. 13,310 respectively. The first year of his records, 1725, proved to be the most profitable for this particular underwriter as his profits were earned on a total recorded income of fl. 69,448, approximately 25.6 per cent. He paid fl. 51,654 in damage claims that year. The highest amount of damage claims was paid in the following year. A total of fl. 100,498 was paid in claims. However, that same year he also booked a record in his revenues of 114,927 guilders. During these four years the underwriter’s profit as a percentage of his total income varied between 12 per cent and 25.6 per cent. Thus, underwriting could certainly bring fortune to capable – and fortunate – insurers.²⁶⁷

Outside the city walls, the novelty of underwriting also became known, and even though the majority of underwriters would reside in the city itself, merchants from the surrounding villages co-signed Amsterdam policies. For example, in 1739 the public notary Th. D. de Marolles drafted a statement involving ‘Hendrik Lampe, Jacob Speciaal & Zn, Huygen & Beets, Dirk de Leeuw, Claas Ploeger and Jacob Mol, merchants and underwriters in Amsterdam, Oostzaan, De Rijp, Broek in Waterland and Buiksloot’.²⁶⁸

It is not certain how these underwriters from outside the city became involved: whether a local broker would represent their interests in Amsterdam or whether they would do some insurance business while they were in Amsterdam conducting other business transactions. In all probability they would commission an Amsterdam insurance broker to close their underwriting deals. De

²⁶⁵ Elias, De Vroedschap, 478; Burke, Venice and Amsterdam, 41.
²⁶⁶ Spooner, Risks at sea, 59.
²⁶⁷ NEHA, BC 279 Archief (unidentified) Assuradeur.
²⁶⁸ SAA, NA II249/62, 17 April 1739.
Vos, an unauthorised insurance broker, had the names of underwriters such as Claas and Cornelis Ploeger from Broek in Waterland listed in his books as late as 1760. This makes it likely that underwriters from outside Amsterdam relied upon the services of Amsterdam brokers, rather than brokers from their own community. As of the mid-eighteenth century, insurance brokers appeared in communities and towns outside Amsterdam, but the books of De Vos demonstrate that at least some of the more experienced and eminent underwriters from outside the city would have preferred to commission an Amsterdam broker or even an unauthorised broker, rather than a local broker.

Although initially underwriting may have been limited to the merchant’s own private network – writing for the risks of family members or befriended merchants and ship-owners, it quickly outgrew this limited setting. The mere issuance of the ordinance of 1598 is an indication that underwriting was growing into a lucrative activity, developing its own dynamics, practices and routines. Originally, underwriters might have bargained about the details and premium rates of the insurance policy without the aid of an intermediary. However, it became more and more of a necessity to commission a broker to deal with all the specifics of insurance policies and to set an appropriate insurance premium. Brokers, once commissioned by a merchant or ship-owner to find underwriters would actively approach and pursue those who might be interested in underwriting a policy, or part of the total risk. Since brokers were initially not obliged to state their names on the policies and notary deeds were hardly ever drawn up when insurance was taken out, it is not exactly clear when brokers became an integral part of the insurance market. However, considering the development of the regulatory framework and the persistence of the official brokers in warding off unauthorised brokers from what was most probably a profitable market, it is likely that by the first quarter of the seventeenth century it was common to have a broker facilitate insurance transactions.

Underwriters were known to use both sworn as well as unsworn brokers. The choice between a sworn broker and an unauthorised broker was probably determined by the difference in broker’s fee, combined with the reputation of the relevant unauthorised broker. A decisive factor was the trust the underwriter had in the unsworn broker to honour his contractual obligations in case of

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269 Also listed as underwriters from outside the city in the Slijggenhorst-list of, approximately, 1740, as well as 1767, 1768, and 1787; (Erven) Slijggenhorst and Van Rees, Naamen en Woonplaatsen, various editions; Copy of policy book of De Vos & Zoon, 1758-1760, SAA 557, Archief De Vos inv nr. 24.

270 Sneller, ’De drie cargasoenen rogge’, 113.

271 The records of the unidentified underwriter from Amsterdam prove that no insurance transaction was closed without the mediation of a broker. The underwriter paid a standard broker’s fee of ¼%, NEHA, BC 279 Archief (unidentified) Assuradeur.

272 Stuart, De Amsterdamse makelaardij, 68
problems. After all, it would have been more difficult to enforce contractual commitment through legal means (in this case, the Chamber) if the transaction had been facilitated by an unauthorised broker rather than a sworn broker. Ultimately, it was an assessment and consideration of risk and return.

Commitment and continuity
As underwriting was initially not an exclusive source of income, many underwriters may only have been partly dedicated to this financial innovation and its developing market. In the event of disappointing results, some of these ‘occasional underwriters’ may have left the market just as quickly and easily as they entered it. Consequently, there was a high rate of turnover among the underwriters, or, as Suermondt put it: underwriters emerged and disappeared as quickly as mushrooms.

Eventually, in all probability, as of the seventeenth century, two groups became discernible among the underwriters: an opportunistic group, only entering the market in times of high returns and leaving it when the tides were unfavourable; and a core group of underwriters who were a constant factor on the market and who invested time, money and expertise in their underwriting business.

For the eighteenth century there are a number of sources which offer insight into the numbers and names of those active as underwriters on the Amsterdam insurance market. Most of these lists are in all probability not complete since many merchants and other prosperous individuals with excess capital considered underwriting a mere sideline and would not necessarily have referred to themselves as ‘insurers’. For example, in the Kohier van Personeele Quotisatie of 1742 in which all taxable citizens of Amsterdam were listed by name, with their address, occupation, assets and income, only eight underwriters were officially listed, whereas the Sligtenhorst list of 1740 has almost fifty underwriters on record. Jan Langerak was listed as owner of a tobacco shop and Gideon Mor as tobacco buyer in the Kohier, while they appear in a partnership as underwriters on the list as compiled by Hendrik Sligtenhorst. Jacob Fruyt, Robbert Malbrancq, Hendrik Lampe and most others who were listed on the Sligtenhorst lists as underwriters were not listed in the Kohier as ‘underwriter’ but as ‘mer-

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273 Ibid., 66.
274 Suermondt, ‘De oprichting’, 213.
275 As the official listing of underwriters, the Sligtenhorst lists, only started in the eighteenth century, we have no exact information as to the turnover of underwriters in the preceding period. It is likely, however, that during the seventeenth century there were those only entering the market in times of high returns and those who were more or less continuously committed to the insurance market.
276 Oldewelt (ed), Kohier van Personeele Quotisatie; Sligtenhorst-lists. According to Spooner and Van Niekerk, the first Sligtenhorst listing dates back to 1757. However, a list dating back to approximately 1740 can be found in the Royal Library (Koninklijke Bibliotheek: henceforth kb) in The Hague.
Nonetheless, the Sligtenhorst-lists are most probably not conclusive either. Cornelis Jansz. Hartsinck, Jeremias van der Meer, Daniel Jacob du Peyrou, Pieter Rocquette, Jan Philippe du Quesne and Pieter Six for example were known underwriters but do not appear on the Sligtenhorst lists. However, the lists do offer insight into the relative decrease and increase in the number of insurers.

By expressing the number of ‘surviving’ underwriters as a percentage of the original list in which they were first named, Spooner has analysed the continuity of the Amsterdam insurers. He finds that underwriters primarily reacted to political instabilities such as war, rather than financial disruptions. He further observes that during a relatively peaceful period of time, between 1757 and 1771, with accordingly low premium rates, the number of underwriters decreased from 77 to 68. However, once the threat of war became imminent once again in 1777, the number of those active as underwriters peaked, to a total of 91 by 1782. Spooner argues that these so-called ‘sleeping’ underwriters were the ones who suffered the greatest losses during the war and in 1787. Lacking experience and knowledge of the market, its practices and the parties involved, these opportunistic investors were most susceptible to be left with bad risks, and swindling merchants and ship-owners. This problem of information asymmetry, also known as the ‘lemons’ problem, left the less informed underwriters with policies with which the more experienced underwriters would not become involved. Kingston, in his comparative institutional analysis of the maritime insurance markets in Britain and America in the eighteenth and nineteenth centuries, has offered an explanation for why the British maritime insurance market was dominated by private underwriters. In contrast to the situation in America, insurance companies failed to gain a strong foothold in London, predominantly as a result of this phenomenon of information asymmetry. The corps of private underwriters of London had set up a highly efficient system of generating and sharing information, thereby enabling the underwriters not only to set the right premiums but also to decrease the risk of fraud. The emerging insurance companies282 did not have access to information in the same way as private underwriters. Due to this information disadvantage, it was more difficult for insur-

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277 KB, Sligtenhorstlist 1740.
278 Van Niekerk, Principles of insurance law, 601-606.
279 Spooner, Risks at sea, 29-31.
280 After reaching a peak of 91 in 1782, the number of private underwriters decreased to 57 only five years later and to 52 by 1792. Spooner, Risk at sea, 31.
281 The term ‘lemons’ problem refers to Akerlof’s article about the second-hand car market. Inferior quality second-hand cars are known as ‘lemons’. Akerlof argued that the market for second-hand cars was inefficient due to asymmetrical information between the buyer and seller, Akerlof, ‘Market for lemons’.
282 Due to the Bubble Act of 1720 only two insurance companies were allowed, see Kingston, ‘Marine insurance’.
ance companies to determine the right premium and to assess risks efficiently. As a result, not only were their premiums overall higher than those of private underwriters, insurance companies also set more restrictions in order to reduce the risks of fraud and swindle.\textsuperscript{283}

Apart from these differences in the personal commitments of underwriters, seasonal patterns also influenced the attendance of the insurers and their willingness to sign insurance policies: as autumn approached many insurers would leave the market only to return once the winter gales had safely been dissipated by early spring.\textsuperscript{284} The issue of continuity was furthermore related to the presence of Jewish merchants and brokers. Due to their knowledge, experience and wealth, they were a major influence on the size and development of the insurance market. Thus, their obvious absence on Saturdays did indeed influence the overall efficiency of the market.\textsuperscript{285}

Even though the insurance markets, more than other industries, may have been confronted with issues of continuity, they were certainly not unique in this. This was due to the structure of the businesses, networks, and industries, which all relied on individuals and family firms, rather than corporations. It was, as Spooner stated, a ‘classic problem of continuity faced all too often by institutions of the ancien régime when they depended on blood, family and dynasty’.\textsuperscript{286} Notwithstanding all this, a few underwriters seemed to have survived storms, wars, and financial crises and so it was that Abraham Bruyn, Jacob de Clerq en Zoon, and Adriaan Scharff were still listed in 1792, 35 years after their first listing.\textsuperscript{287}

Contrary to, for example, their English peers, the Amsterdam underwriters seem to have had a good and solid reputation.\textsuperscript{288} According to Barbour, this was already true in the seventeenth century, and accounts in *De Koopman* confirm it for the eighteenth century.\textsuperscript{289} However, in spite of this seemingly favourable reputation of solidity and reliability, there were still numerous accounts of underwriters who were too inexperienced and not knowledgeable enough, and who would therefore be tricked into signing ‘bad’ insurances. There were

\begin{itemize}
\item \textsuperscript{283} Kingston , 'Marine insurance'.
\item \textsuperscript{284} Spooner, *Risks at sea*, 21.
\item \textsuperscript{285} Ibid., 21.
\item \textsuperscript{286} Ibid., 29.
\item \textsuperscript{287} Ibid., 29–30; Slijter, ibid lists.
\item \textsuperscript{288} Initially, the English underwriters had a unfavourable reputation: ‘…their reputation, as compared with that of English insurers, was distinctly fair.’, Barbour, 'Marine Risks', 581. It was not until the eighteenth century that the reputation of the English improved. In 1720, according to Den Dooren de Jong, the financial standing of the English underwriters had apparently improved considerably since many foreign insurance contracts were closed in London, an indication of trust in the English insurers, Den Dooren de Jong, 'Reassurantie', 92.
\item \textsuperscript{289} Barbour, 'Marine risks', 581; *De Koopman*, iv No. 29, 225.
\end{itemize}
also those who gambled to make a quick and easy profit by underwriting a few policies but then found themselves confronted with claims they were unable to meet. Some insurers would try to evade or stall the payment of claims by disputing the claim or the policy clauses through various procedures and courts. And obviously, those taking out insurance always risked not having their claim paid out if the underwriter were to go bankrupt or pass away – a universal problem of continuity, which always applied when enterprises were based on individuals rather than corporations.290

Especially at the end of the eighteenth century, many Amsterdam merchants, and among them a number of underwriters, went bankrupt as a result of the consequences of war or financial crises. Van der Lijn, a well-known underwriter, was unable to meet the great number of insurance claims with which he was faced.291 Arend van Staphorst followed in his father’s footsteps as underwriter but was clearly less successful.292 A notary deed of 26 February 1777 recorded an agreement between the unfortunate Van Staphorst and a hundred of his creditors. Notary Van Homrigh recorded Van Staphorst giving power of attorney to a few fellow underwriters as well as brokers: Pieter Munch, Adriaan Scharf, Christiaan Cruys, Steven Lespinosa, and Dirk van Bosse.293 They were to appraise all his property and real estate as well as his furnishings, and then to handle all claims and transactions with his many creditors.294

Evidently, years with heavy storms or periods of war aggravated solvency issues among the insurers. In 1693, a fleet of 400 British and Dutch ships, the so-called ‘Smyrna fleet’, was attacked by the French in the Bay of Lagos. According to English accounts of the disaster, the effects were catastrophic: ‘the whole city was shaken by the news and an eye witness has left on record that many merchants left the Royal Exchange with the faces of men under sentence of death.’295 Many underwriters, among them Daniel Defoe, went bankrupt or had difficulty meeting their financial obligations. As a result, the Merchants Insurers Bill was put forward with the objective of protecting both merchants and underwriters.296 Even though Dutch merchants, ship-owners and insurers must have been heavily affected by the loss, which was estimated at 12 to 14 million

290 Spooner, Risks at sea, 29.
293 According to Van Eeghen, Christiaan Cruys was a unauthorised broker, but a Christiaan Cruys was also listed as underwriter on the Sligtenhorstlist of 1787. Dirk van Bosse was a sworn broker, Van Eeghen, ‘De Vos’, 50; Sligtenhorstlist of 1787.
294 saa, na 12434/99, 26 February 1777.
296 Van Niekerk, Principles of insurance law, 608.
guilders, the effects on the Amsterdam Exchange do not seem to have been as disastrous as in England. 297

How did these merchants and ship-owners, looking for financial safeguards in case disaster struck, deal with the insecurities and shortcomings of the insurance market? Nowadays, reinsurance is the most common technique for safeguarding underwriters from failure and for guaranteeing that those who have insured themselves will have their claim paid. Reinsurance is a method whereby insurers transfer an insured risk, or part of an insured risk, to other insurers. However, in those early days of the insurance industry, reinsurance also had a different meaning, namely ‘solvency insurance’. In fact, this was the main type of reinsurance applied. It meant that those seeking insurance would simply take out another insurance, which could also imply over-insurance. It took until 1721 for the difference between this ‘solvency reinsurance’ and the now generally accepted meaning of reinsurance to be clearly acknowledged and regulated. The habit of taking out a second insurance policy, however, was an expensive and often also inefficient way to reduce the insecurity and, due to its sensitivity to fraud, it was prohibited at a later stage. 298

In addition, those in need of insurance came to acknowledge the benefits of insurance companies with larger capital bases in comparison with private underwriters with more limited funds. Insurance companies were established, not only all over Europe but also in the Republic itself, during the first part of the eighteenth century. 299 Yet it took until the third quarter of that century for a company to be successfully launched in Amsterdam.

It is generally accepted that the issue of insolvency of private underwriters is directly linked to the development of both concepts of reinsurance as well as the emergence of mutual insurance societies and insurance companies. 300 Why, then, did it take so long for the first insurance company to establish itself in Amsterdam? Was there no need for an insurance company with a large capital base which would give merchants and ship-owners the possibility to have large sums safely underwritten without having to deal with a number of private underwriters? Were there indeed no initiatives to establish such a company or could initiators not find enough interested investors to support the plan?

297 Contrary to Den Dooren de Jong’s statement that the Smyrna Fleet disaster was not recorded in or by the Dutch, the Oprechte Haerlemse Courant for example, does give an elaborate account of the attack on the fleet by the French; Den Dooren de Jong, ‘Reassurantie’, 90; Oprechte Haerlemse Courant, 28 and 30 July 1693.


299 See § 4.2.4 for a more detailed account of the establishment of the country’s first insurance company.

300 See for an example Den Dooren de Jong, ‘Reassurantie’.
The craze of establishing companies that swept over Europe in 1720 was not lost on the Republic: in Amsterdam a number of projects were initiated and Rotterdam, for example, established an insurance company. Ignorance of international developments or lack of initiative cannot have been the reason why, by 1720, no insurance company had been established in Amsterdam, then considered by many to be the heart of mercantile trade, international finance, and maritime insurances. If there were indeed enough wealthy investors in Rotterdam to establish an insurance company there, then the same must certainly have been true for Amsterdam, too. So, why was there no successful initiative to set up an insurance company in Amsterdam? In order to find a possible answer to this question, we must first examine how underwriters related to one another and how, if at all, they interacted as a group.

Collusions

‘The Corps des Assureurs is the most powerful institution to intervene in the trade of Europe and the one whose conduct exerts most influence on public opinion.’ Even though many underwriters were not specifically listed as insurers and in spite of the fact that the Amsterdam underwriters were in no way officially represented, their influence seems to have carried far. Over a period of almost two centuries, the Amsterdam underwriters appear to have played a fundamental role in the way the insurance industry evolved. They exerted their influence not only to fix prices at a desired level but also to prevent new competitors from entering the insurance market. Although until the end of the eighteenth century the most distinguishing feature of the insurance market was the dominance of private underwriters and their habit of operating on an individual basis, even this individual-oriented group acknowledged the need to collaborate in times of need, in order to pursue a common goal – such as barring new entrants or setting prices. In general, collusions – of which the formal version is commonly known as a cartel – aim to reduce competition and therefore in-

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301 Groeneveld has analysed a number of these projects, many of which were the brain child of a Mr De Souza Britto, Groeneveld, *Economische crisis*. See also *Het Groote Tafereel*.

302 Abbé Desnoyers, the French *charge d’affaires*, was, according to Spooner, ‘an alert observer’, in a letter to Vergennes, dated 20 February 1776, as quoted by Spooner, *Risks at sea*, 25.

303 Notwithstanding the occasional writing as procurator for other underwriters. Also, underwriters sometimes joined forces for a limited period of time. For example, in 1601 a venture was set up by ten merchants for a period of one year. Although participants were also allowed to continue their individual underwriting activities, they were obliged to report these transactions to the company. One of the participants was chosen as *boekhouder* (book keeper) and he was allowed to sign policies for up to 400 Flemish pound, Van Niekerk, *Principles of insurance law*, 597; Spooner, *Risks at sea*, 37-38.
crease profits for the collaborating parties. Collusions are most likely to occur in oligopolistic markets with homogeneous products or services, where the actions of a few market players can significantly influence the market. Not only are collusions more likely to occur in a market with a limited number of ‘sellers’ (viz. underwriters), the size of the group is directly related to its effectiveness. Olson has argued that small groups have far greater opportunities to organize for collective action than large ones.\(^{304}\) Individual participation is more effective in a small group, making it more attractive to participate; the collective good is distributed over a smaller number of participants, making the individual benefit relatively large.\(^{305}\) Furthermore, in a small and socially homogeneous group, less bargaining (and thus less bargaining costs) are required to agree on a common goal to pursue.\(^{306}\) Indeed, at the beginning of the seventeenth century the number of underwriters in Amsterdam was limited and – due to the nature of the business – these were in all certainty wealthy individuals, belonging to and socializing within the same social class.\(^{307}\)

There are a number of incidents from the seventeenth and eighteen centuries in which the Amsterdam underwriters did indeed collude in order to protect their market position and impose their terms upon the other parties involved. For example, in 1615, the underwriters of Amsterdam declared in a collective statement that, although foreign merchants and ship-owners generated a certain volume of insurance business, the returns were low to non-existent due to high losses at sea.\(^{308}\) Therefore, the underwriters decided upon minimum levels of insurance premiums. For example, underwriters were not to accept policies for ships sailing from England to Holland or the province of Zeeland with a premium below 2 per cent.\(^{309}\) Moreover, if a ship was old or inadequate, an underwriter was allowed to accept a higher premium rate. The pact was not to be handed over to others, including insurance brokers or others dealing in insurances. According to Vergouwen, the agreement would have been valid only for

\(^{304}\) Olson, *Rise and Decline*, 124.
\(^{305}\) Ibid., 24-31, 124.
\(^{306}\) For Mancur Olson’s complete argument see: Olson, *Rise and Decline*.
\(^{307}\) Although religion may have had its influence on relationships, marriage and friendships, Burke finds in a study of the elite of Amsterdam of the seventeenth century that tolerance, including of alternative religious beliefs, was held in high regard, Burke, *Venice and Amsterdam*, 81, 100.
\(^{308}\) s.a.a., Library, *Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam*, *Acuerdo van Assurantie*.
\(^{309}\) From London to Holland and Zeeland: 2 per cent, from the west coast of England to Holland and Zeeland 2½ per cent, from beyond England, Brest, Cardiff, Ireland or there about to Holland or Zeeland 3½ per cent, from the North coast of England and Scotland to Holland and Zeeland: 2½ per cent.
a short time, if at all, since it was not long before various factors, seasonal, geographical, and geo-political, determined the insurance premiums.310 More than a century later, the underwriters again attempted to exert their influence with the intention of influencing price developments. In 1746, a group of 24 underwriters deemed it necessary to officially fix the insurance provision as well as the *afmakingscourtage* (handling provision) at ¼ per cent.311 The deed, for which no term of validity was stated, was endorsed by five well-known insurance brokers.312 Forty years later, the situation on the insurance market had changed significantly: the distinction between authorised brokers and unauthorised brokers had to all intents and purposes disappeared. Evidently, underwriters felt it was necessary to include these former unauthorised brokers by re-endorsing the earlier deed. The agreement of 1786 was similar to the one in 1746, but on this occasion two deeds were drawn up, one signed by approximately forty underwriters, some of whom represented insurance companies. The other document was signed by approximately thirty brokers and ‘others dealing in insurance’.313 Although the intent of the deeds was similar, and there was again no time limitation on the validity, some details differed. The deed as signed by the intermediaries simply stated that the provision, in accordance with the ordinance and law of the Insurance Chamber, was set at ¼ per cent and that after the correct provision was deducted, the premium would be paid to the underwriters. The latter seem to have wanted to commit the brokers to the deed by explicitly referring to ‘general custom and practice’. After a struggle of more than two centuries, the underwriters had managed to enforce their terms on the insurance market: not only had the intermediaries accepted the underwriters’ fixed level of provision, insurers were no longer dependent on authorised brokers.

Apart from these rather straightforward actions, the underwriters colluded in far more complex situations to protect their market position and profit margin. In 1628, after the resumption of hostilities, when the Dunkirk privateers inflicted heavy losses on the Dutch merchant fleet, four wealthy and prominent merchants and underwriters colluded in a bold attempt to monopolise the

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311 As of 1613 there was a discrepancy between the insurance fee as established by the brokers on the one hand and the underwriters on the other hand. In 1610 the insurance ordinance had set the fee at ¼ per cent. The broker’s ordinance of 1612 also set the fee at ¼ per cent, but a year later, in 1613 the insurance fee was raised to 0.35 per cent. Ordinance of 1 January 1613. Noordkerk, *Handvesten enz. van Amsterdam*, 11, 1065; saa 366, Archief Gilden inv.nr. 1043, fo. 27.
312 The brokers who signed the document were David Schobbinger, Abraham Oyens, Dirk Daam, Andries van den Ende and Willem van Heyningen, Vergouwen, *Makelaardij in assurantien*, 66; saa 366, Archief Gilden inv.nr. 1296. The same year as this deed was signed, a new bylaw on broking was published which still prohibited bungling.
313 saa, Library, *Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam*. 
insurance industry. According to Blok, times were difficult with an estimated one-third of all Dutch ships lost due to enemy actions. Naval escorts, convoys, even a blockade of Flanders, and other approaches all proved ineffective and it was within this setting that Albert Coenraets, Elias Trip, Samuel Godin, and Hans van Loon presented a plan to establish a compulsory insurance company, to be named the *Ghenerale Compagnie van Assurantie*. The initiators stated that, since all prudent and cautious merchants already insured their ships and cargoes, the new company would be able to offer this service not only at a lower cost, but in view of the size of the operation there would be less chance of insolvency than with private underwriters, and it would be easier to have risks accepted and covered. Furthermore, the insurance company, with a charter for 24 years, was to provide protection with a fleet of warships. In return, the company was to receive financial support from the Estates-General in order to maintain the fleet of warships, and it would be compulsory for merchants and ship-owners to have cargoes, whaling ships, and merchant ships insured by this company. The company would charge a slightly higher premium rate and, most importantly, would have a trading monopoly on all trade to Northern-Africa and the Levant. The latter clause can easily be explained by the influence of Elias Trip, one of the initiators and a major trader in the Mediterranean and especially in the Levant. The company was to be allowed to forfeit ships that were uninsured. Ships of the East and West India Company and privateering ships were exempt from the duty to insure. Fishing vessels were to be charged a premium relative to their actual catches.

Even though the Estates-General initially responded favourably to the plan, and some provinces of the Republic concurred with their approval, Amsterdam – and therefore the most influential province of the Republic, Holland – withheld its judgment. In Amsterdam, merchants and ship-owners feared that their already thin profit margins would suffer even more and some underwriters not included in the plan may have been concerned at being forced out of a profitable sideline by a government chartered company.

As a result, the Burgomasters of Amsterdam commissioned a number of eminent merchants to evaluate the initial plan: E. Roeters, S. van der Borch, H. Hudde, and L. Reael were requested to assess the details of the plan for the

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315 Also known as Aelbert Coenraets Burgh, Blok, ‘Het plan’, 6.
319 The province of Zeeland also withheld its ruling, Van Niekerk, *Principles of insurance law*, 618.
320 Ibid., 618.
Amsterdam

_Ghenerale Compagnie van Assurantie_. In 1629, they reported that insuring ships was only done by the very few people who owned either an entire ship or a large part of a ship. They therefore disapproved of the plan since it would have made an uncommon business practice, a last-resort measure, compulsory. In addition, they found the premiums too high, the proposed franchise of 10 per cent not in accordance with the customary practice of 1 per cent,\(^{321}\) and they thought there were too many gaps in the insurance coverage. Finally, they feared that in case disputes arose regarding insurance claims, it would have been difficult for individual merchants to oppose a large, powerful company. Merchants would prefer to deal with private, individual underwriters – and settle claims cordially. Insuring was clearly not yet common practice and the main disadvantage of the plan was that it would have burdened Dutch commerce with additional operational costs in times when profit margins were already thin and competition with merchants from England, France and Hamburg was fierce.\(^{322}\)

In the years following the initial company proposal, the plan had been altered a few times, yet it still raised objections from the Amsterdam merchants – some of whom may have occasionally also acted as underwriters. The group of initiators was evidently not influential enough to rally more support and to convince the city’s authorities of the importance and necessity of their company. In fact, one of the initiators had a change of heart: Coenraets withdrew his support for the plan in 1634, thereby seriously weakening the collusion itself and the credibility of their argument.\(^{323}\) The opposition to the plan was primarily based on the monopolising and compulsory character of the insurance company and its privileged trading position. The plan was finally rejected in 1636, by which time the situation at sea had improved drastically, making a compulsory insurance company even less wanted and called for.\(^{324}\)

Almost a century after the initiation of the quartet’s plan for a compulsory insurance company, another initiative to establish an insurance company arose and this time a number of Amsterdam underwriters rallied to prevent the foundation of the company. The year 1720 was to become infamous for the many inferior, insolvent and fake companies that sprouted all over Europe – and failed as quickly as they were established. These companies were to be active in insurance, trading and in some cases the activities were not even decided on when the statute was drawn.\(^{325}\) In London, Hamburg, and Paris, numerous companies

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\(^{321}\) This is all the more interesting as the ordinance also stipulated a compulsory franchise of 10 per cent.

\(^{322}\) Davids, 'Zekerheidsregelingen', 183.

\(^{323}\) Van Niekerk, _Principles of insurance law_, 616, n. 293.

\(^{324}\) It shortly resurfaced in 1653 but was never authorised, Van Niekerk, _Principles of Insurance Law_, 620; Jansen, _De Koophandel van Amsterdam_, 204.

\(^{325}\) In Harlingen, for instance, a company was established which described its future business activities as 'navigation, trade, and if considered advisable also insurance'. A com-
were initiated, but there were also insurance companies as close by as Rotterdam and Middelburg, although those initiating the company in Rotterdam first tried to base their company in the heart of maritime insurance: Amsterdam.  

The feverish atmosphere of initiating and establishing companies which captivated so many fortune hunters all over Europe also spread to Amsterdam. The surge in the founding of companies in England and France was accelerated by the financial position of both the English and French governments. In order to improve their financial situation, these governments sold trading monopolies to newly founded companies, using the revenues to reduce their overall debt. Although it has been suggested that the Republic's finances were in a far better position than the English or French, in reality the situation was hardly better: by the time the Peace of Utrecht was signed the Republic's finances were depleted, including those of the wealthy province of Holland. In 1715, Holland was burdened with a total debt of 310 million guilders. All possibilities of tax levying had been fully exploited, and the Admiralties were also heavily burdened with debt and could hardly fund any ships going out to sea. Even though the situation in the Republic was in some ways comparable to the situation in England and France, no boom of newly chartered companies took place in the Republic. According to Gelderblom and Jonker there was no scope for debt-equity swaps in the Republic, as there was in some other countries. For the largest debtors, the Republic and the province of Holland, there were sufficient ways and possibilities for lending. In addition, within the Republic, intercontinental trade had already been monopolised by the East India Company (voc) and the West India Company (wic). Hence, no insurance company was chartered in

326 For example, in London the London Assurance and Royal Exchange were established in 1720, Cleton, 'Aansprakelijkheidsverzekering'. For Rotterdam, see Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, and chapter 4.
327 Groeneveld states a debt of even 350 million guilders, Groeneveld, Economische crisis, 26; Gelderblom and J. Jonker, Mirroring different follies, 4.
329 According to Oscar Gelderblom and Joost Jonker, if authorities in the Republic endorsed the launch of a joint-stock company it would have been with the intention to revive economic activity with the capital infusion, rather than to solve their debt-issues, as was the case in England and France, Gelderblom and Jonker, Mirroring different follies.
330 Gelderblom and Jonker have also pointed out that the all-dominant position of the Amsterdam Wisselbank prevented the establishment of a new institution similar to the Bank of England. For a complete analysis of the differing backgrounds of the initiation
Amsterdam and the refusal of both the Province of Holland and the Estates-General resembled in its argumentation that of the Amsterdam municipality.

Even though it was long thought that no initiative was taken to establish an insurance company during the frenzy, we now know that 264 merchants, headed by Josias van Asperen, concocted a plan to institute an insurance company in Amsterdam. This company, the initiators claimed, would prevent merchants and others diverting to alternative markets seeking cheaper coverage. The planned company would therefore be in the interest of everyone, including the city.331

Nevertheless, opposition quickly arose. A group of ‘citizens, merchants and brokers’ expressed their concerns to the city’s authorities regarding the ideas and plans that were brewing to set up an insurance and trading company.332 The group expressed its astonishment and fear that such a company would damage not only trade and commerce but the economy in general, and they urged the municipality to strongly oppose the establishment of the company.333 The document was signed by Johannes van Drogenhorst and a little over eighty citizens, including a few renowned names such as Jeremias van der Meer, who was both merchant and underwriter, Dirk van der Meer, Assurantiemeester, Schepen, merchant, and underwriter, and Nicolaes Warijn (Warin), wealthy merchant and underwriter as well. With the threat of a potential competitor entering the market, the underwriters decided they needed to tighten their collusion by setting constraints as to the premiums and policy conditions they were allowed to accept and underwrite. Non-compliance would be punishable with a fine.334

In spite of opposition, the plan was officially put forward by Van Asperen on 10 June 1720.335 The company was to have a capital base of 120 tonnes of gold;336 investors could participate for a minimum of 5,000 guilders and a maximum of 50,000 guilders – of which 5 per cent would have to be paid-in. The activities of the company were to include the insurance of ships, goods, all sorts of merchandise, houses, roperies, breweries and refineries, as well as bottomry contracts and individuals. Eight directors were to manage the company and they would ensure that all claims were settled without procedures or opposition.337

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332 saa, Library, Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam, agreement between merchants and underwriters, 22 February 1719.
333 Ibid.
335 Groeneveld, Economische crisis; Het Groote Tafereel; Van Niekerk, Principles of insurance law.
336 120 tonnes of gold referred to a monetary value, not to a weight measurement.
337 Het Groote Tafereel; saa, Library, Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam, agreement between merchants and underwriters, 22 February 1719.
The initiators of the new insurance company stressed that the company would not favour or hinder anyone, or obstruct other private underwriters of whom, so it was emphasised, some had already participated in the project. Clearly, Van Asperen et al. attempted to acquire the city’s support: they acknowledged the authority of the Chamber and the interests of the city’s finances by stating that all insurance policies had to be approved by the Chamber’s secretary and labelled with the city’s seal. However, they were less inclined to help sustain the brokers’ monopoly: even though they set the provision rate at \( \frac{3}{4} \) per cent, ‘as was customary’, the plan also stipulated that all policies, both from brokers as well as others who dealt in insurances, could apply to the company.\(^{338}\)

Nevertheless, opposition to the plan was fierce: underwriters feared being driven out of the market by a company with a large capital base, and being forced to accept lower premium rates and unfavourable policy conditions. Moreover, not only did the opponents dread this one new competitor, they feared that the foundation of this company would induce a wave of new insurance companies and thus new competitors. Thus, they argued, strict rules would have to be set to protect their position. The company’s initiators countered that with less regulation, the probability that merchants and ship-owners would seek coverage elsewhere was smaller and that private underwriters would still have their income from trading activities – even if they did lose part of their underwriting income to the new company.\(^{339}\)

In the end, the company did not receive the city’s Burgomasters’ approval. The records of the KvAA contain some information concerning how some of the parties may have influenced the debate. As of August 1720, the volume of insurance cases handled by the Chamber came to a standstill. It was not until January 1721 that the activities of the Chamber seemed to pick up again. On January 16, for example, no less than 27 cases, most of them pertaining to overdue premiums, were dealt with by the commissioners. Among the plaintiffs were Jan van Vollenhoven, the widow of Balthasar van Walbeek and Daniel Hoorens who had all signed the opposing statute of Van Asperen’s plan. This may suggest that those opposing Van Asperen’s company aimed to influence public opinion, or at least the opinion of Burgomasters and city council, by not pursuing their debtors. Once the plan had been definitively rejected, they may have felt safe again to claim their premiums. The group of entrepreneurs opposing the company may have been successful in preventing the establishment of the company within the city, they were less effective concerning their other objectives. A letter from Jan Bout to Krisp. van Outgaarden of Rotterdam on August 12, 1720 seems to confirm this. Jan Bout, who would later move to Rotterdam to become

\(^{338}\) Ibid.
\(^{339}\) Ibid; Van Niekerk, *Principles of insurance law.*
the manager of the insurance company *Stad Rotterdam*, was very sceptical about the agreements regarding price levels that were made by the underwriters. He felt that too many insurers were ‘outside’ the agreement so that one would always be able to find the insurance one wished for, regardless of the accord.\(^{340}\)

The balance of power within the municipal authorities was, according to Groeneveld, the primary reason that approval was withheld.\(^{341}\) In cases where the authorities were involved in the approval and execution of new business initiatives, those already active in that particular line of business – and therefore threatened by new competitors – and initiators of the new plans would soon be at odds.\(^{342}\) Both groups had attempted to persuade the municipal authorities of their point of view, hoping this would tip the balance in their favour. The group of established underwriters was in a favourable position due to the Burgomasters’ distrust of the many plans for setting up companies which would harm the city’s reputation and trade if it turned out to be a swindle.\(^{343}\) Apart from acknowledging the interests of the group of influential underwriters, the city’s judgment was also influenced by its fear that the new company would acquire a monopolising position, even though no exclusive charter was requested by Van Asperen.\(^{344}\) In addition, the risk of ‘wind trade’ and the negative effects it would have on normal operations was an important motive for the Amsterdam municipality not to grant any charters. Wind trade, so it was argued, would make money scarce and thus expensive and it would turn attention and energy away from the regular trade. The distrust towards wind trade was ubiquitous. Although, according to Gelderblom and Jonker, the many placards warning against wind trade in tulips, whale oil and shares of the East India or West India Companies were a satire rather than a reflection of reality, they do show the general contempt for this type of trade.\(^{345}\)

341 As Josias van Asperen sought approval for his plans, the Burgomasters of Amsterdam were most probably preoccupied with the succession of the late Heinsius, Grand Pensionary, which became a battle of political titans. Perhaps the Burgomasters were even less inclined, under those circumstances, to risk a shift in the balance of power, see Porta, *Joan and Gerrit Corver*.
343 Gelderblom and Jonker conclude that it remains unclear why the city refused to endorse Van Asperen’s company. Fear of speculation cannot, so they state, have been the only reason as the city did allow trade in futures and options. However, it is possible that the city feared that in case of failure (or swindle) of this insurance company, the city’s real economy would have been affected, rather than merely its financial sector, Gelderblom and Jonker, *Mirroring different follies*.
345 Gelderblom and Jonker, *Mirroring different follies*, 3.
And so the company was not granted its charter and it was not established in Amsterdam. In fact, it would take a little over fifty years for another plan to be put forward. Even though the general distrust and fear of chartered companies had significantly supported the underwriters’ interests, this group had proven that successful collusion was possible. They were able to combine forces and exert their influence in order to oppose a mutual threat and protect their market position and profit margins. It took until 1772 for an insurance company to be established in the city of Amsterdam, long after insurance companies were instituted in cities such as London, Hamburg, Rouen, and Rotterdam.

**The emergence of insurance companies**

In 1772, at long last, an insurance company was established in Amsterdam. A contribution by a Mr ‘Z.E.’ in the periodical *De Koopman* was critical of the company, stating that it hardly differed from the plans of 1719/1720 but he could not find anything amiss with the director, Mr. Swam, who was ‘not the most incapable at the Amsterdam bourse’. Why then was this initiative successful if it was so similar to the original plans of half a century earlier? Clearly, the world around the once dominant city of Amsterdam had changed. The city had seen several wars and disaster years pass by. Bankruptcies and solvency issues involving renowned merchant houses in Amsterdam undermined the general reputation of the city as a solid centre of trade and finance. The disadvantages of trade and transactions based on individuals and individual networks as opposed to the continuity inherent in corporations was once more underlined. Moreover, the underwriters and, in particular, the insurance companies of London and Hamburg had become serious competitors; even Rotterdam had its own insurance company to write policies and was no longer dependent on the underwriters at the Dam. The underwriters in Amsterdam would have realised that due to the increasing sums which were offered for insurance coverage, an insurance company with a broad capital base had become a necessity in order to secure the city’s faltering position on the international insurance market.

Apart from these developments, the expansion and evolution of the insurance market itself also spurred the establishment of insurance companies, as Van Niekerk argues. The insurance market diversified and new types of insurances were developed. In contrast to maritime insurances, which were in general short-term contracts for the period of the journey, these new insurances – such as fire insurance – were by definition long-term contracts. Compared to insur-

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346 *De Koopman*, 1776, vi, Number 28, 220.
ance companies, private underwriters – with their limited life span and risk of insolvency – were hardly suitable to facilitate these insurance contracts.\textsuperscript{349}

Moreover, the once influential group of underwriters, consisting of a relatively homogeneous social group, had also evolved: many other parties, probably from other social circles, had also become active as underwriters, sometimes for a short period, in order to make a quick profit, in other cases with more long-term ambitions. Collusive action was not likely to be initiated and its success most probably very limited, considering the size of the group and especially its heterogeneous character. The combination of ever-increasing sums to be insured, changing demand as a result of diversification, growing competition, and a weakening coalition of underwriters, resulted in the successful establishment of an insurance company in Amsterdam in 1772.

\section*{§ 3.3 The Amsterdam insurance market: scope and dynamics}

The Amsterdam insurance market was a market based on individuals, a fragmented industry with parties individually effectuating transactions, and only occasionally seeking co-operation or forming collusions.\textsuperscript{350} As we have previously seen, formal structures appeared on the scene as of the last decade of the sixteenth century and throughout the following centuries, and in particular during the seventeenth century, these structures were continuously adapted and tweaked. In spite of these intended improvements, it seems business ‘on the streets’, the daily routine of the insurance industry, went its own way. Ordinances and bylaws were, more often than not, breached, defied or simply ignored. Merchants and ship-owners were not permitted to insure up to the full value of their assets, but did so anyway. Brokers were not allowed to trade for their own account, but were notoriously known to do so. Unauthorised brokers were never to be admitted to the Guild, but a number of names of former unauthorised brokers appear in the records as having been registered as brothers of the Guild.

The interests of the mercantile elite were of decisive importance when decisions were taken and policies decided on. At a time when communicating over a long distance was often exasperatingly slow, unreliable and costly, access to up-to-date and correct information was of utmost importance. Effectively dealing with the asymmetric distribution of information, which plays a key role in any insurance market, set apart the proficient parties from the inept. Especial-

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\textsuperscript{349} Van Niekerk, \textit{Principles of insurance law}, 615-616. Mutual fire insurances were sometimes set up to accommodate the issue of continuity but, as has been argued in chapter 2, as certain conditions had to be met in order for a mutual to operate successfully this instrument could not be applied to all situations.

\textsuperscript{350} Spooner, \textit{Risks at sea}, 254.
\end{small}
ly in the insurance industry, with no tangible product changing hands which might have served as a reference point of quality, reliability was the primary asset. Could one trust another not to renege on commitments when it mattered? Trust in the other party to honour any commitments made was crucial to the functioning of the insurance industry.

Before premium-based insurances were well and truly introduced in the Northern Netherlands, approximately around the mid-sixteenth century, merchants and ship-owners fell back on different methods for dealing with the financial consequences of long-distance maritime trade. Bottomry, mutuals, distribution of merchandise or invested capital over a number of ships rather than one were the most commonly utilised. Sometimes merchants, the pioneers, would switch to Antwerp, to test a financial novelty: insurance.\(^{351}\) These pioneers were of great significance to the acceptance and further development of the insurance industry. Pioneering entrepreneurs are vital for innovations to be introduced, tested and improved. Only after a pioneering phase will others, less adventurous, adopt new technologies, products, and methods. When premium-based insurance was still a financial novelty, it depended on these pioneers for its acceptance and proliferation. The pioneering phase does not seem to have taken much longer than a few decades, since a few years before the turn of the century, an ordinance was promulgated by the city council and at the same time a Chamber of Insurance and Average was established. By this time, insuring had become commonly known as a new instrument for dealing with the financial risks of maritime trade. Those seeking to buy insurance coverage and those wanting to invest some capital in a new promising activity met at the Nieuwe Brug, Warmoesstraat, or — when the weather was not accommodating — in the Oude Kerk. Notaries presumably hardly ever came into the picture, since otherwise a greater number of notary deeds would have survived.

In the wake of an emerging and potentially profitable industry, fraud and scams were apparently never far behind. Why else would the city council have set up an institution whose primary responsibility was to settle disputes and solve problems? Moreover, due to its character, the insurance contract was prone to disputes and problems. From the moment a merchant or ship-owner decided to take out insurance, rather than to buy bottomry or run risks himself, there were numerous points in time when seemingly unambiguous conditions or arrangements could nonetheless lead to issues and disputes — and to another party reneging on its part of the agreement. When, during the time frame of an insurance contract, were parties to the contract at risk of reneging or of other undesirable behaviour by their business partner? How did they cope with these risks of the industry, and did these imperfections have any affect on the overall development of the insurance business? How indeed did insuring develop from

\(^{351}\) See chapter 1.
being an infrequently used financial novelty to being standard business routine with major financial interests?

To start with the latter, and as previously mentioned, initially insuring was considered by some to be a last-resort method, an expensive technique for dealing with risks for which other, cheaper means were available. Therefore, it is likely that insuring was first applied with merchandise with relatively high profit margins. Ships would not have been the first objects of the industry since it might then still have been considered unwise to insure a ship-owner, who was, as some believed, able to manipulate the fate of his vessel. Merchants trading in bulk cargo with small profit margins may have preferred to distribute their goods over a number of ships, rather than take out an expensive insurance policy. Hence, insuring would have first been applied, tried and tested by those with goods with a healthy profit margin. This was most probably the case for trade on the Levant and the Mediterranean. The fact that maritime insurance was most probably first applied by Dutch merchants on the Italian trade routes does not seem to have been a coincidence. Not only was that region the cradle of the instrument in the first place, but trade on Italy was also considered to be fairly risky due to the presence of pirates. These risks could be dealt with in different ways. The merchants who were among the first to trade with Italy and the Levant were the most entrepreneurial of Amsterdam’s commercial elite. Experimenting with a new method for managing the financial risks of their ventures would have appealed to their natural curiosity. The characteristics of the oldest Dutch policies seem to confirm this notion: the oldest policies, three virtually identical policies, dated 20 January 1592, concerned shipments of merchant Hans de Weert, going from Zeeland to Genoa or Livorno. A policy signed by Hans van Loon in 1615 also related to the Mediterranean and Levant trade. The register of the Chamber of Insurance covering the period of 1598-1621 also supports the impression that insuring was first applied on southern routes. The register furthermore indicates that not only were journeys from one particular port to another specific port insured but one could also insure journeys from a number of destinations to a number of other ports or via other harbours. For example, in 1599, a policy covered a journey from Portugal to Middelburg, Rotterdam or Amsterdam and in 1601 an insurance was bought by Jan van der Veken and Jan de Swayne for a vessel travelling from Amsterdam to Emden and onwards to Port a Port (Oporto) and another Portuguese harbour, Port Viane, before returning to Amsterdam.

352 IJzerman and Den Dooren de Jong, ‘De oudst bekende’.
353 This policy, dated 3 September 1615, the second oldest Dutch policy known so far, has long been lost but was found in the course of this research in the SAA, Library, Divers materiaal over de Kamer van Assurantie en averijen der Stad Amsterdam.
354 NEHA, BC 277 Archief Commissarissen Assurantie, fo. 79-99.
355 NEHA, BC 277 Archief Commissarissen Assurantie, fo. 79-80v.
Due to the lack of policies, it is difficult to draw definitive conclusions regarding the speed with which insuring was applied and accepted and moved from the pioneering phase to a phase of growth. It is far more difficult, as mentioned previously, to reconstruct transaction volumes than it is to retrace price levels. Spooner applied the number of Averij Grosse cases handled by the KvAA as a proxy to reconstruct market volume. However, as Averij Grosse and insurance cases were not directly related, the development of the volume of the former did not necessarily imply an analogous development of the insurance market. Nevertheless, there are other sources which may be indicative of the industry’s development.

As early as by the end of the sixteenth and the first decades of the seventeenth century, considerable amounts were written. The register of the KvAA, starting in 1598, includes insured values of 800, 1,800, 2,300, 2,650 and even 5,000 pounds. When multiple policies were written for the same insurance, the amounts were higher still. The highest insured value in the records of the KvAA totalled 11,168 pounds and was divided over 5 policies. Although insurances of this magnitude were clearly an exception, insured values of 5,000 to 6,000 pounds were not. Christensen states that the fact that the parcelling or distributing of merchandise over a number of ships became less popular in the second quarter part of the seventeenth century is most probably an indication that insuring had become more common. The listings in the Prijscouranten also support this impression. Of the ten groups of destinations listed in the Prijscouranten in 1626, eight related to southern bound routes. One group included destinations such as Smyrna, Constantinople and Alexandria; another group listed Venice and Candia, followed by a third group consisting of Zante, Bari and Malta. Toulon, Leghorn, Genoa and Marseilles were grouped together, Barbary made up a separate listing, followed by group formed by Bordeaux, La Rochelle and St Jean de Luz. St Malo and Nantes comprised yet another group as did Rouen, Calais and Dieppe. The northern trade routes were combined in one group including Riga, Köningsberg, Danzig and Stettin. Hamburg, finally, was the tenth and final ‘group’ listed. Sixty years later, in 1686, the list of destinations had grown to seventeen groups, including one destination in the West Indies. In 1728, yet more destinations had been added to the Prijscouranten-listings. By then, a great number of northern bound destinations had been added to the listings, but southern trade routes still made up the majority of listed des-

357 Ibid, fo. 107-123.
359 Barbary or the Barbary Coast was a term used by Europeans from the sixteenth until the nineteenth century for the countries now known as Morocco, Algeria, Tunisia and Libya.
Even though we are short of data, based on the information available and the various accounts of contemporary observers, it seems safe to state that the Amsterdam insurance market was the dominant insurance market in Europe in the seventeenth century, with the method initially being applied to trade routes with relatively high profit margins. As the century progressed and as premium rates started to drop, the market became increasingly transparent and the benefits of insuring more commonly acknowledged, and insuring was utilised more widely and on less profitable trades as well.

The reputation of the Amsterdam underwriters, rather than the presence of capital, seems to have been crucial to the city's status. Amsterdam was not unique in terms of its capital – it was the reputation of its insurers not to renege on their promises and guarantees which ultimately drew merchants and shipowners to the city to buy insurances. Reliability and trust were the foundation of Amsterdam's success – unfortunately, as the basis of the city's competitive advantage; it proved to be quite vulnerable. During the eighteenth century, the reputation of underwriters in cities more than willing to challenge Amsterdam's dominance improved significantly. Especially the London insurers, once notorious for their unreliability, now enjoyed far more favourable reputations.361

As for the institutional structures of the insurance industry: commissioning a broker to facilitate transactions had in all likelihood become generally accepted practice in the first quarter of the seventeenth century. The sheer number and rigidity of the texts of the bylaws and ordinances in the seventeenth century, which attempted to hamper unsworn broking is an indication that broking had become a generally accepted addition to the market, and that it was most

360 The following groups of destinations were listed in the *Prijscouranten* (most important additions and changes between the sample year of 1686 and 1728 are underlined): Smyrna, Constantinople/Venice, Zante, Bari, Apuleia/Messina, Naples/Leghorn, Genoa/Marseille, Barcelona, Alicante, Malaga/Cadiz, Sanlúcar, Seville/Lisbon, Setúbal, Oporto/Nantes, La Rochelle, Bordeaux/St Valéry/St Malo/ Rouen, Calais, Dieppe, Somme/Archangel/Copenhagen, Sound/Stockholm, Reval, Riga/Königsberg, Danzig, Stettin, Lübeck/Hamburg, Bremen/Curaçao. In 1728, the British isles, among others, were added: Archipelago, Syria/Venice, Gulf/Leghorn, Genoa, Marseilles/Barcelona, Alicante, Málaga/Cádiz, Sanlúcar, Seville/Lisbon, Setúbal, Oporto/Biscay, French Bay/Morlaix, St Malo, Rouen/ London/Yarmouth, Hull/Cork, Dublin, Limerick/Archangel/Trondheim, Bergen/Norway east of Naze/Copenhagen, Sound/Stockholm, Norrköping/Reval, Riga/St Petersburg, Viborg/Köningsberg, Danzig, Pomerania, Lübeck/Hamburg, Bremen/Surinam, Curaçao, Spooner, *Risks at sea*, 165, table 14 (underlining by author). Spooner argues that the addition of the British isles between 1686 and 1728 is due to the change in monarchy in England in 1688, Spooner, *Risks at sea*, 166.

361 Spooner, *Risks at sea*, 42-47
probably a profitable occupation as well. After all, who would want to defend an unprofitable and unaccepted business as ferociously as was the case with the brokers?

By the end of the seventeenth century, the battle against the unauthorised brokers seems to have been all but given up by the corps of sworn brokers, even though – in name at least – the Guild continued its crusade. During the eighteenth century, the position of the Amsterdam insurance market was no longer unassailable. Foreign insurance markets gained in importance and even Rotterdam showed it had ambitions to take on Amsterdam’s position. It was Rotterdam’s new ordinance of 1720 which served as the inspiration of Amsterdam’s new Insurance ordinance of 1744, rather than vice versa. As Rotterdam kept up with new developments by acknowledging the importance of an insurance company, Amsterdam’s elite colluded and successfully frustrated initiatives to set up an insurance company within the city. It was not until 1772 that an insurance company was finally established in Amsterdam. By then the setting had changed significantly: other markets, in particular London, but on a smaller scale also Rotterdam, were gaining ground on Amsterdam. Competition had increased considerably, and not only from insurance companies; the number of private underwriters had also grown. The credo that large sums could only be written in Amsterdam no longer reverberated among European merchants, ship-owners, insurance brokers and underwriters. More and more, London became the dominant insurance market.

War, or the threat of an armed conflict, affected the range or risks merchants, ship-owners and underwriters were required to deal with. Another consequence of the subsequent increase in risk was the development of new types of insurance coverage. Until approximately 1750, there had been one type of insurance to cover all risks. During the second half of the eighteenth century, however, new varieties emerged on the Amsterdam insurance market: on the one hand, underwriters were unwilling to cover the risks of privateering, seizures and other war-related dangers and, on the other hand, merchants and ship-owners were disinclined to pay exorbitant insurance premiums. These subsequent innovations included policies that would exclude war risks (vrij van molest) or would only pay out in case a ship was a total loss (behouden varen). Insurances in which all damages and all risks were covered were from then on referred to as casco insurances. Policies with the limited behouden varen coverage would be sold for a premium of approximately 1 per cent-point lower than a regular casco insurance. It would become routine to insure older vessels merely with the limited cover of behouden varen as underwriters would always try to ascribe incurred damages to

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362 These vrij van molest policies first appeared during the War of the Spanish Succession (1702-1713), Vergouwen, Makelaardij in assurantiën, 102.
363 Broeze, ‘Rederij’, 126.
normal wear and tear. In time, the range of insurance varieties increased and merchants and ship-owners had more and more choice with respect to which risks and dangers they wanted covered. These product innovations were an indication of the vitality of the market, of its ability to adapt and progress.

The insurance business was quite a different business in times of war compared than in times of peace. Different rationales led to different decisions on the part of ship-owners, merchants and insurers during war time – or when war was imminent. For all actors, including the broker if one was commissioned, it was vital to have all policy stipulations clearly and uniformly understood. If, however, an issue arose during the term of the insurance contract, the institutional structures were then put to the test. Were the institutions, the arrangement of formal and informal constraints, effective enough to deal with disputes and other issues?

During the time-span of an insurance contract, several decisions had to be taken by various parties to the contract. Considering the transaction from a buyer’s perspective, the first decision that had to be taken was how to deal with the risk of long-term maritime trade. As previously explained, a merchant or ship-owner could decide to finance the risk internally, he could opt for a mutual, he could buy a bottomry contract or he could decide upon a premium-based insurance policy. If he chose to buy an insurance policy, he would then need to decide whether to insure the entire value of his ship or merchandise and whether or not to arrange the transaction himself or to commission a broker. If he preferred to handle the transaction by himself he would then need to find a sufficient number of underwriters willing to accept the risk he offered. Before the Exchange was opened, he could make his way to the previously mentioned locations in the city to find willing insurers. Having found a willing underwriter, he would then need to assess the insurer’s reliability and financial solidity. If he considered the insurer or insurers to be trustworthy enough, the parties would need to agree on a premium rate, policy terms and the specifics of the payment of the premium.

Once the Amsterdam Exchange had been opened in 1611, if a buyer’s own network failed him it would have been easier to contact insurers. However, by then, most merchants and ship-owners would have opted for the second alternative and commissioned a broker. The broker would have been the one to contact underwriters, assess their financial solidity, negotiate a premium rate and the policy terms, arrange for payment of the premiums and draw up the policy. As brokers became more experienced in finding willing underwriters, built up a network of financially stable underwriters, and were able to negotiate favourable premium rates and policy terms, it became more and more routine for merchants and ship-owners to commission a broker and save themselves the efforts.

364 Ibid., 126-127.
365 See chapter 1.
of finding underwriters willing to write at a certain rate and with desired conditions, drafting the policy and collecting the premium. Especially where large sums needed to be insured, it was worthwhile to commission a broker as those transactions would have required several underwriters to commit to the policy, making the entire transaction more complex. When large sums needed to be written, the total sum would sometimes be divided over two or more policies. In all probability, the separate policies would then have been handled by separate brokers, although we cannot be certain of this since brokers were not always obliged to include their name on the policy and the KvAA often also did not record the names of brokers. By dividing the total amount into smaller portions and using multiple brokers and their networks, more underwriters could be approached. It would then also have been possible to commission brokers in other cities. For example, in 1596, an insurance divided over three policies was bought. One of these policies, totalling 3,808 pounds, was written in Middelburg.366

Once it had also became accepted practice for underwriters to pay the entire broker’s commission, the choice would only have been so much easier.367 The next step was that the ship-owner and merchant had to decide whether to contract a sworn broker or an unauthorised broker. Unauthorised brokers charged a lower fee, but if issues arose, the contract would not have stood up in court because the ordinance declared those contracts null and void. However, since, over time, the Amsterdam insurers seem to have enjoyed a good reputation when it came to paying insurance claims and once the KvAA proved that it was dealing with the ordinance and the unauthorised brokers issue in a pragmatic fashion, the choice between sworn and unsworn brokers became less significant.

Once commissioned, the broker would contact the various underwriters in his network. The broker would negotiate not only the sum each underwriter would write for and the premium rate, but also whether disputes would be dealt with by the Chamber. Decisions had to be taken, for example, if the premium was to be paid in full upfront and whether the merchant or insured were entitled to a discount if the ship sailed as part of a convoy. As the insurance business developed, approximately in the third quarter of the sixteenth century, the quantity and scope of the alternatives and choices increased. Although we lack definitive evidence, it is likely that the size of the transactions, as well as the sum that was written, increased over time. As premium rates became more competitive, and fees were only paid by the underwriter, it became appealing to have larger sums insured, rather than to leave a part of merchandise or a vessel unin-

366 neha, BC 277 Archief Commissarissen Assurantie fo. 119v, 120.
367 In the ordinance of 1744 it is officially stated that underwriters are to pay the entire broker’s fee. It is likely that this stipulation formalized a practice which had developed over time. As for the exact timing, based on developments in Rotterdam, it seems likely that this routine became generally accepted before 1719, see also the following chapter.
sured. In contrast, the transactions themselves became more and more routine, with printed and standardised policy forms, specialised brokers, experienced merchants and ship-owners. The market became more transparent as premiums were published in the *Prijscourant*. Policies with multiple premium rates, not uncommon during the last decade of the sixteenth and the first decades of the seventeenth centuries, would have become less customary with time.\(^{368}\) Certain aspects, such as the payment of premiums and fees or the acknowledgement of the Chamber’s authority were no longer matters of debate but accepted as a given.

Another indication of the increasing professionalisation of brokers and standardisation of routines was the introduction of *sluitbriefjes*, which brokers probably started using around the third quarter of the eighteenth century. *Sluitbriefjes* were little notes stating the basics of the insurance and were considered as legal and valid as the policy itself, which would be drawn up at a later time. By then oral agreements were also considered legally binding.\(^{369}\) Also, insurance policies could be used as security to a creditor, another indication of their general acceptance and acknowledgement.\(^{370}\) Finally, the fact that one policy could include several ships is not only an indication that the insured wished to avoid paying levies, but also that insuring had indeed become routine; insured and underwriters felt comfortable enough with the arrangements not to require separate policies.

Nonetheless, there were still numerous occasions in the course of the period of validity of an insurance policy where things could go wrong. The first potential hindrance was the actual payment of premiums. Examples are known of insured not paying their premiums, stalling until they were certain their ship or merchandise had arrived safely so that insurance coverage was no longer necessary. Obviously they would pay the premium if disaster struck and they wished to claim their insurance money. Various amendments had been made to the ordinances and bylaws to ensure correct payment of premiums. At a certain point, all premiums under 7 per cent were to be paid in cash.\(^{371}\) However, here too, daily routine developed differently. Brokers and underwriters who frequently did business with one another would maintain current accounts, balancing premiums, fees and insurance claims and only settle the account every three months.\(^{372}\) The period of time for which underwriters were able to grant brokers a line of credit became an issue of competitiveness. The records of Rotterdam’s first and

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368 For example, five policies relating to the same insurance in 1602 recorded varying premium rates of 8 to 14 per cent. *NEHA*, BC 277 Archief Commissarissen Assurantie, fo. 122.
369 *Vergouwen, Makelaardij in assurantiën*, 61-62.
370 Gar, ONA 149/434, 761, 24 December 1632, Notary Adiaan Kieboom.
372 *Vergouwen, Makelaardij in assurantiën*, 67.
dominant insurance company, *Stad Rotterdam*, show that the directors were very conscious of following the general routine of Amsterdam in this respect. They settled on a credit term of three months, ‘providing this concurs with general practice in Amsterdam’. In spite of their official policy, the records of the company also indicate that some brokers were granted a credit term of no less than one year and as at that time Rotterdam primarily followed Amsterdam’s lead, it is likely that there too, credit lines extended. Thus, regardless of the ordinance’s precise stipulations, as insuring became more common, and business volume and the frequency of transactions among the same parties increased, premiums were increasingly not paid in cash at the time the policy was signed, but settled through current accounts.

If premiums were paid correctly and the insured merchandise or vessel arrived safely and undamaged at their destination, all was well. However, if pirates, gales, sand banks or treacherous harbours took their toll, matters became more complicated. As soon as news of an incident reached Amsterdam, the underwriters were to be notified. These *insinuatio* or *inhimatie* of bad tidings were most commonly delivered to the insurers by the relevant broker or by a notary. If the ship or cargo were a total loss, if the ship had been taken or confiscated or if it had not been heard of for a certain amount of time, the insured could then officially ‘abandon’ his insured object or objects. These *abandonnementen* would also be facilitated by a broker or a notary. If merchandise or ship were not completely lost, it was common for the underwriters to authorise the insured (or one of the insured in case several policies for various merchants or ship-owners were written). This authorised insured would attempt to salvage as much as possible, assess damages and sell anything worthwhile. Usually, if multiple underwriters were involved, one or two of them would be authorised to settle the claim with the insured. In regular cases, after the fate of the insured assets had been determined and the damage had been assessed, the insurance claim would be filed and the claim paid. The broker who had originally facilitated the policy was the most likely person to act as intermediary between insured and underwriter or underwriters.

Clearly not all cases were settled this smoothly. As mentioned previously, some brokers were reluctant to deliver the news of an accident or loss to underwriters. As news of a disaster arrived in some cases only a day or even a few hours after the policy had been signed, brokers were not always eager to instantly inform the same underwriters they had only just convinced to commit to the transaction. Since it apparently often happened that underwriters were not informed promptly and correctly, the Chamber decided in 1640 that in or-

373 See chapter 4.
374 GAR 199, Archief Stad Rotterdam, inv.nr. 1, article 108.
375 Vergouwen, *Makelaardij in assurantie*, 44.
der to avoid these problems, it would take control and make sure the underwriters were promptly and correctly informed. From then on, only the secretary and the usher of the KvAA were permitted to deliver these *insinuatiën*. Apparently, this stipulation was regularly breached – in all probability some brokers did deliver news of calamities to the underwriters they had found willing to sign. Alternatively, they would handle the formalities of the *authorisatiën*. All this probably to keep in touch with the client – and to earn any fees that might have accrued as claims were settled. Once again, formal regulations differed significantly from daily practice.

To protect underwriters from merchants and ship-owners taking out insurance on ships and merchandise which they knew to be damaged or lost, it was stated that if the insured could have known about the incident, an inference based on the distance of the location and the time-span, the underwriter would then be acquitted from his commitment, unless the insured could prove he had no knowledge of the misfortune. However, if the insurance was written under the stipulation of *goede and quade tijdingen*, the tables were turned. The underwriter could then not renege on his commitment – unless he could prove that the insured had known the ship to have sunk or been taken at the time the insurance was accepted.

Apart from these cases, in which fraud was a possibility, other disputes could arise. For example, insured and underwriters might disagree over the value of the insured assets, the exact amount of the damage and whether the cause or location of the incident was indeed covered by the policy. If the parties to the contract were unable to settle the matter informally, they could put their case before the Chamber. They could also choose to instate arbitrators to assess and settle the dispute before appealing to the Chamber. During the seventeenth century, it was still common for the parties themselves to be called upon; in the course of the eighteenth century, it became customary to be represented by a professional solicitor. If plaintiff or defendant disagreed with the Chamber’s ruling, they could appeal to the *Hof van Holland*. As this was a lengthy and therefore expensive procedure, it may not have been an appealing option to all.

An insured party who was unfortunate enough to have a claim on an insolvent underwriter unable to meet the claim, would then need to resort to the Bankruptcy court (*Desolate Boedelkamer*). For example, in 1777, Pieter Munch, Adriaan Scharf, Christiaan Cruys, Steven Lespinosa and Dirk van Bosse were appointed to negotiate between the creditors of bankrupt underwriter Arend

376 The original ban was dated 25 January 1640, Vergouwen, *Makelaardij in assurantiën*, 43.
377 As of 23 January 1699 brokers were presumed not to have knowledge of any damage to the insured assets at the time the policy was written, Vergouwen, *Makelaardij in assurantiën*, 44.
van Staphorst. Due premiums were balanced against insurance claims, and assets and personal belongings were auctioned to settle the pending claims.378

Bankruptcies of private underwriters, the problem of continuity which was inherent in the ancien régime was indeed, as Spooner stated, the Achilles’ heel of Amsterdam’s insurance industry.379

§ 3.4 Conclusion

Maritime insurance was introduced by foreign entrepreneurs in the city of Amsterdam during the third quarter of the sixteenth century. Initially, this novel financial instrument was tried and tested by a few pioneering merchants and ship-owners. Wealthy entrepreneurs seeking alternative investment opportunities wrote lines as a sideline. As time progressed, insurance became more widely applied on all routes and for all sorts of merchandise, ships and parts of ships. The market expanded and Amsterdam developed into the dominant insurance market of Europe, with the reputation that all insurances, regardless of the size, could be written near the Dam. There were many involved in this market: merchants and ship-owners seeking insurance, wealthy underwriters willing to commit to lines, brokers facilitating the transactions and the authorities trying to control the business. The Amsterdam market and its development in time shows how actors and institutions interacted in a large market. How did these various parties relate to one another in this great market, were they able to influence the institutional framework which shaped their conduct and choices or was their only option to accept the existing constraints and abide by them?

The Amsterdam insurance market, as has been shown by several scholars and confirmed by my research, was notorious for the ineffectiveness of many of its regulations and laws. Ordinances and bylaws, for example concerning unauthorised brokers, but also with regard to the mandatory franchise, were often ignored and breached. The brokers were among those frequently ignoring the regulatory framework. As the municipal authorities considered broking a necessary evil they were reluctant to appoint too many official brokers. They preferred to keep the group small, most probably hoping that they would be able to control the profession more effectively. The market, however, was in need of more brokers than officially appointed and a group of unofficial brokers therefore emerged. As the official brokers were restricted by the various ordinances and statutes of their Guild, the unauthorised brokers had a free rein. The Brokers’ Guild was ineffective in curbing the unauthorised brokers and in protecting the brokers’ monopoly.

378 saa, na 12434/99, Notary C. van Homrigh, 26 February 1777.
379 Spooner, Risks at sea, 29.
The collection of laws regulating the brokers became ever more strict and an increasing number of intermediaries preferred an unofficial status. On a different level, brokers were often mistrusted and accused of manipulating price levels. Their growing wealth induced jealousy and envy. The unfavourable reputation of brokers and the continued battle between official brokers, their Guild and the unauthorised brokers would, particularly during the seventeenth century, taint the relationship between the intermediaries and the other actors.

One of those groups of actors was the municipal authorities, the powerful Burgomasters and Eschevins, who belonged to the elite of the city, a group of the wealthiest families, related by blood and marriage. The regents' sympathy clearly lay with those they were related to, the merchants and underwriters, and far less with brokers and their Guild. The attitude of the city's regents added a complex political dimension to the insurance business.

The Chamber of Insurance and Average was the other regulatory influence on the market. The commissioners of the Chamber, although officially responsible for enforcing the relevant ordinances and bylaws, were known to ignore the regulations. Instead they followed the practices of the business. This compliance with accepted business routine was probably the basis of the Chamber's acknowledged authority. The Chamber's judgements were especially required in times of war or during winters with fierce gales, when heavy losses were suffered and entrepreneurs tried to transfer the financial consequences on to the other party involved. During such times of distress the validity and effectiveness of the market's institutes and institutions were put to the test.

Those wishing to buy insurance on the Amsterdam market, ship-owners and merchants, were not merely locals. They came from towns in the direct vicinity of Amsterdam, but also from Rotterdam and even from Hamburg and London. They preferred the Amsterdam market, not merely for its abundance of underwriting capital, but predominantly because the Amsterdam insurers had the reputation of paying claims swiftly and, importantly, without legal hassle. The practice of not following official regulations too strictly and of dealing informally with issues was clearly acknowledged as an advantage. The entrepreneurs seeking to insure their merchandise, ship, equipment or part of a ship, increasingly relied on brokers to find enough insurers to write the required lines. Most merchants and ship-owners did not particularly care whether their transactions were facilitated by an official broker or an unauthorised broker. Brokers were sought for their knowledge of the ever more complex insurance policies and of price levels, for their network and of their assessment of the financial solidity of the underwriters.

Merchants and ship-owners acted primarily on an individual basis and even though they had no formal representation, some of them did join forces if they felt threatened in their position. In 1628, for example, a number of merchants opposed a plan to set up a compulsory insurance company, claiming it would erode their profit margins. It is not unlikely that some of these opponents did
buy insurance and were afraid of a dominant company. It is also probable that these same merchants were also active as underwriters as there was no definitive distinction between the two groups. Wealthy merchants were known to be active in the market as buyers of insurance for ships or merchandise while also writing lines as underwriters. It was this feature that also had its effect on the commitment to the market. For most underwriters, insuring was a mere sideline. If the premiums were attractive enough, they would enter the market, if the returns were disappointing, they would just as easily exit the market. These dynamics weakened the market, as tacit knowledge of and experience with writing lines was thus thinly spread. Moreover, it made co-operation between underwriters difficult. A collusion that had significant impact was formed in 1719/1720 when a group of underwriters opposed the plan to set up an insurance company within the city. Although they were successful in halting the company, their other objectives concerning price levels were ineffectual as too many insurers were not included in the collusion, thus eroding its foundation.

It was a collection of heterogeneous groups of entrepreneurs that made up the major insurance market of Amsterdam. Considering the size of the market and the parties to the industry, no one party was able to dominate or control this significant market and it was difficult, if not impossible, to form effective collusions within this heterogeneous group. The conduct of the actors was affected by the institutional framework and in particular by the disparity between the formal and informal institutions. The effectiveness of the formal institutions was directly affected by their nature. The formal regulations and laws were so strict and dissimilar from daily routine that many entrepreneurs deliberately placed themselves outside their scope, thereby eroding the value of the institutions. The informal institutions seem to have been far more effective in regulating the market. Moreover, they proved persistent in character. This persistency was presumably reinforced by the ineffectiveness of the industry’s formal structures. In the absence of an effective formal framework the choices and behaviour of actors were instead governed by informal institutions, by daily practice, habit and routine.
Chapter 4

Rotterdam: commercial and political collusion in the eighteenth and nineteenth centuries

§4.1 Introduction

Having analysed the financial innovative mutual insurances in the province of Groningen and the disparity between formal and informal institutions and the consequences for the actors in Amsterdam, my analysis of the marine insurance industry now focuses on Rotterdam and more specifically on the formal and informal institutions governing the insurance market and influencing the actors in the industry.

Until the nineteenth century, Rotterdam was surpassed by its peer at the IJ in many ways. Did the insurance market evolve in a similar way to what we see in Amsterdam or did the size of the business bring about other developments and other institutions? Our analysis of Amsterdam shows that the relationship between the various parties involved, and in particular the position of the municipality towards these parties, has been crucial to the development of the insurance business. Did Rotterdam, with its initially far smaller business community, its less impressive trade volume and commercial network, show a development pattern similar to that of Amsterdam, or did the particular size of the market induce different developments? We have already learned from the case of Groningen that a smaller market does not exclude the development of instruments of financial safeguarding. Certain features, particular to Groningen, led to the development of an intricate system of financial safeguarding, based on mutuality. Did Rotterdam also see the emergence of these mutual boxes, did it instead conform to the ‘Amsterdam-model’, or did it develop its own system of safeguarding ship-owners and merchants from the perils of the sea? Even though the size of the Rotterdam insurance market and its commercial community may have suited the development of mutual boxes, I demonstrate that other requirements were lacking, thus making Rotterdam unsuitable for a sys-
tem of mutual insurances. Since Rotterdam did not possess a sufficient number of wealthy renteniers and merchants to form a solid basis capital for underwriting such as in Amsterdam, Rotterdam did indeed need to find its own approach to developing an independent, flourishing maritime insurance market. The relationships and co-operation between municipality, merchants, insurers and brokers was profoundly different from the situation in Amsterdam, taking Rotterdam on its own path of institutional development.

Although the nature of the insuring business was similar to Amsterdam, the setting was nonetheless different due to the size of the market. This affected the way in which the various actors – such as municipal authorities, the brokers and their Guild, the underwriters and those seeking insurance coverage – related to one another. It also influenced the professionalisation of the business as well as the way in which conflicts and issues were dealt with.

During the eighteenth and nineteenth centuries, Rotterdam underwent a remarkable transformation: initially the lesser city and harbour, first as compared
to its nearby neighbour Dordrecht, and later surpassed by Amsterdam, it ended up surpassing both cities and becoming the primary harbour and centre of maritime and river shipping of the Netherlands and even of Europe.\(^1\) The nineteenth century has long been described as an era of economic retardation and decline for the Netherlands. We now know that during that century various sectors and industries showed remarkable growth and innovation. Although the loss of the country’s dominant position in international trade has often been remarked upon, Horlings stressed that by the middle of the century the international services industry still accounted for approximately 11 per cent of gross domestic product.\(^2\)

The maritime insurance business, so closely linked to the general development of trade and commerce, also experienced a unique development. The first insurance company in the Dutch Republic, the *Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam van 1720*, was established in Rotterdam, rather than in Amsterdam.\(^3\) In the first quarter of the eighteenth century, Rotterdam merchants and ship-owners frequently complained about the limited local underwriting capacity. By 1870, however, Rotterdam had more registered capital committed to underwriting than Amsterdam, largely due to the dimensions of *Stad Rotterdam*.\(^4\) In what way did the reversal in position of the two cities influence the development of the insurance markets in Amsterdam and Rotterdam? By comparing the size and position of the insurance market and their effects on the institutional framework in Rotterdam to the situation in Amsterdam and Groningen we can gain more insight into the differences between the various insurance systems and why such differing systems emerged. Moreover, how were the various actors, such as the authorities, the underwriters, the intermediaries and the merchants and ship-owners, affected by the formal and informal institutions governing the insurance business? Were they in turn able to effect changes in the institutional system?

Obviously, many of the significant developments and changes in the nineteenth century not only affected Rotterdam, but also the rest of the country. The effects of, for example, the creation of a nation state in 1815, and the increased safety at sea after 1856 once privateering was banned as a method of war, were not limited to Rotterdam. Major technological innovations affected trade, transport and maritime insurance all around. The introduction of the telegraph in the 1840s changed the pace and nature of communications, and the introduction of steam shipping, which began in the Netherlands as of the 1870s, transformed international trade and transport. No longer were vessels dependent on the right winds for departure or during their journey. But steam shipping had other effects as well. For instance, the vessels required different shipbuild-

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\(^1\) Van de Laar, *Stad van formaat*, 7-11.


\(^3\) Hereafter: *Stad Rotterdam*.

\(^4\) Broeze, ‘Rederij’, 127.
ing techniques and materials. In addition, the increased capital intensity of the industry also required larger investments. Yet the fact that Rotterdam managed to gain, if not take over, Amsterdam’s leading position makes a comparison of its insurance business in the eighteenth century with what it evolved into in the nineteenth century valuable. The Rotterdam insurance market in particular offers the opportunity to analyse the effects of these transformations on the development of the formal and informal institutions governing the insurance industry and the conduct of the relevant actors.

Rotterdam, currently the largest sea port of the Netherlands and even of Europe, was long a minor port compared to its big brother, Amsterdam. Not only were the physical size of the port, and the volume of trade and of ship traffic less impressive than in Amsterdam, but so were the services directly linked with Rotterdam’s maritime trade. However, particularly in the nineteenth century, Rotterdam managed to get on equal footing with its traditional rival and to build the foundations of its future success.

The city and port of Rotterdam date back to the thirteenth century, although it was then only a minor port, especially compared with cities such as Amsterdam and – closer by – Dordrecht. In 1494 it was estimated that Rotterdam had approximately 4,000 inhabitants, by the end of the second quarter of the sixteenth century, this had increased to approximately 8,000, after which the city expanded rapidly. By the beginning of the seventeenth century, the city had grown to circa 13,000 inhabitants.

From the fifteenth century onward, the herring trade was the main source of income for the city, due to the successful exploitation of technological innovations such as the gutting and curing of herring (haringkaken). In spite of the importance to the city of the entire fleet of herring vessels, only a few haringhuizen were actually owned by citizens of Rotterdam. Facilitating the herring industry was the true economic base of the city. Herring was also an excellent product to export, especially towards the Rhine area, the Southern Netherlands and France. Other major businesses included cloth-making, brewing, and shipping. Rotterdam’s trade volume continuously increased, and by the end of the sixteenth century the city had passed Dordrecht in terms of trade volume. Whereas Amsterdam had always concentrated on trade to the Baltic region, the so called mother trade, Rotterdam’s attention was aimed at England, Scotland, and France. The seasonal pattern of the herring industry implied that off-season cargo volume was available at a reasonable cost for other trades. Rotterdam was favourably situated between Antwerp and Amsterdam: wine, oil, salt, dried fruits

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5 Bijlsma, Rotterdam welvaren, 3.
6 Van der Schoor, Stad in aanwas, 70, 117.
and spices passed from Antwerp to Amsterdam and grain, wood, hem, pitch, tar, and flax found their way back.7

Exports towards France mainly consisted of herring, other fish, cheese, wheat, and soap. The main port of trade was Rouen and, in 1641, a regular goods service was instated between this city and Rotterdam. The ports of Nantes, Bordeaux, Rochelle and Brouage, from which wine and salt were imported, were secondary. By 1618, the wine trade had taken over from the herring trade as Rotterdam's most important source of income. The immigration of merchants from cities in the Southern Netherlands accelerated this process; around 1640, there were approximately 55 wine traders in the city, an indication of the importance of the trade. Nantes had become the primary port for the wine trade and a colony of wine merchants from Rotterdam had settled in the French city.8

Trade with England was less impressive than with France but nonetheless important to Rotterdam's economy. Merchants would import bloater, malt, coal and lead from England, and fresh fish, salt, French wines and rye were exported primarily to London and Yarmouth. The Court of Fellowship of Merchant Adventurers, which was authorised to trade English woollen draperies, as well as a number of other English merchants, settled in Rotterdam and they were given special privileges by the municipal authorities. A church was allotted to them to have their own services.9 This colony of English merchants may have been an important advantage in 1651 when English laws banned all trade on England with non-English vessels. Rotterdam's trade was in all probability not as badly affected as other cities by this law because the English settlers were able to continue their business without the risk of seizure.10

With the sixteenth century drawing to a close, it became apparent that Rotterdam's harbours, the Oudehaven, Nieuwehaven and Blaak, had insufficient capacity to handle the growing number of fishing and merchants vessels. The municipal authorities therefore decided to expand the ports' capacities. In the south-east, the new ports Buizengat and Haringvliet were created and between 1598 and 1606, a major expansion in south-westerly direction was constructed which resulted in the Leuvehaven, Wijnhaven, Scheepmakershaven, Bierhaven, and Glashaven. With every extension of the harbours, new premises were created and all port enlargements therefore also implied an expansion of the city of Rotterdam. The citizens of Rotterdam played a key role in these expansionary plans: as buyers of the newly created premises they financed a major part of

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the construction and infrastructural costs. During this same period it was also decided to build a merchants' bourse. Several members of the Vroedschap, aided by prominent merchants such as Johan van der Veeken, drafted an 'order and instruction' for the bourse. In 1635 a Wisselbank was established.11

Although the Republic had long been the dominant colonial power, during the eighteenth century this position was lost to the British; the East India Company took over the leading position of its Dutch peer. The Batavian Period marked the beginning of a difficult period for Dutch trade and shipping. The wars that had swept across Europe had left their mark. By 1797, it was estimated that Dutch merchants had lost about 120 million guilders due to the confiscation of their ships and merchandise. But the worst was yet to come. Although Dutch merchants managed to continue their business activities despite the increased risks of war even after the Continental Blockade was decreed in 1806, the Annexation of the Kingdom by the French proved too much. Trade virtually came to a standstill. Thus, in 1813, after the French had left the Netherlands, the country was impoverished, its fleet reduced by two-thirds and the remainder in a deplorable state, its economic structure in ruins. Due to bad harvests in 1816 and 1817 and an increase in domestic demand, trade and transport experienced a brief revival. However, the lack of industrial products for export and the strong increase in domestic demand leading to an equal rise in imports resulted in an escalation of the trade deficit between 1815 and 1830. In contrast with the situation in the eighteenth century, the deterioration of Dutch trade until the 1830s was absolute and not just relative.12

A new sovereign, King William I of Orange,13 was inaugurated and although the newly issued Constitution prescribed that he was ultimately to consult with the Staten-Generaal, the King had decisive power, or as the Constitution stated: ‘Le Roi décide seul’. Nevertheless, the legal structure of the country altered with the design of the Constitution in 1814/1815. A few years earlier, a Commercial Code had been drafted but never implemented due to the Annexation of the country by the French. Instead of this Commercial Code, the Code Napoleon was instated in 1809. However, as there were no references to commercial law, the then King, Louis, decreed all existing practices and laws to still be valid.14 This situation continued until in 1838, when the Wetboek van Koophandel

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11 Sneller, Rotterdams bedrijfsleven, 107-117; Van der Schoor, Stad in aanwas; De Vries and Van der Woude, Nederland 1500-1815, 131-132.
13 King William I was born in 1772 and died in 1844; he reigned from 1814 until 1840 and was also known as the ‘Canal King’ because he commissioned the creation of a number of canals and waterways.
14 Vergouwen, Makelaardij in assurantiën, 117.
(Commercial Code of Law) was issued. The impact of the issuance of the Code on the insurance industry was, however, limited, as the business continued to honour its own routines and practices. King William I, more than any other sovereign, influenced the development and institutional design of the Dutch economy, but he did so not so much through laws but through his economic experiments and initiatives, which impacted the Dutch economy.

William I, also known as ‘the Merchant King’, endeavoured to restore the Dutch economy to its previous glory and, specifically, to re-establish the traditional Amsterdam staple market. Since this was the main objective, William I was aware of the fact that the Dutch merchant fleet would need to be resurrected. By granting ship-building premiums, he hoped to induce merchants, ship-owners and ship-builders to commission and build new ships. The measure was hardly effective as only four ships were ordered in a period of two years. However, in 1824 King William initiated the Nederlandsche Handel-Maatschappij which was to play a fundamental role in the overall economic development of the country as well as in the expansion of a number of businesses and industries. At its initiation the NHM was meant to be far more than just a trading company, it was to be the lever and catalyst of the Dutch economy. Initially, its headquarters were based in The Hague and permanent agencies were established in Amsterdam, Rotterdam and Antwerp. In 1831, the company moved its headquarters to Amsterdam. Apart from its trade with the Dutch-Indies, the NHM was to be a major import and export company as well as a national and international intelligence service. Before long, the NHM issued a measure which was to be most important in stimulating the transport sector as well as maritime trade. The NHM would guarantee ship-owners future earnings by pledging to employ new ships at set freight tariffs which were significantly above going market rates. In contrast with the failing ship-building premiums, this approach proved very effective and soon ship-building activities resumed. Between 1823 and 1827, a little over 180 keels were laid down with a total capacity of 30,000 last.

Although the guaranteed freight rates were successful in stimulating the Dutch transport and ship-building sectors, overall the Dutch were not successful in regaining their dominant position as a colonial power. Their share in the

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17 Van Zanden and van Riel, Strictures of Inheritance, Chapter 3.
18 Broeze, De Stad Schiedam, 4–5.
19 Dutch Trading Company, hereafter NHM.
20 Mansvelt, Geschiedenis, I, 177, 257.
21 Ibid., I, 83–92.
22 Ibid., I, 226–227.
imports to the Dutch-Indies increased considerably (from 15 per cent in 1821 to 27 per cent in 1825 and 53 per cent in 1830), but their share in exports hardly increased. In order to significantly expand their share, the Dutch introduced the Culture System (Cultuurstelsel) in 1830. This was, in effect, a colonial system, forcing local farmers to grow certain products. The government also introduced the Consignation System (Consignatie stelsel) which implied that the government of the Dutch Indies (Indisch Gouvernement) gave all products in consignment to the NHM. The NHM then transported the products to the Netherlands and organised the auctions. These measures proved highly effective in increasing Dutch market share in exports of tropical arables, which shot up at an incredible rate. After the Belgian secession, the Dutch government was in need of the revenues of the Cultuurstelsel. Not only had the Belgian Revolt proved a costly affair, independence also meant the Belgians would no longer contribute to the astronomical interest payments on government debt. As Horlings stated, the Cultuurstelsel was extremely successful – from a Dutch point of view. During its thirty years in existence, it earned the government a staggering amount of 700 million guilders. With these revenues the government debt was greatly reduced and a railway network was financed.

The Cultuurstelsel caused a strong surge in trade and shipping in the 1830s with growth rates of 9 per cent per year. Unfortunately, the ‘boom’ proved short-lived since the risks and disadvantages of the NHM approach soon became apparent. Confronted with a decreasing demand for freight capacity, the excessive freight tariffs were reduced in 1828. It was to be the first of a number of tariff reductions and even though the difference between the market rates and the NHM tariffs decreased, the latter were still well above market rates. The insurance premiums the NHM agreed to, were also still well above ‘normal’ market rates. Nonetheless, even though the NHM continued its custom of paying more than going market rates, the tone had been set: the general trend of economic liberalisation was not to be stopped and competitive forces entered the market. More and more, the NHM was pressured to reduce its subsidising of a selective number of businesses, to ease its regulatory influence, and instead to encourage market competition.

By the end of the 1830s, the market was flooded with too much freight capacity compared to the amount of freight available. In 1841, the NHM instated the beurtlijst, a list of all existing ships suitable for voyages to the Dutch East Indies as well as the ships of which the keels had been laid. The ships listed would be employed on a rotation scheme; other ships would no longer be eligible for employment by the NHM. The effect of the beurtlijst on the state of the Dutch fleet and the attitude of Dutch ship-owners was disastrous. Ship-owners would

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23 Horlings, The economic development, 143-147; Gaastra, Vragen, 6.
24 Horlings, The economic development, 146-150; Mansvelt, Geschiedenis, 1, 232.
simply wait their turn for profitable NHM cargo and would sometimes leave their ships lying idle and unemployed for several months, sometimes even up to two or four years. Moreover, the list caused the Dutch fleet to age. When the list was instated, the Dutch mercantile fleet was relatively young, but after the beurtlijst took effect, the average age of the ships increased as no new keels were laid. In addition, no technological or organisational innovation took place as the NHM tariff structure favoured sailing ships owned by relatively small ship-owning companies rather than steamships owned by large, limited liability companies. The growth rate of sea shipping plummeted from 9 per cent annually to 2.8. ‘Growth’, as Horlings recaps, ‘had lost its momentum.’ The weaknesses of the Dutch economy emerged: in spite of its international trade network, no integrated infrastructural network connected sea ports with the hinterland and trade was highly dependent on tropical goods. In 1850, the Dutch fleet ranked fourth in the world, but apart from its large market share of exports from the Dutch-Indies it had lost ground on other routes, demonstrating its structural weakness.

The 1850s marked the beginning of a significant change for the Netherlands, as from then on several structural changes set in: slowly but surely Dutch trade diversified, the share of tropical products dropped and a transition from trade to transport took place, which was favourable for the port of Rotterdam. Van Zanden and Van Riel argue that modern economic growth, as defined by Kuznets, started in the Netherlands as of 1860 and was sparked by a number of institutional changes. According to Horlings, these changes, which strengthened political centralisation and the union state, were only possible since old structures and regimes had slowly been taken down in the first half of the nineteenth century. Nonetheless, economically, rough times were still ahead.

In 1857, the international freight market was confronted with a crisis due to a global surplus of freight capacity, in particularly affecting the sailing fleet. This crisis, which reached its nadir in the Netherlands in 1875, marked a turning point for Dutch trade and transport. The ten-year period before the crisis had been one of remarkable growth: gold rushes in California and Australia, the Crimean war and the increased transport of coals made freight tariffs soar. As a result, between 1848 and 1857, the worldwide fleet expanded quite recklessly. Although, internationally, recovery set in during the following decade, the revival of Dutch trade and transport did not take place until the 1870s. By then, the trend of liberalisation had firmly set in, with such results as the abolition of the beurtlijst in

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25 Ibid., 169-175, 190, 215; Gaastra, Vragen, 6.
26 Van Zanden and Van Riel, Strictures of Inheritance, 263-269; Kuznets defined modern economic growth as a sustained increase in per capita product, most often accompanied by an increase in population and usually by sweeping structural changes’, Kuznets, Modern economic growth, 1.
27 Gaastra, Vragen, 6.
1868. The days of nhm protectionism, excessive freight tariffs and premium rates were genuinely over. The impact of the nhm on the Dutch economy was undeniably of great significance. Whether its influence was all bad and indeed the cause of slow growth rates or belated recoveries is a matter of debate. Gaastra stresses that the influence of the nhm has often been exaggerated. Neither the growth in the decade leading up to 1857, nor the crisis starting in that year, were caused by the nhm or its policy, but rather by the irresponsible behaviour of ship-owners.28

By the time recovery set in, the transport industry had witnessed a shake-out: in 1859, there were 1,190 ship-owners and ship-owning companies, owning a total of 2,428 ships. In 1874, there were only 662 ship-owners left, with a total of 1856 ships. The number of ships plummeted by almost 23 per cent, whereas the fleet’s volume was reduced by approximately twenty per cent, indicating that smaller, more cost-inefficient vessels had not survived the hardship. Worldwide, the Dutch fleet had now been reduced to the eighth largest fleet in the world.29

During the second half of the nineteenth century a number of infrastructural improvements affected trade and transport: the Suez canal was opened in 1869, reducing travelling times between the Netherlands and Asia by 20 per cent. In addition, one of the country’s notorious weaknesses, the lack of a domestic infrastructural network, was also dealt with. In the 1870s, the Noordzeekanaal and the Nieuwe Waterweg opened up new opportunities for Amsterdam and Rotter-


Rotterdam. Both harbours had suffered from inaccessibility due to, on the one hand, the silting up of the harbour and, on the other hand, the ships becoming ever larger. After the *Nieuwe Waterweg* was opened, Rotterdam moved to secure a prominent place among Europe’s harbours. By 1900 it ranked fourth of all European harbours, whereas Amsterdam had slumped to eleventh place.³⁰

At least of equal importance was the belated introduction of steam power by Dutch shipowners, which gained momentum starting in 1870s. This was relatively late compared to countries such as Great Britain, Belgium and France. In those countries, steam shipping had by then far greater shares in the capacity of merchant fleets than in the Netherlands.³¹ This overdue acceptance of steam power has often been ascribed to the influences of the nhm. The nhm, or so it was argued, hampered the introduction of steam by favouring small shipowning companies and by thus preserving outdated and inefficient organisation structures. Steam shipping required large investments that could not be generated by the traditional form of ship-owning, the *partenrederij*. In other countries such as, for instance, the United Kingdom, ownership structures changed: the captain/owner and merchant/owner were replaced by professional ship-owning companies. These companies, often public limited companies, managed multiple ships. Thus, the development of public limited companies was a necessity for the establishment of steam shipping companies, but owing to the nhm giving preference to smaller ships and smaller ship-owning companies, this development was economically hardly interesting. Additionally, the routine of the nhm of organising merely two auctions per year meant that there was nothing to gain by increasing speed and reducing sailing times. Broeze emphasised, however, that there was also a technological issue. Until the compound engine was introduced, steamships could not compete with sailing ships on long distances. The fact that the Netherlands lacked coals and was thus dependent of import has also been suggested as an explanatory factor for the belated use of steam power.³²

Although the exploitation of steam shipping was the most important innovation to take place in the nineteenth century, other inventions and innovations, such as copper hulls and improved rigging, also promoted cost efficiency. In addition, the construction of a telegraph network, which began in 1847, had significant consequences for the nature and practice of international trade for many of those involved.³³ Communication times were drastically reduced. Captains were to telegraph to their headquarters in case of problems abroad rather

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³¹ In 1870 steamships accounted for 20 per cent of the total capacity of the British merchant fleet, 32 per cent of the Belgian fleet and 14 per cent of the French fleet. In the Netherlands, steamships represented a mere 5 per cent of the total capacity, Horlings, *The economic development*, 184-185, table 5.6.
³³ De Wit as quoted by Davids and Go, ‘Buitenlandse agenten’.
than decide by themselves. Representative agent networks were set up globally as the telegraph made communications, and hence the controlling of such a network, manageable.

Following this brief introduction to Rotterdam, its local economy and commercial network, in the following section I give an overview of the structures and the responsibilities of the authorities. In paragraph 2 of this chapter I examine the actors in the insurance industry in Rotterdam: the Chamber of Maritime Affairs, the brokers, the merchants and ship-owners buying insurance, and the underwriters. In what way was the conduct of these parties influenced by the nature of the institutional frameworks? The case of Amsterdam has shown that the conduct of the urban authorities was of great importance to the formal and informal institutions and, in particular, to the balance between these two sets of constraints. How did the authorities in Rotterdam influence the industry with the regulations and laws it issued? Considering the more limited size of the Rotterdam insurance industry and its position relative to the dominant trade city of Amsterdam, how did this affect the choices of the authorities? Furthermore, the institutional structure that governed the insurance business influenced the choices and behaviour of the actors, but did these parties have any effect on the institutions, formal and informal, and did they instigate institutional change in any way?

Finally, the dynamics of the Rotterdam insurance market and the long-term effectiveness of its institutional framework become relevant once we examine the effects of the developments of the nineteenth century on the insurance industry. In the last section of this chapter I analyse the robustness of the institutions governing Rotterdam’s insurance business: did they persist, were they altered or even supplanted by new constraints?

Rotterdam was governed by Burgomasters, Schepenen and a Baljuw (Bailiff). Until 1580, the Vroedschap consisted of 24 members. In 1580, this number increased to 32. The Vroedschap would nominate two duos as candidates to become Burgomaster, just as they would nominate possible Schepenen. In general, the King, and later the Stadhouder, would then choose two Burgomasters and the Schepenen from the nominees. The Schepenbank (the group of Schepenen) consisted of seven members, each elected for a period of one year. The Bailiff in Rotterdam was comparable to the Schout in Amsterdam. Originally Rotterdam had both a Baljuw and a Schout, but after 1495, the two functions were combined and the official was most commonly known as Baljuw. Burgomasters, Baljuw and Schepenen were also known as the Heeren van de Weth. This assembly issued the municipal ordinances and bylaws and they were responsible for enforc-

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34 The city’s Pensionary was an officer of the city and not a member of the government. The Pensionary was often the one to officially represent the city, Ten Boom, ‘Het patriciæaat’, 168.
ing the law. In order to become a member of the *Vroedschap*, one needed to be among the richest, wisest and most prominent of the city’s citizens. ³⁵

Officially, members of the *Vroedschap* were not allowed to be related either by blood or marriage, but this regulation was not strictly enforced. ³⁶ For centuries the city was governed by officials often related by blood or marriage and with numerous ties with the municipal economy, resulting in a stable and consistent policy which positively influenced the local economy and the city’s development. By the end of the sixteenth century, the background of the regents altered: like the old *patriciaat*, they were wealthy, but contrary to the original governors, they primarily had interests in trade and commerce, rather than in industry. Whereas the original group of regents sometimes lived off inheritances and the returns of their vast estates, the upcoming governors were actively involved in, and dependent on, trade and shipping. Apart from being wealthy, the regents were known for their tolerance, a distinguishing feature of Rotterdam’s elite. The policy of the city’s numerous governors and regents was characterised by its stability and consistency. There were no significant changes between its policy before and after the Revolt, for instance, and this also holds true for the period when Prince Maurits intervened in the composition of the government of a number of cities, known as the *wetsverzetting*. Whereas by the beginning of the seventeenth century, regents were actively taking part in the city’s economy, by the end of the century, the Burgomasters and other members of the administration had become professional governors. This professionalism was, however, the only difference since throughout the century regents were recruited from the wealthiest group of Rotterdam’s citizens; thus socially and economically the composition of the *Vroedschap* was hardly altered.³⁷

During the first half of the nineteenth century, the nature of the urban government hardly altered, even though some of the formal names had changed. The city college of Burgomasters and Aldermen consisted in Rotterdam of one Burgomaster and four Aldermen. After 1824, it was the King who appointed the city council members. The appointment was for life. For all intents and purposes, Rotterdam was still governed by individuals who belonged to a relatively limited group of families, related by blood and marriage. However, the group was not strictly ‘closed’, and frequently, new government members and families were ‘admitted’ to the city’s elite. Apart from their positions in the city council, the members of this elite were also named as members of the *Kamer van Koophandel en Fabrieken* (Chamber of Commerce and Industries).³⁸

Even in the second half of the nineteenth century, when the forces of liberalisation had led to new laws and elections, the background of urban govern-

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ments hardly changed with the times. For example, in October 1851, only four of the 37 men of the council were not related – by blood or marriage – to the elite. They were, however, from the same socio-economic class. 39

§ 4.2 Actors and institutions

Now that the setting is clear – the city of Rotterdam during a most dynamic era, we turn to all those involved in maritime insurance. Ship-owners, merchants, underwriters and brokers came together to commission insurance, negotiate the stipulations, to draw up a policy, to asses risks of an insurance offered, or to secure insurance transactions. All these actors and their actions were influenced by regulatory and legislative structures. These structures, and therefore the setting in which insurance transactions were handled, were very different by the end of the nineteenth century compared to the beginning of the eighteenth century. The Napoleonic wars, the establishment of the United Kingdom of the Netherlands, the creation of a union state, the centralisation of political policy, the drawing up of a Constitution as well as a Commercial Code of Law, the influences of international competition – all these factors greatly affected the setting of mercantile trade, including that of maritime insurance. How did the various parties to an insurance contract deal with these changes and what effect did their behaviour have on the development of the insurance market in Rotterdam?

§ 4.2.1 Municipal ordinances and the Chamber of Maritime Affairs

Following the fall of Antwerp in 1578, a great number of wealthy and experienced merchants emigrated from the Southern Netherlands towards the cities of the Northern part, including Rotterdam. Apart from bringing along their wealth and capital, they took to the city and its inhabitants their knowledge and experience and thus accelerated the acceptance of financial novelties such as maritime insurance. A few years after Amsterdam drew up its ordinance regarding Insurance and Average, Rotterdam followed suit: on 12 March 1604,40 a bylaw on ‘t Stuck van Assurantie ende Averije was issued and on 27 March, declared from the Peuye, the flight of steps in front of city hall.41 Although the bylaw of 1604 was clearly influenced by its Amsterdam predecessor, there were nonetheless a few significant differences. For example, in Amsterdam, an entire insurance policy was declared invalid if only one clause of the ordinance was violated.

39 Ibid., 51-55.
40 According to Vergouwen, an ordinance had already been drawn up in 1601, but it was lost over time, Vergouwen, Makelaardij in assurantiën, 28-32, 78.
41 GAR 1.01, OSA inv.nr. 497-03; Goudsmit, Geschiedenis van het Nederlandsche Zeerecht, 392; Kracht, Die Rotterdamer Seeverischerungs-Börse, 31.
In Rotterdam, only the relevant part of the policy would be invalid, the policy as a whole – and therefore the insurance – retained its validity (art. 1). In Amsterdam, it was not permitted to insure up to the full value, as there was a statutory franchise of 10 per cent. In Rotterdam, on the other hand, merchants were allowed to insure up to the full value of the merchandise, including the costs of loading, as well as the value of the premiums. Ship-owners, however, were only permitted to insure their vessels for a maximum of 2/3 of their value if the voyage did not take them beyond the equator. If the voyage did go beyond the equator, a maximum of 50 per cent of the total value could be insured.\footnote{In the bylaw of 1721 the article relating to the insurance of vessels was altered. From then on, regardless of the destination or route of the voyage, up to 7/8 of the ship’s value could be insured. Goudsmit, Geschiedenis Nederlandsche Zeerecht, 397–398; Vergouwen, Makelaardij in assurantiën, 39, 79–80; Van Niekerk, Principles of insurance law, 220.}

There were also similarities between the Amsterdam and Rotterdam bylaws: once brokers had been commissioned by ship-owners or merchants and once they had successfully contacted underwriters, they were supposed to draw up an insurance, which could be a private contract since in neither city a notary deed was required to authenticate insurance. This would explain why only a few notary-endorsed policies have survived. As in Amsterdam, the Rotterdam brokers most likely used printed policies since the bylaw decreed that all alterations and additions needed to be recorded by the broker. Although it was stated that brokers were to hand the insurance premium from the insured to the underwriters, hardly any other stipulations regarding the payment of premiums was included. The possibility of fraud was acknowledged but the penalty does not seem to have been very severe: if an underwriter could prove that the insured knew of damage to or loss of the insured ship or merchandise at the time of the transaction, the underwriter would not be required to pay for damages and would receive double the premium.\footnote{Article 20 of the Rotterdam bylaw. Vergouwen refers to one example. In 1685, notary J. van Weel drew up a policy; Vergouwen, Makelaardij in assurantiën, 79–80.} As in Amsterdam, neither the brokers, nor the commissioners or secretary of the Chamber were allowed to act as underwriter.\footnote{Article 22 of the 1604 bylaw and articles lxxx and lxxxii of the 1721 bylaw, Goudsmit, Geschiedenis Nederlandsche Zeerecht, 397.}

With the exception of a few alterations,\footnote{A few articles were added to the original text of the bylaw when the City of Rotterdam applied for a Charter from the Estates-General in 1635, Gar I.01, OSA inv.nr. 777/560; Goudsmit, Geschiedenis Nederlandsche Zeerecht, 393.} the bylaw of 1604 remained valid until the new ordinance of 9 October 1721.\footnote{This bylaw consisted of no less than 299 articles of which articles 1–22 and 270–299 were related to the regulations of the Chamber, articles 23–82 referred to Insurance, art. 83–119 contained stipulations regarding Average and the remainder (Articles 120–269) dealt with other Maritime Affairs, see: Goudsmit, Geschiedenis Nederlandsche Zeerecht, 412.} A significant addition in the by-
law of 1721 consists of an article instructing that only printed policies with the City’s coat of arms were to be used and that the broker was required to co-sign the policies. Also, brokers were required to retain a copy of the entire policy and not just of additions and alterations.\textsuperscript{47} The custom of crossing out sections of the insurance policies had probably led to too many arguments and issues. Interestingly enough, and significantly for the change in atmosphere between the two cities, this Rotterdam ordinance served as example for the ordinance issued in Amsterdam in 1744.\textsuperscript{48}

When the first bylaw was drawn up in 1604, a committee of three commissioners, authorised to issue verdicts regarding insurance and other maritime issues, was also established. These three commissioners, as well as a secretary and a sworn clerk, would all be appointed by the Schout, Burgomasters and Schepenen of the city. In 1614, a number of merchants appealed to the municipal authorities to re-instate the committee. Whether its authority needed to be re-established and acknowledged or whether it had fallen into disuse is not altogether clear. However, in 1615, the name of the former committee was officially altered to Chamber of Insurance and this Chamber was from then on to handle all issues and differences within the city regarding insurance.\textsuperscript{49} In addition to adjudicating insurance disputes, the Chamber was to collect and assess insurance regulations from other cities in order to come to a superior regulation regarding insurance issues.\textsuperscript{50} In a letter dated 9 March 1664, the Rotterdam Burgomasters requested their peers in Amsterdam to send them a copy of their ‘constructive ordinance’ as well as of the alterations, in particular regarding abandonments.\textsuperscript{51} Apart from this letter, no records referring to this part of the Chamber’s commission exists. It did take more than a century after the Chamber was officially charged with this task for a new comprehensive ordinance to be drawn up and issued. Perhaps the Chamber’s commissioners were too preoccupied by the daily routine of passing judgment on the apparently increasing number of cases brought before them to be able to shift their attention to the more long-term responsibility of drawing up new legislation. Similarly to Amsterdam, and most likely following its example, Rotterdam applied for an official Charter which was granted by the Estates-General in 1635.\textsuperscript{52} Twenty years later, a tribunal for Maritime Affairs was established in Rotterdam. Differing from their Amsterdam peers, the regents of Rotterdam felt it unnecessary to maintain separate chambers for maritime and

\begin{footnotesize}
\begin{enumerate}
\item The ordinance of Dordrecht was also inspired by the 1721 Rotterdam ordinance, Vergouwen \textit{Makelaardij in assurantiën}, 109.
\item Kracht, \textit{Die Rotterdamer See-versicherungs-Börse}, 33.
\item gar 1.01, osa inv.nr. 777, nr. 560; Goudsmit, \textit{Geschiedenis Nederlandsche Zeerecht}, 393.
\end{enumerate}
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insurance affairs, reasoning that the two were closely related. Thus, in section 2 of the 1655 Keur, it was established that the Chamber of Maritime Law was to decide upon all issues regarding insurance and average, but that the bylaw of 1635 remained valid nonetheless. As a consequence of combining Insurance and Maritime Law, this Chamber did not pass judgment in non-maritime insurance cases, which the Amsterdam Chamber was authorised to do. The Rotterdam Chamber, in spite of a few changes in its official name, functioned until 1811, when it was, as many relics from the ancien régime, dismantled with the introduction of French legislation.53

Formal representation by lawyers and notaries was initially not permitted, but this ban apparently did not include brokers: for example, in 1697, when Joachim D’Oliveyra, a merchant in association with his mother, the widow of Policarp D’Oliveyra, endorsed Pieter van Rossum, broker, to represent them before the commissioners of Maritime Affairs.54 Jacob Beijerman, insurance broker, was authorised in 1734 by Abraham Loofs to represent him in an insurance case.55 In addition, plaintiffs and defendants empowered the Chamber’s clerk to represent their interests: in 1690 Jean Cossart, merchant, authorised Simon Das, the Chamber’s Clerk, to represent him in any case tried by the commissioners of Maritime Affairs.56 In the eighteenth century, however, legal representation, at least by notaries, was allowed: A. Schadee, a well known notary, is referred to in the official records.57 This development towards allowing formal representation concurred with a general tendency for legal proceedings to become increasingly professional and specialised. This process was undoubtedly related to the increasing volume, as well as the complexity of the insurance and average cases handled by the Chamber. The commissioners, most probably starting with the instatement in 1604, assembled and held their court in the Oude Hoofdpoort (‘Old Main Port’), traditionally a municipal government location. More than a

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53 Van Niekerk states that in 1655 the name of the tribunal was Maritime Affairs. Unger, however, has listed the commissioners as ‘Commissioners of Maritime Law’ between 1655 and 1657, from 1657 until 1763 as ‘Commissioners of Water Law’ and from 1763 onwards as ‘Commissioners of Insurance, Average and Maritime Affairs’, Van Niekerk, Principles of Insurance Law, 220-222; Unger, Regering van Rotterdam, Van Vooren, De Rotterdamsche Waterschout, 98-117. Henceforth, I will use the term Chamber of Maritime Affairs.

54 GAR 18, ona inv.nr.1611, nr. 199/395, 27 September 1697, Notary Johan van Lodenstein.

55 Vergouwen, Makelaardij in assurantien, 89-90.

56 GAR 18, ona inv.nr.1604, nr. 283/540, 24 October 1690 Notary Johan van Lodenstein.

57 Van Niekerk, Principles of Insurance Law, 223 referring to R.H. Krans, Clio betaald premie. Historisch tafereel der verzekeringen [Tentoonstelling Gemeentelijke Archiefdienst Rotterdam, 2 November 1975-4 Januari 1976] 1975, Rotterdam, 9. A. Schadee most probably refers to Adam Schadee (1733-1781), who was admitted as notary in 1769 after having been ‘praktisijn’ for the Chamber of Maritime Affairs as well as being an English translator, see Wiersum, ‘Uit het dagboek’, 3.
century later, the first insurance company, *Stad Rotterdam*, would also be located in the *Oude Hoofdpoort*, and the commissioners and *Stad Rotterdam* would both make use of the same janitor, a clear testimony to the strong bond between the municipal authorities and the company.\(^{58}\) The commissioners were nominated and appointed by the municipal government, and from 1655 onwards, they were required to annually take an oath, committing themselves to upholding the by-law. According to F. Kracht, soon after its establishment, the Chamber’s commissioners needed to convene weekly and even two times a week as a result of the growing number of cases brought before them. The commissioners original number of three was quickly increased to four, and even to five in 1655. Their term in office was changed from one year to two years, and although they would normally convene on Wednesdays and Saturdays it was possible, at the expense of an additional fee, to have them convene on other days as well.\(^{59}\)

Unlike in Amsterdam, where the commissioners’ remuneration came solely from fees paid by the plaintiffs or the liable party, in Rotterdam, the Chamber was financed on the one hand by fees, and on the other hand by tariffs and duties. Initially, only local ships were levied, later all ships – including foreign ships – were charged. For insurance cases, the Chamber charged one third of each guilder for every hundred guilders (thus, \(\frac{1}{3}\) per cent), to be paid in advance by the plaintiff. Ultimately the cost would be carried by the party whom the Chamber ruled against. In case of General Average disputes, the fee would amount to \(\frac{1}{10}\) per cent of the contributing capital.\(^{60}\) The total of fees and levies would be equally divided among the commissioners and the Chamber’s secretary, often after deducting a New Year’s donation for the Chamber’s clerk.

Records regarding the years between 1723 and 1762 show that the commissioners and secretary earned on average 143 guilders per year (graph 4.1).\(^{61}\) There were significant differences among the various years, however. In 1740, the commissioners received a meagre 86 guilders and 9 *stuivers* each. In 1761, on the other hand, the commissioners were paid the highest amount, 332 guilders and 13 *stuivers* en 4 *penningen*. As of 1757, the annual fee per commissioner went up, probably related to the start of the Seven Years’ War, which had started the previous year. From the commissioner’s gross remuneration, possible fines were to be deducted. These fines would be charged when a commissioner failed to appear in time or failed to attend a meeting altogether.

\(^{58}\) Van Vooren, *De Rotterdamsche Waterschout*, 98-117. For more on *Stad Rotterdam*, see § 4.2.4.


\(^{61}\) GAR 15, Archief Commissarissen inv.nr. 984.
Strict rules were set and – judging by the elaborate records of fines as charged – also upheld:

‘he who at the quarter of the Hour the meeting is set is not in the Chamber forfeits f --,3,- -62; at the half hour after or under the commencement forfeits f --,6,-- absent being, forfeits f 1,--,--; he who is absent due to indisposition shall for the first time pay the fine for not being present, yet free from further absences until he has been outside his home again. 63

Considering the commissioner’s salary which only rarely exceeded 150 guilders per year, it is likely that membership of the Chamber was not the primary source of income for the commissioners. Who then were called to the bench, what experience and knowledge did they possess that was considered suitable for the position and what other interests did they pursue?

Presumably the commissioners, like their counterparts in Amsterdam, were influential merchants and traders. The very first commissioners, instated in 1604, Jan Jacobsz Musch and Pieter Lennarts Bosch, were, as Suermondt states, ‘no lightweights’. Musch had been chosen for the Vroedschap on 16 April 1603, and he later became Thesaurie Extraordinaris. Bosch had been Schepen as of 1602 and became auditor of the Accounts of the Thesaurier in October of that same year. The third commissioner was to be the City’s Pensionary, Dr Elias Van Oldenbarnevelt.64 Henrick Nobel, Jasper Moerman, and Joris Joosten Vlaming

62 This common notation first stated the amount of guilders, followed by the amount of stuivers and finally the amount of penningen.
63 GAR 15, Archief Commissarissen inv.nr. 981, fo. 10.
64 Suermondt, ‘De oprichting’, 209-220.
were the commissioners appointed with the re-establishment of the Chamber in 1615. Philips Visch, who was probably a notary, was appointed as secretary to the Chamber. Henrick Nobel was actively involved in shipping and mercantile trade as he was a sail-maker, herring buyer and ship-owner. Jasper Moerman and Joris Joost Vlaming were, it would seem, also prominent merchants.65

Although little is known directly about the commissioners’ alternative activities, notary deeds sometimes offer evidence of the commissioners’ involvement in trade and shipping. In 1659, for example, Pieter Biscop, ‘former-merchant and commissioner’, bought a 1/8-part of vessel named *De Eendracht* from merchant Hugo Grootvelt for an amount of 2,250 guilders.66 Over time commissioners continued to be active as merchants or have other commercial interests. Even in 1720, Pieter de Ridder, commissioner and former *Schepen*, was still said to be ‘foremost merchant’.67 The Chamber’s official records show that it was not uncommon for commissioners to still have commercial interests which at times could be at odds with their position as commissioner. Johan de Meij was absent from the Chamber’s meeting of May 15 1671 because he was one of the defendants in an insurance case involving merchandise on a ship named *Het Eijlant ter Schellingh*, which was lost on its way from Bordeaux to Rotterdam. The Chamber ruled in favour of the defendants.68 This case, which was no exception, not only confirms that commissioners still had financial interests which related to maritime trade, it is also evidence that an important regulation, barring commissioners from acting as underwriters, was not always honoured. Moreover, the fact that Johan de Meij was not forced to step down as commissioner is an indication that it was not uncommon to breach this convention.

Another possible source of conflict of interest was the fact that commissioners were allowed to accept official positions with companies, even if these were active in maritime trade, shipping or even insurance. When the insurance company *Stad Rotterdam* was established in 1720, three of its newly appointed directors were simultaneously, or had been at some point in time, commissioner at the Chamber of Maritime Affairs.69 The Burgomasters and *Schepenen* do not seem to have been overly concerned about the reputation of insurance commissioners. The fact that Jan Hennekijn, a wealthy self-made merchant had a questionable reputation, that he had been accused of swindling his underwriters, and had even been reprimanded by the Chamber on several occasions, was appar-

66 gar 18, OHA inv nr. 368, nr 334/756, 7 February 1659.
68 gar 15, Archief Commissarissen inv.nr. 986.
ently no impediment to his appointment as commissioner. Clearly, since the municipal authorities acknowledged the importance of an impartial court regarding maritime disputes, they must have put great trust in the personal integrity of the commissioners. The reason may also have been practical. Perhaps it was impossible for the municipality to strictly uphold the ban on commissioners having commercial interests since this may have lessened the enthusiasm for the position of commissioner and it may then no longer have been feasible to find sufficiently capable commissioners. In Amsterdam, with a similar ban, it would seem that the Municipal Authority did strictly honour this clause since there are hardly any references to Assurantiemeesters acting as underwriter. Clearly, the Rotterdam municipality chose a different approach to ensure the commissioners’ integrity and to establish the Chamber’s authority.

The Rotterdam commissioners were presumably chosen for their knowledge of maritime affairs rather than for their political associations. Whereas government officials would often ‘hop’ from one governmental position to another, this did not seem to be the case for the commissioners of Maritime Affairs, for whom being a commissioner was often their first and sometimes only public function. The fact that, contrary to some other municipal boards, no commissioners were replaced in times of political unrest, neither in 1672, nor in 1748, is testimony to their political impartiality. Although in Amsterdam, the commissioners also seem to have been chosen primarily based on their expertise, these Assurantiemeesters mostly originated from the Regentenpatriciaat with all its intricate liaisons and allegiances. The Rotterdam commissioners came from a network of merchants and businessmen with active economic interests. They did not, as their Amsterdam colleagues did, occupy themselves with altering and improving ordinances or increasing the complexity of the regulatory framework. In Rotterdam, the commissioners seem to have established their authority by, among other things, handling a variety of arbitration cases.

Whether the reputation of some of the commissioners affected the overall authority of the Chamber and its insurance rulings is not clear. We have seen that the Amsterdam Chamber established its authority by directly influencing the regulatory framework and hence the conduct of many market participants involved. By taking over certain procedures that were initially dealt with by brokers and notaries, as well as by declaring that policies were only valid if signed by the KvAA’s secretary, the Chamber reinforced its own position within the market. The institutional development in Rotterdam was quite different. Both the Municipal Authorities and the commissioners must have realised that, consider-

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71 See § 3.2.2.
72 Unger, *Regering van Rotterdam*.
73 The group of families from which the municipal governors stemmed were known as the *Regentenpatriciaat*. 
ing the size and position of their insurance business, they were in no position to
forcefully demand acceptance of their authority. Theirs was a more oblique strat-
egy. F. Kracht states that soon after its re-establishment, in 1615, a great number
of cases were brought before the Chamber, which was an indication of its estab-
lished authority and respect.74 The volume of cases handled by the Chamber did
indeed increase over time from 129 cases in 1670 to 381 in 1762, after which a de-
cline seems to have set in. In 1770, 197 cases were handled and in 1780, 210. The in-
crease in cases until the 1760s was not necessarily an indication of the Chamber’s
increased authority regarding insurance cases. As the Chamber was authorised
to pass judgment not only on insurance cases, but also on gross average disputes,
as well as all on other maritime issues, it may have been that the authority of the
commissioners was held in high regard with respect to simple and straightforward
cases; this does not necessarily indicate that their authority was respected
when it came to intricate insurance and average cases with possible conflicts of
interests. No records of the first decades of existence of the Chamber have been
preserved. In 1670, the first year of which we have records at our disposal, only
four of a total of 129 cases pertained to insurance issues. It is not likely that in the
preceding decades, insurance cases had made up the majority of the Chamber’s
litigations. However, in the next few decades, the importance of insurance cases
seems to have increased. Whereas in 1670, only 3 per cent of cases were related
to insurances, this had increased to circa 14 per cent by the 1760s, but the ratio
dropped again, and by 1780, only 3 per cent of all cases were insurance cases.

This notion of increased importance of insurance cases up to the 1760s is
supported by the altering composition of the total revenues of the Chamber.
As previously mentioned, these revenues consisted of tariffs and duties as levied
from all ships and of the fees from insurance and average cases. A document
from the archives of the Chamber lists the total of revenues between 1723 and
1762. It shows that the total of revenues increased considerably, from 746 guil-
ders in 1723 to 1588 guilders in 1762, and with a maximum of almost two thou-
sand guilders in 1761 (graph 4.2).75 As the increase set in, in 1757, it seems that the
effects of the Seven Years’ War filtered through again.

However, the proceeds from insurance and average cases increased at a faster
rate than the total revenues and, the proportion of these fees in relation to the
total therefore grew significantly over time. For example, in 1723, 94 per cent of
all revenues came from tariffs and duties, whereas twenty years later this had
decreased to 86 per cent.

In 1757, another rise is insurance fees set in and in 1761, only 39 per cent was
genenerated by tariffs and duties. Graph 4.3 illustrates the development of the
composition of the Chamber’s revenues.

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74 F. Kracht, Rotterdamer Seeversicherungs-Börse, 34.
75 GAR 15, Archief Commissarissen inv.nr. 984.
Although in some years, the insurance and average fees plummeted, the overall trend is clear, especially from the 1740s onwards: the Chamber of Maritime Affairs generated an increasing amount of its revenues from fees from insurance and average cases. This increase was due either to a growing number of cases or to ever larger sums of capital being involved. Most likely, it was a combination of these two factors. In 1761, almost 1,200 guilders were earned with insurance and average litigations – clearly the effects of the Seven Years’ War (1756-63) reverberating up to the Oude Hoofdpoort.

Hence, even though the surge in the Chamber’s revenues from insurance cases in 1762 would undoubtedly also have been related to the tensions of war,
the Chamber does seem to have reinforced its position in time, as can be deduced from, on the one hand, the growing number of insurance cases between 1670 and the 1760s, and, on the other hand, the increasing share of insurance and average case fees of the Chamber’s total revenues between 1723 and 1762 (graph 4.3). It is not clear why the number, both absolute and relative, of insurance cases handled by the Chamber dropped so significantly after the 1760s. This might be an indication that after a period in which disagreements and issues were handled in a clear and unequivocal manner by the commissioners, future issues were expected to be resolved informally.

As argued previously, acceptance and acknowledgment of the Chamber’s authority were important for the further development and expansion of the Rotterdam insurance market. As industries and markets grow, and transactions become not only more frequent, but also more complex and impersonal, enforcement by a neutral third party becomes essential. After all, if it is not certain whether all involved ultimately honour their contractual obligations, the uncertainty adds a risk-premium to the market’s transaction costs. The primary objective of institutions is to reduce these uncertainties and, by extension, the overall transaction costs. Therefore, acknowledgment of the Chamber’s authority to force all parties to honour their contractual obligations was essential to the industry’s progress. There were also alternative routes for merchants, shipowners and underwriters to settle disputes and disagreements. Arbitration was the most likely course of action to take and notaries and insurance brokers were known to mediate. Moreover, the commissioners of the Chamber were also requested to arbitrate. Perhaps merchants, underwriters and ship-owners would first have appealed to the commissioners in order to negotiate and somehow avoid the Chamber’s fees, and to see whether the commissioners felt the disagreement might be settled informally. If arbitration failed, the case could then be officially put before the Chamber. Settlement by arbitration could have seriously undermined the Chamber’s authority. However, as the Chamber’s commissioners were frequently involved in arbitration, it seems likely that the informal approach was chosen not because of a lack of respect for the commissioners, but rather to evade the Chamber’s fees, or to prevent escalation of a dispute.

Nonetheless, the recognition of the Chamber’s authority and credibility, especially in comparison with the Amsterdam, apparently remained an issue of concern, even well into the eighteenth century. In 1789, the commissioners and secretary commissioned the design of an official seal. They felt that the Chamber was in need of an official cachet, to authenticate documents which were sent abroad – but also because the Amsterdam Chamber already had an official seal...

76 North, *Institutions, Institutional change*.
77 North, *Institutions, institutional change*.
at its disposal. The seal was paid for by the commissioners and secretary personally and left to their successors, ‘as an indication mark of their high opinion for the Chamber’.79

As for those appealing to the Chamber: the majority were most probably inhabitants of Rotterdam, although this cannot be stated with absolute certainty, since typically no residency of the plaintiffs or defendants was recorded in the Chamber’s Rol. Occasionally, the names of Amsterdam merchants, often acting as co-underwriter alongside underwriters residing in Rotterdam, appear in the Chamber’s records.80

Appeals against the rulings of the Chamber were possible, either in the local Schepenen Court or, bypassing this local court, and directly appealing to the Hof van Holland. In the bylaw of 1721 it was decreed that appeals were henceforth to be directed to the local Schepenen Court, with the exception of insurance and average cases which could still be appealed to directly in the Hof van Holland.81 Even though the Chamber’s rulings were supposed to be binding, records nonetheless show that the commissioners would sometimes hear a case a second or third time.

In conclusion, although the municipality of Rotterdam chose not to regulate the insurance industry as strictly as was the case in Amsterdam, the Chamber’s authority, the regulations and conditions, and the commissioners’ responsibilities were nonetheless clearly defined. The possible effects of the rather flexible application and enforcement of the law on the overall development and functioning of the Rotterdam insurance market is discussed in § 4.3.

79 gar 15, Archief Commissarissen inv.nr. 984, fo.9.
80 gar 15, Archief Commissarissen inv.nr. 986–1063.
81 The ordinance does not include regulation for a possible appeal at the Hoge Raad, Van Niekerk, Principles of Insurance Law, 220–223; Vergouwen, Makelaardij in assurantiën, 81; Goudsmit, Geschiedenis van het Nederlandsche zeerecht, 402–403.
§ 4.2.2 Brokers, pondgaarders and unauthorised brokers

“This I swear, that I shall be Broker of the City of Rotterdam, and that I shall faithfully sell all merchandise and trades, which were entrusted to me by the Merchants, without exerting any fraud, deceit or dissimulation, and that for such a salary as has been fixed for these merchandise and trades, and wares, respectively, according to the ordinance, made up for it without having the right to claim or receive more salary. Also, that I shall not execute factory or trade of my own. Also, that I shall pertinently write down all trade actions performed by me, or through me, noting the day, the goods, prices, buyer and seller, and keep record thereof properly and honestly and at any time whenever requested by the hon. Burgomasters and the Merchants lay the same bare for inspection. And furthermore I shall obey my Lords Burgomasters and Regents of this city, and that in so far as I came to know anything that would run counter to this City’s common wealth or trades, I shall bring this to their notice. I shall observe and fulfil the orders of the Burgomasters, and also assist the Burgomasters and Regents with body and life when requested in time of distress, and furthermore do what a good and faithful broker is obliged to do. So verily help me, God Almighty.”

So read the oath brokers were required to take annually in May, after the publica- tion of a new bylaw regarding broking in 1682. The group of brokers in Rot- terdam was considerably smaller than in Amsterdam, as were the transaction volumes they dealt with, but the fundamentals of the transactions were similar. There were a number of parallels between Amsterdam and Rotterdam in terms of insurance broking. For example, in neither city did insurance policies have to be endorsed by a notary; a policy drawn up by a broker would suffice. However, there were also quite a few remarkable differences between these two cities regarding the position of brokers in general and their relationship with, for example, the corps of underwriters and the municipal authorities. Whereas in Amsterdam, the archives of the Brokers’ Guild and other relevant municipal archives bear testimony of the continuous battle of the authorities and the Guild against unsworn brokers, in Rotterdam, there are hardly any references to be found to the existence of unauthorised brokers. Undoubtedly, unauthorised brokers were also active in Rotterdam, working alongside their sworn peers, but apparently this did not pose any serious problems. How was it possible for brokers and unauthorised brokers to work alongside one another without the prob-

82 Gar 1.01, OSA Nieuwe Keur en ordonnantie betreffende Makelaardijk 25 April 1682.
83 Vergouwen, Makelaardij in assurantiën, 79.
84 The archives of the Makelaars and Pondgaarders Guild in Rotterdam are very limited and refer mostly to the end of the eighteenth and the beginning of the nineteenth centuries. Bijlooper was the commonly used term for brokers working on the sly, not being admitted to the Guild.
lems and tensions occurring in Amsterdam? The approach of the municipality towards the profession of broking would certainly have had a positive influence on the development of the business as well as on the social position of the brokers. But how exactly did the municipal policy influence the conditions? And what was the role of the Brokers’ Guild? Even though a formal Guild existed in Rotterdam in the seventeenth and eighteenth centuries, its position seems to have been weak and its influence on the municipality minimal. Why did the situation in Rotterdam differ so significantly from the setting in Amsterdam and how did this disparity develop over time? As the United Kingdom was proclaimed in the nineteenth century, one would expect the municipal regulatory and institutional frameworks to converge and the various differences to diminish. This convergence, however, did not take place. In fact, the gap between the institutional make-up widened even more in the nineteenth century, as Davids has argued. I argue that the position of the municipality towards broking and the resulting status of brokers was crucial to the particular development taking place in Rotterdam and may well have been an important explanatory factor of the differences with Amsterdam.

The disparity between Amsterdam and Rotterdam dates back to the fifteenth century, when broking was still officially prohibited in Amsterdam and looked upon with great distrust. In contrast, the Rotterdam authorities not only accepted but also acknowledged this way of intermediation as a valuable addition to the development of trade, as early as at the beginning of the fifteenth century. The Vroedschap of Rotterdam was aware of the importance of and need for brokers to strengthen its position in international trade: foreign merchants were after all in need of a trustworthy intermediary when visiting the city with merchandise. From early on a distinction was made between brokers dealing in grain and seeds, who were called Pondgaarders and brokers dealing in all other goods, named Makelaars. Considering Rotterdam’s acceptance of broking and the fact that Amsterdam issued its first broking bylaw in 1530, Rotterdam’s first bylaw, dated 21 April 1632, was decreed relatively late. However, apart from broking bylaws and ordinances, brokers were subject to other regulations as well, for example the Guild regulations. In addition, brokers dealing in insurance were also bound by the ordinance on Insurance and Average in general and the stipulations regarding broking in particular. The ordinance on Insurance of 1604 was actually the first to include regulations concerning brokers.

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85 For a comparison with the situation of the Guilds in Amsterdam, see Prak and Hesselink, ‘Stad van gevestigden’, 94-95.
86 Davids, ‘Makelaardij in Rotterdam’, 439.
87 This can be deduced from a bylaw which was drawn up between 1408 and 1414, Vergouwen, Makelaardij in assurantiën, 77-78.
88 As of 1682 it was prohibited to be both makelaar and pondgaarders, Vergouwen, Makelaardij in assurantiën, 77-85.
The bylaw of 1632, which, according to Vergouwen, was drawn up because issues and problems had arisen with brokers and pondgaarders, was clearly inspired by the Amsterdam ordinance on broking. As in Amsterdam, brokers were not allowed to have commercial interests in the trade in which they were active as brokers, nor were they allowed to form associations. They were to honour the code of confidentiality. They were to wait until contacted by ship-owners or merchants and were explicitly not permitted to actively seek out business or to deal with merchants they knew to be insolvent, nor to assist in ‘dishonest’ transactions. Brokers were bound by the official list of fees and were prohibited from charging higher fees. In addition, as of 1643, it was mandatory for (licensed) brokers to carry a broker’s stick, similar to the one their Amsterdam colleagues were expected to carry.

Furthermore, insurance brokers were not allowed to act as underwriters, but it was never prohibited for brokers to insure themselves, as was the case in Amsterdam. In line with the general directives, insurance brokers were required to keep records of all additions and changes to policies and they were bound by the regulations of the insurance ordinance if they were the ones drawing up the policy. The payment of premiums was for the most part left to general practice. It was only stipulated that in case the ship name or the name of the captain was not stated on the policy, premiums had to be paid in cash and no reimbursement was possible.

Pertaining to the brokers’ fee, it apparently became common practice between 1682 and 1719 for the fee to be paid by the underwriter. The ‘closing fee’ was set at 3 stuivers, 8 penningen per 100 guilders of insured value. In addition, for receiving, counting, and passing on the premium, a broker was entitled to 1 stuiver, 8 penningen per 100 guilders of the value to be insured. In spite of this distinction between the general fee and the fee for handling the premium, most underwriters had the brokers deal with the premium and therefore, customarily, a premium of 5 stuivers was paid. This would have corresponded with the premium in Amsterdam which had also been set at ¼ per cent.

However, in spite of these various restrictions, brokers enjoyed relative freedom in their activities. Whereas in Amsterdam, brokers were no longer, as of 1640, allowed to deliver announcements to underwriters, and they often came in conflict with merchants, ship-owners and the Amsterdam authorities, Rotterdam brokers were not restricted in this way. Even though a broker was official-
ly considered to be ‘a servant to the merchant’ instead of his equal, they seemed to be respected and valued for their knowledge and experience. They were, along with notaries, officially permitted to deal with announcements to underwriters and to represent plaintiffs or defendants before the Chamber of Maritime Affairs. Insurance brokers were frequently requested to serve as arbitrator in complex insurance cases, a clear sign of their respected position and acknowledgement of their knowledge and experience. While in Amsterdam the Vroedschap continuously issued more stringent regulations and increased the penalties on breaching these directives, in Rotterdam only a few additions and alterations were made to the bylaw and ordinance and the authorities were reticent when it came to instituting and increasing fines.

Clearly, the Rotterdam municipality’s primary concern was to prevent any negative consequences for the city’s commercial position by guarding and controlling the brokers’ neutral position and reputation. The Guild, and in particular the three Hoofdtyden, who were commissioned by the Vroedschap, were formally expected to support the municipal policy by honouring and upholding the bylaw and ordinance.

The Brokers’ Guild, which was formally named Makelaars en Pondgaarders-gilde was first referred to in 1632, but had in all probability been in existence longer. In comparison to other brokers’ guilds in the Republic the formal Guild appeared relatively late, but this is true of all guilds in Rotterdam, where it took a long time for these organisations to form. Guilds had never been very influential in Rotterdam and the Brokers’ Guild was no exception. There are few references to the Guild, its members – of which there was a very limited number – and their activities in the city’s archives. It seems that now and again the municipality would seek the Guild’s advice on various issues but the actual decision-making was done by the authorities. Hence, the ability of the Guild to act as a distributional coalition was very limited, as Davids has remarked. The fact that the revenue of fines for breaching bylaws or regulations went to the poor instead of to the Guild may well be an indication of the relatively weak political position of the Guild.

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94 The ordinance of 1719 still refers to brokers as being the merchant’s servant. Vergouwen, Makelaardij in assurantiën, 88.
95 For example, broker Tieleman Goris acted as arbitrator in a case, along with two merchants, Vergouwen, Makelaardij in assurantiën, 81, n. 1.
96 In 1719 a restriction was added, stating that brokers were not allowed to hire as servant someone who had been registered as an unauthorised broker, Vergouwen, Makelaardij in assurantiën, 88.
97 Vergouwen, Makelaardij in assurantiën, 83-91.
98 Ibid., 83; Van der Schoor, Stad in aanwas, 63.
99 Davids, Makelaardij in Rotterdam, 444-446.
100 Vergouwen, Makelaardij in assurantiën, 91.
Perhaps the Guild was as powerful as it needed to be: since the authorities took a relatively positive attitude towards broking, there may not have been as much need for collusive action and an opposing voice as in Amsterdam. For example, the Rotterdam municipality was not as strict as their peers when it came to setting and maintaining the number of brokers. More often than not, the number of broking licenses exceeded the formal limit. In 1707, for instance, only 38 brokers and pondgaarders were allowed, whereas in reality no less than 23 pondgaarders and 39 brokers were active.\textsuperscript{101}

Apart from being flexible as to the number of brokers and pondgaarders, the city also did not create unnecessary obstructions for those interested in being admitted as broker. Brokers were, for example, allowed to lease their licence. Thus, all awarded licences were made use of whereas in Amsterdam many licensed brokers were no longer active which ultimately promoted the emergence of unauthorised brokers who took advantage of the need for intermediation. The Rotterdam municipality furthermore devised an alternative route for becoming a licensed broker. In addition to the possibility of leasing a licence, one could also be permitted to act as ‘extra-ordinaris’ broker in order to gain experience for a number of years, before attaining official status. The extra-ordinaris brokers were especially appointed in businesses with an apparent shortage of brokers. However, due to the fact that, from the middle of the eighteenth century onwards, the city’s financial situation deteriorated, it became harder to obtain permission to lease a brokers’ licence: the city was in need of the extra revenues it could obtain by selling new licences. Nonetheless, even under these circumstances, the authorities were not too strict or indifferent to its inhabitants’ troubles. When trade was heavily affected by the Fourth Anglo-Dutch War and brokers were confronted with a decrease of their revenues, the city lowered the admittance fee for potential brokers.\textsuperscript{102}

Consequently, the atmosphere between the municipality and the corps of brokers seems to have been relatively relaxed, and this even seems to have extended to the unauthorised brokers whose presence was tolerated – if not accepted. This is, of course, in great contrast to the situation in Amsterdam, where licensed brokers bitterly opposed their unsworn peers. In Rotterdam, instances of Guild brothers reporting unauthorised brokers to the Guild or municipality were rare – even though the licensed broker would then be allowed to keep the unauthorised broker’s fee in case of a report.\textsuperscript{103} The fact that the Guild did not benefit from any penalties would certainly not have motivated the Guild members to report their unsworn peers.

\textsuperscript{101} Davids, ‘Makelaardij in Rotterdam’, 441.
\textsuperscript{102} Ibid., 441-445.
\textsuperscript{103} Vergouwen, Makelaardij in assurantiën, 85; Davids, ‘Makelaardij in Rotterdam’, 442.
The tolerance towards unauthorised brokers is interesting, even more so since because brokers and pondgaarders were required to pay a certain fee to be accepted and sworn in. The fee was set at 100 guilders in 1632 and raised to 1,000 guilders for brokers and 3,000 guilders for pondgaarders in 1719. As Vergouwen states, it is doubtful whether this requirement helped to resolve the issue of unauthorised brokers. It did, however, give those dealing with licensed brokers and pondgaarders a certain guarantee regarding their financial solidity. For those who could not afford the admittance fee, or who had not acquired the city's citizenship (poorterschap), unauthorised broking was still an appealing option.104

Why then would anyone still have aspired to the status of 'sworn broker'? The perceived benefits of becoming a sworn broker were probably that one would have been able to do one's business 'in the open', it would probably have been easier to generate new business and, undoubtedly, to charge a higher fee.105 Brokers appear in the list of occupations in the Personeele Quotisatie of 1742, but – contrary to Amsterdam – no unauthorised brokers are listed for Rotterdam, making it impossible to draw conclusions as to their income and wealth. However, in all probability, their income would not have exceeded the income of the official brokers.106 The benefits of Guild membership are even less clear, as the Guild never did seem to have had much influence and had not formed a box to support its Guild members in times of need.107 Underwriters, and almost certainly merchants and ship-owners too, did not seem to care whether or not a broker had taken the official oath and had officially been instated by the authorities. Stad Rotterdam, for example, has records of doing business with both brokers and unauthorised brokers.108 The records do not specify whether the brokers were official or not, supporting the notion that the status of the broker was indeed of little interest to the company. The fact that even a company such as Stad Rotterdam, with its many links to the city's government, but also with a licensed broker as member of the management board, did not discriminate between sworn and unsworn brokers, as well as the lack of reports on unauthorised brokers, are all indications that the Burgomasters and Schepenen, but also the brokers themselves, were not too concerned with the issue of unauthorised brokers.109

104 Vergouwen, Makelaardij in assurantiën, 82; Davids, ‘Makelaardij in Rotterdam’, 442.
105 As stated previously (chapter 3), De Vries and Van der Woude, have estimated that brokers on average earned 2,000 to 2,500 guilders per year, De Vries and Van der Woude, First modern economy, 582-583, table 11.23.
106 Oldewelt (ed.), Kohier van de Personeele Quotisatie; Oldewelt, ‘De beroepsstructuur’ and ‘De beroepsstructuur; vervolg; personeele quotisatie’.
107 Davids, ‘Makelaardij in Rotterdam’, 446.
108 Vergouwen, Makelaardij in assurantiën, 97.
109 Franco Cordelois was an insurance broker and a member of the directie of Stad Rotterdam.
Underwriters seemed more interested in the percentage of the brokers’ fee and the position of a broker in case of issues arising, than in their official status. Pertaining to the latter, an interesting example relates to the well-known broker, Jan de Vrijer. *Stad Rotterdam* no longer wished to do business with him and he was even barred from the premises of the company. According to the company’s records, Jan de Vrijer drew up policy contracts which were disadvantageous to underwriters and too beneficial to the insured.\(^\text{110}\) Clearly, a dispute between a well-known broker and one of the major underwriters (and the only insurance company) did not benefit either party and thus, after apologies were made, Jan de Vrijer was once again welcome at *Stad Rotterdam*. This example illustrates a general complaint of underwriters, namely that the Rotterdam brokers often sided with the insured when disputes arose. *Stad Rotterdam*, along with other underwriters, even issued an official complaint against the *Vroedschap*. It is not known how the municipality responded to this grievance.\(^\text{111}\)

As for the issue that brought about many requests and appeals in Amsterdam, i.e. brokers trading on their own account, it did not seem to have caused many problems in Rotterdam. According to Vergouwen, most brokers seem to have honoured the prohibition and did not pursue business activities other than broking.\(^\text{112}\) The fact that a broker was a member of the management board of the only existing insurance company apparently did not qualify as ‘other activities’ and was not regarded as a potential source of problems.

In contrast with the seeming obedience of brokers from pursuing other business opportunities, they frequently violated the ban on collaboration. The *Vroedschap* obviously intended to avoid manipulation of markets by collaborating brokers and thus prohibited brokers forming partnerships. Perhaps because the authorities were aware that such partnerships were nevertheless formed on the sly, they occasionally consented to dispensation from this ban.\(^\text{113}\) A well-known and successful example of such a dispensation is the establishment of the first brokers’ firm by Franco Cordelois, Jan De Vrijer and Gregorius Mees in 1720. They were allowed to form a company, providing they would not participate in secret combinations or collaborations with other brokers.\(^\text{114}\)

When Cordelois, De Vrijer & Mees founded their company, they were active as bill brokers, as well as insurance brokers, but mostly as cashiers. Apart from

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110 GAR 199, Archief Stad Rotterdam inv.nr. 1; Vergouwen, *Makelaardij in assurantiën*, 89-90.
111 GAR 199, Archief Stad Rotterdam inv.nr. 1; Vergouwen, *Makelaardij in assurantiën*, 89.
113 Ibid., 90.
114 When De Vrijer was banned from the premises of *Stad Rotterdam* and the company refused to do business with this particular broker, the ban did not include his partners, Cordelois and Mees. The firm was initially named Cordelois, De Vrijer & Mees, Vergouwen, *Makelaardij in assurantiën*, 90.
the distinction between brokers and pondgaarders, the majority of brokers dealt in a variety of goods and services. As in Amsterdam, it took a considerable time for brokers to commit to a certain specialism. In the Heerenboekjes, books which contained lists of a city’s Burgomasters, Schepenen, dignitaries and other professionals, brokers were listed for the first time in 1707, but no area of expertise was mentioned until the late 1830s. Most brokers who were active as insurance brokers combined this business either with bill-broking, or with banking activities. Vergouwen estimates that during the entire eighteenth century, 12 or 13 brokers were active as insurance brokers in the Maas city. Cordelois, De Vrijer & Mees seem to have been quite successful in their endeavours and they seem to have acquired a substantial market position soon after the establishment of their company. In 1721, they are listed as the intermediaries generating the largest amount of business for Stad Rotterdam. On average, they contributed approximately two hundred thousand guilders per month of the total amount insured. The fact that Cordelois was a member of the management board would certainly have helped him to acquire this position. Apart from Cordelois, De Vrijer & Mees, two other brokers’ firms were soon established, both also active as insurance brokers. Van Dam, another broker, combined insurance broking with ship broking.

Cordelois, De Vrijer and Mees’s initiative to collaborate and start a new firm came at a time when, after a period in which the Republic had been confronted with war and political turmoil, trade was picking up once again and the economic outlook was bright. In this atmosphere, several novel schemes and ideas were launched. The founding of the Republic’s first insurance company, Stad Rotterdam, particularly attracted attention and investors. But innovation was not limited to the private sector: in 1719 a new brokers’ ordinance was issued in Rotterdam, which was considered to be quite innovative. This bylaw would see only a few alterations in the course of the eighteenth century but would retain its validity for more than a century, until it was replaced in 1838. A new Insurance ordinance (which was to form the basis of the new Insurance ordinance of Amsterdam in

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115 Davids, ‘Makelaardij in Rotterdam’, 448.
116 By comparing the lists of brokers in the Heerenboekjes with the names in the records of Stad Rotterdam Vergouwen concludes that at least the following brokers were active as insurance brokers in 1725: Franco Cordelois, Kornelis Harel, Gregorius Mees, Pieter Baart, Jan la Case, Jan Rijzendaal, Jan de Vrijer, Gabriël Covitré, Nikolaas Zantvoort, Gillis Vogel, Alexander Fettes, Jacob Beyerman, Pieter van der Werke and in 1770: Nikolaes Versteeg, Martinus Beusekom, Willem van der Sluys, Anthoni van Baert, Jan de Fromantiou, Rudolph Mees, Willem de Cromme, Jan Havelaar, Jacob Beyerman de Jonge, Adrianus Dame (rented from Michiel Baelde), Vergouwen, Makelaardij in assurantiën, 96-99.
117 The second oldest company, Ian Havelaar & Zoon, established in 1754, was also active as cashier and insurance broker. The third firm, Bros. Chabot & Co., was established in 1769 and combined its insurance business with bill broking, as well as cashing, Vergouwen, Makelaardij in assurantiën, 99-101.
192 Marine Insurance in the Netherlands 1600-1870

1744 as well as the Insurance ordinance of the city of Dordrecht, issued in 1775) was issued in 1721. The decision to build a new bourse was taken in 1722.118 It was clearly a time of financial, economic and institutional innovation.

The eighteenth century was marked by a number of international conflicts and wars, affecting trade and commerce all around. Insurance premiums would soar in times when war loomed and drop again as treaties were signed. These volatile and ever-changing circumstances stirred innovation, not only in military techniques or weaponry, but also in the context of the insurance business. Brokers formulated new clauses for insurance premiums in order to prevent underwriters from leaving the insurance market altogether by reducing their underwriting risks to an acceptable level. The clauses would, for example, exclude loss or damages incurred by certain attackers, or a discount would be given on a premium if a ship sailed under the protection of convoy or if merchandise was shipped on a ‘neutral’ vessel: a ship flying the flag of a country uninvolved in the hostilities. Thus, in the course of the eighteenth century, policies came on offer that excluded molest (vrij van molest). Usually, this would refer to all kinds of molest and assault, regardless of the aggressors, but occasionally policies were sold that read ‘excluding molest by Moorish, Algerian or Turkish pirates’ or ‘excluding North-American molest’, not uncommon during the American War of Independence. Apart from these ‘conflict-induced’ novelties, the growing insurance market, together with the fact that certain brokers and broking firms started to specialise in insurances, also generated innovation and professionalisation. For example, due to the growing number of fishing vessels for which insurance was sought, the firm of R. Mees & Zoonen, one of the principal maritime insurance brokers in Rotterdam, issued a policy specifically for fishing vessels, with a unique clause regarding the term of validity of the policy. Apart from R. Mees & Zoonen, the broking firms of Ian Havelaar & Zoon, Willem van Dam, Daniel Madry, and David Chabot also specialised in insurances.119 It is no coincidence that the oldest and most reputable broking firms were involved in maritime insurances: this business was characterised by large transaction volumes, risks that were often volatile and difficult to assess and, in case of damages or loss, a complicated procedure, in which the broker played a major part. Only the more experienced and respectable brokers were able to deal with these complex issues.

Notwithstanding the experience and knowledge of these respectable firms, by the turn of the century even they were confronted with lower trade volumes and economic decline as a consequence of the unstable Batavian Period. Smaller and less prominent broking firms or brokers would undoubtedly have suf-

119 Apart from maritime insurances, an increasing amount of fire insurances were sold. Insurances to cover ransoms in case of abduction by pirates were also on offer, as were policies to cover the lives of slaves from Africa, Vergouwen, *Makelaardij in assurantiën*, 103-104.
fered more severely during these difficult times. At the turn of the century, the number of brokers in Amsterdam dropped faster than trade volumes decreased, but Rotterdam was once again relatively stable and the number of brokers did not show a significant drop. As merchants, ship-owners, underwriters and brokers were all confronted with new risks due to the Napoleonic wars and limitations as a result of the Continental System instated by the French in 1806, brokers pragmatically re-wrote their policies once again in order to generate some insurance business. In addition to the vrij van molest policies, lower premiums for ‘neutral ships’, they bypassed the Continental Blockade by not specifying the ‘hostile’ ports of destination in England. The policies would simply state ‘place in the North Sea’ as destination.  

Following the Batavian-French Period, the United Kingdom of the Netherlands was proclaimed in 1815. In spite of the many changes made by, in particular, the French, many old practices and structures endured. Even though the country had now been united and a new king, William I, was instated, the Republic’s legacy of municipal control appeared too embedded to simply give way. Economic policy remained fragmented and dominated by local and regional interests, rather than by national benefits. Thus, convergence of the local institutional structures in place in Amsterdam and Rotterdam, which would have been feasible in case of effective national policy, did not take place. On the contrary, as Davids has observed, the institutional development in Amsterdam and Rotterdam deviated even more in the nineteenth century.

Whereas in Amsterdam an official and formal successor to the Brokers’ Guild was established in 1817, in Rotterdam no formal new Guild organisation was initiated. Choices once made may lead to certain circumstances that exclude certain other developments and thus influence future developments. The differing developments in the two cities constitute an example of path-dependency: history indeed matters.

Davids has identified three reasons for the significant difference between Amsterdam and Rotterdam. The fact that the Rotterdam brokers never instigated a mutual box was crucial to this disparity. The continuance of the mutual box was a clear rationale for the brokers in Amsterdam to maintain their Guild; a motive not relevant in Rotterdam. Furthermore, in Amsterdam, the potential threat of unauthorised brokers increased as it became more difficult for prospective brokers to obtain an official position. As the Rotterdam municipality had always displayed a more pragmatic stance and had not been as strict in maintaining the limited number of brokers as in Amsterdam, there were far fewer unauthorised brokers in Rotterdam than in Amsterdam. Consequently, the

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120 Gar 199, Archief Stad Rotterdam inv.nr. 226, Vergouwen, Makelaardij in assurantiën, 102-108.
121 Davids, ‘Makelaardij in Rotterdam’, 446.
need felt by authorised brokers to preserve their position and oppose unauthorised brokers was much less urgent in Rotterdam than Amsterdam. Finally, as Davids argues, there was hardly any need for a formal brokers’ association to be established in Rotterdam as the brokers found their interests well represented and looked after: the distance between the municipal authorities and the corps of brokers had been reduced and in some ways had faded away as a new entrepreneurial elite had made its way into municipal committees or boards. Prominent families and firms of brokers such as Mees, Chabot and Havelaar now had close ties to the municipal government.

In Amsterdam, no comparable development had taken place: the political elite had of old retained their privileged positions and some form of official representation was a necessity for brokers to safeguard their position, income and interests. Davids stresses that the lack of a formal brokers’ association in Rotterdam was not due to the fact that the Rotterdam brokers were unwilling or unable to collude, since there were examples of collusive actions after 1813. While the brokers in Amsterdam were in need of a committed official representation, their peers in Rotterdam were satisfied with informal and impromptu collusion. The necessity of a formal association was less urgent: the conflicts which were known to take place between brokers, merchants, the municipality and unauthorised brokers in Amsterdam and the manner and procedures used to deal with them simply did not arise in Rotterdam: ‘the institutional context had already reached another stage’, as Davids concludes. In spite of the significant exogenous influences, the institutional self-reinforcing characteristics prevailed: a clear example of path-dependency.

Hence, there was little enthusiasm among the Rotterdam brokers for investing in an unnecessary and outdated organisation such as the Guild. This is painfully obvious from the decreasing number of Guild members in the first decades of the nineteenth century. In November 1811, the Rotterdam Brokers’ Guild consisted of 12 contributing members. Two months later, in January 1812, this number had dwindled to six members only. Many Guild members had discontinued their membership and stopped paying their membership fee because the Guild was no longer maintained.

Regardless of the unfortunate fate of the Guild, the total number of brokers in Rotterdam did not show a similar trend. Although the authorities no longer

122 Ibid., 448.
123 Ibid., 449-450.
124 Ibid., 446-451.
125 Ibid., 447.
126 North, Institutions, institutional change, chapter 11.
127 Although it had once been routine for all sworn brokers to be member of the Guild, this was clearly no longer the case.
128 Davids, ‘Makelaardij in Rotterdam’, 446.
limited the number of brokers and pondgaarders as of the ordinance of 1719, the number remained relatively stable. Up until the end of the 1760s, there were approximately 60 brokers. In the course of the following decade, this total increased to approximately 70, but by the end of the eighteenth century it had decreased again to a stable number of approximately 60 brokers and pondgaarders.\(^{129}\) As previously mentioned, during the eighteenth century, approximately 12 of them were involved in maritime insurances.

After an increase during the 1820s and 1830s, the number of brokers showed a temporary decrease in the 1840s, partly due to a more restrictive policy on the part of the municipality; the maximum number of brokers never exceeding 90. As table 4.1 shows, in the following two decades, the number of maritime and fire insurance brokers grew significantly.\(^{130}\) This was a direct consequence of the process of liberalisation that gained momentum in the Netherlands in the second half of the nineteenth century.\(^{131}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of brokers and pondgaarders as allowed by bylaw or ordinance</th>
<th>Number of brokers</th>
<th>Of which were active as insurance broker</th>
</tr>
</thead>
<tbody>
<tr>
<td>1632</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1682</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1707</td>
<td>38</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>1725</td>
<td>40</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>1740</td>
<td>39</td>
<td>Appr. 12</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>44</td>
<td>Appr. 12</td>
<td></td>
</tr>
<tr>
<td>1780</td>
<td>56</td>
<td>Appr. 12</td>
<td></td>
</tr>
<tr>
<td>1806</td>
<td>55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1808</td>
<td>48</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>1821</td>
<td>51</td>
<td>5 est.</td>
<td></td>
</tr>
<tr>
<td>1838</td>
<td>71 (76)</td>
<td>5 est.</td>
<td></td>
</tr>
<tr>
<td>1847</td>
<td>58</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1859</td>
<td>86</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>1869</td>
<td>153</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.1: Number of brokers and insurance brokers in Rotterdam between 1632 and 1869.
The total number of brokers includes regular brokers, those leasing a licence, and extra-ordinaris brokers. It does not include the pondgaarders.
Sources: Davids, ‘Makelaardij in Rotterdam’, tables 1-3; Vergouwen, Makelaardij in assurantiën.

\(^{129}\) Vergouwen, Makelaardij in assurantiën, 84, 96; Davids, ‘Makelaardij in Rotterdam’, 441.

\(^{130}\) Davids, ‘Makelaardij in Rotterdam’, 447-449.

\(^{131}\) Van Zanden and Van Riel, Strictures of Inheritance; Davids, ‘Makelaardij in Rotterdam’, 450.
A debate unfolded on whether the municipality was in fact qualified to regulate the brokers. Ultimately, as of 1852, it was no longer necessary to obtain an official commission in order to be active as broker and from then on, the profession of broker was open to anyone interested. As a result, not only did the number of brokers increase considerably, there was no longer any regulating force. At the same time, the insurance brokers were confronted with another development: the increasing number of representative agents of foreign insurance companies taking up office in the city. As these agents did not always seek the services of a broker, but instead dealt with the formalities themselves, their presence created a new form of competition for the insurance brokers in the Maas-city.

A few prominent brokers, most notably Marten Mees, observed a growing number of problems and difficulties as some of these representative agents exceeded their licence or authorisation. Marten Mees was known to have reflected upon the limited expertise of many of his peers. According to him, only three brokers in Rotterdam were actually knowledgeable and consequently, these three handled the major part of all Rotterdam insurance policies. Alarmed by the effects these issues would have on the reputation of the insurance market – especially as international competition was ever increasing – Mees took the initiative to control and regulate the representative insurance agents in Rotterdam: the vacuum that was created after the regulatory framework fell away formed the impetus for brokers to step in and fill the void.

In conclusion, the brokers in Rotterdam may not have dealt in insurances as important as their Amsterdam peers, or have handled the same volume, but their position in relation to others involved in the insurance business was certainly also not as vulnerable. In an atmosphere that seemed relatively stress-free, they were granted a certain amount of esteem, if not equality. Prominent brokers joined the political elite and expanded their networks in various ways. Within this environment, brokers were able to professionalise and innovate and influence the overall development of the insurance business. Moreover, in instances where disputes did arise, their opinion was taken seriously, for when brokers collectively refused to declare the oath the municipality concurred and ultimately decided in their favour.

132 Davids, ‘Makelaardij in Rotterdam’, 450.
133 Ibid., 450.
134 Mees, Man van de daad, 470.
135 See § 4.3.2 for details regarding Mees’ initiative to regulate the representative insurance agents. Davids, ‘Makelaardij in Rotterdam’, 450.
136 Unfortunately Bijlsma does not elaborate on the nature of the issue, Bylsma, ‘Feuilletotor’. 
§ 4.2.3 The insured

Introduction
On January 15, 1630, the recently widowed Adriaentge Jans Snaets went to Adriaan Kieboom, notary in Rotterdam, in the company of Burger Wesselsz and Willem Nobel, both custodians of Adriaentge's unborn child. They authorised Maerten Claesz Thoveling of Amsterdam to handle the insurance claim payments for 7/32 part of a ship owned by Adriaentge's late husband, Michiel Hubrechtsz Punt. Apparently the ship, the *St Jacob*, was lost and Mr Punt’s widow was taking steps to receive the claim payment from the Amsterdam underwriters, Isaack Jansz and another, unnamed, insurer.  

Pieter Jansz. Blanckert, brewer and merchant, had a cargo of wine insured in 1635 by 12 underwriters from Amsterdam, amongst them Andries Pels. The ship, *De Jager*, was taken by the Dunkirk privateers but later recaptured by captain Pottebreker. Unfortunately a lot of wine was either spilled or consumed and so Blanckert demanded damage payments. Two examples among undoubtedly many more instances in which Rotterdam merchants, ship-owners or owners of parts of ships relied on the Amsterdam insurance market to have their interests insured. Was it always necessary for merchants and ship-owners in Rotterdam to seek insurance cov—

137 GAR, ONA 148, nr 262, fo. 411, 15 January 1630, Notary Adriaan Kieboom.

138 GAR, ONA 145, nr 18, fo. 28, 2 April, 1635, Notary Arnout Wagensvelt.
verage in Amsterdam or was there sufficient local supply of underwriting capital and did they go elsewhere for other reasons? Apart from Amsterdam, did Rotterdam’s businessmen turn to other insurance centres for their policies? How did these transactions come about? Not only were the trade network and the economy of Rotterdam significantly smaller than in Amsterdam, it clearly also had a different character and focus. In this section, we examine whether this distinct nature influenced the conduct of those seeking insurance coverage. For example, did it affect the volume of the transactions, the instances in which insurances were taken out or the decision to close insurances either locally or elsewhere? We also consider whether ship-owners and merchants other than those from the city relied on the Rotterdam insurance market. After all, Rotterdam had managed to surpass Amsterdam with the establishment of *Stad Rotterdam*, but did this expansion of Rotterdam’s underwriting capital indeed attract new business?

As was the case in Amsterdam, information regarding those seeking insurance coverage is scarce. Although several names of insured appear more than once in the records of the Chamber of Maritime Affairs, indicating that insuring was routine for at least some of Rotterdam’s entrepreneurs, those seeking insurance coverage did not form a clearly defined group. In addition, as in Amsterdam, some entrepreneurs were sometimes active as underwriters, and sometimes seeking coverage for their ships or merchandise. On the basis of the notary deeds and records of both the Chamber of Maritime Affairs and of *Stad Rotterdam*, the only comprehensive records of underwriters, we can reconstruct the decisions and behaviour of the insured of Rotterdam, albeit in quite a sketchy manner at times.

*The demand for insurance until the end of the eighteenth century*

The local merchants and ship-owners139 were the most important group making use of the possibilities of the Rotterdam insurance market, but their colleagues from Amsterdam seem to have occasionally done so too. For example, in 1632, Heynrick van der Cloot, merchant of Rotterdam, insured Jacob Bisschop from Amsterdam. Apparently he needed to authorise Jacob Pietersz Bouma, procurator in Amsterdam, to claim his premiums from Bisschop.140 The scope of Rotterdam’s network of trade was the primary source of potential customers. A horse trader from Groningen, for example, had his horses insured in Rotterdam in

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139 Numerous examples can be found in the notary archives, for instance the case of Jean van de Luffel, merchant, who had his 5/48 part in a ship insured by Roeloff Codde and Hans Schepel, each writing for fl. 1050. *Gar 18, ona inv.nr. 149, nr. 529, fo. 898, 15 March 1633*, Notary Adriaan Kieboom.

140 *Gar 18, ona inv.nr. 174, nr 91, fo. 135, 4 November 1632*, Notary Nicolaas Vogel Adriaansz.
1638 as the city was a major port of departure for the horse trade with France.\textsuperscript{141} Even merchants from outside the Republic relied on the Rotterdam underwriters for coverage. Marc Zerezay, merchant from Nantes, had his merchandise insured in Rotterdam, as recorded by notary Nicolaas Vogel Adriaansz in 1633.\textsuperscript{142} In addition, from time to time, English merchants had their goods insured in Rotterdam: in 1644 Willem Herres, English merchant, authorised another English merchant, Jan Cheppert, to claim insurance money in his name.\textsuperscript{143} Demand for insurances written by Rotterdam underwriters thus came both from local merchants and ship-owners as well as from elsewhere in the Republic and from abroad. Foreigners and other non-residents seeking coverage in Rotterdam were often, but not always, in some way economically bound to the city.

For example, the \textit{Middelburgsche Commercie Compagnie} (mcc), based in the province of Zeeland, was bound by its statutes to take out insurances with the local \textit{Middelburgsche Assurantie Compagnie} (mac), providing the latter's rates were competitive.\textsuperscript{144} Apparently, the rates were not considered competitive enough as the mcc had their insurances written in Amsterdam and Rotterdam.\textsuperscript{145} In Amsterdam, the company was represented by F. van Gelre, in Rotterdam, the company had commissioned Pieter and Rudolf Baelde.\textsuperscript{146} Pieter Baelde was also known to represent the so-called \textit{Lorrendrayers} when they took out insurance in Rotterdam. \textit{Lorrendrayers} were interlopers trading on West-Africa and thereby by-passing the monopoly of the West India Company. Ruud Paesie, in his recent research on this particular trade, established that a number of these \textit{Lorrendrayers}, who were based in Zeeland, had their ships insured in Rotterdam. Pieter Baelde (1659-1735), a merchant from Rotterdam, acted as intermediary for several of these interlopers.\textsuperscript{147}

\begin{itemize}
  \item \textsuperscript{141} GAR 18, ONA inv.nr. 326, nr 97, fo. 217, 17 April 1638, Notary Arent van der Graeff; Van der Schoor, \textit{Stad in aanwas}, 204.
  \item \textsuperscript{142} GAR 18, ONA inv.nr. 165, nr. 66, fo. 107, 1 April 1633, Notary Nicolaas Vogel Adriaansz.
  \item \textsuperscript{143} GAR 18, ONA inv.nr. 138, nr. 483, fo. 724, 29 November 1644, Notary Arnaut Wagensvelt.
  \item \textsuperscript{144} The \textit{Middelburgsche Commercie Compagnie} was founded in 1720 and existed until 1889; the \textit{Middelburgsche Assurantie Compagnie} was also founded in 1720 and was discontinued in 1814.
  \item \textsuperscript{145} In later years, the company would also switch to London for their insurance. Van de Voort, \textit{De Westindische Plantages}, 53; Reinders Folmer-Van Prooijen, \textit{Van goederenhandel}, 30.
  \item \textsuperscript{146} Van de Voort, \textit{De Westindische plantages}, 54-55.
  \item \textsuperscript{147} In 1714, the \textit{WIC} and the \textit{Lorrendrayers} clashed over an insurance related issue. The Amsterdam Chamber of the \textit{WIC} distrained the insurance payment of two interlopers from Zeeland after the company had already confiscated their ships. The interlopers, quite livid, opposed the distraint and, following intermediation by the \textit{WIC} Chamber of Zeeland and a long legal battle, the interlopers finally received their insurance payments. Paesie, \textit{Lorrendrayen}, 133-134, 157-162.
\end{itemize}
Many merchants and ship-owners, both corporate and private, from other regions and cities had policies written in Rotterdam. However, considering the frequent complaints about the limited capacity of the Rotterdam insurance market, it would seem that, in particular until the eighteenth century, merchants and ship-owners were often forced to buy insurance policies on the Amsterdam bourse.\footnote{148} Large risks, both in terms of the amount to be written or in terms of being considered 'risky' due to, for instance, weather circumstances, or dangers of war or piracy, could most likely be covered only in Amsterdam. It would seem that only standard policies could find coverage in both Amsterdam and Rotterdam.

However, just as foreigners were sometimes known to insure their assets in Rotterdam, so did some of the city’s businessmen occasionally switch to Amsterdam, Hamburg or London. For example, Thomas Gill, Abram Maijne, and Edmon Jounghen, all merchants from Rotterdam, had, through the intermediation of Joseph de la Penja and his brother, their merchandise insured by Mr. Jones from London.\footnote{149} Why did they decide to take out insurance elsewhere? Perhaps because they could not find coverage for the value of the risk or the particular risk to be insured, but it is more likely that they opted to switch to another market because they were offered more favourable rates and conditions elsewhere. After the establishment of Stad Rotterdam in 1720, it was to be expected that, apart from very large sums, most risks would be insurable in Rotterdam itself and that the decision to switch to another insurance market would be based upon the level of the insurance rate or the particulars of the policy.\footnote{150} Deciding to have a policy written elsewhere was most probably a layered decision. If a risk could not or only partially be covered locally, or if local underwriters were only willing to do so at unfavourable rates and terms, switching to other markets was possible. Amsterdam was in all likelihood the first market one switched to. If the policy could not be written there under the right terms or at an acceptable premium rate, other markets, such as Hamburg, Paris or London would then have been relied upon. As time progressed, the unfamiliarity with foreign markets faded and the decision to switch was made more easily and quickly.

A crucial element in the decision on where a policy was offered to be written was the insurance broker. Based on the records of Stad Rotterdam it would


\footnote{149} Gar 18, Ona inv.nr. 250, nr. 562, 17 October 1691, Notary Johan van Lodenstein.

\footnote{150} In 1770, when a plan to establish a new insurance company emerged, the initiators of this new competitor, the Societeit van Assurantie en Beleening (hereafter: Societeit; see § 4.2.4), stated that, due to Stad Rotterdam’s conservative acceptance policy, businessmen were still forced to seek insurance elsewhere. The initiators referred to the owners of saw-mills wanting to buy fire insurances which was refused by Stad Rotterdam. Whether the company’s conservative acceptance strategy also included their marine insurance business is not quite clear, Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 59-62.
seem that in Rotterdam, it became ever more common to commission an insurance broker to facilitate the transaction. Even if an intermediary was not required to find a willing underwriter or negotiate the terms or premium rate, merchants would still commission a broker to deal with the formalities. An interesting example of this is to be found in the records of Stad Rotterdam. On 2 July 1776, Pieter Baelde, at that time one of the directors of the company, took out an insurance policy on goods to be shipped from Bordeaux to Rotterdam through the intermediation of a broker, Mees. He was charged a premium of 1½ per cent, which seems to have been somewhat lower than the regular premium. J. Pott, for instance, paid 1¾ per cent on July 16, for the same route and the same commodity (sugar). In another instance, however, Baelde was charged the regular premium.151

Thus, if Rotterdammers decided to take out insurance they would most probably have commissioned a broker to find enough willing underwriters to cover the sum. In all probability, it was most common to commission a local broker. If this broker felt the policy needed to be written elsewhere or if he was unable to commit enough underwriters in Rotterdam, he could opt for insuring elsewhere. He would probably have contacted a colleague broker in the city of choice. Alternatively, a merchant or ship-owner could decide to have the policy written elsewhere and directly contact a broker in the other city. An example was recorded by notary Van Lodenstein, in 1691, when he drew up a deed stating that Marinus Coopmans authorised Evert Sonneberg, broker in Amsterdam, to collect insurance money from Gerrit Roeters and Gerard Rogge.152 Either way, locally based brokers were presumably involved in the transaction. They were, after all, in the best position to negotiate favourable terms and conditions, as well as assessing the financial solidity of the underwriters concerned, both issues of importance to someone seeking coverage. Merchants and ship-owners seem to have appreciated the added value of the broker’s services. The fact that the broker’s expertise and effort came at no extra cost – the underwriters were required to pay the broker’s fee – would have advanced this positive stance and, in all probability, based on the records of Stad Rotterdam, in time all marine insurance would have been dealt with by a broker.153 Clearly, brokers became an ever more integral part of the insurance market, and their influence increased. The decision concerning where a particular insurance was to be written was in all likelihood partly related to the size of the transaction, as well as to the personal network of the broker. Very large sums could only be written with the participation of Amsterdam (or foreign) underwriters, but it is not unlikely that

151 GAR 199, Archief Stad Rotterdam inv.nr. 225.
152 Gerrit Roeters and Gerard Rogge were both merchants from Amsterdam and acted on behalf of Jacobus Scott, Anthonie Warin, Matheus van Beeck, Johannes Kops and George Roeters, all residents of Amsterdam, GAR 18, ONA inv.nr. 93, nr 209, 17 April 1691, Notary Johan van Lodenstein.
153 Fire insurances would often still have been handled without the services of a broker.
merchants, ship-owners and brokers sometimes chose to switch to underwriters elsewhere because of lower rates, better terms, or because they wished to expand and strengthen their network.

As to the goods merchants insured, the nature and extent of the city’s trade network were clearly reflected: among the articles listed were barley, buckwheat, cheese, horses, syrups, coals, and, naturally, Rotterdam’s two most important commodities, herring and wine. As previously mentioned, it was possible, in Rotterdam, to insure up to the total value of the goods transported, including the costs of loading and even including the insurance premium. The relevant clause of the bylaw was presumably based on general routine and it was therefore likely that many merchants did indeed insure their merchandise to the full value, including the cost of loading and the insurance premium paid. This practice was not permitted in Amsterdam and it is possibly due to the limited size of the insurance business in Rotterdam that no statutory franchise was set. Whereas in Amsterdam, insuring up to the full value was not permitted in order to promote prudence and to prevent the occurrence of moral hazard, in Rotterdam, this was on the face of it not an issue. Due to the limited size of the business, social control was probably considered sufficient safeguard. The demand for insurance may well have been stimulated by allowing the insured to include the insurance premiums in the total value insured.

Apart from a variety of goods, both entire ships as well as parts of ships were insured. Jean van de Luffel, for example, had his 5/48 part in a ship called St Lucas insured for 2100 guilders by two underwriters. Ships could not, as mentioned earlier, be insured up to their full value; the exact restriction initially depended on the destination. The rationale being, no doubt, that ship-owners had more influence on the overall risk than shippers. The ship-owner, after all, was the one to enlist the captain and his crew and he was ultimately responsible for repairs and the general state of the ship. He may not have been as motivated to keep up maintenance or to enlist an experienced captain and crew if he were permitted to insure his ship to its entire value. The fact that ships were often not owned by inhabitants of the city but rather by merchants from Amsterdam or Gouda, may have been of influence on this specific clause of the ordinance.

Nonetheless, even an experienced captain and crew were not always a sufficient guarantee in times of political unrest, on routes frequented by privateers or common pirates, or in other circumstances when the risk of loss or damage was considerable. The motives for buying insurance coverage were universal: armed conflicts and the risk of pirates were always important incentives. Willem Herrys’ ship was taken by English Parliament ships in 1644 and he must have

154 Gar 18, ona invnr. 149, nr. 529, fo. 898, 15 March 1633, Notary Adriaan Kieboom.
155 Van der Schoor, Stad in aanwas, 166–170.
been relieved to have had the insight to have his ship insured.\textsuperscript{156} The owners of \textit{De Morgestar}, \textit{St Pieter} and \textit{Koning van Denemarken} were also wise to have taken out policies as their ships were taken by the notorious Dunkirk privateers in 1690.\textsuperscript{157} In addition, the dynamics of nature played their part: apart from seasonal risks and patterns, climate change was the cause of pack-ice movements, increasing the general risks of whaling and thus making insurance necessary rather than optional.\textsuperscript{158}

Information pertaining to the extent of aggregate demand for insurances is unfortunately limited and indirect. While hardly any policies from the seventeenth century have survived, a great number of notary deeds bear testimony to insurance activities in Rotterdam. These mostly refer to instances in which a ship or merchandise was lost, taken, or damaged. It was not customary to have insurance authenticated by notary deed; often, only in case of calamity did the parties to the insurance contract turn to a notary to have the details laid down formally. It is therefore safe to assume that ship-owners and merchants took out insurance far more often than notary deeds would seem to indicate. The records of \textit{Stad Rotterdam} may not have been representative of the entirety of the Rotterdam market; but they may still, for want of a better source, reveal the general trends of the industry. These records confirm that in times of war, or even in case of a threat of war or of increased activity of pirates, demand – as indicated by the number of insurances – increased. The average transaction size dropped in those times, presumably because merchants took additional precautions by downsizing their shipments or by distributing their merchandise over a number of ships. Based on the records of \textit{Stad Rotterdam}, it is not likely that the drop in average transaction size was due to merchants who would also have insured smaller risks that might have been left uninsured in less volatile times. If that had been the case, then, apart from these smaller transactions, the records would also have included the larger transactions. As the total number and value of cargo insurances exceeded the total of hull policies, a drop in the size of the former affected the dimensions of the total market and resulted in a net decrease of the industry.\textsuperscript{159}

Thus, even though there is hardly any direct and conclusive information with regard to the exact size of the Rotterdam insurance market, it does seem likely that its more limited size, as compared to Amsterdam, in many ways influenced the behaviour of those seeking insurance. As in Amsterdam and in other cities, the conduct of those involved was not always honourable. Here too, ships were

\begin{itemize}
  \item \textsuperscript{156} Gar 18, ona inv.nr. 138, nr. 484, fo. 726, 5 December 1644, Notary Arnaut Wagensvelt.
  \item \textsuperscript{157} Gar 18, ona inv.nr. 1604, nr. 280, fo. 334, 19 October 1690, Notary Johan van Lodenstein; \textit{ibid}, nr 272, fo. 518, 13 October 1690, Notary Johan van Lodenstein; \textit{ibid}, nr. 280, fo. 334, 19 October 1690, Notary Johan van Lodenstein; \textit{ibid} nr. 271, fo. 516, 13 October 1690, Notary Johan van Lodenstein.
  \item \textsuperscript{158} De Vries and Van der Woude, \textit{First modern economy}, 255-265.
  \item \textsuperscript{159} Also see § 4.3; Gar 199, Archief Stad Rotterdam inv.nr. 226.
\end{itemize}
insured that had already been lost, claims for lost or damaged merchandise were filed with too high values. Fraud and swindle were universal and as inherent to the Rotterdam insurance market as to other insurance centres. For example, in 1628, Claes Willemszn, *blok-maker*,\(^{160}\) was accused of ‘unfaithful behaviour’ towards his underwriters.\(^{161}\) There are, however, only a few references to fraud and deceit in the city of Rotterdam: the more limited size of the city and therefore of the socially linked group of merchants, entrepreneurs and ship-owners meant a higher degree of social control. It was simply not that easy to successfully deceive and mislead one another.

**The nineteenth century**

The beginning of the nineteenth century was marked by the consequences of the Napoleonic wars, and the political change and turmoil that had raged over the European continent. After Napoleon’s defeat and the subsequent geo-political restructuring of Europe, the nineteenth century became a period of change, development, and innovation, of transformation and integration. How did the merchants and ship-owners, and other entrepreneurs in general, respond to these fundamental changes?

Although the first years of the United Kingdom of the Netherlands hardly showed any signs of recovery of the maritime insurance market, after 1814, and based on the records of *Stad Rotterdam*, the demand for insurance seems to have picked up and the value of marine insurances grew considerably as a result of a strong increase in the number of insurances, rather than of higher premium levels. This is an indication that trade and transport did recover from the calamities of war and Annexation. Demand seems to have stabilised in the following decades, albeit at a lower level than during the boom of 1815-1819.\(^{162}\) Between 1850 and 1870, the nationwide demand for insurances surged once again and the industry showed a 3.3 per cent annual growth, which then dropped to 1.5 per cent for twenty years, until 1890. Overall, the average annual growth rate of the Dutch insurance industry was 1.9 per cent between 1850 and 1913.\(^{163}\) Although regional insurance markets may have been discernable as of approximately the sixteenth century, during the nineteenth century these regional markets merged to form a single Dutch insurance market, although an exact timing of this occurrence is difficult to ascertain.

A variety of factors influenced these developments. For instance, there was a change which had already begun in the preceding century, and which continued to positively influence the demand for insurances: a changing perception of and approach to risk and insurances. Individuals became increasingly risk-averse.

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\(^{160}\) A Blok was a certain type of ship.

\(^{161}\) GAR 18, ONA inv.nr. 140/390, nr 629, 2 August 1628, Arnout Wagensvelt.

\(^{162}\) Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 54-55.

Merchants increasingly preferred to transfer (parts of) the financial risk of their ventures by taking out insurances, rather than to bear the (entire) financial risk themselves. Ship-owners not only had ships or parts of ships insured, it also became more common to take out insurance on freight revenues or even to buy a policy for average-claim payouts (averij gelden or averij penningen). The owners of a bark named the Ida Maria de Raath, for instance, took out insurances in 1862 on average payouts which they were to receive after the ship was damaged on a transatlantic journey. Apart from maritime insurances, an increasing number of separate fire insurance policies were taken out to cover ships.\footnote{GAR 33.01, Handschriften inv.nr. 3355.} Broeze stated that hardly any ship sailed completely uninsured in the eighteenth century – although this may have been somewhat enthusiastic, it would certainly have been true for the nineteenth century.\footnote{Broeze, ‘Rederij’, 126.} Another development was related to this changing risk perception of merchants and ship-owners and concerned the general management of ship owning companies. Ever more rederij-cedullen, contracts between the various ship-owners regarding their mutually owned ship, which stipulated for instance the responsibilities of the managing owner and the distribution of profits, would include a clause stating that the ship was to be insured and that the insurance for the vessel was to be arranged by the managing owner. Thus, taking out insurances became a regular part of the preparations for getting a ship on its way, even though the insurance premium would have amounted to a substantial part of all operating costs.\footnote{The accounting practices of ship-owning companies in the nineteenth century were inadequate to correctly assess a ship’s profitability, at times possibly leading to incorrect decisions. No distinction was made between costs and expenses: all costs were recorded as expenses. The matching-principle was as yet unknown. Therefore, some voyages were far more profitable than the accounts would reflect and vice versa. Costs, including those incurred for insuring, would, for some voyages, account for a disproportionate large fraction of total operating costs whereas they might be negligible for the following journey. Nonetheless, these were the facts, the data ship-owners based their decisions on, and clearly they were able to take these shortcomings of the accounting system into account as insurances were taken out, even if they amounted to more than 10 per cent of the total operating costs.} For the first voyage of the SS Groningen, a steamship managed by Rotterdamsche Lloyd, insurance

\footnote{The insurance expenses as recorded almost equaled the journey’s profit of fl. 4,590.}
premiums of a little over fl. 32,000 were paid and this constituted 15.6 per cent of the total operating costs.169

Another factor affecting the demand for insurance relates to the increased entanglement of corporate ownership. It was not uncommon for investors of ship-owning companies to also have financial interests in insurance companies. Jan Loopuyt participated in the Schiedamsche Scheepsrederij but was also quite active as investor in insurance companies. Over the years he acquired interests in such bodies as the Societeit voor Zee Risico, the Zee Assurantie Maatschappij and the Zee Risico Societeit.170 In addition, insurance brokers were known to take part in rederijen. Jan Havelaar, Mees and Chabot all had shares in rederijen at some point in time. These all-around investors, with their intricate portfolio of interests would undoubtedly have promoted the benefits of insuring among their co-investors, thereby boosting the demand for insurance policies.

As the nineteenth century progressed, steam shipping became ever more important to the transport industry. In 1859, several steam shipping companies, mostly for Rhine transports, were located in Rotterdam. The first deep-sea steam shipping company to be established in Rotterdam was the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M., later renamed as the Holland Amerika Lijn, H.A.L.), which was founded in 1873, and managed by the Rotterdam company of Plate and Reuchlin & Co. The firm of Willem Ruys & Zonen started their own steam shipping activities not long after the N.A.S.M. was set up.171

As the relevance of steam shipping increased, the capital intensity of the industry increased immensely: steamships required vast investments. Limited liability companies emerged and replaced the partenrederij ownership structure which was unable to generate the capital required for steam shipping.172 Not only was insurance no longer optional, the amounts that had to be insured multiplied, increasing insurance demand.

The increased capital intensity had other implications as well. Even though insurance was now considered a part of sensible business routine, a franchise on these policies was not uncommon. Due to the enormity of investments required for steam shipping, these franchises were quite considerable. Therefore, approximately as of the third quarter of the nineteenth century, steamship-owning companies – such as the Rotterdamsche Lloyd – created separate ‘insurance reserve’ accounts. With these accounts, the financial consequences of an insurance franchise could be met.173

169 Hoynck van Papendrecht, De zeilsloot, Appendix 7.
170 See Broeze, De Stadt Schiedam, 20–21.
171 Van de Laar, Stad van formaat, 154–156.
172 Broeze, ‘Rederij’, 100.
173 Hoynck van Papendrecht, De zeilsloot, Appendix 1.
Finally, although the world had gone through a variety of fundamental changes, war – or the threat of an armed conflict – would again disrupt trade and transport. Between 1830 and 1833, the mounting tension, hostilities and eventually the war that resulted in the independence of Belgium prompted numerous entrepreneurs to seek insurance coverage. However, they were confronted with the fact that many underwriters were very reluctant to write policies. Thus, the dip in the insurance industry suffered at this time was the result of underwriters being unwilling to commit themselves, rather than a shortage of demand. The tension in the United States, ultimately leading to the Civil War (1861-1865), also had its effect on the demand for maritime insurance. Some ship-owners were cautious and would have kept away from the American coasts altogether; others would have taken the risk – but would presumably have taken out insurance to mitigate any financial disaster.

All these factors: the increased capital intensity of the industry, the changing risk attitude of merchants, ship-owners and management, the intricate shareholder relationships and the political tensions, affected the need and demand for insurance policies – not only in the Netherlands, but also abroad. There was, however, one other factor unique to the Netherlands, which of course relates to the ever-dominant factor on the nineteenth century market: the NHM. As stated previously, the NHM was by far the largest trading company of the Kingdom and its influence stretched beyond its direct trading areas. As it was one of NHM’s objectives to support ailing industries, including the insurance industry, it was compelled to have its shipments insured. It consequently became the largest consumer of maritime insurances in the Netherlands. Moreover, it routinely paid premiums far above the going market rate. The NHM’s policy and conduct were clearly not a derivative of market forces, but rather of political processes. These, and other aspects of the NHM policy, had profound consequences on the size, development and efficiency of the industry. Even though the NHM’s conduct was often unrelated to market trends and developments, owing to the sheer size of the company, its decisions and actions, for example regarding insurance premiums or the level of its franchise, had an impact on the entire industry. It was estimated that in 1828, the NHM paid a total of fl. 560,000 in insurance premiums, even though the company carried a franchise of fl. 40,000 on every policy it had written. Apart from the impressive amounts the NHM had had insured, it paid premium rates above market levels. The records of Stad Rotterdam seem to support this notion. In 1824-1825, the NHM’s business accounted for almost 7 per cent of Stad Rotterdam’s total insured value, but the premiums paid by the NHM represent-

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174 Van Tijn, Twintig jaren Amsterdam, 217.
175 Mansvelt, Geschiedenis, I, 232.
ed almost 13.6 per cent.\textsuperscript{176} Eleven years later, in 1835-1836, this had increased to 14.6 and 30.9 per cent respectively (graph 4.4).\textsuperscript{177} This disproportionate fraction can partly be explained by the long-distance character of NHM’s business – but it is mostly due to the fact that the company consciously agreed to pay premium rates far above the going market tariffs.\textsuperscript{178}

The NHM was, understandably, accused of corrupting the market, which led to a situation in which Dutch underwriters compensated for unprofitable policies with the excessive premium revenues of the NHM. Foreign merchants and ship-owners quickly picked up on these inefficiencies of the Dutch market and for a short period of time insurance turnover increased as a result of the resulting foreign demand.\textsuperscript{179} But following several disasters, for example with the transport of petroleum from the United States of America to Belgium, it did not take long for the premium levels to adjust.\textsuperscript{180} As foreign demand dwindled, Dutch underwriters were once again dependent on demand from local mer-

\begin{graph}[H]
\centering
\begin{tikzpicture}
\begin{axis}[
    title={Graph 4.4 Percentage of Stad Rotterdam’s insured value as originating from the NHM versus the percentage of premium income from the NHM (in selected years; fiscal year ended on 30 June).}
    xlabel={Year},
    ylabel={\%},
    ytick={0,10,...,90},
    xtick={1822,1825,1826,1831,1836,1841,1846,1851,1856,1861,1866,1871},
    xticklabels={1822, 1825, 1826, 1831, 1836, 1841, 1846, 1851, 1856, 1861, 1866, 1871},
    width=\textwidth,
    height=0.5\textwidth,
]
\addplot[black,fill=black!20] coordinates {
};
\addlegendentry{Insured value origination from NHM (in percentage of total)}
\addplot[black,fill=black!40] coordinates {
(1822,0)(1825,0)(1826,0)(1831,0)(1836,20)(1841,30)(1846,40)(1851,50)(1856,60)(1861,70)(1866,80)(1871,80)
};
\addlegendentry{Premium income originating from NHM (in percentage of total)}
\end{axis}
\end{tikzpicture}
\end{graph}

\textsuperscript{176} As related to the total net premium of \textit{Stad Rotterdam}.
\textsuperscript{177} \textit{GAR} 199, Archief Stad Rotterdam inv.nr. 231-241.
\textsuperscript{178} Mansvelt, \textit{Geschiedenis}, ii, 154.
\textsuperscript{179} Foreigners mostly went to the Amsterdam market, Van Tijn, \textit{Twintig jaren Amsterdam}, 50.
\textsuperscript{180} Van Tijn, \textit{Twintig jaren Amsterdam}, 50.
chants and ship-owners. Unfortunately, they increasingly bought their insurances abroad in order to avoid the increased and high premium levels, for which the NHM was often blamed, in the Netherlands.

Apart from its effects on the premium levels, the NHM, due to its size and unique position, also influenced other aspects of the industry. When commissioning insurance brokers, for example, it would distribute the size of its orders based on the seniority of the broking firm. Thus, the policy of the NHM, on which it based the distribution of its business among insurance brokers and underwriters, did nothing to enhance the vigour of the industry or its participants. Instead, it promoted rigidity and inflexibility. While the Dutch insurance industry increasingly lost its competitiveness as a result of the conduct of the largest consumer of its products, technological and organisational innovations made the choice to insure abroad increasingly easy. The invention and implementation of the telegraph greatly improved the means of communication, reduced transaction costs and enhanced the transparency of the market. This meant that it had become easier, cheaper and faster for merchants and ship-owners to buy their insurance policies abroad. In addition, the growing presence of representative agents of foreign insurance companies in the Netherlands, especially as of the 1850s, lowered the barrier to insuring abroad. Policies facilitated by these representative agents implied insuring under Dutch policy terms (Hollandse polis). Especially if foreign insurers accepted a policy under Dutch terms, merchants and ship-owners would presumably have been rather indifferent to the nationality of the underwriter and would simply opt for the lowest premium rate. This way a merchant (or ship-owner) could have the best of both worlds: a competitive international insurance rate and Dutch policy conditions, which

181 Scheepvaartenquête, 140.
182 Gales and Van Gerwen argue that the decline of the Dutch insurance industry was not merely a consequence of the protectionist policy of the NHM. They find the argument that the NHM caused the erosion of knowledge and expertise and the ‘support’ of inept underwriters insufficient for explaining the industry’s demise. This is even more the case, they argue, as after 1850 the NHM represented only a small part of the total marine transport business of the Netherlands. However, as we have seen from the analysis of the records of Stad Rotterdam, the NHM accounted for a significant part of the company’s insured value and net premium income, also after 1850. The share of the NHM in Stad Rotterdam’s financial results is disproportionate, since after 1855-1856, the total demand and premium income decreased fast while the business generated by the NHM decreased at a slower rate. Clearly, Stad Rotterdam was having difficulty generating business ‘outside’ the NHM commissions, which was, in my opinion, due to the erosion of knowledge and expertise as a result of the NHM, as well as of the limited underwriting capacity of Dutch insurers. See Gales and Van Gerwen Sporen, 53-57.
183 Davids and Go, ‘Buitenlandse agenten’.
184 Scheepvaartenquête, 277.
185 Scheepvaartenquête, 221, 224, 241, 333.
were considered more favourable by some.\footnote{186} Unsurprisingly, insuring abroad increasingly became accepted practice. During the \textit{Scheepvaartenquête},\footnote{187} L.A.E. Suermondt admitted to sometimes taking out his insurance abroad. This was indeed surprising as Suermondt was not only active as merchant, but he was also director of several insurance companies.\footnote{188}

Nonetheless, not all ship-owners or merchants would switch to foreign insurance markets, as became clear during the Inquiry. Considering all objections and disadvantages to insuring in the Netherlands in terms of premiums levels, the ineptness of brokers and underwriters and the limited underwriting capacity, why, then, the Inquiry Committee wondered, would anyone decide to insure here at all? Once again, the dominant influence of the nhm was felt. J.J. den Bouwmeester, ship-owner from Middelburg, was convinced that some parties would insure with Dutch underwriters simply because the nhm did so, too.\footnote{189} The decision to insure in the Netherlands was in all probability also a question of inexperience and unfamiliarity. Smaller ship-owning companies in particular would insure nationally. Whereas large companies with several ships under their management would insure their fleet partly or even entirely abroad, smaller companies seem to have been wary of foreign insurances.\footnote{190} G.W. van Barneveld Kooij, managing owner of three ships from Amsterdam, admitted that he did not go to London or other foreign insurance centres because he would then have been forced to take out a re-insurance since he would not have been able to assess the financial solidity of a foreign insurance company.\footnote{191} Another factor which would have influenced the decision to insure locally or abroad was the perception of the ease with which the underwriter would pay the claim in case of damages or total loss. Several of those questioned feared that it would be more difficult to obtain the insurance money from a foreign insurance company.\footnote{192}

Those questioned did not seem to agree on whether it was better to insure in the Netherlands or abroad if one were to fall back on the policy in case of loss or damages. Some were convinced that Dutch underwriters were more lenient in paying claims than foreign companies. Others, however, complained that

\footnote{186} {\textit{Ibid.}, 221.}
\footnote{187} 'Shipping Inquiry': this Parliamentary Inquiry was aimed to gain insight into the state of Dutch trade and transport, and its primary problems and issues. A total of 83 merchants, ship-owners, captains, underwriters, brokers, assessors, ship-brokers and ship-builders were questioned. \textit{Enquête omtrent den toestand van de Nederlandsche koopvaardijvloot'} from 1874 (Inquiry regarding the status of the Dutch mercantile fleet' from 1874, hereafter: Inquiry).
\footnote{188} {\textit{Scheepvaartenquête}, 209.}
\footnote{189} {\textit{Ibid.}, 156-157.}
\footnote{190} {\textit{Ibid.}, 241, 274.}
\footnote{191} {\textit{Ibid.}, 201, 221.}
\footnote{192} {\textit{Ibid.}, 218, 225.}
Dutch underwriters were slow and unwilling to settle claim payments. M. Lels, ship-owner and merchant from Alblasserdam, explained: in London, the smaller underwriters tended to follow ‘the lead’ of the largest three insurers when it came to approving a claim; in Rotterdam, even the smallest underwriter would insist on the right to make remarks and reservations. The evidence regarding the quality and speed of judicial procedures was not conclusive either. Some of those questioned were of the opinion that the Dutch courts and jurisdiction were too slow, others contended that trust in the quality of the Dutch judicial system was a reason to insure under Dutch law.

Even though G.W. van Barneveld Kooij testified before the Inquiry Committee that he did not insure abroad because he would then have needed to take out re-insurance, it seems that many other merchants and ship-owners would rely on their insurance broker to corroborate the financial solidity of a foreign underwriter. Insurance brokers, especially the knowledgeable and experienced ones, would presumably have influenced the decision on the city in which a policy was to be written. Marten Mees, for instance, increasingly sought coverage for his customers in Paris, Hamburg and London. Apart from his discontent with Dutch underwriters, he felt that the interests of his clients were better served by foreign underwriters. The initiative was taken by a few of Rotterdam’s respected brokers to force foreign insurance companies to deposit an official procuration by their representative agents in order to protect the interests of all those in need of insurance coverage. This initiative effectively reduced the perceived risk of insuring with foreign companies.

Therefore, the aggregate demand for insurance increased overall during the nineteenth century. The replacement of sailing vessels by steam ships as of the 1870s reinforced this trend. Many ship-owners then started to switch to other insurance markets as the amounts involved made it difficult to find coverage in the Netherlands.

The effects of international competition were re-shaping the insurance industry. Only those merchants and especially ship-owners who could not find coverage abroad turned to a Dutch underwriter: ‘a good ship is best insured in London’ as J.A. Hooites, ship builder, admitted during the Inquiry. This process, also known as adverse selection, meant that only ship-owners of ‘bad’ ships, those that were probably uninsurable abroad, chose to rely on Dutch underwriters.

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193 Ibid., 140.
194 Ibid., 365, 404, 291.
195 Mees, Man van de daad, 470.
196 Ibid., 471; Davids and Go, ‘Buitenlandse agenten’; Scheepvaartenquête, 277.
197 Scheepvaartenquête, 118, 156-157.
198 Ibid., 146.
§ 4.2.4 The underwriters

Introduction

The demand for maritime insurance as discussed in the previous section was not an isolated occurrence – there certainly was a supply of underwriting capital to meet the growing demand. In Rotterdam also, wealthy merchants searched for alternative ways to invest their idle funds and they, too, considered underwriting to be an appealing option. As De Vries and Van der Woude state: in the course of the seventeenth century, many wealthy entrepreneurs preferred speculative trade and investments in credits and insurances to the efforts and risks of foreign trade. ‘In short, finance was... a lazy man’s way to make money.’

Ambitions of a second-best market

The first listing of underwriters based in Rotterdam most probably appeared in the Sligtenhorst lists between 1740 and 1757. In 1767, the list mentions 18 underwriters based in Rotterdam, among them Van Alphen, Dedel and Van de Wall, The Company, Gerard Ellinckhuysen, Jan De Vries, Van Vollenhoven and Des Amorie, Joan Ozy and Zoonen, and J.G.F Meyners acting on behalf of the Company of Insurance of Antwerp. However, long before these official listings, underwriters were active in the city and beyond the city’s boundaries. The mere fact that the city’s authorities issued an ordinance in 1604 implies that insuring and underwriting were known business activities. Even though no policies from this early period have survived the wear and tear of time, occasionally notary deeds bear testimony to insurance activities in the city. For example, in 1623, Cornelius Musch, acting on behalf of the other underwriters who had insured merchandise shipped on the Thobyas from ‘Danswijck’ respectively Rotterdam to Nantes’ appealed against the verdict of the Chamber. Another deed, from 1632, demonstrates that merchants from Rotterdam even acted as underwriter in the city that was the heart of maritime underwriting: Amsterdam. For example, Heynrick van der Cloot, herring merchant from Rot-

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199 De Vries and Van der Woude, Nederland 1500–1815, 156.
200 The list of 1740, present in the Koninklijke Bibliotheek in The Hague, does not yet mention underwriters in Rotterdam. Spooner mentions that in the list of 1757 fifteen underwriters from Rotterdam are included, Spooner, Risks at sea, 26–27.
201 Undoubtedly referring to Stad Rotterdam.
202 The other underwriters listed were Jan Block, Salomon Bosch, the Widow of Jacqs du Tilh & Zoonen, J.G.F. Meyners, Pott, Van de Sande and Guilhemanson, Josue Valeton, Jeune Adriaan Wor and A. Westerwyk Forsborg.
203 Cornelius (or Cornelis) Musch, the son of Jan Jacobsz Musch. He was secretary of the city of Rotterdam between 1618 and 1628 and later became clerk to the Estates-General. See Moquette, ‘Herinneringen’, 82–83.
204 Dantzig.
205 GAR 18, ONA inv.nr. 98, nr 88, fo. 248, 31 August 1623, notary Jan van Aller Az.
Rotterdam, acted as underwriter for Jacob Bisschop of Amsterdam in 1632. The emergence of maritime insurance in Rotterdam would not have lagged far behind that of Amsterdam, but the subsequent developments experienced by both cities and their insurance markets were quite different, as time has shown. The question at hand is what part, if any, the Rotterdam underwriters played in these developments. Who, in fact, were these underwriters and why is it that they, contrary to their peers in Amsterdam and in spite of negative sentiments towards the establishment of possible fraudulent companies, did not prevent the initiation and establishment of the first insurance company of the Republic? In what way did the number, the activities and influence of the underwriters affect subsequent developments in the nineteenth century?

First of all, apart from differences between Amsterdam and Rotterdam, there were, of course, also similarities: in both cities underwriting was initially a sideline of various merchants and renteniers. The process of specialisation and professionalisation presumably set in sooner in Amsterdam than in Rotterdam, although it is difficult to determine the exact periods in which these developments took place. The fact that the Rotterdam ordinance of 1604 stated that brokers were to keep records of all handwritten changes to the policies, indicating the use of printed policies, attests to the fact that there was a certain amount of professionalisation on the Rotterdam insurance market — as is the fact that some underwriters acted on behalf of other underwriters, located outside the city. However, in all likelihood, underwriting remained a sideline for the majority of Rotterdam underwriters for a very long time. In 1808, Widow Joh. van der Crab & Comp. was still officially listed both as underwriter as well as merchant. The size of the Rotterdam insurance market was simply too limited for many underwriters to exclusively make a living from it. An exception was the company of Van Alphen, Dedel and Van de Wall. According to H.G. Schuddebeurs, they were dedicated to the insurance business starting from the eighteenth century. Nevertheless, most underwriters considered their insuring activities as profitable sidelines and did not regard themselves primarily as ‘underwriters’. The lists of active underwriters were therefore as incomplete as elsewhere. The Personeele Quotisatie of 1742, which for Amsterdam has several references to assuradeur, offers no listing for the profession of assuradeur within the city of Rotterdam.

206 GAR 18, ONA inv.nr. 174, nr. 91, fo. 135, 4 November 1632, notary Nicolaas Vogel Adriaansz.
207 GAR, Naamwijzer 1808. Even in 1866, merchants would still combine their trading activities with underwriting, Mees, Man van de daad, 501. In 1851, when the NHM introduced a new system of assessing the financial solidity of underwriters, there was a special category for underwriters who were also active as merchants.
208 Schuddebeurs, Verzekeringsbedrijf, 22.
209 Oldewelt (ed.), De Personeele Quotisatie; Oldewelt, ‘De beroepsstructuur’ and ‘De beroepsstructuur; vervolg: personeele quotisatie’.
L.A.E. Suermondt has estimated that approximately seventeen underwriters were active in Rotterdam in the period between 1771 and 1780. He states that in the following decade, this number increased to a staggering 75, only to plummet down to a mere seven in the next ten years. As the Sligtenhorst list of 1787 lists only nine underwriters of Rotterdam, one of whom also acted as managing clerk of an insurance company in Bruges, it is likely that Suermondt’s number refers to all those active as underwriter in Rotterdam, but not necessarily originating from the city. Furthermore, considering the number of underwriters listed in the Sligtenhorst list of 1787, and the fact that in that same year less than 60 underwriters were known to be active in Amsterdam, it is likely that the downward trend set in sooner than Suermondt may have suspected. The ravages of war clearly left their mark in Rotterdam as well. Moreover, of the underwriters on the list of 1767, only three were still listed in 1787, an indication that in Rotterdam too, there was the problem of continuity of business based on individuals and families, rather than on corporations.

The underwriters, being a restricted group of well-off citizens from a city of still fairly limited size, undoubtedly formed a cluster, linked by social status, economic interests, and business activities. Names such as Joan Ozy & Zoonen, Van Alphen, Dedel and Van de Wall, Gerard Ellinckhuijsen, and A & E & C Dutilh, frequently appear in the eighteenth century in notary deeds, policies, and in the records of the Chamber of Maritime Affairs. As these records have also shown, even the commissioners of the Chamber were known to be actively involved in the insurance market as underwriters. Competition among this limited group of underwriters would not have been too fierce. The insurers needed one another not only to be able to insure larger amounts, but also to keep fraud in check. They did not, in all probability, compete in terms of price-setting either: Rotterdam most probably followed Amsterdam’s ‘lead’ when it came to setting insurance rates and brokers’ fees. Thus, the limited size of the insurance market may well have been a characteristic directly influencing the conduct of market participants.

As in Amsterdam, most underwriters would have been contacted by brokers who had been commissioned by merchants or ship-owners to find enough underwriters to insure a certain shipload of merchandise, a part of a ship, or an

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210 Suermondt, ‘De oprichting’, 213.
211 Sligtenhorst list, various years.
212 Stad Rotterdam explicitly states that they follow the Amsterdam premium levels, GAR 199, Archief Stad Rotterdam inv.nr. 1, art. 56. Before Jan Bout moved to Rotterdam, he frequently and meticulously sent a list of the Amsterdam premium rates to Stad Rotterdam. Also, when a ship-owner from Amsterdam inquired which rate Stad Rotterdam charged for a certain route, a note was added to the letter wondering why the gentleman had not stated the rate he would be charged in Amsterdam, NEHA, BC 278 Archief Compagnie Rotterdam.
entire ship. The various parties almost certainly congregated in or near the Rotterdam Exchange, which was established in 1598. Even though authorised brokers were to carry their broker’s stick, the atmosphere in the city does not seem to have been such that those without this distinguishing mark, the unauthorised brokers were to keep themselves to backstreets or alleys. As records have shown, underwriters did not seem all too concerned with whether or not a broker had been authorised and admitted.\textsuperscript{213} To the prospective underwriters, the specifics of the policy were most probably of more importance than the official status of their broker. The amount and the object or objects to be insured, the actual risks in terms of the type of merchandise, the political situation, the port of destination, the route to be travelled, the type and quality of the ship, the reputation and experience of the captain and crew were all relevant factors for the underwriters to decide whether the financial return of the insurance was worth the overall risk. In general, all sorts of merchandise and all types and sizes of ships could be insured in Rotterdam, but the financial limits of the Rotterdam underwriters were lower than those of their Amsterdam peers. Philip Nemnich, travelling in the Republic at the beginning of the nineteenth century, ‘noted that for higher cover shippers and ship-owners were obliged to go to Amsterdam.’\textsuperscript{214} Consequently, in comparison to Amsterdam, more underwriters were typically necessary to have a policy signed in Rotterdam, making the entire transaction process more complicated.

As we have already deduced from the Sligtenhorst lists and Suermondt’s estimates, at the beginning of the nineteenth century, the number of individual underwriters had decreased significantly. Their market position had been taken over by insurance companies, from Rotterdam, but also from other cities such as Amsterdam, Middelburg and Bruges.\textsuperscript{215} On many of these nineteenth century policies, the name of \textit{Stad Rotterdam} appears as lead underwriter.\textsuperscript{216} The emergence and the early development of this company, the Republic’s first insurance company, took place in Rotterdam in the first quarter of the eighteenth century. The fact that the cradle of corporate insuring was located here, rather than in Amsterdam, which at that time was still home to Europe’s dominant insurance market, is fascinating. Whereas the Amsterdam underwriters fiercely opposed the founding of an insurance company, claiming it would monopolise the entire market and hence be detrimental to trade, merchants and the city as a whole, in Rotterdam, underwriters did not seem to object to the institution of such a company. The limited size of the Rotterdam insurance market, its dependence

\textsuperscript{213} The records of \textit{Stad Rotterdam} show that the company accepted policies from both authorised and unauthorised brokers, Vergouwen, \textit{Makelaardij in assurantiën}, 97–98.
\textsuperscript{214} Nemnich as quoted by Spooner, \textit{Risks at sea}, 25.
\textsuperscript{215} Sligtenhorst list of 1787; Suermondt, ‘De oprichting’, 213.
\textsuperscript{216} For example, GAR 305, Archief Mees inv. nr. 395–396; GAR 68, Archief Coopstad inv. nr 719.
on Amsterdam, the nature of the relationship of the underwriters among themselves, as well as with other parties involved in the insurance market, have all been essential to this aspect of the market’s development.

The establishment of the insurance company Stad Rotterdam

By the beginning of the eighteenth century, it had become clear to a number of underwriters and the Rotterdam municipal authorities that the lack of underwriting capital hindered the development of the insurance market. Only relatively small amounts could be insured locally, in Rotterdam. For larger sums, merchants and ship-owners were still dependent on Amsterdam’s resources. The city’s secretary, Herman van Zuylen van Nijevelt, lamented the city’s limited supply of underwriting capital and the necessity of an insurance company. Clearly, Rotterdam needed to increase the amount of capital committed to underwriting, if it were to play a significant part in the insurance business.

Even though the necessity for increasing the underwriting capital had become apparent in the first quarter of the eighteenth century, an attempt had been made almost ninety years earlier to initiate an insurance company in Rotterdam. This attempt, which was mentioned by Vergouwen, dates back to 1635, seven years after a number of merchants in Amsterdam had endeavoured to establish a *Ghenerale Compagnie van Assurantie*. Vergouwen stated that the attempt was also unsuccessful in Rotterdam. It was not until 1720, on the waves of the speculation fever which spread over Europe, that two entrepreneurs from London first went to Amsterdam but soon aimed their efforts to establish an insurance company at Rotterdam. While the Amsterdam municipality objected to the establishment of a company, fearing it would monopolise the market, damage the interests of individual underwriters and fuel the destructive ‘bubble trade’, George Roeters and Edmond Hoyle were warmly welcomed by the members of the *Vroedschap* in Rotterdam. The fact that both architects were not originally from Rotterdam is significant. No comparative initiative was taken by any resident from the city, whereas in Amsterdam, several plans were brought forward, for example by Josias van Asperen. In Rotterdam, no entrepreneur seems to have had the audacity or creativity to initiate such a novelty. However, when presented with the scheme by George Roeters and Edmond Hoyle, the *Rotterdammers* made up for their lack of ingenuity and enthusiastically embraced the initiative.

Apart from the fact that Rotterdam needed to enlarge its capital base for the insurance business, the economic expansion of the city could well have done with the credit and banking facilities the company was planning to exploit. The

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fact that the city would then become home to an institution which its great rival, Amsterdam, did not yet possess was an additional incentive. According to the *Europische Mercurius*, an eighteenth century magazine, the ‘inventors’, not having been successful in Amsterdam, turned to Rotterdam where they would have been more than welcome even if it were only out of jealousy towards Amsterdam’.220

Thus, the initiators could carry out their plans and it was not long before the city was buzzing with rumours about the new company. On Saturday 22 June 1720, all those interested in participating were to deposit a slip of paper in a sealed tin box which was placed from 7 in the morning until approximately 10 in the evening at the house of the Widow Paulus Boekenes & Son, booksellers on the bourse.221 A total of 12 million guilders (which equalled One Hundred and Twenty Tonnes of Gold according to the prospectus) was offered, divided over shares of 5,000 guilders.222 Prospective investors could subscribe for one to a maximum of ten shares.223 The fact that the *Vroedschap* was not the only party interested in the establishment of a company within the city’s boundaries became apparent on the Saturday in question, when a great number of prospective investors went to the bookseller’s house on the bourse. Among them were not only wealthy regents, merchants and *renteniers*, but also the less affluent, who were keen to get in on the act and make a quick and easy profit.

In spite of the complaints concerning the city’s limited underwriting capacity, which restricted the expansion of the insurance business, when *Stad Rotterdam* was initiated, there seems to have been sufficient capital. Clearly, the interested investors assessed the risk and potential return of the envisioned company as more favourable than conventional underwriting. The regents’ support will have supported this favourable risk profile.

The scene of the day was described quite vividly by a witness: ‘one evening in coffee houses and elsewhere that a printed leaflet was shown, without the name of those who it came from, that whomever who was interested, on the conditions as expressed, was invited to invest in a company of Insurance.... And the other day a great number of merchants, shop-keepers and people of all sorts and kinds came to the bourse to a certain bookseller’s house, there entering with great effort because of the forceful scrambling, and most glass panes broken out, where one was to find printed notes on which to write and sign for how many

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221 Van Rijn, ‘De Aktiehandel in Rotterdam’, 16.
222 As previously mentioned, ‘120 tonnes of gold’ referred to the monetary value rather than the weight of the material.
shares one wanted to participate in the company and then to deposit this in a closed tin box.224

Immediately after the subscription was closed, it became apparent that the subscriptions far exceeded the capital of 12 million guilders and a vigorous trade began, in the shares of a company which did not yet even exist. Despite the late hour, the streets of Rotterdam were crowded with people, and the following Sunday the shares were sold at a rate of 186.225 An allotment committee determined the exact distribution of the shares and although they did take a subscriber’s financial and social position into account, religion and geographical origin were not considered relevant. The committee apparently also allowed itself to make exceptions to the maximum subscription limits. They did so at the second subscription, which took place in August 1720, when the maximum allotment was 20,000 guilders. In spite of this limit, both the Princess of Orange Nassau and the English merchant Thomas Lombe were assigned 100,000 guilders. Apart from these pragmatic adjustments, there were other incidents concerning the allotment process. Franco Cordelois, broker and member of the committee, was accused of fuelling speculations for his own benefit.226 Whether the accusation carried any weight is not clear, but in any event, Cordelois was elected as one of the first directors of the Company.

To instate these first directors and officially launch the company, the two initiators, George Roeters and Edmond Hoyle, travelled from London to Rotterdam to attend the first meeting in which the directors were to be appointed. The board of directors was to consist of twelve directors to be chosen from a short list of 36 who had received the most votes from the company’s shareholders. Not only the municipality, but also merchants and brokers were represented in the board of directors which consisted of: Jan van ’t Wedden, former commissioner of the Chamber of Maritime Affairs, Jacob Senserf, former Schepen, George Barons, commissioner of the Chamber of Maritime Affairs, Daniel van Keerbergen, Isaac Verdoes, also former commissioner of the Chamber of Maritime Affairs, the previously mentioned Franco Cordelois, broker, Herman van Zuylen van Nijevelt, secretary of the city, Jean Charron and Benjohan Furly, both prominent merchants, Jacob Visch, Hendrik Haasbroek, Schepen of Schieland and Robert Pantoune227 were instated as the company’s first managing board. They convened for the very first time on 1 July 1720 on the former premises of the Chamber of Maritime Affairs in the Oude Hoofdpoort.228

224 Van Rijn, ‘De Aktiehandel in Rotterdam’ i6–i7.
225 Ibid., 17.
227 Originally Jacob Noorthey was chosen to become director, but he declined. Van Rijn, ‘De Aktiehandel in Rotterdam’, 13.
228 Van Rijn, ‘De Aktiehandel in Rotterdam’, 12.
The participation of so many former and acting regents of the city in the managing board of the company as well as the permission to use the *Oude Hoofdpoort* are unmistakable indications of the close ties between the newly formed company and the municipality. The register of initial shareholders merely emphasizes this notion. In his research focusing on the participation of the *regenten* of Rotterdam in the share trade of 1720, Slechte finds that all members of the *Vroedschap* subscribed for the maximum amount both in the initial offering in June and in the second one in August 1720. Some of them, who were also directors of the company, were allowed to subscribe for double the regular maximum in the second offering, a privilege which they all made use of. The *Schepenen* were not so keen on investing in June, a fact for which C.H. Slechte could find no explanation. All *Schepenen* did however participate in the second offering in August and they did so for the maximum amount of 20,000 guilders. Overall, the participating 79 regents accounted for a total of 3,298,000 guilders of the company’s total capital of 15 million guilders. Of this, almost 2.5 million was subscribed to by the 37 regents who were in office at the time of the share issue. As the remaining 11,702,000 guilders were distributed over no less than 626 subscribers, Slechte concludes that the regents did indeed take an active part in the founding and financing of the company. After the initial offering in June, the share price of the company soared and the directors opted for the earlier mentioned second subscription, which took place on August 19 when 3,000 shares of 1,000 guilders each were offered. Unfortunately, not long after the subscription, disaster struck and what had been feared by many for some time did indeed happen: the market collapsed. Hoyle and Roeters, the initiators of the plan, may have suspected that darker times were ahead; Hoyle had already departed to an unknown destination at the beginning of July, Roeters said his goodbyes on the 9th of September.

During the month of September, exactly how precarious the position of the company was became apparent to all involved. Emergency measures had to be taken to prevent the young company from economic failure. After extensive deliberations between the shareholders, the directors and the municipality, the company’s capital was ultimately reduced from 15 to 10 million guilders. The close ties between the municipal authorities and its members on the one hand and the company on the other hand manifested itself clearly during the deliberations and in the nature and completion of the rescue operation. The support of the municipal authorities, both moral and financial, ultimately kept *Stad Rotterdam* afloat. The company would not have survived the difficult times of 1720 if the municipality had not unequivocally chosen to come to the compa-

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231 Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 27.
The fact that so many of the members of the Vroedschap, the Schepenen and other regents had personally invested in the company and were therefore eager to secure their investments, would have made them all too willing to support the company in its dire times. The unambiguous municipal support for the company persisted for a considerable time, reinforced by the numerous personal linkages. Half of the twelve members of the managing board of the company were recruited from municipal colleges and boards, including the corps of Burgomasters. For example, Isaac van Alphen and Adriaan Reepmaker were both Burgomaster and director simultaneously. Support also came in the form of operational assistance: the municipality provided the company with free office space as well as storage room for its funds and records in the local Wisselbank. Moreover, the authorities came to the aid of the company after it was slandered by foreign insurance companies, who claimed that Stad Rotterdam was merely a fraudulent ‘Bubble’ company. The city defended the reputation of the company by pointing out its economic importance to Rotterdam. In practical terms, they underlined the reliability of the company by imposing the condition that the directors had to take an oath in the presence of the Burgomasters. In effect, the company acquired the nimbus of a municipal institution. It was not until after the French Period that this close relationship between the company and the municipal authorities ceased to exist.

However, the members of the Vroedschap, in spite of their personal interests and links with the company, did not always cater to the director’s wishes. As early as 1720, the directors, perhaps prompted by the authorities’ accommodating stance, proposed to the Vroedschap to have the company merge with the local Wisselbank. The idea was for the company to usefully employ the Wisselbank’s ‘idle money’. The authorities were not charmed by the proposal and resolutely denied the request. The municipality feared that the creditworthiness and the reputation of the Wisselbank would be at risk if the company were to use its funds for uncertain investments and financial experiments. The Wisselbank’s operation and reputation were considered to be of great importance to the entire city, not just to the new insurance company. Even though the Vroedschap clearly chose to let the general interest of the city prevail, it did come up with a compromise. The company could borrow up to 1 million guilders of the Wisselbank’s funds at an interest rate of only 1 per cent. Although their initial plan was not successful, the funding of the Wisselbank did provide the directors with the de-

233 The municipality even made economical funds available for the regents so they could increase their investment in Stad Rotterdam and thus support the share price of the company, Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 30.
234 Vleesenbeek and Van de Laar, Van Oude naar Nieuwe 31-34.
235 Ibid., 31-34.
236 GAR 199, Archief Stad Rotterdam inv.nr. 1, art. 44, 101.
sired capital for their future activities. Although the *Vroedschap* may not have granted all the company’s wishes, it is clear that the unequivocal support of the Rotterdam municipality was crucial to the establishment and survival of the country’s first insurance company.

After the tumultuous period of the initial and secondary subscription, the ‘departure’ of both the initiators, the rescue operation following the collapse of the market and the appointment of the directors, these directors could turn their attention to the future and focus their efforts and resources on gaining a position in such areas as the maritime insurance market. During the first meetings of the directors, a number of operational decisions were taken, to establish the frequency of meetings, for example, but also to secure the commitment of the directors. Although few doubt that the motives of the initiators, Roeters and Hoyle, were anything other than pure financial gain, the same cannot be said about the directors, who were supposed to accept their responsibility out of ‘love for the common good’. Even though they did not receive any remuneration for their efforts, the directors did instate a system of fines. This self-imposed system of fines implied that they were liable for a penalty if they did not appear at a meeting or even when they were merely late. By instating this system, the directors undoubtedly wanted to emphasise their sincerity and their commitment to the new company. It was also agreed upon that six days per week three directors, serving a week by rotation and from then on referred to as the ‘Week Commissioners’, would be present at certain times, both in the morning and afternoon, to sign insurance policies. Apparently, the directors were very optimistic about the maritime insurance market and the company’s business opportunities for in one of the first meetings, it was decided that the three directors would be permitted to insure up to 100,000 guilders on a single ship. If all directors concurred, however, this limit could be increased further. They must soon have realised the absurdity of their limits as these were quickly lowered to fl. 50,000 per ship, and in 1722, to no more than 20,000 guilders for

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238 The other activities of *Stad Rotterdam* are beyond the scope of this study, which focuses on the maritime insurance business of the company. See Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*.
239 Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 35.
240 The directors did not receive any remuneration until 1874, when a reorganisation took place and two professional directors were appointed. See Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 73-76.
241 Some directors were indeed very committed to the company and served for a number of years. Pieter Baelde, for example, served as director for 54 years between 1768 and 1822. It became more common for directors to stay in office for a long time once it became common practice for directors to be appointed by co-optation, Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 35; *Naamwijzers*, various years.
242 Considering the amount, this would have included the value of ship and cargo.
ships destined for Greenland, the Davis Strait and the East Indies. Ships going to the French West Indies would not be insured for more than 6,000 guilders per ship.243

In spite of their drive and ambitions, the directors were very aware of the company’s position in relation to Amsterdam, still the dominant insurance market in the Republic. It was quickly decided that the company would determine its premiums in accordance with the Amsterdam rates244 and that the credit term for insurance brokers would be set at three months, providing this corresponded with Amsterdam practices.245 Moreover, the company employed Jan Bout from Amsterdam as chief clerk, unquestionably hoping that the company would benefit from his expertise, experience and personal network. In order to persuade him to accept the position, the company even compensated the costs of his relocation from Amsterdam to Rotterdam. The fact that he was permitted to pursue his own business interests as well, a privilege extended to all staff, may also have encouraged him.246 Before long, the board decided to write policies in Amsterdam, up to a maximum of fl. 50,000 per ship. Directors Isaac Verdoes and Jacob Visch, assisted by Jan Bout, were to make the necessary arrangements to enter the Amsterdam insurance market.247

Although the company seems to have acknowledged the importance of being on good terms with insurance brokers, something that would have been stressed by Franco Cordelois, there were nonetheless some issues between the company and their intermediaries. Most probably, the company attempted to control and exert a certain amount of influence over the local insurance brokers. A directors’ meeting recorded that the company had complained to the municipality about stipulations in use with insurance brokers, which were detrimental to the company. In the same meeting, the directors agreed to investigate whether brokers also offered their policies, and, if so, to which companies.248 The records do not reveal what the outcome of the findings was, nor how the Vroedschap felt about the complaints. Bolthenius Brouwer states that the company resolved to comply, and accepted the brokers’ terms.249 In spite of these issues, the relationship between Stad Rotterdam and the local brokers mostly seems to have been co-operative and pleasant250 and the group of brokers regularly offer-
ing policies to the company was very consistent. Cordelois, De Vrijer and Mees, Pieter Baert, Jan Beyerman and Gabriel Covitré generated the greater part of Stad Rotterdam’s maritime insurance business.251

The relationship between Stad Rotterdam and the insurance brokers can be characterised as being mutually dependent, since it was probably easier for the latter to contract additional underwriters if Stad Rotterdam had already committed to a certain policy. As Spooner states: ‘brokers no doubt found it convenient to approach first the Maatschappij van Assurantie before other private insurers followed in writing their lines. There was a ‘pecking order’ within the city’.252 Consequently, the company often appeared as lead underwriter on Rotterdam policies. Initially, Stad Rotterdam also pursued other activities but, due to a number of disappointments and failures, as of approximately 1750, the company primarily focused on its lending and insurance businesses. During the company’s first two decades of existence, its marine insurance business generated approximately fl. 70,000 annually in premiums. This decreased to an average of fl. 25,000 per year in the period from 1742 until 1778, with a nadir in the sixties, as a result of the Seven Years’ War (1756-1763) and the subsequent financial crisis.253 Moreover, in 1779, the company was faced with its first large insurance claim of fl. 19,000, which exceeded that year’s premium income of 12,000 guilders. The war with England also left its mark on Stad Rotterdam’s profitability: between 1780 and 1784 the company recorded negative results on its maritime insurance activities due to the high number of claims.254

As the century drew to a close, political instability swept over the Dutch Republic and many other parts of Europe; as armies and fleets countered one another, maritime trade suffered. Although merchants and ship-owners were able to continue their business activities even long after Napoleon had issued the limitations of his infamous Continental Blockade in 1806, the consequences were severe after the Annexation by the French in 1810. Trade virtually came to a standstill, ships no longer sailed, and insurance policies were no longer written.255

The nineteenth century: new opportunities, new threats

During the years of the Continental Blockade, underwriters and brokers had difficulty in maintaining their pre-war turnover levels. To illustrate, in 1810, F. van Dam, one of the largest insurance brokers in Rotterdam, secured just over

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251 A year after the establishment of the company, Cordelois, De Vrijer and Mees offered policies with a total value of fl. 200,000 per month, receiving fl. 500 in brokers’ fees. Vergouwen, Makelaardij in assurantiën, 101.
252 Spooner, Risks at sea, 25.
253 Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 39-59; Spooner, Risks at sea, 78.
254 Ibid., 55-57.
255 Horlings, The economic development, 131.
30 insurance transactions in a period of three months, whereas approximately thirty years earlier he had handled that same volume per month. Furthermore, not only was the number of the transactions in 1810 significantly lower, the average amounts to be insured were also considerably smaller.256 Stad Rotterdam also recorded a drop in turnover. It closed 224 maritime insurance policies in the spring months of 1780, but it only processed 92 in these same three months in 1810.257 By comparing the transaction volume of Stad Rotterdam with the records of Van Dam, who had thirteen of his total of 30 policies written by the company, it would seem the company had acquired a market share of approximately 30 to 40 per cent.258

When the French armies had left and the new United Kingdom of the Netherlands had been proclaimed, the Dutch mercantile fleet was reduced and the remainder was in a pitiful state. Due to crop failures in 1816 and 1817, as well as growth in domestic demand, trade did pick up, although primarily foreign-built ships were used.259 In spite of these difficult circumstances, Stad Rotterdam managed to start up its maritime insurance business. Initially it was mainly the coastal and short distance routes that appeared in its books: Bordeaux, Nantes, London. Volume, rather than high premium rates, was at the basis of the revival.260

Although Stad Rotterdam did manage to increase its revenues from maritime insurances, in general, it was not until the establishment of the NHM that the situation significantly improved. Business only expanded significantly after the NHM had entered the market as a major shipper, commissioning large insurance contracts, and after the Cultuurstelsel, in combination with the Consignatiestelsel, had been instated by the Dutch government.

The NHM directly or indirectly influenced economic, social and even cultural developments in the Netherlands during the nineteenth century. It commissioned a great number of insurance policies, and was therefore of great importance to the corps of Dutch underwriters, their business volume, performance, profitability and market position.

For maritime underwriters, the NHM was heaven-sent: the company only employed the best ships, accepted a significant franchise in case of damages or loss, and was willing to pay premiums far above the going market rates. Addi-

256 Vergouwen, Makelaardij in assurantiën, 136-137.
257 GAR 199, Archief Stad Rotterdam inv.nr. 225, 230.
258 This estimate is only valid if Stad Rotterdam was the sole underwriter and not merely a co-underwriter. The estimate would have been valid for the first quarter of the nineteenth century: Clearly, the volatility and uncertainty of trade and transport during this part of the nineteenth century makes any estimate highly speculative, GAR 199, Archief Stad Rotterdam inv.nr. 230.
259 Horlings, The economic development, 131-132.
260 GAR 199, Archief Stad Rotterdam inv.nr. 231-232.
tionally, the company employed its own experts and valuers and distributed its insurance business evenly over the number of underwriters available. Thus, underwriters could literally sit and wait for NHM business to come to them. No active acquisition, risk assessment or premium setting were necessary; all was dealt with by the NHM. They did not even have to handle the formalities since the policies were drawn up by insurance brokers. Unsurprisingly, insurance companies were constantly set up with, as Mansvelt states, ‘no other purpose than to insure its director of an annual income’. 1828 was the year in which the NHM’s stance towards supporting a selective number of businesses changed and a year later, the NHM decided it was no longer willing to pay insurance rates far above the market rates of foreign insurance markets. On an annual basis the NHM had paid fl. 560,000 in premiums while carrying a considerable risk by accepting a franchise on each return voyage. From then on, the insurance rates paid by the NHM decreased. For example, the premium paid for a return voyage from the Dutch East Indies to the Netherlands was 7½ per cent in 1828 but only 3 per cent in 1840. This development was not a reflection of market forces of supply and demand, but merely the result of political processes and pressure exerted by, in particular, the Minister of Colonies.

Since initially the NHM had not discriminated between the various underwriters, both private and corporate underwriters were eligible for NHM business. In time, and alarmed by the growing number of underwriters, the NHM became apprehensive and became aware that their insurance policies were perhaps underwritten by insurers who were not all as financially stable as desired. Therefore, in 1840, the NHM decided that the financial solidity of underwriters would determine the amount they were allowed to write for. Although the original plan dated back to 1834 when the Dutch fleet had been under increased risk due to the Belgian Revolt, it was not until the renewed threat of war in 1840 that the NHM was able to gather sufficient political support for its proposal. The NHM would from then on classify all underwriters, both private and corporate, based on their paid-in capital. It was to be the first regulation of a part of the insurance market run wild. Even though an informal ‘pecking-order’ existed among the underwriters, the NHM classification elucidated these differences by quantifying the variation in financial solidity. Underwriters with a paid-in capital of fl. 100,000 or more were from then on classified as ‘category 1’. Category 2 underwriters were those with a paid-in capital of fl. 50,000 to fl.100,000, and the lowest category referred to those with a capital of less than fl. 50,000. An addi-

261 Included in the total were also four mutual fire insurance companies, based in Amsterdam, Mansvelt, Geschiedenis, ii, 142–147.
263 After the Belgian Revolt and independence, Belgian underwriters were already restricted. Mansvelt, Geschiedenis, ii, 144–145.
264 Mansvelt, Geschiedenis, ii, 144–146.
tional category was created for Rotterdam, for underwriters with a paid-in capital between fl. 200,000 and fl. 300,000. Stad Rotterdam, with a paid-in capital of fl. 425,000 and by far the largest underwriter in the country, fell outside of even this additional category.  

Second category underwriters could from then on sign for twice the amount third category insurers were to write for; first category underwriters could sign for another additional 50 per cent. This meant that when the NHM commissioned insurance, first the Government’s franchise of fl. 40,000 and the NHM’s own franchise of another fl. 40,000 were deducted from the total value to be insured. Of the remaining amount, 36/40 part was distributed among the 141 underwriters from Amsterdam and Rotterdam, based upon their classification.  

Since there were fewer underwriters in Rotterdam, they were permitted to sign for larger amounts than their Amsterdam peers of a similar category. In spite of Stad Rotterdam’s size, Amsterdam retained its position as the country’s leading market. Whereas in Amsterdam, if not all qualified underwriters were prepared to sign a certain NHM-policy, their allotted sum would be distributed among other underwriters, in Rotterdam, un-allotted portions were sent to Amsterdam, which continued to function as safety net.

<table>
<thead>
<tr>
<th>City</th>
<th>Type of underwriter</th>
<th>Capital, nominal (guilders)</th>
<th>Capital, paid-in (guilders)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotterdam</td>
<td>Insurance companies: 19</td>
<td>25,800,000</td>
<td>1,785,000</td>
</tr>
<tr>
<td></td>
<td>Private underwriters: 20</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>Commanditaire Vennootschappen: 28</td>
<td>3,240,000</td>
<td>877,000</td>
</tr>
<tr>
<td></td>
<td>Insurance companies: 53</td>
<td>10,455,000</td>
<td>2,690,000</td>
</tr>
<tr>
<td></td>
<td>Private underwriters: 21</td>
<td>2,100,000</td>
<td>2,100,000</td>
</tr>
<tr>
<td>Total</td>
<td>141 underwriters</td>
<td>43,595,000</td>
<td>9,452,000</td>
</tr>
</tbody>
</table>

Table 4.2: The 1840 NHM-classification of underwriters.
Source: Mansvelt, Geschiedenis, II, 145.

265 Mansvelt, Geschiedenis, II, 144-146.
266 The remaining 4/40 was allotted to underwriters in other cities.
267 Mansvelt gives the following example: of a total value of fl. 210,000. First a total of fl. 80,000 was deducted in franchises. The remaining fl. 130,000 was allotted to Amsterdam (21/40 part of fl. 130,000), Rotterdam (15/40 part of fl. 130,000), and other cities, such as Middelburg. In Amsterdam, underwriters of the third category were allowed to sign for fl. 550, insurers of the second category for double the amount, fl. 1,100 and underwriters of the highest category could sign up to fl. 1,650. Mansvelt, Geschiedenis, II, 146.
Even though a special category had been created for *Stad Rotterdam*, the company felt it was entitled to a larger portion of the *NHM*’s commissioned insurance business and thus applied for an increase of its ‘cut’. The *NHM* consented to the company’s request and promised it would be entitled to a 10 per cent share of all *NHM* insurances offered at the Rotterdam bourse. Even though the *NHM*’s insurances had become less favourable, the insurance business was still attractive enough for new entrants. Between 1828 and 1867, the number of underwriters, in particular the number of corporate insurers, increased, adding to the *NHM*’s fears regarding the financial solidity of its underwriters.

Although the *NHM* might have been slightly reassured regarding the financial security of its maritime insurances due to the classification system, the arrangement did little to transform the structural weaknesses of the supply side of the insurance business in the Netherlands. As before, underwriters were in no way encouraged to develop or expand their knowledge and expertise, to pursue new business opportunities, or to improve their operational efficiency. Countless insurance companies were still initiated and ‘underwriters were often young men, who, supported by their family willing to buy a few shares or portions, were thus placed in a job’.

Jean Chretien Baud, the new Minister of Colonies, who was appointed in 1840, was an avid advocate of perfect competition and economic liberalisation, and hence exerted all his influence to reduce the excessive freight tariffs and the disproportionate insurance rates which were paid by the *NHM*. The company countered his demands by stressing that discontinuation of the *NHM*’s financial support would be disastrous not only to ship-owners, but also to underwriters, insurance brokers and shipbrokers, and would thus be harmful to the entire Dutch economy. A compromise was reached between Baud and the reluctant company, cutting freight tariffs and insurance rates. In 1844, insurance rates were again reduced by ¼ of a percentage point after Baud threatened to dispense with insurances altogether if insurers refused to cooperate. The underwriters, in many ways inept and incompetent, and without alternative business opportunities, had little choice but to accept the Minister’s offer.

The *NHM*’s influence went beyond financial support, due to the regulatory requirements pertaining to the quality of the vessels employed and its crews. Traditionally, the *NHM* assessed and graded the vessels they commissioned, thereby also assessing the risks. When criticised on the grounds that

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270 Mansvelt, *Geschiedenis*, ii, 149.
271 Jean Chretien Baron Baud was minister of Colonies from 1840 until 1848. He had previously served as governor-general in the Dutch East Indies.
this discouraged underwriters from being vigilant and knowledgeable, the
NHM countered that if it were to cease the expertise assessments, the insurance
rates would certainly increase. Nonetheless, as of 1851, the NHM no longer
carried out ship assessments, which was left instead to the numerous under-
writers in Amsterdam and Rotterdam. The incapability of the underwriters
became painfully apparent when insurers in the two cities set differing re-
quirements. Only after mediation by the NHM were they able to set aside their
disagreements.273

Even though the NHM graded the vessels it commissioned until 1851, this was
generally done by classification agencies, of which Lloyd’s Register was the first,
established in 1760. August Morel founded his Bureau Veritas in Antwerp in
1828.274 By the time the NHM transferred the responsibility of assessing the ves-
sels to the Dutch underwriters, this had already become an integral part of the
maritime transport industry and having a vessel graded was a prerequisite for
buying insurance.275

As early as 1814, it was important for a ship-owner to have a vessel assessed
and graded: on 4 October John F. Harrison, representing Lloyd’s of London,
confirmed that he had been commissioned by J. Hudig & Co., who represented
the ship-owners, to inspect the vessel named *Maas en Rottestroom* in order to
obtain insurance.276 Without a classification by one of the agencies, underwriters
would not have been willing to write a policy.277 However, as the various agencies
did not operate according to similar standards and methods, and since there was
fierce competition among them, ship-owning companies could always obtain a
classification. If one agency did not provide a favourable classification, the reder
could simply commission another agency.278

In the second half of the nineteenth century, the quality of the Dutch fleet
was again deteriorating.279 Due to the *beurtlijst* system, no new ships for the co-
lonial trade were commissioned, and technological and organisational innova-
tion were both at a standstill. The colonial sailing fleet was ageing and, as a rule,
older vessels incurred more damage. Moreover, underwriters came to experi-
ence that steamships, gradually and belatedly introduced, also incurred more
– and more expensive – damage.280 At the same time, insurance premiums con-

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274 For more on August Morel and Bureau Veritas, see: Veraghtert, ‘Zeeverzekeringen’,
Broeze, ‘Rederij’, 126-127.
275 In fact, the NHM used Bureau Veritas, Mansvelt, Geschiedenis, I, 229.
276 GAR 68, Archief Coopstad inv.nr. 717.
277 Scheepvaartenquête, 21.
278 Thomas Schut, grading expert of the Vereeniging van assuradeuren te Amsterdam (As-
sociation of underwriters in Amsterdam) complained that Lloyd’s Register and Bureau
Veritas would sooner provide good gradings than they would, Scheepvaartenquête, 9.
279 Van Tijn, Twintig jaren Amsterdam, 49; Horlings, *The economic development*, 177-194.
280 Mansvelt, Geschiedenis, II, 343-344; Van Tijn, *Twintig jaren Amsterdam*, 49.
Rotterdam continued to go down. The NHM’s uninsured franchise was increased on several occasions, leaving the underwriters ever smaller portions to insure. Underwriters were thus, on the one hand, faced with lower business volume, lower premium rates and consequently lower revenues and, on the other hand, with increased risks and claims. In 1851, the NHM replaced the classification system of underwriters of 1841 and instead introduced a new system of maximising the amount underwriters were permitted to sign for. By this time, the number of underwriters had yet again increased. Amsterdam and Rotterdam now totalled some 200 private underwriters and insurance companies, with a total capital of fl. 32 million. The amount underwriters could sign for was limited to 0.2 per cent of an underwriter’s capital. For insurance companies this capital was set at: paid-in capital + ¼ of its uncalled capital + its reserves + its undistributed profits. Private underwriters were assessed differently, especially if they were also active as merchants. A minimum amount of fl. 100 to be insured was set, discouraging the smaller segment of the market. Private underwriters were by no means discouraged, which became apparent when a great number of private insurers reported a capital of fl. 400,000. The NHM then limited all private underwriters to a capital of fl. 200,000 in order to prevent them taking a dominant position. Again, and in spite of the political ambitions of economic liberalisation, the NHM exerted its power and position to regulate and control the insurance business. Their system, however, created an illusionary certainty, since no re-evaluation or periodical research took place. The impact of the volume of NHM’s insurance business becomes apparent from the records of Stad Rotterdam. Between the time of establishment of the NHM and the time it discontinued insuring its cargoes, it accounted for an increasing part of Stad Rotterdam’s total premium income. In 1835-1836, of the total insured value of a little over 2 million guilders, approximately 295,000 guilders, equalling 14.6 per cent, originated from the NHM. Five years later, in 1840-1841, this share had increased to 29.6 per cent. The increase was partly due to a decline in the total insured value of Stad Rotterdam, but was primarily due to a strong growth in the insured value of NHM policies. Stad Rotterdam wrote in 1840-1841 for more than fl. 580,000 for the NHM. In 1845-1846, the NHM business accounted for almost 42 per cent of Stad Rotterdam’s total insured value (graph 4.5).

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281 As some underwriters were active in both Amsterdam and Rotterdam, they would have been recorded – and counted – twice, Mansvelt, Geschiedenis, I, 342.

282 Stad Rotterdam, still by far the largest of the country, was set at a capital of fl. 1,200,000 and thus permitted to sign up to fl. 2,400, Mansvelt, Geschiedenis, I, 338-339.


284 The book-year closing June 30.

285 GAR 199, Archief Stad Rotterdam inv.nr. 231-241.
The number of underwriters continued to increase until 1867, when, in line with the crisis on the international freight market, a crisis set in affecting all underwriters in Europe. The crisis was caused by, on the one hand, increased insurance claims as a result of ageing sailing fleets and high risk steamships and, on the other hand, lower premiums and increased competition.286 The records of Stad Rotterdam show a decline in the company’s profitability on its maritime insurance activities in the 1860s; in 1866 a negative result was recorded.287 The days of making easy and virtually risk-free profits with underwriting were undeniably over. Exposed to the merciless forces of an internationally competitive market, the majority of Dutch underwriters had no chance of survival. The following shake-out resulted in a reduction of the number of underwriters. In 1886, only two insurance companies were left in Amsterdam and one in Rotterdam. Stad Rotterdam, contrary to many of its competitors, did survive, partly due to its size, which meant it could bear insurance losses easier than its smaller competitors, but also because it had become aware of the fact that it needed to take a more active approach. The company had effectively diversified into other businesses and had pursued new opportunities. In 1865, Stad Rotterdam had entered the market of re-insurance, it had appointed an agent in Batavia in order to contract insurances from the NHM, which had moved its insurance business to the East Indies and it had set up a network of representative agents.288 Its main local

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286 Mansvelt, Geschiedenis, II, 342-345; Smits, Economische groei, chapter 5.
287 Vleesenbeek and Van de Laar, Van oude naar Nieuwe, 55, 90.
288 Davids and Go, ‘Buitenlandse agenten’.
competitor, the *Societeit*, did not take the necessary actions to survive the pre-
dicaments: it was discontinued in 1864.289

The NHM has thus significantly influenced the Dutch underwriting business,
ot only in terms of business volume and profitability, but also in terms of reg-
ulation, practice and development. Nonetheless, there was a world beyond the
boundaries of the NHM. As the company concentrated exclusively on the Dutch
East Indies, many trade routes were not affected by the company’s existence.
Femme Gaastra states that by 1850 half of the Dutch mercantile fleet’s capac-
ity was committed to the Dutch East Indies.290 The other half serviced routes to
the Baltic, France, the Mediterranean and the Americas. Moreover, even before
the NHM was established, *Stad Rotterdam* managed to increase its revenues from
maritime insurances significantly. In the first year after the United Kingdom
had been established, the company’s insurance revenues significantly increased,
but only 20 per cent was due to its maritime insurance activities.291 During the
following four years however, trade picked up again and policies were writ-
ten for a variety of destinations. At first, primarily short-distance routes to the
Northern provinces, London, and the French Atlantic coastal harbours were re-
corded in the records of the company, soon followed by ports such as Konings-
bergen and Riga and, in time, destinations such as Rio de Janeiro, Batavia and
St. Eustatius also reappeared.292 Total revenues from maritime premiums soared,
surpassing even the 100,000 guilder mark.293 Between 1820 and circa 1850, these
premium revenues decreased but *Stad Rotterdam* still generated an annual aver-
age of fl. 43,000 in maritime insurance premiums, of which in 1824–1825 88 per
cent, and in 1845–1846 still a little over 50 per cent was unrelated to NHM busi-
ness.294 Hence, an insurance market beyond the demands and limitations of the
NHM existed, but both the underwriters’ individual fractions as well as their
margins decreased as the number of underwriters grew and competition, in par-
ticular from foreign insurance companies, intensified. Foreign insurers became
increasingly active on the Dutch insurance market. Not having been pampered
by the excessive NHM premiums and the allotment system available to their
Dutch peers, underwriters from, for instance, London and Paris, offered com-
petitive premiums. Due to the NHM allotment system, the majority of Dutch
underwriters were unacquainted with having to compete for insurance business
and were thus hardly equipped to fend off foreign, more assertive, competitors.

289 Another important competitor, the *Rotterdamsche Assurantie Compagnie*, was discon-
tinued in 1879, Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 68.
290 Gaastra, *Vragen*, 5.
291 Its other insurance revenues consisting of fire insurance premiums.
292 GAR 199, Archief Stad Rotterdam inv.nr. 231.
294 GAR 199, Archief Stad Rotterdam inv.nr. 231, 236; Vleesenbeek and Van de Laar, *Van
Oude naar Nieuwe* 54.
As the NHM virtually guaranteed a certain amount of premium revenues to Dutch underwriters, some may not even have been willing to compete. As mentioned earlier, Marten Mees, a prominent insurance broker in Rotterdam, deliberately chose to close insurance deals for his clientele in London, as he was annoyed by the complacent attitude of many Dutch underwriters. He also criticised their lack of knowledge and expertise and stated, in the 1860s, that of all underwriters, only two or three were truly knowledgeable. He stated that because Dutch underwriters earned handsome profits with the NHM business they not only lacked knowledge, but apparently also became quite reckless when it came to their other business, by accepting premiums that were too low for the relevant risk. The previously mentioned instance of petroleum transport from the United States of America to Belgium is an example in which Dutch underwriters accepted premiums far lower than would have been acceptable to foreign companies. The results were disastrous, and not long after several Dutch underwriters were confronted with the financial consequences of their inexperience and recklessness, premiums were raised, even doubled which, as Van Tijn argues, was testimony to the underwriters’ lack of expertise.

Their recklessness resulted in financial calamities which were aggravated after the companies raised their premium rates to offset the damage claims and thus saw their turnover drop: ‘the reckless insuring of aged ships... cost a number of sea men as well as insurance companies dearly.’ Consequently, Mees switched with part of his insurance business to London, first by intermediation of a trade relation of the company, Bunge & Co, later through a local broker. In a later stage, he also closed insurance deals in Bremen, Hamburg, Lubeck and Paris. During the previously mentioned Parliamentary Inquiry, it had already become apparent that Mees was not the only one taking his insurance business to markets outside the Netherlands. Many of those questioned during the Inquiry criticised the impact of the policies of the NHM and felt that the problems of the business were due to the NHM and its policies.

Although this criticism persisted for a considerable time, Frank Broeze and Femme Gaastra have countered these impressions and have underscored the positive impact of the NHM on a number of businesses and regions. Gaastra explains the negative nature of the testimonies: he states that the testimonials may have been biased and reflect the political convictions of those questioned, rather than being correct historical reports. Nonetheless, the records of the Inquiry are revealing with respect to the various issues, hopes, irritations, opportuni-

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296 Van Tijn, *Twintig jaren Amsterdam*, 50.
297 Ibid.
299 Gaastra, *Vragen*, 12.
ties and threats occupying those involved in the insurance business, in particular pertaining to the business beyond the authority of the NHM. In addition, it is interesting for the purposes of this study, since it reflects the opinion of many involved regarding Dutch underwriters, in terms of pricing, requirements, and their ability to compete with underwriters abroad.

The opinion of those questioned regarding the Dutch insurance industry seems ambiguous. Although, as became clear, many ship-owners and merchants declared they were insuring their ships and merchandise in London, Paris or in German cities, there were still those who insured in the Netherlands. For example, B.A. Fokker, merchant and industrialist in Middelburg, preferred the Amsterdam underwriters.\textsuperscript{300} Even though a number of those questioned stated that they insured in the Netherlands, the majority confirmed the notion that many merchants and ship-owners had indeed taken their insurance business to insurance markets in England, Germany, France and even Norway. Lower insurance rates were the principal reason for insuring abroad.\textsuperscript{301}

The limited capacity of the Dutch insurance market was also grounds for ship-owners and merchants to seek insurance elsewhere. A. Plate, director of the Nederlandsch-Amerikaansche Stoomvaartmaatschappij, explained to the committee members that insuring the company’s four iron steam ships would have been impossible in the Netherlands, whereas in London, all amounts could be insured.\textsuperscript{302} Another incentive was the apparent inflexibility of Dutch insurers. According to ship owner J.J. den Bouwmeester, Dutch underwriters were most unwilling to insure anything out of the ordinary. If one wished to insure an unknown risk, ‘not a risk between the Netherlands and Java or Singapore,... not an at the exchange cherished or well known deal, the premium is so high that it is \(\frac{1}{4}\) if not \(\frac{1}{2}\) cheaper to insure with the English, in particular the London underwriters.’\textsuperscript{303} He added that at the mere hint of war, Dutch insurers immediately became unwilling to insure for ‘war molest’ unless an additional premium was paid.\textsuperscript{304}

Some of those insuring abroad declared that they had more confidence in foreign underwriters meeting their obligations in case of a claim, sometimes referring to their experience with Dutch underwriters endlessly trying to stall payment of insurance claims or not paying at all.\textsuperscript{305} Rotterdam underwriters were apparently the most difficult in claim payments: although it was the custom in London for all underwriters to pay the amount due after a claim if the

\textsuperscript{300} Scheepvaartenquête, 183-184.
\textsuperscript{301} Ibid., 118, 156-157, 165, 209, 226, 285.
\textsuperscript{302} The ships of the company were partially insured in the Netherlands, but for the most part abroad, Scheepvaartenquête, 313-314.
\textsuperscript{303} Scheepvaartenquête, 156.
\textsuperscript{304} Ibid., 156.
\textsuperscript{305} Ibid., 165.
first three underwriters had approved of the claim, in Rotterdam, however, minor underwriters were less abiding and would sometimes refuse to pay, even if the primary underwriters had acknowledged the claim. Some contested the notion that Dutch underwriters were less co-operative than their English or French peers. Mr Fokker from Middelburg stressed that after losing one of his ships, the Louisa, which was en route from Riga, he experienced no difficulties with the claim of fl. 63,000 from Dutch insurers. Fortunately for many of those queried, they had not suffered a loss or considerable damage and could therefore not compare the various procedures, practices, hindrances and outcomes of insurance claims.

Overall, the trend was quite clear: Dutch underwriters were losing ground to their international competitors and they had insufficient means to counter the development. Some of the smaller ship-owners, probably unfamiliar with insuring abroad, remained loyal to Dutch insurance companies or local mutuals. However, in particular the owners of large and costly vessels and considerable fleets acknowledged the benefits of insuring in London, Paris or Hamburg and no longer solely relied on the Dutch insurance markets for financial safeguarding. The fact that the nhm insured with Dutch underwriters may have encouraged other ship-owners and merchants to do likewise and it would seem that the nhm business was a life saver for the insurance industry in more than one way: The influence of the nhm was felt even in these regions of maritime trade.

Insuring with a foreign company had become relatively easy with the establishment of representative agents of companies based in England, France or Belgium. Although the first signs of agents of foreign companies date back to 1814, it was not until the 1850s that their number increased significantly, as did their impact on the insurance market and its development. Insurance broker Marten Mees feared that foreign agents would drive individual underwriters and small insurance companies out of the market, in effect dismantling the insurance market. He was concerned that these agents would ultimately dominate the market which, he felt, would not be desirable, as agents would assess risks and cases differently than underwriters would. Marten Mees’ fears came true: foreign insurance companies obtained a considerable market share at the expense of Dutch insurers. The total number of Dutch underwriters decreased, and individual underwriters and smaller insurance companies disappeared altogether.

306 Ibid., 140.
307 Ibid., for example 209, 225.
308 Ibid., 183-184.
309 Scheepvaartenquête, 156.
310 Davids and Go, ‘Buitenlandse agenten’.
311 Ibid.
312 Mees, Man van de daad, 470-471.
Rotterdam's underwriters: inter-dependency and collusions

Prior to the establishment of Stad Rotterdam, underwriting capital in the city was supplied by a limited group of wealthy merchants and ship-owners, linked in various ways, both socially and economically and dependent of one another. As the Rotterdam's insurers maintained relatively low underwriting limits, it was usually a necessity rather than a luxury to have a policy signed by a number of underwriters. If one wished to be active as underwriter, co-operation with other insurers was thus a prerequisite. Mostly, the co-operation was informal and related to the daily routine of business. The Rotterdam underwriters would regularly convene to discuss developments or changes taking place in Amsterdam. These would normally pertain to premium rates, policy stipulations, additions to the range of insurances offered, etc.: the pull of Amsterdam was clearly felt in Rotterdam.313

But, on a few occasions, the underwriters required a more formal collusion in order to secure their interests. In 1698, for instance, eighteen eminent underwriters had a treaty drawn up in the presence of notary Van Lodenstein, stating that they would no longer accept policies if the premium was not to be paid in cash. In addition, both return-policies and time-insurance policies would no longer be signed by the group of insurers.314 Obviously, the underwriters felt that the city’s ordinance and bylaw was insufficient to protect their interests. Perhaps they felt misunderstood or underappreciated in general, for in this same treaty some sort of association was initiated. The underwriters stated that they would convene every first Saturday of each month in a local Inn. They even added a penalty clause: one schelling315 was to be paid for not attending.316 The intention of the association was most probably to intensify mutual co-operation and to reinforce their collective position against the municipality, the insured, and other parties. Whether the association was successful is uncertain, but there are no references or records of the association itself or any of its possible activities. A year before Stad Rotterdam was established in the city, the underwriters had another treaty drawn up. While in that same year, their peers in Amsterdam rallied to frustrate Van Asperen’s plan to initiate an insurance company, the Rotterdam insurers seem to have been preoccupied with the business’s practices and procedures. The agreement’s first article stated that none of the ‘merchants and at the same time underwriters’ would accept a policy with varying premium rates, and that they would only accept the highest rate stated. The agreement furthermore contained articles pertaining to the payment of premium and the broker’s fee. It also included a penalty clause in case any of the participants were to breach

313 Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 64.
314 Vergouwen, Makelaardij in assurantiën, 96.
315 During the time of the Dutch Republic, one schelling equalled 6 stuivers, Van Gelder, De Nederlandse munten, 269.
316 Vergouwen, Makelaardij in assurantiën, 96, n. 2.
the stipulations. All this indicates that some underwriters may have offered discounts on premium rates and may have accepted more lenient policy stipulations. Hence, there was a certain degree of competition between Rotterdam's underwriters, and clearly not all those concerned were comfortable with this. Whether this agreement had the desired effect is unclear but its relevance was overtaken a year later when the structure of the Rotterdam insurance market changed significantly with the establishment of Stad Rotterdam.

In both instances, in 1698 as well as in 1719, the underwriters colluded with the intention to protect their position – by banning insurances that were considered to be too risky or too susceptible to fraud – and their revenues by formulating stipulations regarding the payment of premiums and the fees to be paid. They did not seem to have aspired to monopolising the market, merely to preserving their status and income. They must have been well aware of their fragile position and will have realised the impossibility of monopolising the market, with competing insurance markets in Amsterdam, London and Hamburg nearby. The fact that not even the threat of the establishment of a potentially influential and dominant competitor could bring about an effective collusive action is an obvious indication of the underwriters' vulnerable position.

Even after Stad Rotterdam had reinforced the corps of underwriters, they were hardly capable of imposing their demands upon the other parties involved. The records of Stad Rotterdam show that in 1764 the directors had received a request of several underwriters to appeal to the Vroedschap to introduce a tiered system of brokers' fees. The underwriters felt the layered system of fees was necessary to correct the inequality in case insurers were to sign for large amounts at a low insurance rate. In such a case, little was left of the original premium for the underwriter after the broker's fee had been deducted. The insurers intended to maintain the custom brokerage for premium rates higher than 2 per cent but to pay a lower fee for insurances with a premium rate of 2 per cent or less. Indicative of the weakness of the underwriter's collusion was the directors' response to the request. They decided to only co-sign the request if it had first been signed by a number of renowned underwriters, implying that the request was probably the initiative of a number of less prominent or influential underwriters. The 'pecking order', as distinguished by Spooner, seems to have had its influence on the sphere of collusions as well. The request was, in all probability, never even put forward to the municipality and the layered system of brokerage as envisioned by the underwriters, as Vergouwen argues, was never implemented.

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317 Goudsmit, Geschiedenis Nederlandsche Zeerecht, 399-400, appendix H.
318 GAR 199, Archief Stad Rotterdam inv.nr. 2; Vergouwen, Makelaardij in assurantiën, 92-93.
319 Vergouwen, Makelaardij in assurantiën, 92-93.
records of *Stad Rotterdam* show, however, that more than a century later, underwriters did pay a differing brokerage fee, depending on the premium rate.\(^{320}\)

The attempt on the part of the underwriters to prevent the founding of a second insurance company in 1770 was, unsurprisingly, futile and ineffective. Interestingly, *Stad Rotterdam*, which had hardly met with any opposition at the time of its own establishment, was the new company’s fiercest opponent. Their opposition originated from the fact that the local demand for maritime insurances could be met by the company and the group of private underwriters. According to Nicolaes des Armorries, quoted by Vleesenbeek and Van de Laar, approximately 20,000 to 25,000 guilders was offered annually in maritime insurances, an amount which certainly did not exceed the Rotterdam underwriting capacity.\(^{321}\) Although Des Armorries may have been right about the underwriting capital being sufficient for the demand for insurances, he minimized his estimate of the size of the Rotterdam insurance market in order to support his argument. Vleesenbeek and Van de Laar state that in 1769–1770, the total premium income of *Stad Rotterdam* amounted to fl. 14,753. This increased to fl. 26,677 in the following year.\(^{322}\) Since at that time fire insurances only contributed marginally to income, maritime insurance was the most important source of this income. If *Stad Rotterdam* recorded these amounts of premium income, Des Armorries’ estimate that annually no more than 20,000 or even 25,000 guilders were offered for insurances is definitely too low.

*Stad Rotterdam* undoubtedly felt the market was too limited for two companies and, in addition, it would have been reluctant to share its privileged status within the city. However, to be more credible, the directors of *Stad Rotterdam* argued that this new company, to be named Societeit van Assurantie en Beleening te Rotterdam, would be harmful to the position of private underwriters, as the Societeit had announced its intention to also insure smaller amounts, starting of 500 guilders. *Stad Rotterdam* forewarned the municipality that if a second company were to be established, the private underwriters would be driven from the market and the Rotterdam insurance market would then be dominated by two giants. This would either lead to a situation of disastrous price competition or to an atmosphere of cartel-agreement. All this would ultimately drive those seeking insurance coverage back to the city’s main rival: Amsterdam. The directors of *Stad Rotterdam* furthermore shamelessly questioned the impartiality

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\(^{320}\) *Stad Rotterdam* would have paid the regular fee of ¼ per cent only if the gross insurance rate at least equaled 1 per cent; if lower than 1 per cent but higher or equal to 3/8 per cent, 1/8 per cent fee was paid. Finally, if the gross insurance rates was less than 3/8 per cent, the broker was only paid 1/16 per cent in fees. Gar 199, Archief Stad Rotterdam inv.nr. 237.


\(^{322}\) Vleesenbeek and Van de Laar, *Van Oude naar Nieuwe*, 62.
of the new company as some of its participants were insurance brokers. The Societeit refuted the accusation by reminding Stad Rotterdam of the fact that it too had insurance brokers among its share-holders. Soon Stad Rotterdam would have realised that it had failed to convince the municipality of prohibiting the establishment of the Societeit. To the astonishment of some of the directors, they came to realise that three of the initiators of de Societeit were also directors at Stad Rotterdam. From then on, it was prohibited for directors of Stad Rotterdam to have any interest in another company in the province. To protect the interests of the company, they added that it would be forbidden to take official documents and dossiers home. The task of upholding this prohibition was officially added to the clerks’ duties. Ultimately, the three directors concerned were forced to give up their position in the board of Stad Rotterdam. In spite of these efforts, Stad Rotterdam, supported by the corps of private underwriters, were incapable of preventing the establishment of the Societeit, in 1770.

Even though, after these unsuccessful acts, the underwriters did sometimes collude in an attempt to safeguard their position or revenues, they seem to have realised the opportunity for them to actively influence the insurance market’s practices and prices had truly passed. They would at times issue statements or put forward requests, often in co-operation with merchants and ship-owners, regarding the general safety at sea or pertaining to the political situation. For instance, in 1782, during the Fourth Anglo-Dutch war, merchants, ship-owners and underwriters appealed to the municipal authorities to urge the Estates-General not to accept any peace offers made by the English without sufficient guarantees that they would honour the treaty: ‘for England has shown to have less principles of good faith as one commonly finds with the nations of Barbarians.’ A few months later, on December 7, the merchants, underwriters and ship-owners urged the Vroedschap to ensure that payment of damages as a result of raiding in the colonies and elsewhere were to be given precedence during the peace talks.

In general, the management of Stad Rotterdam was reserved in initiating plans of collusive action. Although it did oppose the establishment of mutual funds (waarborgmaatschappijen) to cover the risks of fire, it only issued a leaflet to emphasise its own strengths as opposed to those of the new funds. It was in fact the Societeit which took the initiative in 1821 to convince the insurance

323 Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 59-62.
324 These three being; J.G.F. Meijners, Isaac Hubert and Bastiaan Molewater. In total there were four initiators, Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 59-62.
325 The Societeit van Assurantie en Beleening te Rotterdam was established in 1770 and discontinued in 1864. See Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 68.
326 5 April 1782, as published by Unger, Rotterdamsch Jaarboekje, 263.
327 7 December 1782, as published by Unger, Rotterdamsch Jaarboekje, 264.
companies in Rotterdam to jointly lower the premiums on fire insurances.\textsuperscript{328} In 1843, \textit{Stad Rotterdam} united with other insurance companies in an appeal to the government to bar foreign insurance companies which were increasingly expanding their market share through the use of agents – at the expense of local underwriters and insurance companies.\textsuperscript{329} \textit{Stad Rotterdam} may have decided to co-sign this appeal as they would have felt the direct threat of the foreign insurance companies and did not have any operational consequences or obligations. However, the company remained wary of local co-operations, a wariness which would only have been reinforced after they realised that the \textit{Societeit} breached the agreement of 1821. A request in 1850 to join a sort of underwriters’ association was denied by \textit{Stad Rotterdam’s} directors.

It was thus quite surprising that in 1866, the company took the initiative to rally the support of a number of its business partners, most of them brokers, to support an effort to improve the quality of the harbour pilots and the beacons.\textsuperscript{330} By that time, the position of Dutch underwriters had considerably weakened and the directors of the company may have felt they were indeed the only part-taker of any significance left and with a chance of influencing the government. This action, so uncharacteristic in nature for \textit{Stad Rotterdam}, was a definite sign of the transformation of the insurance industry.

In conclusion, the co-operation among Rotterdam’s underwriters, and in particular the involvement of \textit{Stad Rotterdam}, shows a clear pattern: when the local insurance market was threatened by external forces, they were willing to form some sort of coalition, fragile as these may have been. But when it came to regulating and controlling internal forces and structures, they were less eager to collude and were not able to formulate and pursue common interests. Unity among the underwriters was virtually non-existent. \textit{Stad Rotterdam} in particular seemed unwilling to co-operate with its peers, an attitude which they seemingly could afford as they were by far the largest company, not only in Rotterdam but in the entire country.\textsuperscript{331} Especially in the second half of the nineteenth century, when the Dutch insurance market came under siege from foreign insurance companies and their agents, it became apparent that underwriters, not only in Rotterdam, but in the entire Kingdom, were incapable of combining their mutual strength in order to preserve their position and market share.\textsuperscript{332} It was not simply a matter of unwillingness to co-operate: the underwriters were quite incapable of effectively joining forces and of defining and successfully pursuing common goals. At the beginning of the eighteenth century, collusion was hardly necessary as only a small, socially and economically homogeneous group of

\begin{itemize}
\item \textsuperscript{328} Vleesenbeek and Van de Laar, \textit{Van Oude naar Nieuwe}, 63-64.
\item \textsuperscript{329} Ibid., 65.
\item \textsuperscript{330} GAR 199, Archief Rotterdam inv.nr. 6.
\item \textsuperscript{331} Vleesenbeek and Van de Laar, \textit{Van Oude naar Nieuwe}, 65-66.
\item \textsuperscript{332} Scheepvaartenquête, 15-16 (verslag), 5.
\end{itemize}
well-off citizens were involved. Later on, *Stad Rotterdam* and its dimensions in relation to the other underwriters, as well as the municipality taking an active interest in the market, defined collaborative structures. In the following century, the *NHM*, representing an enormous amount of insurance premiums to prospective underwriters, aggravated this situation with its many conventions, stipulations and interferences.

§ 4.3 The Rotterdam insurance market: scope and dynamics

From the preceding analysis, it has become clear that the Rotterdam insurance market was distinctly different from the one in Amsterdam, and from the system of mutual boxes in Groningen. The development over time, however, was also significantly different. Whereas the mutuals in Groningen virtually disappeared during the nineteenth century and Amsterdam lost its leading position to international competitors, the insurance business in Rotterdam managed, in some ways, to adapt to changing circumstances. By focusing on the Rotterdam insurance market as it was and on how it developed during a limited period of time, for example twenty years, which is sufficient to examine how institutions and actors related and interacted, it is possible to compare its status, its routines and practices with the situation and developments in Amsterdam. Merchants and ship-owners in both cities were confronted with various predicaments – how did they respond to these challenges and opportunities? How did the decisions and dealings of all parties, authorities, brokers, underwriters, merchants, and ship-owners, influence not only the interaction between parties but also the general development of the insurance market? Were the developments in Amsterdam and Rotterdam alike or were they significantly different? If so, what caused this divergent development?

Thus, for the eighteenth century, we focus on the dimensions of regional similarities and disparities. As for the nineteenth century, the Rotterdam insurance industry offers an excellent opportunity for comparing the situation of the eighteenth century with the circumstances during a period roughly one hundred years later: which changes and developments could have been expected to have taken place during the nineteenth century, based on the analysis of the eighteenth century? Did these in fact take place or did the Rotterdam insurance market evolve along a different path? And in what way did all actors, the authorities, brokers, underwriters, merchants, ship-owners and possible new entrants, influence the direction and outcome of these developments?

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§ 4.3.1 Insurance companies and regents: the Rotterdam insurance market between 1760 and 1780

The first period chosen for our comparison starts in 1760 and ends in 1780. This era saw war (the Seven Years’ War, from 1756 until 1763), followed by a financial crisis in 1763 and relative peace, another financial disruption in 1772-1773, and the preamble to the Fourth Anglo-Dutch War (1780): these decades tell the tale of the impact, the routines and limitations of the insurance business when ships were at risk of seizures, the financial system in Amsterdam was shaken to its core by bankruptcies and yet another armed conflict threatened to destabilise Dutch mercantile trade. In addition, a new insurance company emerged in Rotterdam. How did all these events affect the insurance industry; how – if at all – did they influence the decisions and behaviour of those seeking insurance, of underwriters and the authorities, of brokers and unauthorised brokers? Frank Spooner has extensively analysed the Amsterdam market during this period, which makes the comparison with Rotterdam all the more interesting.

So, our departure point is 1760 – what did the market consist of and what were the main characteristics of the insurance business in Rotterdam in that period? The demand side of the market was guaranteed by a variety of merchants and ship-owners. Apart from local businessmen seeking insurance coverage, merchants from the province of Zeeland, from Amsterdam and from England also turned to Rotterdam underwriters. They bought insurance policies for wine, herring, sugar, coffee, ships and parts of ships. The range of destinations the policies were bought for was as diverse as the insured objects and included ports such as Rouen, Bordeaux, Nantes, Bristol, London, Hamburg, the Baltics, but also ports in the West Indies. As for the supply side of the market: underwriting capital was furnished by approximately seventeen insurers, of whom Stad Rotterdam, then also known simply as ‘The Company’, was the most important one. Other underwriters appearing with a certain frequency on policies were Slegh, De Vries, Van Vollenhoven and Des Armories, Joan Ozy, Gerard Ellinckhuijsen and, as of the 1760s, Van Alphen, Dedel and Van der Wall. Foreign competitors had in effect not yet entered the market.

In spite of its dominance, the company did not monopolise the market. There are numerous examples of Rotterdam policies on which Stad Rotterdam is not the lead underwriter, or does not appear at all. In 1798, Mees had a policy, with an insured value of 6,000 guilders, written by various private underwriters. No insurance company is listed among the underwriters. On a policy on behalf of Coopstad and Rochussen, dated 3 September 1764, Stad Rotterdam does appear but is not the lead underwriter, a role reserved for a private underwriter: Jacob

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334 Gar 199, Archief Stad Rotterdam, inv.nr. 209-224. Although a company from Antwerp in the Austrian Netherlands was mentioned on the Slijtgenhorstlist of 1767. Also see Couvreur, ‘De zeeverzekeringsmarkt’.
The records of *Stad Rotterdam* do not reveal why the company did not participate in certain policies. Apart from limitations regarding the maximum insured value on ships destined for Greenland for instance, and the policy not to insure certain mills, the company does not seem to have had a policy of refusing policies on certain ships, destinations or goods. It is likely, therefore, that it was the choice of the insurance broker whether or not to approach an underwriter for a specific policy. Apart from *Stad Rotterdam*, the intermediaries of course had a broader network of, in particular, private underwriters. An able and careful broker would undoubtedly try to distribute his commissions evenly. If *Stad Rotterdam* was not approached for a certain policy, the reason could well be that the broker knew of another, probably larger, commission in store for which he would need the underwriting capacity of the company.

The insurance brokers thus played a significant role in distributing insurance-policies – and their risks – among the available and willing underwriters. A merchant or ship-owner would, in all probability, simply have commissioned a broker to find a suitable insurance and would rely on the broker’s judgment and expertise. Whether or not a Rotterdam policy was offered in Amsterdam or elsewhere was probably related to the network, experience and preferences of the insurance broker rather than the merchant of ship-owner commissioning the policy. Similarly, underwriters undoubtedly also spread their risks by not relying on merely one broker to generate business volume. *Stad Rotterdam*, for example, dealt with all major insurance brokers in the city of Rotterdam. Although no records of private underwriters have survived, in all probability they, too, will have distributed their interests among several intermediaries, even if they may have favoured a specific insurance broker. At the beginning of the two decades under review, there were approximately twelve to thirteen brokers active in Rotterdam. The most prominent ones, those who also appeared regularly in the records of *Stad Rotterdam*, or on insurance policies, included Mees, Willem de Cromme, Jodocus van Laren, and Havelaar.

The demand for and supply of underwriting capital, facilitated by the corps of insurance brokers, formed the Rotterdam insurance market. *Stad Rotterdam* recorded over its accounting year of 1760-1761 a total of 22,236 guilders as gross premium income. A total of 825,282 guilders was insured.

Thus, in 1760, the Rotterdam market was one of considerable proportions, but with a limited number of parties frequently doing business with one another. A market significantly influenced by the presence of a major, albeit not monopolising, insurance company. At the same time, this market was constrained by price levels, policy stipulations and regulations, as set and maintained by the

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335 GAR 305, Archief Mees inv.nr. 396.
336 Not all of these brokers would exclusively have dealt in insurances.
337 GAR 199, Archief Stad Rotterdam inv.nr. 223.
Amsterdam market. For example, in 1760, the premium for a cargo sailing in the month of September from Rotterdam to Bordeaux was 1.75 per cent.\textsuperscript{338} The premium rate for merchandise transported from St. Eustatius to Rotterdam in July of that same year was 3 per cent.\textsuperscript{339}

The business and conduct of all actors in the industry were structured by the city’s last ordinance of 1721, which had influenced and inspired the Amsterdam bylaw on the subject of insuring. Adjustments to this ordinance were rare and the last alteration of 1748 mainly concerned a renewal of clauses regarding general average and maritime affairs.\textsuperscript{340} This relative regulatory calm and stability is an indication that the market had evolved to reach a certain maturity: those involved seemed to have been satisfied with the structures the regulatory framework offered and the security of possible judicial procedures. At times, requests were made to the municipality, for example in 1764, but it seems that the municipality preferred to leave the business to its own routines. Due to the limited number of, in particular, underwriters and insurance brokers, as well as the market’s dependence of Amsterdam, a more pro-active approach on the part of the municipality was hardly necessary. Many of those involved would have known each other personally and would have met and convened at the bourse on a daily basis; many potential issues and problems would have been resolved informally and amiably. If a dispute could not be resolved off the record, insured and underwriters would turn to and rely on the city’s legal system. In 1760, the Chamber of Maritime Affairs dealt with 396 cases, of which 50 were related to insurances. This is particularly interesting as the Amsterdam KvAA handled only thirteen insurance cases in that same year, whereas the Amsterdam market was considerably larger, both in terms of business volume and the number of brokers, underwriters, merchants and other parties involved.\textsuperscript{341} It is not very likely that the damages incurred by ships and merchandise insured in Amsterdam were so limited as to explain the difference between the volume of appeals to the cities’ Chambers. It is possible that Amsterdam underwriters were less averse to honouring their contractual obligations and paid out insurance claims more willingly.\textsuperscript{342} This willingness may well have been related to the larger business volume in Amsterdam: a loss of a certain size has a greater impact on a

\textsuperscript{338} GAR 199, Archief Stad Rotterdam inv.nr. 223, 16 September 1760, the insured value of this policy was 2,470 guilders.

\textsuperscript{339} GAR 199, Archief Stad Rotterdam inv.nr. 223, 22 July 1760, the insured value was 5,100 guilders.

\textsuperscript{340} GAR 1.01, OSA Collectie van keuren en ordonnanties.

\textsuperscript{341} For example, in 1750, the number of brokers had been set at 400 by the Amsterdam municipality. In 1784, there were approximately 30 accredited brokers specialised in insurances in the capital, but this limited number concealed the great number of unauthorised brokers that were also active. SAA 366, Archief Gilden inv.nr. 1039; Van Niekerk, Principles of insurance law, 699-700.

\textsuperscript{342} Barbour, ‘Marine risks’, 581.
‘small’ underwriter with a limited and possibly unbalanced portfolio than the same loss would have on a ‘large’ underwriter with interests spread over a larger portfolio. Thus, individuals with the same type of interests might well have responded differently to similar events.343

It could also be that the commissioners in office in 1760 were able to reduce the uncertainty of the business through the consistency in their rulings. In 1760, Nicolaes Warin jr, Daniel Deutz and Joachim Rendorp were the three commissioners of the KvAA. Nicolaes Warin had held the position since 1751 and Daniel Deutz took office 2 years after Warin. Rendorp had only just that year been appointed. It is possible that during their nine- and seven-year ‘reign’, Warin and Deutz had reduced the overall uncertainty of the business with consistent rulings. Although the evidence is not conclusive, it would seem that the average annual number of cases was considerably lower during the time Warin and Deutz were in office, as compared to the period before they took office.

How did certain events affect the various parties involved? In what way, for example, did war influence the decisions and conduct of ship-owners or merchants and did all armed conflicts have the same effect? How did the choices and actions of brokers, underwriters and others influence the path of development of the insurance industry? During the two decades following 1760, all those involved in mercantile trade were confronted with the consequences of war, financial crises and the preamble to another conflict; their response to these threats and opportunities reflect both the strength and adaptability of those involved, as well as of the industry as a whole.

At the start of the era analysed, the major forces of Europe were entangled in the Seven Years’ War. This war, during which the Republic managed to remain neutral, had led to an increase in insurance premium rates on the one hand, but an overall drop in insurance volume and premium income on the other.344 However, from the records of Stad Rotterdam, a different picture emerges: between 1755-1756 and 1760-1761, the total amount insured by the company increased by a total of 34 per cent. This increase was a direct result of an increase of 39 per cent of the number of policies the company signed. In 1755-1756, almost 190 marine insurance policies were written, in 1760-1761, the company wrote 260 policies. Interestingly, the average amount per policy dropped from almost 3,300 guilders per policy to approximately 3,200 guilders. On average the company re-

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343 Clearly, there were ‘small’ underwriters in Amsterdam as well. They may have been more inclined to follow the lead of the larger Amsterdam underwriters out of fear of not being included in future transactions, be it insurance or other business deals. Further research, in particular applying Greif’s approach of game-theoretic modeling, may advance our understanding if this situation and the behaviour of the actors can be explained using the concept of a multilateral reputation mechanisms. See Greif, ‘Contract enforceability’ and Institutions and the path, chapters 3 and 4.

344 Spooner, Risks at sea, 78; Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 53-54.
ceived a premium rate of 2.69 per cent per policy in 1760-1761 whereas they had charged an average of 2.90 per cent in 1755-1756. Even though the acts of war may have caused the premium rates to rise, this was not reflected in the records of Stad Rotterdam, as war would also have had its impact on the decisions and dealings of merchants and ship-owners. They altered their routes, spread their risks by distributing their valuables among several ships or sailed under convoy: these precautions counterbalanced the pressure on premium rates to rise. Often, insured parties would also have spread the risk of failure of an insurer by having multiple underwriters sign a policy, rather than one insurer bearing the entire risk. In the absence of an efficient reinsurance market or a financial safety net to guarantee the financial sturdiness of an underwriter, this was common routine. As always, there were exceptions to the rule. Widow Verburgh and a merchant Van Meel had three different insurance policies written on 7 December 1730. Stad Rotterdam was the sole underwriter on all three policies. The ship-owners must certainly have been confident about the company’s solvency to have it sign for a total value of 6,000 guilders on three ships of the same convoy. Nevertheless, most merchants and ship-owners would have preferred to have a number of insurers writing a policy of substantial value, rather than one.

As previously mentioned, another consequence of war and the subsequent increase of risks was the development of new types of insurance coverage, such as vrij van molest and behouden varen. The Rotterdam insurance brokers and underwriters were quick to follow Amsterdam’s lead and it was not long before these new varieties of insurances were also available in Rotterdam, not only increasing the market’s range of services, but also increasing the complexity of price structures.

Even after the peace treaties had been signed and put into effect, all was not well, unfortunately; soon the financial consequences came to light and it became clear that Amsterdam’s prominence came at a price. Due to the excessive costs of the war, the various financial markets were disrupted, not least the Amsterdam capital market. The financial crisis in the wake of this war moved, as Spooner has put it, along the Amsterdam-Berlin axis and does seem to have bypassed Rotterdam. As a shortage of liquidity was at the heart of this international crisis, Stad Rotterdam does not seem to have had problems in writ-

345 GAR 199, Archief Stad Rotterdam inv.nr. 223.
346 Even in the nineteenth century, it was still common to have a number of underwriters co-sign a policy rather than to rely on one insurer, Scheepvaartenquête, 157, 165.
347 It was not only corporate underwriters that Widow Verburgh and Van Meel trusted: in 1733, they had multiple policies signed by a single private underwriter, Nicolaas Slegher. GAR 33.01, Handschriften inv.nr. 3147, insurance policies dated 7 December 1730, 16 November 1733, 30 November 1733, 24 December 1733.
348 See § 3.3.
349 Spooner, Risks at sea, 86.
ing policies. In fact, no reference is made in its records of the crisis in nearby Amsterdam. Under the lee of the crisis, it was business as usual for the directors of the largest insurance company, as the records show: they decided about the an-

Policy, dated 7 December 1730. GAR 33.01, Handschriften inv.nr. 3147.
Annual accounts, the commissioning of new clerks and directors, and dividend payments, while in Amsterdam the prominent house of De Neufville collapsed, dragging down several other merchant houses.\(^{350}\) Recovery was slow, as Spooner has emphasised, and the instability of the financial markets left its mark on the real economy. It was not until 1765–1767 that stability on the markets had returned.\(^{351}\) Rotterdam, however, with no financial market of any significance, was hardly affected by the international liquidity crunch and the crisis. In time, this lack of capital and experience with international financial transactions was to hamper Rotterdam’s development as a major financial centre and an international insurance market.

The primary objective of the city’s municipality, in actively supporting the initiation of the Republic’s first insurance company in 1720, was strengthening Rotterdam’s status as a commercial centre by reinforcing the insurance business so that the city’s merchants and businessmen were no longer forced to rely on the Amsterdam underwriters. Half a century later, there were obvious indications that the city had not altogether been successful in reaching this objective. The common good of the city, which had often been referred to with the foundation of *Stad Rotterdam*, was literally incorporated in the company’s statutes.\(^{352}\) The directors of the company received no remuneration for their time and efforts invested, and they must have felt a great commitment to the city’s well-being in general and the company in particular to accept a position on the board. However, the directors’ recognition and awareness of their responsibilities toward the common good also implied a cautious company policy. This caution may have been stretched too far and with its careful and sedate approach, the company in fact caused the foundation of a new competitor. Some of *Stad Rotterdam*’s directors were discontented with the company’s policy, a fact which became painfully apparent when three of its directors secretly initiated a new insurance company, the *Societeit*, in 1770. The initiators argued that *The Societeit* was necessary because, due to *Stad Rotterdam*’s cautious policy, many merchants, ship-owners and other businessmen were still forced to buy their insurances in Amsterdam. This touched a tender chord with the municipal authorities who authorised the foundation of the new company. Even though the establishment of *The Societeit*, the identity and background of the initiators and their motives for setting up a new company clearly indicated that the city had not been fully successful in enforcing the insurance business, it also shows the authorities’ willingness and flexibility in adapting to new developments and adjusting its policy accordingly. With its pragmatic approach regarding the issue of brokers and their unsworn peers, the municipality also demonstrated its ability to adapt.

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\(^{350}\) GAR 199, Archief Stad Rotterdam inv.nr. 2. De Neufville went bankrupt in July 1763.

\(^{351}\) Spooner, *Risks at sea*, 85.

\(^{352}\) GAR 199, Archief Stad Rotterdam inv.nr. 1, statutes.
Clearly, the Rotterdam regents acknowledged the importance of structuring the market in such a way that formal regulations and institutions did not impede the daily business routine or its overall development. The successive city councils managed to structure the market in such a manner that all parties involved were included, and no group of parties was explicitly favoured or singled out. Formal representations such as a Guild of, for instance, brokers were therefore hardly necessary, and open conflicts between all those involved were rare.

This episode of the establishment of the Societeit, and the responses and arguments of the opponents, also demonstrate the local nature of the Rotterdam insurance market during the eighteenth century. This feature was, however, not always a disadvantage, as a new financial crisis was to show.

Just as the crisis of 1762–1763 seems to have had little effect on Rotterdam, the same seems to have been true of another financial crisis, destabilising international markets only a few years later. In 1772–1773, the world was confronted with a variety of problems. Not only were there difficulties with the supply of grain and the transport of salt in the Baltics, but in the West Indies, plantation owners were confronted with slave revolts and the financial consequences of hurricanes. Once again, liquidity tightened in Amsterdam and also, this time, London. Clifford, the renowned merchants from Amsterdam, were the chief victims of this crisis and even though Stad Rotterdam was forced to write off a substantial part of its balances on Clifford, in general the crisis bypassed the city and its merchants and underwriters once again. In Amsterdam, not all were so lucky. For instance, Abraham ter Borch and Sons, underwriters, no longer appeared on the Sligtenhorst list after 1771. Andries Pels, although not bankrupted by the predicaments, cut his losses and voluntarily withdrew from the market. While Amsterdam once again laboured to recover, London managed to take advantage and reinforce its position in the world of international trade, commerce and finance. But London, too, was faced with problems as the objection to increasing levies and taxes in their colonies in the Americas became more pronounced. Another armed conflict was imminent. England headed for another armed conflict, this time with its own colonies in Northern America. Diplomats and envoys were sent abroad to rally support and establish alliances. Once again, the Republic was intent on remaining neutral, not in the least because many Dutch merchants were keen to exploit opportunities that came along with the increased tensions. American colonial produce was traded and shipped through the island of St. Eustatius in the West Indies. But, more importantly, the island became the hub for the arms trade, to supply the American colonists with much needed weapons and ammunition. Although the risks of this trade with St. Eustatius were substantial, the profits were all too often too tempting. It was rumoured that profits of 150 per cent could be made with

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\[353\] gar 199, Archief Stad Rotterdam inv.nr. 2.
a single shipment. Soon the island was called ‘The Golden Rock’ or even ‘The Diamond Rock’.

The records of Stad Rotterdam show that even though several merchants were willing to take the risks of gales, pirates, and seizures, many would only do so with the safety of an insurance policy. As to the nature of the merchandise, we can only speculate as the various policies that were recorded in the books of Stad Rotterdam do not specify the cargo but simply list them as ‘goods’. Some were drawn to the excessive fortunes to be made on the trade with St. Eustatius, whereas others were drawn by increasing premium rates to the insurance market. Although the insurance business witnessed many new entrants in the years leading up to the Fourth Anglo-Dutch War (1780-1784), only few managed to stay in the market. Turnover among the underwriters was high, as Spooner has shown. In Rotterdam, only three out of the twelve original underwriters in 1768 were still listed in 1787; in addition, four new names had appeared on the Sligtenhorst-list. As underwriting was still a sideline for merchants and the well-off, many were not especially committed to the market. Leaving the market was as simple as entering it. The subsequent high turnover among the underwriters had serious consequences for the continuity and efficiency of the market as expertise and tacit knowledge were lost. The new entrants may have invested their capital, they often lacked know-how and the skills necessary to correctly assess the complicated risks of maritime insurance. These risks only became more volatile and complex as war loomed. Whereas the financial crises of 1763 and 1772 had affected the supply side of the insurance business, war, as Spooner explains, altered the nature of the business and transformed the structure of the risks. In particular, the new entrants seemed hardly capable of adequately assessing the intricate risks involved. As new underwriters easily entered the market, they just as effortlessly left it again. More than ever, it became a necessity for those seeking insurance coverage to commission a capable insurance broker, sworn or unsworn, to find willing and financially solid underwriters among the quickly changing group of insurers. Also, brokers were necessary to correctly interpret and assess the increasing number of different types of insurance coverage and corresponding premium rates. For the less well-informed, the market had certainly become less transparent.

The upcoming war affected the level of insurance premium rates more than the Seven Years’ War had ever done. Indeed, the records of Stad Rotterdam show that the premium rates on policies written during the accounting year of

354 Spooner, Risks at sea, 94–102
355 GAR 199, Archief Stad Rotterdam inv.nr. 225.
356 Spooner, Risks at sea, 29–33.
357 Sligtenhorst list 1768, 1787.
359 Ibid., 98.
1778-1779 were on average 3.66 per cent.160 By then, the Republic had not yet even been engaged in open hostilities. As Spooner states: ‘there were wars and wars’.365 The loyalties of the Republic were divided – although some favoured England, many – including the still powerful city of Amsterdam – preferred to side with its opponent, France. As often, political idealism was not the basis of reasoning, it was a financial decision: trade with France was far more profitable than trade with England. Clearly, the Republic balanced on a thin thread of neutrality as merchants and ship-owners sought ways to continue their business with both of the battling nations. *Stad Rotterdam’s* records unambiguously show the divided interests as trade with both England and France was frequently insured by the company.366 The overall costs of protection escalated as merchants and ship-owners felt compelled to increase the protection of their merchandise and ship, to sail under convoy, or to distribute their goods over a number of ships. Insurance premiums soared and it even became profitable to transport masts via long and indirect inland routes rather than by open sea, in order to save on the excessive insurance premiums. As always, the debate regarding the exact definition of contraband – which goods could be utilised for warfare – was what ultimately made neutrality impossible for the Republic. Ultimately, England squandered the support of its Dutch allies with its increasing seizures of Dutch vessels. On 21 December 1780, King George III signed a manifesto of War against the Republic: the Dutch were once again engaged in a war with England.363

In Amsterdam, the insurance business languished and came to a grinding halt. Although the business volume decreased significantly in Rotterdam too, *Stad Rotterdam* still managed to write a few policies. During the month of December, the company wrote 74 policies, of which 57 were maritime insurances. The seventeen fire insurance policies, with an insured value of fl. 100,000, accounted for 50 per cent of the total insured value, which totalled fl. 201,400. However, premium income on fire policies was merely fl. 371, a direct consequence of the fact that fire insurance premiums would rarely exceed ¼ per cent. During this month of mounting fears and uncertainties, the average premium rate of maritime insurances increased to 4.66 per cent. The annual average premium rate of maritime insurances written by *Stad Rotterdam* totalled 4.31 per cent, significantly higher than the premium rate had been during the Seven Years’ War.364 While the market in Amsterdam was at a standstill, *Stad Rotterdam*, managed to keep itself in business by writing a great number of fire insurances. In addition, it managed to generate some marine insurance business, even

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360 GAR 199, Archief Stad Rotterdam inv.nr. 225.
361 Spooner, *Risks at sea*, 98.
362 GAR 199, Archief Stad Rotterdam inv.nr. 225.
364 GAR 199, Archief Stad Rotterdam inv.nr. 226.
during the disastrous month of January. This month would prove to be the absolute nadir. *Stad Rotterdam* wrote five marine insurance policies during that particular month, which totalled a meagre fl. 5,400 in insured value. Premium income was less affected as some insurances were written at a rate of 20, 25 or even 30 per cent. These five policies generated fl. 780 in premium income.\(^365\) There was a downside: as stated previously, during these years of war, the company was faced with numerous damage claims, severely affecting its profitability.\(^366\) *Stad Rotterdam* succeeded in upholding a certain continuity of the market, essential for its ultimate survival. It was to be the first sign of a fundamental change in the Dutch insurance business: Rotterdam was no longer a mere derivative of Amsterdam, which had forever lost its dominant position.

But Rotterdam, in spite of its ambitions, lacked the necessary supporting institutions, such as an effective reinsurance market, to succeed Amsterdam as an axis of the international insurance business. As we see in the next part, the insurance business had reached a point where a broad capital base, as well as an efficient reinsurance market was key to the continued development and existence of the insurance market.\(^367\)

Formerly, Rotterdam’s limited size and position within the financial system and insurance industry safeguarded it from the effects of the crises that had plagued Amsterdam. Now however, and especially in the nineteenth century, these characteristics hampered further development as the city lacked a substantial capital market to support further growth of its insurance market. Rotterdam did not reach the necessary critical mass and lost momentum. London became the definitive leading insurance market. In the nineteenth century, while the European continent struggled with the inheritance of the Napoleonic wars and the consequent territorial rearrangements, London was able to benefit and reinforce its position.

§ 4.3.2 New practices and opportunities for the Rotterdam insurance business between 1850 and 1870

Economic growth, fundamental institutional changes, technological innovations and a worldwide recession of the international transport industry: the two decades between 1850 and 1870 were indeed turbulent. The end of the *Cultuurstelsel* in 1870 and the *Scheepvaartenquête*, which was held in 1874, mark the end of this tumultuous period. All these factors make this period suitable for closer examination; to see what effects these changes had on the insurance market and especially on those involved. As mentioned previously, the Commercial Code

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365 Ibid.
(Wetboek van Koophandel) had taken effect in 1838, but its impact on the routines of the insurance industry was limited, especially as compared to the influence of the NHM and other government initiatives.\textsuperscript{368}

How did the relevant actors respond to new opportunities, threats and changes? The number of participants in the insurance market had increased enormously in a few decades – especially the number of underwriters and insurance companies, which had grown considerably. In 1850, approximately 60 brokers were active in Rotterdam, of whom five specialised in insurances.\textsuperscript{369} As a consequence of the increasingly risk-averse attitude of individuals and society as a whole, other insurance types had developed. Fire insurances and other types of insurances had become accepted products, but maritime insurance was still a key element of the insurance market, not in the least because of the transaction volume of the NHM. On the lists compiled by the NHM in 1851, no less than 74 private underwriters and insurance companies were registered.\textsuperscript{370} In addition, foreign maritime insurance companies started establishing representative agencies in the city – in 1853, eight agents were listed.\textsuperscript{371}

At the start of our focal period, optimism prevailed. Gold had been found both in California in 1849 and in Australia two years later, bringing about a wave of migration by adventurers seeking their fortunes abroad.\textsuperscript{372} The emergence and increased exploitation of steam ships also generated new trade: large quantities of coals had to be transported to various ports worldwide. The outbreak of the Crimean War in 1854 also created new demand for freight capacity.\textsuperscript{373}

Safety at sea had improved greatly since, after 1856, privateering was no longer used as a means of warfare and the risks of piracy had also decreased. The structure of trade and transport, both for the Netherlands and internationally, changed. In the Netherlands, the construction of an integrated network of railroads, financed by the revenues of the Cultuurstelsel, began in 1851.\textsuperscript{374} From 1850, the Dutch international services industry diversified, and the focus shifted from trade to transport. Rotterdam, as transit-harbour, benefited significantly from this development. Other structures changed as well: in the political arena, liberalisation had become the guiding principle. Slowly but surely, the institutional framework – which had always been fragmented and regional or even lo-

\begin{itemize}
\item \textsuperscript{368} See § 4.1.
\item \textsuperscript{369} Of 58 known brokers in 1847 5 were specialised in insurances, Davids, ‘Makelaardij in Rotterdam’, 449, table 3.
\item \textsuperscript{370} Mansvelt, Geschiedenis, ii, 342. This includes underwriters active in the fire insurance industry.
\item \textsuperscript{371} Davids and Go, ‘Buitenlandse agenten’.
\item \textsuperscript{372} Wiskerke, ‘De partenrederij’, 107.
\item \textsuperscript{373} The Crimean War lasted from 1854 until 1856.
\item \textsuperscript{374} Horlings, The economic development, 169.
\end{itemize}
cal in nature – was unified. The national government became ever more important for general conduct, business routines, procedures and endorsement. Overall, the world had become safer and more stable and merchants and shipowners responded by entering into new enterprises and adventures. Thus, in the years leading up to the crisis which hit the international transport sector in 1857, freight capacity increased considerably. New ships were ordered and the number of shipyards increased from 80 in 1850 to 100 ten years later. In 1860, the Dutch mercantile sailing fleet for deep sea transport reached its maximum number of 609 vessels, after which the size of the fleet decreased. During the mid 1850s, more than one hundred, primarily smaller-size vessels were under construction in the province of Groningen, whereas in the provinces of Holland and Zeeland approximately 75 ships, suitable for long-distance shipping, were being built. In spite of these endeavours, the average size of the Dutch fleet remained unaltered, and of the 2,072 ships the Dutch fleet consisted of in 1859, only 40 were powered by steam.

One of the ships under construction was a three-mast bark ship ‘made of sturdy oak’ to be named the *Ida Maria de Raath*. It was built in 1856 by S. van Gijn and Son, on their shipyard in Vlaardingen. Two years later, the ship was bought for fl. 35,000 by a consortium of eight investors who were to form the partenrederij *Ida Maria de Raath*. Although the *Ida Maria de Raath* may not be typical or representative for Dutch maritime trade as a whole, its owners were confronted with the same issues and challenges as most ship-owners in those days. Not only did the owners, and in particular the managing owner, need to decide about the size of the vessel, which was directly related to the route it was to sail and the cargo it would be transporting, but they were, on a regular basis, confronted with matters of freight contracts and insurances, issues regarding the captain and crew, the general dangers of long-distance trade and whether the ship should keep to prearranged freighting contracts and routes, or whether it should switch to tramp-shipping. Thus, although the case of the *Ida Maria de Raath* may not have been typical, it is nevertheless exemplary of the decisions ship-owners were faced with and their possible responses to changes, problems and opportunities.

The primary investor of the *Ida Maria de Raath*, Willem van Warmelo, participated for 7/16 part and was appointed managing owner (*boekhouder*[^382]) of the *rederij*. Other participants included a wine merchant and, as was not uncommon in those days, an insurance broker. It was not unusual for insurance brokers to participate in the exploitation of a ship. Broeze identified several groups of investors known to have invested in ships on a regular basis. The first group he distinguished included primary suppliers, such as ship-builders and suppliers of masts, sails and suppliers of fixed iron work (such as anchor suppliers). The next group of investors consisted of secondary suppliers, including insurance brokers.[^383] Several prominent Rotterdam brokers were known to invest in ship-owning companies. For example, insurance brokers Havelaar, Van Dam and Chabot all invested in a number of ships built by the *Schiedamsche Scheepssrederij*.[^384] In the case of *Ida Maria de Raath*, the broking firm of Van Dam participated and – as the wine merchant supplied the spirits – Van Dam promptly arranged for the vessel to be insured on its journeys. Firstly, Van Dam arranged a fire insurance policy for the vessel and its equipment at a value of fl. 40,000 and a premium of a ½ per thousand. In addition, the ship was insured *casco* for fl. 35,000 at an insurance rate of 2 per cent and for *behouden varen* for fl. 10,000 at a rate of 1½ per cent. This is interesting because it was often presumed that ship-owners would only shift to restrictive policies such as *behouden varen* when a ship had reached a certain age.[^385] The case of *Ida Maria de Raath* is not, however, exceptional. Ships managed by the prominent ship-owner Willem Ruys were often from their first voyage onwards also insured with two policies: one with the all-inclusive *casco* coverage, another one with the more limited coverage of *behouden varen*. Ship-owners undoubtedly intended to lower insurance costs and by doing so implicitly accepted a certain franchise in case the vessel was not a total loss.

Apart from the decision on whether to insure the ship and its equipment *casco* or *behouden varen*, other choices also became relevant. Broeze stated that the choice between taking a single or double insurance became ever more significant as the nature of world trade changed. Insuring one stretch of a journey, either outward bound or returning was known as a single insurance; a policy covering the outward bound as well as the return voyage was a double insurance. The advantage of a double insurance was that it was usually cheaper, both in premium rate and in policy costs. However, a disadvantage of double insur-

[^382]: A manager or *boekhouder* of a rederij received 1 per cent of gross freight revenues and, interestingly, 1 per cent of normal operating costs. The manager of the *Ida Maria de Raath*, Willem van Warmelo was also one of its main suppliers, Wiskerke, ‘De parten-rederij’, 113.


[^384]: Broeze, *De Stad Schiedam*, 89.

[^385]: Broeze, ‘Rederij’, 126-128.
ance was that the entire premium amount was to be paid up front. Also, if a ship needed to change route on its journey back, additional costs had to be made to include the diversion into the policy’s coverage. As transport and trade were more and more disentangled and tramp-shipping became more common and popular, these restrictions and disadvantages became increasingly important. Time-based insurances were a way to get around these problems. These ‘continuous insurance policies’ also had the benefit that it was easier to make sure a vessel did not sail uninsured as disputes regarding the definition of the route were known to arise in cases of single or double insurances. According to IJzer-
man and Den Dooren de Jong, this type of insurance was in fact a Dutch inno-
vation. However, it seems that after time-based insurances fell into disgrace in the middle of the eighteenth century, Dutch underwriters were reticent in offering these types of insurances. J.J. den Bouwmeester, ship-owner from Mid-
delburg, who was questioned during the Scheepvaartenquête, complained about the lack of flexibility of Dutch insurers: if one wished insurance for something other than the usual journey from or to the Dutch Indies it was either not on offer or only at an excessive insurance rate. It seems ironic that British underwriters managed to improve and exploit an instrument that was originally a Dutch novelty, thereby strengthening their position in the international insurance industry.

These insurance issues were an important concern for ship-owners, as we have seen that the costs of insuring amounted to a significant part of total oper-
ating costs. Moreover, due to the growing complexity of the industry, it became less transparent, making intermediation by expert brokers a necessity. Insurance brokers, their expertise and efforts, were therefore of increasing impor-
tance. In the nineteenth century, no maritime insurance transaction was effec-
tuated without intermediation, as the records of Stad Rotterdam confirm. The brokers needed to find the best fit for the insurance policy, its restrictions and coverage, ensure it was written by a financially solvent underwriter, and all this at the best available price. However, due to the fact that many ships had an insurance broker among their investors implied that insurance commissions were often based on capital investment rather than the abilities of a broker to find the best possible insurance for a certain ship.

As for the Ida Maria de Raath, total insurance expenditures, including the costs of the policies, amounted to fl. 871.50, almost 11 per cent of the total op-
erating costs which were incurred to get the ship on its way in the summer of 1858. This does not seem to have been exceptional. The insurance expenditures of the frigate De Stad Schiedam were on average 8 to 10 per cent of the total op-

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386 IJzerman and Den Dooren de Jong, ‘De oudst bekende’.
387 Scheepvaartenquête, 156.
388 GAR 199, Archief Stad Rotterdam inv.nr. 1.
389 Broeze, De Stad Schiedam, 112–113.
By the time the *Ida Maria de Raath* took to sea it was clear that the booming years of the preceding decade had truly passed. And as the international freight market suffered severely from the crisis, the newly established ship-owning company was unable to secure a freight. Therefore, Captain J. de Boer was ordered to sail the ship in ballast to Cadiz. In Cadiz, the captain was to try to obtain a profitable freight or, if unsuccessful, to purchase a shipload of salt at the expense of the *rederij* with which he was then to set sail for the Rio de La Plata. As salt was relatively cheap and in high demand in South America due to the booming hide industry, this was, as Wiskerke pointed out in his research regarding the *Ida Maria de Raath*, quite a prudent strategy. In Cadiz, Captain De Boer was indeed unsuccessful in securing a good contract and thus, with a cargo of 150 Spanish lasts of salt which he bought for fl. 2,301.40 and some other merchandise, he set out for the coast of Argentina. The records of the company show that the salt was insured at a value of fl. 2,000 and at a premium rate of 1½ per cent. With the costs of the policy of fl. 1.50 this amounted to fl. 32.50. The owners of the *Ida Maria de Raath* would have considered themselves fortunate for taking out the various insurances as Captain de Boer was forced to jetty 1/3 of his cargo on the transatlantic journey. The underwriters were notified, most probably by the broking firm of Van Dam, of the financial consequences of the ship’s misfortunes, and the *rederij* received fl. 7,299.50 in insurance claims. Claim settlement fees to the amount of fl. 92.75 were paid to, in all probability, Van Dam.

Fortunately, there was ample demand for his remaining shipload of salt in Buenos Aires and he managed to sell it with a reasonable gross profit of fl. 5,800. The ship returned to Europe with a ship load of 150 hides for which insurances premiums of fl. 16.20 were paid. Van Dam also arranged insurances for the vessel itself as it was once again insured *casco* for fl. 35,000 at a rate of 3 per cent and *behouden varen* for fl. 10,000 at a rate of 2 per cent. In total, insurance costs amounted to fl. 1,267.70 for the return voyage from Buenos Aires to Antwerp. Van Warmelo informed his fellow-investors that the first journey of their ship had earned them a total of fl. 2,760. As this was to be divided over no less than sixteen parts, each participant received only fl. 172.50 per part. A miserable amount indeed, considering their initial investment of fl. 2,187.50 per 1/16 part, the general risks, and the fact that no provisions were made for the depreciation of the vessel and its equipment. No less than thirteen financially comparable voyages would have been necessary simply to earn back the initial investment. Clearly, the cost of insuring vessel and cargo weighed heavily on the ship’s profitability.

391 Wiskerke, ‘De partenrederij’, 114.
392 GAR 33.01, Handschriften inv.nr. 3355.
After completion of this first voyage, the ship made another seven journeys for in the course of the nine years it was owned by the partenrederij, during which it crossed the Atlantic sixteen times. The records and the correspondence between the boekhouder and Captain De Boer reflect the predicaments ship-owners were confronted with during a turbulent period. After the difficult times following the crisis of 1857, the situation hardly improved for international trade and transport. The range of risks was once again altered when America faced Civil War. Although Captain De Boer was willing to sail to the American coast, he was cautioned by the home front. Boekhouder Van der Willigen wrote that ‘At the slightest provocation it would be impossible to insure for all dangers and I cannot justify taking the risk of the entire ship.’ It is not surprising that Van der Willigen was apprehensive about the issue of insurance as it was explicitly decreed in the rederij-cedul that the managing owner was responsible for all insurances. It had become standard to commission the managing owner to arrange insurances for vessel and cargo. For example, in 1854, the owners of a bark ship called De Zwarte Zwaan stated in the third article of their rederij-cedul that the managing owner was responsible for insuring the ship, preferably with a continuous insurance policy. Thus, 250 years after prominent merchants from Amsterdam had objected to the instatement of a general insurance company, reasoning that taking out insurance was not common practice, insuring had become part of business routine. Moreover, as Van der Willigen’s caution illustrates, it even unambiguously affected the actions and policy of ship-owners and merchants, thus influencing the development of trade and transport.

To add to the difficulties mercantile businessmen were confronted with, freight tariffs plummeted as a result of harvest failures in India and Southeast Asia. With a tremendous shortage of freight, many vessels had no other option but tramp-shipping. In 1864, Captain De Boer was ordered to sail for Batavia as no profitable contracts were available in Argentina. The Ida Maria de Raath arrived in the capital of the Dutch colony on February 18, 1865. Unfortunately, a great number of ships had had the same notion and freight tariffs which had varied between fl. 75 and fl. 120 per last during the most part of 1864 had suddenly crashed. In December, it was decreed that rice exports from Siam (Thailand) were forbidden as there were shortages due to crop failures. Shortly after, it became evident that flax-seed harvests in India were well below expectancy and ships that had lain in the ports of both Bangkok and Bombay sailed to the Dutch-Indies, hoping to find freight contracts. During the first months of 1865,
freight tariffs in Java had plummeted to approximately 45 to 50 guilders per last. Captain De Boer eventually managed to secure a cargo of rice for Semarang. From there on he sailed with only half a shipload, including a load of gun powder, to Padang. In the port of Padang he was able to obtain another freight of rice, taking him to the port of Hong Kong, where he docked on 15 June 1865. Although the boekhouder had been optimistic in his correspondence about the prospects of obtaining freights in Hong Kong, De Boer was quite pessimistic upon his arrival. In a letter dated 12 July 1865, he gloomily wrote to his employers in Rotterdam that the situation had hardly improved and that ports in China and Japan were full of ships looking for cargo. In this letter he also – for the first time – complained about the increased competition of steamships. By the end of August, lying in the port of Yokohama, waiting in vain for a profitable contract, De Boer grumbled that no return cargoes were available, ‘not even for three steamships, which would be preferred above sail ships.’

As De Boer and his ship travelled the seas in search of employment, the disappointing results of the company may well have spurred Van Dam to seek alternatives to insuring in Rotterdam. The records of the rederij show that for the seventh voyage, the journey which took the Ida Maria de Raath to, amongst other places, Hong Kong and Yokohama, some of the insurance contracts were written in Pounds Sterling. The first stretch of the journey, from the Netherlands to Buenos Aires, still seems to have been insured locally. These insurances included a fire insurance policy (with a total value of fl. 30,000 at a rate of ¾ per thousand) as well as insurance for the ship (fl. 30,000 at a rate of 1¾ per cent) and its cargo (fl. 6,000 at 1½ per cent). Including the costs of policies this totalled fl. 641 and these contracts hardly differed from the ones from previous voyages. However, due to the altered circumstances which had forced the Ida Maria de Raath to tramp-shipping, the insurance policies were adjusted to the ship’s new status and subsequent risks. Rather than insuring the ship per voyage, Van Dam arranged insurances for a period of six months, regardless of the port of destination or the route travelled. These time-based insurances were bought in London, most probably because Dutch underwriters either offered uncompetitive rates or were unwilling to write the policies at all. Clearly, the benefits British insurers offered outweighed the additional costs of insuring abroad, such as the cost of currency exchange and telegrams.

Van der Willigen was not the only boekhouder to approve of policies taken out abroad. The bark ship Fop Smit was managed by the firm of Willem Ruys

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399 Wiskerke, ‘De partenrederij’, 120-123.
400 GAR 33.01, Handschriften inv.nr. 3355.
401 In 1864, a total of fl. 2.29 was paid for bills of exchange and fl. 7 for telegrams, GAR 33.01, Handschriften, inv.nr. 3355.
and it, too, was insured in London on several occasions during the 1860s. Marten Mees also increasingly arranged insurances for his clients abroad, in particular in London. Personal experience and preferences of insurance brokers seem to have determined where insurance coverage was bought. In all probability, ship-owners and merchants merely commissioned a broker to find a suitable insurance, perhaps making a few restrictions as to the maximum franchise or whether it should be ‘under Dutch policy clauses’. Marten Mees relied ever more on foreign insurance markets and he was one of the insurance brokers who actively developed a network abroad and acquired experience and expertise with international insurance. In the 1860s, he had a growing number of policies written abroad. In 1860, he had in total 180 policies written outside Rotterdam, of which 132 were in Amsterdam (73 per cent) and 24 in London (13 per cent). The remaining policies were written in Bremen, Hamburg and Lubeck. Four years later, the importance of the English underwriters was evident as the London underwriters accounted for nearly 69 per cent of all policies Mees had had written outside Rotterdam. Amsterdam accounted for only 29 per cent of the total of 154 policies.

As the *Ida Maria de Raath* sailed across the world, and its captain and owners – like so many other ship-owners and merchants – struggled to keep their companies viable and their ships afloat, so the Dutch underwriters were also confronted with hardship and difficult times. For the greater part of the nineteenth century, the Dutch insurance market was dominated by the NHM – not merely because of the great number of insurance policies it was in need of, but also because of its regulatory and controlling authority. The NHM was far more than the country’s largest trading company. In the fiscal year ending on 30 June 1851, nearly 41 per cent of *Stad Rotterdam’s* total insured value originated from NHM transactions. In 1871, this had increased to 57 per cent. Moreover, NHM policies accounted for almost 53 per cent of *Stad Rotterdam’s* premium income in 1851 (and 64 per cent in 1871), an unambiguous indication that the insurance rates as paid by the NHM were considerably higher than the average insurance

402 GAR 454.01, Archief Willem Ruys inv.nr. 966, fo. 36. Bark ship *Fop Smit*, 1851-1871, not to be confused with a steamer named *Fop Smit*.

403 For example, the company of Willem Ruys commissioned his insurance broker to find a suitable insurance under certain restrictions, but these do not refer to the nationality of the underwriters. GAR 454.01, Archief Willem Ruys inv.nr. 972. In a note written in 1877 to the insurance broker, R. Mees & Zoonen, the company of Willem Ruys agreed to a policy taken out in Paris, providing it would be under Dutch conditions. GAR 454.01, Archief Willem Ruys inv.nr. 972, note dated 19 May 1877.

404 Marten Mees recorded the policies he had written outside Rotterdam in a separate notebook, starting on 1 October 1859. Unfortunately he did not leave any records to relate these to the number of policies he had written locally. The notes were ended, without apparent reason, at the end of March, 1866, GAR 305, Archief Mees inv.nr. 76.
rate paid by other merchants and ship-owners. This difference can only partly be explained by the long distance-nature of the NHM’s business. The principal reason for the company paying these high insurance rates was its intention to support the Dutch insurance business. Even though their rationale may have been admirable, the consequences were far more profound than ever intended. How did the NHM affect the actions and conduct of brokers, underwriters, merchants, ship-owners and even foreign insurance companies?

Normally, insurance brokers would have contacted underwriters after having been commissioned by a ship-owner or merchant to find insurers to cover a certain risk. These ship-owners and merchants would have preferred to have their policies written by more than one underwriter, thus purposely spreading the risk of possible financial failure of the underwriters. Although insurance brokers would traditionally have contacted local underwriters, both corporate and private, they clearly increasingly switched to foreign markets. Premium rates were generally lower in London, especially for policies on Java and other parts of the Dutch Indies. Although some merchants and ship-owners would willingly have paid these high rates because they were also active as underwriters,

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405 Also see graph 4.5 and § 4.2.4, in particular ‘the nineteenth century: new opportunities, new threats’.
407 Ibid., 127-128.
Dutch businessmen increasingly preferred the more favourable rates available abroad.

However, the level of premium rates was only one aspect of their rationale for having policies written in London or Paris. Some of those questioned during the *Scheepvaartenquête* complained about the attitude of Rotterdam underwriters in the event of a claim: apparently they were notorious for stalling payment. The previously mentioned lack of expertise and experience among Dutch insurers seems to have weighed quite heavily. Marten Mees attributed the complacent attitude and incompetence of Dutch insurers to the influence of the NHM: the ease with which underwriters, even the inept and inexperienced ones, could earn their salaries was due to the NHM and its fixed system of distributing its insurance business. As a result, the general level of expertise and knowledge of Dutch underwriters, dropped. According to Mees, some Dutch underwriters clearly lacked the expertise and experience required to properly assess the risks of marine insurance. Unsurprisingly, these underwriters were offered risks foreign insurers would not have accepted, and certainly not at the rates the Dutch wrote for. Because of the safety net provided by the NHM, Dutch underwriters – even those who were capable of appraising the risks – were willing to accept policies at rates that were clearly unwarranted and unprofitable. The excessive rates as paid by the NHM more than compensated for these less profitable transactions. If the insurers had not had the security of the NHM business, these policies would only have been accepted at higher premium rates – or not accepted at all. Even though the underwriters’ turnover was boosted by these transactions primarily from foreign merchants and ship-owners, risk/return ratios were unfavourable.

Inevitably, underwriters were faced with the consequences of their carelessness or ignorance. As ships ran aground, were damaged or even sunk, and merchandise was lost, Dutch underwriters began to appreciate why foreign underwriters had not been willing to sign the policies at the rates they had. The risk portfolios of a number of Dutch underwriters were by then dangerously unbalanced. In response, these underwriters increased their premium rates significantly; in some cases going as far as doubling them. Turnover from foreign merchants and ship-owners consequently dropped as there was no longer any incentive to buy insurances in Amsterdam or Rotterdam from low-priced and inexpert underwriters. Apart from a loss of turnover, there were more fundamental consequences. The market had – in effect – become a ‘lemons’ market in more ways than one. Of all risks, the ‘bad’ risks in particular were offered to the ill-informed and incompetent Dutch insurers. As the market became known for

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408 *Scheepvaartenquête*, 140.
409 Gar 305, Archief Mees inv.nr. 399, speech by Mr Mees; Mees, *Man van de daad*, 469-471.
410 Van Tijn, *Twintig jaren Amsterdam*, 49-50
incompetence, the whole corps of Dutch underwriters suffered from this infamous reputation, even those who were in fact experienced and capable.

Another consequence has been emphasised by Van Tijn: the NHM was in effect a safety net for all those who were less fortunate, competent or talented. In times of economic contraction investors would have found a safe haven in the business of insurances since the NHM guaranteed reasonable premium revenues at an acceptable risk. However, in cases of economic growth, capital would have been pulled out from the insurance business and invested in more lucrative enterprises. This role of the NHM, its function as a safe haven, was destructive because it attracted the wrong crowd: there were ‘lemons’ among the entrepreneurs as well. In spite of all the criticism on the part of the brokers regarding the role and influence on the NHM, they did not decline the profitable commissions of the trading company; even Mees regularly accepted commission of the NHM.

These aspects partially explain why so many insurance companies continued their unprofitable undertakings for so long. The directors of these companies had no alternative income or prospects and were thus, as Mees has emphasised, unwilling to acknowledge their failure and to advise the shareholders to discontinue the company. They would sooner have ascribed the disappointing results to chance and bad luck, rather than admit to their own lack of ability. The different legal procedures and international issues were a challenge in terms of financial reporting, particularly for insurance companies with claims that were sometimes delayed for many years. Corporate governance clearly had a long way to go and nineteenth century shareholders of – in particular – insurance companies were faced with all aspects of the principal-agent dilemma.

Marten Mees feared that, ultimately, local insurance markets would be lost in the Netherlands. He predicted that not only would the ‘lemons’ among the underwriters discontinue their business, but the good and financially sound insurers would also be affected and they would either have to leave the industry or relocate their business to a more promising market. The insurance industry, as the Rotterdam municipality had already appreciated in 1720, was a business to be conducted on a large scale. In a market with only a few, relatively small, underwriters, risks would be divided among too few parties.

The policies of the Ida Maria de Raath illustrate just how many underwriters were necessary to have a sum written. One of the insurances arranged locally by Van Dam for the ship required 39 underwriters for a total of 30,000 guilders, an average of fl. 769 per insurer. In London, however, a policy for £ 2,500

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412 According to Mees, only underwriting allowed unprofitable business to be continued for a long period, *GAR* 305, Archief Mees inv.nr. 399, speech by Mees.
413 *GAR* 305, Archief Mees inv.nr. 399, speech by Mr Mees; Mees, *Gedenkschrift*, 68.
414 *GAR* 33.01, Handschriften inv.nr. 3356 insurance policy dated 21 June 1862.
(which equalled approximately fl. 29,525) required only eighteen underwriters which amounted to an average of € 139 (fl. 1,640) per insurer.415 Another example is even more telling: the Pylades, a ship managed by the Nederlandsche Stoomboot Maatschappij of Rotterdam, was insured in London for an impressive total of fl. 326,000.416 If the policy had been written in Rotterdam and all the underwriters had accepted fl. 5,000 of risk, 65 insurers would still have been required to cover the total sum. However, as an amount of fl. 5,000 would undoubtedly have been beyond the financial capacity of many of Rotterdam’s underwriters it is more likely that an average line would not have exceeded fl. 1,000. In that case, more than 300 underwriters would have to have been willing to accept the policy, a number well above the total number of Dutch underwriters. Thus – although brokers managed to commit a great number of underwriters to policies with large amounts to be insured, there obviously was a limit to what Dutch insurers could write for. And this limit was clearly surpassed by the British.

Scale was also relevant in case of a loss: the consequences would then have weighed heavily on these few insurers; worse even in the case of multiple losses. Daniel Defoe, who experienced the disadvantages and consequences of underwriting personally, wrote: ‘It is not the smallness of a premium ruins the insurer, but it is the smallness of the quantity he insures.’417 The scale of the industry and its underwriters became even more crucial when steam shipping increased the amount of investments and the capital intensity of international transport. The Dutch insurance industry was unable to keep up in this phase of the international insurance business. Structural deficiencies, such as an effective reinsurance market, now hampered further progress by the Dutch insurance industry. According to Michael Powers and Martin Shubik, the need for a reinsurance market increases as the number of insurance companies grows: there is a natural trade-off between the positive and negative effects of increasing the number of firms in a market. In a market with an increasing number of firms, oligopolistic structures are weakened, market efficiency is enhanced and prices (i.e. premiums) decrease, spurring customers to purchase more insurance. However, if the capital invested in the market is fixed or does not increase proportionally, the average capital per firm decreases and the probability of underwriter failure increases, thus lowering the ‘quality’ of insurance. This will lead to customers purchasing less insurance – or switching to other, more secure, markets. Thus, the need for a reinsurance market becomes more important when the capital invested in the insurance industry remains stable (or does not increase proportionally as the number of firms) while at the same time the number of primary insurers

415 Gar 33.01, Handschriften inv.nr. 3356, insurance policy dated 15 April 1865.
416 Nieuwsberichten, 120–121.
417 Daniel Defoe as quoted by Barbour, ‘Marine risks’, 596.
increases, thus augmenting the risks of underwriter failure. As the group of underwriters in the Netherlands increased, due to the NHM, either the capital base of the Dutch insurance industry had to be increased or an efficient reinsurance industry had to be developed, if the continuation of the insurance market was not to be endangered.

The nineteenth century Dutch insurance industry does not seem to have conformed to these theoretical models, as shown in data compiled by H.G. Schuddebeurs. In 1810, the average paid-in capital per insurance company was a little over fl. 178,000. However, as the number of insurers increased the invested capital did not keep up. The average paid-in capital per firm decreased significantly to approximately fl. 75,000 in 1850. During the second part of the nineteenth century, the average amount of paid-in capital increased again, but since this was mainly due to the establishment of life and general insurance companies, these investments did not strengthen the capital basis of the marine insurance industry. The weakening of the capital base of the underwriting industry may well have been related to the crowding out effect, from which, as Van Zanden and Van Riel have established, the Dutch economy suffered during the 1820s and 1830s. Throughout these decades, government debt increased significantly, crowding out private sector investments via higher interest rates. It is significant that during the decades in which the capital base of Dutch underwriters deteriorated, a growing number of policies from the Netherlands were written abroad.

The Dutch insurance industry was no longer able to keep up with the progress and developments of the business that did take place elsewhere. Clearly, London’s facilities proved to be superior to the Dutch industry. Rotterdam too was surpassed, primarily by London: its capital base was greater, Lloyd’s answered the call for an efficient reinsurance industry and in addition, other insurance innovations would originate from the British capital in the future.

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418 Primary insurers are those who write the initial risk as opposed to secondary underwriters who will insure the insurers. Powers and Shubik, ‘Theory of reinsurance’.

419 Although this officially included all sorts of insurance companies, transport was still the primary insurance activity and we can therefore safely state that this data is relevant to the marine insurance market, Schuddebeurs, ‘Het Nederlandsche verzekeringsbedrijf’, 14.


421 According to Van Zanden and Van Riel, real Dutch interest rates were 2 per cent points higher in the 1820s and 1830s than in the eighteenth century, whereas ironically, a decrease was to be expected as a result of, among others, better legislation, Van Zanden and Van Riel, Strictures of Inheritance, 158-160.

422 The reinsurance market in London emerged as a derivative of arbitration transactions. As premium rates in London were lower than elsewhere, British underwriters commissioned their agents abroad to write risks on the European continent at relatively high premiums, following which these risks were then ‘reinsured’ at more favour-
Unfortunately, the troubles of the Dutch insurance industry were even more complex. The NHM came under increasing pressure from subsequent Dutch governments to lower its financial support to a limited number of industries, including the insurance business. Although subsequent Dutch governments experienced difficulties setting up a supporting structure for specific businesses and industries, it was even harder to break these down. Inevitably, following the cutbacks and discontinuation of freight tariffs and ship-building premiums, the excessive premium rates were reduced. The franchise of both the NHM and the government was also increased. The effect of these measures was a lowering of premium income for underwriters, eliminating their option to compensate for unprofitable business with NHM earnings. At the same time, both the number and size of insurance claims swelled as the Dutch sailing fleet aged. The fleet of steamships presented its own problems. These ships, with their expensive machinery, frequently incurred costly damages.\(^{423}\) Marten Mees was of the opinion that based on the age and risk-profile of the fleet, premium rates had to be increased to guarantee a viable insurance industry. Unfortunately, this was not an option, as intensifying competition due to foreign underwriters entering the market resulted in downward pressure on insurance rates. Dutch underwriters, pampered by the generous premium rates of the NHM on the one hand and inept due to the NHM dominance in terms of risk assessment, the controlling of premium levels and policy conditions on the other hand, were not equipped to deal with international competition. Moreover, due to the large volume written by foreign insurers, they were able to distribute their fixed operational expenses over a greater number of transactions, thus enabling them to accept lower insurance premiums.\(^{424}\) The position of Dutch underwriters was hardly to be envied. It became evident that the NHM had failed painfully in its attempt to support the Dutch insurance industry. Instead, it had seriously weakened and undermined the strength and vitality of the business.

*Stad Rotterdam*, once known for its sedate strategy, acknowledged the necessity of changing course. Although the company had – along with other underwriters – strongly objected to the settlement of representative agents of foreign


\(^{424}\) GAR 305, Archief Mees inv.nr. 399, speech by Marten Mees.
insurance companies, in 1860, they adjusted their strategy and initiated their own network of agents. By 1868, approximately fourteen agencies had been set up in various cities across the country. The strategy seemed successful, as the various agents quickly generated new business. However, along with the growth of the business, both in terms of the company’s own activities and in a broader sense, the directors of Stad Rotterdam came to realise that it was time to professionalise their operations. Instead of part-time directors who did not receive remuneration for their time and effort, the company was from now on managed by professional executives.425

As Stad Rotterdam adapted to the changing conditions, so did the Rotterdam brokers. The brokers, guided yet again by Marten Mees, also came to realise that the settlement of representative agents of foreign companies was not to be stopped, but rather to be controlled, among other things because some agents would have preferred to by-pass brokers when closing a deal. It was imperative for the corps of brokers to make their presence felt, to underline their value. As problems regarding the scope of the procuration of some agents arose, Mees initiated a depot for all procurations of representative agents. All companies established elsewhere were requested to deposit a standardised contract of procuration regarding their agent in Rotterdam and were asked not to withdraw the procuration without giving notice to the manager of the depot. The broking firm of Mees was to manage the depot.

Initially, not all those involved were charmed by the initiative. In particular, a few Dutch insurance companies, based outside Rotterdam, considered the request an insult and an indication of a lack of trust in their solvency. By setting up this depot, the brokers clearly aimed to lessen the uncertainty which had been created when representative agents of foreign, unknown companies, entered the market. The entry of these companies had, in effect, created a new aspect of asymmetrical information as it proved difficult for merchants and ship-owning companies to assess the trustworthiness of agents. Appeals to the government to curb the settlement of these agents were not successful, nor did the authorities initiate other means of reducing these newly created uncertainties. The Rotterdam brokers, stepping into this regulatory void, proved the importance of their role as intermediaries: their institution reduced uncertainty, lowered transactions costs and facilitated future transactions. The depot did not solve issues regarding the solvency of foreign insurance companies, which did lead to some confusion. The managers of the depot felt compelled to issue a statement that compliance with the depot requirements was by no means a guarantee of the financial solvency of the relevant insurance company. It was the responsibility of those seeking coverage – or their broker – to verify whether a company was

425 Gar 199, Archief Stad Rotterdam inv.nr. 3; Vleesenbeek and Van de Laar, Van Oude naar Nieuwe, 73–78.
financially solvent, thus once again stressing the value of a capable and knowledgeable intermediary.\footnote{GAR 305, Archief Mees inv.nr. 400, circular dated 27 November 1872.} Soon, the initiative was copied and a depot was also set up in Amsterdam. It seems ironic that brokers – the very group so resented and despised in the capital – dealt the final blow to Amsterdam as the dominating insurance market.

§ 4.4 Conclusion

Herring and wine formed the initial basis of Rotterdam’s trade and economy. Although the emergence of insurance did not lag far behind its introduction in Amsterdam, the industry developed differently in the two cities. Following the analysis of the effects of mutuality and social networks in Groningen and the effects of disparity between formal and informal constraints in Amsterdam, the case of Rotterdam shows that formal and informal institutions could indeed reinforce one another. As in Amsterdam, there was an important political dimension in Rotterdam, but its effects were radically different. Moreover, the case of Rotterdam shows how institutions evolved under the influence of major transformations and how these changes to the institutional framework affected the actors of the industry.

Insuring was most probably introduced in Rotterdam by immigrant merchants and its introduction would not have lagged far behind Amsterdam. The profession of broking had by then already been acknowledged by the municipal authorities as a valuable addition to the trade infrastructure. Brokers were appreciated for their expertise and their networks, and their position within the city’s trade structures enabled them to contribute to the development of the industry’s institutional framework. The city council was pragmatic in its ordinances and bylaws, and formal constraints generally concurred with informal routines, habits and customs.

Consequently, there was less strife and discord among the actors of the insurance market in Rotterdam, as compared to the situation in Amsterdam. Conflicts between sworn brokers and unauthorised brokers, a source of problems in Amsterdam, were rare in Rotterdam. The other actors too seem to have upheld the formal regulations. The phrase often seen on Amsterdam policies ‘that any issues concerning the insurance would be dealt with outside the courts’ was not frequently found on Rotterdam policies. Moreover, the fact that the commissioners of the Chamber of Maritime Affairs were regularly requested to act as arbitrator to settle disagreements out of court reaffirms the balance between formal and informal institutions.
There was, however, not enough capital available in the city for underwriting to match the demand for insurance and to sustain an independent insurance industry. Rotterdam’s merchants were therefore often forced to go to underwriters in the rival city of Amsterdam. This lack of underwriting capital and the need to rely on Amsterdam formed the basis of the municipality’s decision to actively support the establishment of an insurance company, Stad Rotterdam, within the city. The support and involvement of the municipality not only guaranteed the company’s survival in the initial phase, it also shaped the company’s statutes and objectives. Although the city’s intention, i.e. preventing Rotterdam’s merchants going to Amsterdam for insurance, was not entirely met, the company’s presence did reinforce the city’s insurance business in several ways. Formally, because the company often wrote larger lines than Rotterdam’s underwriters were used to committing to. Informally, because other underwriters were more willing to write if the company had also written a specific policy: others followed its lead, changing the routines of the market. But there was criticism as well. The directors of the company were said to be too conservative and, taking advantage of this void, competition emerged during the final decades of the eighteenth century.

As the eighteenth century drew to a close, the insurance industry was expanding in volume as well as in the number of participants. Rotterdam was, just as the rest of the country, affected by the Continental Blockade (beginning in 1806) and suffered from the French Annexation (1810). The city’s largest insurance company, Stad Rotterdam, managed to survive on the basis of activities other than maritime insurance. Once the French armies left, maritime insurance slowly recovered. The king of the newly proclaimed country, William I, was intent on reclaiming the country’s dominant trade position. The trading company he initiated, the NHM, influenced the Dutch economy in many ways. The insurance industry was affected, not only by the sheer number of policies it bought, but in more structural terms as well. As the NHM set the standard for the ships it was to use, determined freight tariffs and premium rates, brokers’ fees and the distribution of its business, little was left for the industry’s actors to do but to wait for its share of NHM transactions. Although underwriters and brokers made good profits in these decades, they lost a great deal of their expertise. Moreover, their influence on the industry’s routines and habits, but also on its formal regulations, diminished.

As Dutch underwriters and insurance brokers enjoyed the easy profits of the NHM, the world around them transformed significantly and quickly. Although the threat of war, for instance the American Civil war, still negatively influenced premium rates and increased the demand for insurance, privateering had been abandoned as an outdated method of war, altering risk patterns for certain routes. Vessels of steel and iron, powered by steam rather than wind, transformed trade and transport worldwide. In addition, the ownership of ships
and management structures were also affected. Professional ship-owners, owning and managing several ships, replaced the group of captains who owned their own ship. New communication tools meant a changing relationship between captains and owners but it also made it easier and more profitable to set up international networks of agents. Foreign insurance companies, attracted by the high premium rates paid in the Netherlands, appointed representatives.

The routines of the business changed just as its environment did: the professional ship-owners commissioned their brokers to find the best insurance in terms of rates and policy clauses, regardless of whether the underwriter was Dutch or foreign. The capital-intensive steam shipping industry required underwriting capacities which surpassed the Dutch capacities and many therefore had their policies written abroad, although this was often done under Dutch policy stipulations. The inexperienced Dutch underwriters were often left with the bad risks, adding to their many problems. As the NHM cut rates, the Dutch fleet aged and Dutch shipping lost ground to its foreign competitors, the underwriters were squeezed into a position of increasing costs and decreasing premium income. Private underwriters with other, more profitable, business ventures left the market. Moreover, many of the unprofitable insurance companies managed by inept directors ultimately had no other option but to close up shop. The remaining underwriters, once influential and – in the case of Stad Rotterdam – even dominating the local industry, were now in a subordinate position. Many terms, clauses and rates were determined outside their sphere of influence. They survived by adapting to new standards and institutions, and by expanding their other activities.

The insurance brokers also needed to change their way of doing business. The representative agents of foreign insurance companies not only constituted new competition, they also increased the uncertainty of the industry. Rather than forbidding agents, brokers chose to set up an institute that would deal with the uncertainty created. The balance between formal and informal constraints, which had once formed the basis of the relationship between the actors on the Rotterdam insurance market, was challenged as new forces influenced the industry. By including the new entrants in the formal framework, the brokers intended to create a new balance. Although the Dutch insurance industry was seriously reduced during the nineteenth century, the fact that some, like Stad Rotterdam and the corps of brokers, moved with the times meant that not all was lost.
Chapter 5:

Conclusion

§ 5.1 The relevance of marine insurance

The development of marine insurance has been imperative for the expansion of long-distance maritime trade. Without marine insurance, the Dutch Republic would not have been able to enlarge its trade networks and in all likelihood would not have prospered as it did in the early modern era. The emergence and early development of marine insurance in the Netherlands has been fairly well documented. The effects of seasonal cycles, political changes, and technological innovations have been studied by a variety of scholars, mainly from a legal point of view. However, lately, several prominent scholars have emphasised the relevance of institutional structures to long-term economic development. There are several ways to analyse institutional emergence, its specific characteristics and institutional development. One approach, of which Douglass North is a prominent advocate, emphasises that the character and scope of the formal and informal constraints, which together make up the institutional framework, affect the direction of developments. Divergence in institutional structures may also explain why inefficiencies persist.

Acting within the constraints of these institutions are the various actors: merchants, brokers, underwriters, ship-owners and authorities. How did these actors cope with the existing restraints, and how did their behaviour and choices affect the institutional structure in return? This study focuses on institutional structures, how they have influenced the parties involved and how the latter have in turn altered the institutions, both formal and informal. Three case studies form the basis of this research. I examine and compare insurance systems in Groningen, Amsterdam and Rotterdam between approximately 1600 and 1870. How did the systems vary per region and why did a certain system emerge in one area but was unable to gain foothold in other areas? As institutions, in particular the informal ones, tend to change slowly and incrementally, the direction of change is all too often not discernable on a short-term basis. The nineteenth century offers an extra dimension, as during this century a number of major transformations accelerated, affecting both institutions and actors. By examin-
ing the industry over a long period of time, we can enhance our understanding of long term institutional change.

§ 5.2 Regional divergence

The province of Groningen is well-known for the mutual insurance constructions it harboured in the nineteenth century, also known as compacten. What is far less known is that, as of the beginning of the seventeenth century, skippers in this part of the Dutch Republic initiated and developed intricate systems of financial protection. These 'boxes', as they were called, were incorporated in the skippers’ guilds and were established in the city of Groningen and in the rural peat-producing communities of Wildervank, Veendam, Pekel A and Oldambten. They were designed to provide financial support for skippers in times of distress caused by illness, death, damage to or loss of a vessel. In most cases, skippers would have paid a premium based on the calculated risks associated with the voyage in which they were engaged. Exactly how the level of these premiums was determined is not known. Skippers who lost their ship would generally receive a lump sum of 300 guilders, an amount that remained remarkably stable over a period of 150 years. In one exceptional statute, it was decreed that both premium and compensation should be based on the value of the ship. In 1752, the great skippers of the city of Groningen established the compact, an innovative financial device by which each member paid a set amount to a fellow skipper in the event of loss.

Although similar constructions were already in use in other guilds and in other regions of the Republic, for example for supporting widows or orphans of Guild brothers or members themselves in case they fell ill, these Groningen skipper’s guilds distinguished themselves by having different structures. The guilds did not simply copy one another’s construction. They evidently preferred to develop their own arrangement and to tailor it to their specific needs. Comparison with other regions and other industries suggests that the Groningen Guild boxes developed independently and a pattern of incremental institutional change is discernible. The earliest founding statutes were short, simple and lacking in sanctions. Over time, these were supplanted by lengthy, complex documents teeming with penalty clauses to deal with the less than honourable practices of some members. The boxes had, in all likelihood, been confronted with the consequences of moral hazard, i.e. the fact that individuals who are protected against a certain risk behave differently in a situation than if they had not had that protection.

1 See Bos, Uyt liefde tot malcander.
The specific character of Groningen’s trade, together with the scale and organisational structure of its shipping interests, underpinned the emergence and development of this alternative insurance system. A tentative example, comparing premiums from Groningen and Amsterdam, shows that the boxes operated reasonably competitively compared to the ‘traditional’ insurance market of Amsterdam, largely because they had low operating costs and were not aimed at making commercial profits. Their customers were in effect also part of the supply side, which kept premiums competitive.

Having examined Groningen, the analysis then concentrates on insurance activities in the city of Amsterdam. Compared to Groningen, with its system based on solidarity, the city along the IJ represented another extreme. Amsterdam, which was the dominant insurance market in Europe during the largest part of the seventeenth and eighteenth centuries, has been characterised as a market of individuals. In this fragmented market, merchants and underwriters acted primarily alone. Only under special circumstances did they collude, and these collusions were often ineffective. Although brokers were formally organised into a Guild, this coalition was hardly effective and brokers, too, operated on an individual, more than on a collaborative, basis. Individualism was the significant characteristic of the Amsterdam insurance market in the early modern era. Apart from those seeking insurance protection, those offering to write lines and those facilitating the transactions, there were also authorities within the industry, of which the Chamber of Insurance and Average was the most relevant. In 1598, the first insurance ordinance was issued; at the same time, the Chamber of Insurance and Average (KvAA) was established. The Chamber played an important role by settling disagreements and disputes which are innate to doing business. In the case of the insurance business, the issues were too complex and intricate to be dealt with by regular courts. In general, the KvAA was to make sure that parties honoured their contractual obligations. The commissioners of the Chamber were often merchants, frequently related to underwriters or at times even underwriters themselves. My research shows that the commissioners were primarily chosen for their expertise, experience, and judgment, rather than their political allegiance, although most – if not all – were connected to the city’s regents. Prominent names such as Trip, Six, and Van Loon appear several times on the list of those who acted as commissioner, also known as Assurantiemeesters.

From the time of the Chamber’s initiation, its commissioners influenced the development of the industry and the conduct of the other parties involved. Several times, ordinances were altered and new regulations were issued at the Chamber’s instigation. It has been suggested that, based upon the number of cases dealt with by the Chamber, the insurance market expanded significantly

2 Spooner, Risks at sea, 254.
during the second half of the eighteenth century. However, data does not support this notion, which is based upon the number of average cases rather than insurance cases handled by the Chamber. The records of the Chamber do suggest that in times of increased danger, most notably when war changed the patterns of risk, more appeals were made to the Chamber. This is an indication that the expertise of the Chamber’s commissioners was valued and their authority acknowledged. Acknowledgement of the Chamber’s position is relevant since as a result of its role in contractual enforcement it would have reduced uncertainties about the validity of insurance contracts and would thus have had a positive influence on the market.

The brokers were a group directly affected by the Chamber’s aim to influence the insurance market. The municipal authorities of Amsterdam had long treated the profession of broking with suspicion and considered brokers to be a necessary evil. It took a relatively long time for the city council of Amsterdam to finally acknowledge the importance of brokers for the expansion of the city’s commercial position in international trade. But even after brokers had been officially accepted, distrust and contempt prevailed for a long time. Initially, brokers did not specialise exclusively in insurances. Of all commercial parties to the insurance industry, the brokers were the only group formally organised into a Guild. The Brokers’ Guild was in all likelihood established in the third quarter of the sixteenth century. Throughout its existence, it was dismally ineffective in meeting its primary objective: securing the official brokers’ monopoly.

Unauthorised brokers appeared on the market at about the same time as official brokers and, in spite of a great number of attempts on the part of the Brokers’ Guild, they could not be eradicated. In fact, the number of unauthorised brokers only increased. Merchants do not seem to have cared whether their transactions were facilitated by an official broker or an unaccredited one. Even though deals facilitated by official brokers would have had a better legal status, which might have been relevant in case of a dispute, unofficial brokers countered this by accepting a lower fee. Brokers were commissioned by merchants and ship-owners on the basis of their network and expertise. This experience related to the intricate policy stipulations, the level of premium rates and the assessment of the financial solidity of underwriters. Premium levels would probably have been the outcome of the forces of supply and demand. At times, competitive forces led underwriters to offer more favourable rates than their competitors, leading to policies with differing premium rates. Sworn brokers were made responsible by the municipality for compiling and publishing updated lists of premium levels. The continuing battle between formal brokers and their Guild against their unofficial peers left its mark on the industry and the relation between parties. The brokers do not seem to have received much sympa-

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thy or support in their conflict with the unauthorised brokers. Many suspected brokers of manipulating price levels and of abusing their position by trading on their own account. The Guild seems to have given up on its continued battle against unauthorised brokers in the eighteenth century. The eighteenth-century records of the firm of De Vos & Zoon, unofficial brokers, confirm that by mid-century, these former unauthorised brokers were equal in status to official brokers, as evidenced by the fact that, listed among the firm’s clients were many prominent parties.4

The merchants and ship-owners, the parties turning to the Amsterdam insurance market for commercial protection, were not only locals. In fact, the Amsterdam insurance market attracted many foreign clients and it was reputed to be the only market in Europe where all policies could be written, regardless of the size of the insurance. Moreover, Amsterdam insurers had a favourable reputation. They were said to pay insurance claims promptly and without hassle. Although this group of insured was not formally represented in any way, some of them were known to join forces when required to do so by the circumstances. When, in 1628, a group of entrepreneurs attempted to set up a chartered insurance company which would force all those active on certain trade routes to pay an obligatory insurance fee, opposition arose. The opposition, made up of a number of prominent merchants and ship-owners, argued that taking out insurance was not common routine and that insurance premiums would in fact have reduced their already narrow profit margins even further. Even the advocates of the insurance company seem to have concurred with the statement that taking out insurance was still not common.

Commissioning a broker, whether an official or unofficial one, probably became routine in the first quarter of the seventeenth century. The custom that the broker’s fee was to be paid by the underwriter would have promoted the commissioning of brokers. By stipulating a mandatory franchise, the municipal authorities aimed to promote prudence and decrease the risk of moral hazard. The underwriters were often the wealthiest of Amsterdam’s citizens. As capital started accumulating in the city, due to the expansion of international, and most notably Baltic, trade, these prosperous merchants sought new investment opportunities for their excess capital. Insurance, a financial innovation brought to the city by merchants who fled the problems of the Southern Netherlands, met this need. Insuring was long considered a sideline. Most of those acting as underwriter did so on occasion but invested most of their capital, financial and human, into their other business ventures. Even those underwriters who frequently wrote lines would most often be known as merchant, rather than insurer. The implication of this fact was that many underwriters were not fully committed to the market. If business did not develop profitably, they simply exited.

4 SAA 557, Archief De Vos inv.nr. 24.
the market, concentrated their efforts on other ventures and invested their money elsewhere. There was another side to this dynamic, namely that many actors entered the market when premiums were high. These opportunistic underwriters were usually also the ones leaving the market at the first hint of problems. As they lacked tacit knowledge of, or experience with, underwriting, they often signed for risks more experienced insurers would not have committed to. In times of war or extremely bad weather, these inexperienced insurers, with their portfolio of ‘lemons’, would have been disproportionately affected and would have bailed out.

As with those buying insurance, there were also underwriters from outside the city walls, for example from villages in the vicinity of Amsterdam, like Oostzaan, De Rijp and Broek in Waterland. These non-locals would commission local brokers to arrange profitable lines for them to write. Similarly to the buyers on the market, underwriters would primarily have acted individually. Only when their market position or their profitability was endangered did they join forces to ward off the imminent danger. One collusion that significantly influenced the further development of the insurance industry was the one that was formed in 1719-1720 to prevent the establishment of an insurance company in the city. The opponents to this plan emphasised the danger that this company might soon monopolise and dominate the city’s insurance market, and it would lower premium rates, thereby forcing private underwriters out of the market and dictating unfavourable policy terms to merchants and ship-owners. The company, so they argued, would be detrimental to the city’s commercial position and reputation. The corps of underwriters of Amsterdam, once referred to as the most powerful in European trade, stood up to its reputation. The company was vetoed by the municipal authorities. This was representative for the Amsterdam market, where the voices of some were more clearly heard in city hall than the appeals of others. It was not until 1772, long after similar companies had been set up in other countries and even in other cities in the Republic, that an initiative for an insurance company in Amsterdam was successful. By that time, however, things had changed: other insurance markets, in particular London, undermined Amsterdam’s dominance.

For the final case, I examined the insurance market in Rotterdam during the eighteenth and nineteenth centuries. This city harboured the ambition to surpass its rival-city, Amsterdam, and challenge its dominance. Although Rotterdam followed Amsterdam’s lead in a number of aspects, for example concerning the issuance of an ordinance, the establishment of a Chamber, etc., there were also very real differences between the two cities. For example, in Rotterdam, moral hazard seems to have been less of an issue, which may have been

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5 The observation was made by the Abbé Desnoyers, French chargé d’affaires, in a letter to Count Vergennes, as quoted Spooner, *Risks at sea*, 25.
related to the limited nature of business. Ship-owners were still obliged to bear part of the risk themselves, but merchants were allowed to insure up to the full value. Also, Rotterdam municipal authorities acknowledged the importance of brokers far sooner than their peers in Amsterdam. Consequently, in Rotterdam, brokers were not regarded with suspicion or treated with contempt, which was in stark contrast to their position in Amsterdam. The city was pragmatic when it came to setting the number of brokers, thereby preventing the emergence of unauthorised brokers. In Rotterdam, the presence of unauthorised brokers never was an issue of such magnitude that it would have affected the overall development of the industry.

As Rotterdam’s merchants and ship-owners were often forced to rely upon the Amsterdam insurance market for commercial protection, the ambition developed to have a local insurance market able to meet the local needs. When two British entrepreneurs, who had first been turned down by the Amsterdam council, presented their plans for establishing an insurance company within the city, they received the council’s full support. An insurance company within the city walls would be beneficial to trade and commerce, and supporting the initiative would be for the common good. The fact that Rotterdam would be able to outwit Amsterdam was considered a bonus. With the council’s backing, the company, Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam Anno 1720 (Stad Rotterdam), was set up. Regents took an active part in its foundation by means of private investments. The real acid test came soon after the bubble burst and the new company was at risk of failure. The municipal authorities decided they would actively support Stad Rotterdam which was able, as a result, to survive its troubled first years. The original objective, namely that Rotterdam’s merchants would no longer needed to turn to Amsterdam for insurance, was not entirely met. Policies written in Amsterdam would often still contain the names of insured parties based in Rotterdam. Also, the Rotterdam market remained subordinate to the Amsterdam industry. In Rotterdam, premium levels, policy conditions, fees and other terms were often subject to the customs, routines and levels of Amsterdam, which remained the dominant market. Not until the nineteenth century did Rotterdam shift its focus to London’s standards.

Nevertheless, Stad Rotterdam did influence the Rotterdam market positively. It often appeared on policies as lead-underwriter. Brokers would first contact the company and have them commit to a policy before offering the deal to other underwriters, who would then be more inclined to commit themselves. Thus, Stad Rotterdam did promote the expansion of the insurance market in the city. However, due to its size, both absolute and relative, it also dominated the local market, affecting the market’s development and how other parties to the industry related to one another. Stad Rotterdam’s prudence hampered progress and innovation.
At the beginning of the nineteenth century, with the Republic no longer in existence, Rotterdam suffered from the Continental Blockade and later the Annexation, as did Amsterdam and the rest of the former Republic. Nevertheless, Stad Rotterdam managed to survive, and slowly recovered during the first decades of the nineteenth century. The Dutch economy had suffered severely from the ravages of war and occupation: the mercantile fleet was decimated, trade relations lost. The King of the newly proclaimed Kingdom, William I, set out to restore the country to its former glory. However, the world had changed and the nineteenth century would be a time when a number of major transformations accelerated. In political terms, an extra dimension was added as the decentralised rule of the former Republic was slowly but surely supplanted by the national government. The international political arena witnessed changes too, of which the termination of privateering as a method of war was one directly influencing the insurance industry. Technologically, the nineteenth century was an era of major innovations. Steam shipping and the use of steel and iron instead of wood not only changed the ship-building industry but also affected ownership structures. The increased capital intensity of the industry demanded different investment- and ownership structures. The invention of the telegraph (and later the telephone) reduced communication times, increased the reliability of communications and altered the relationship between a ship’s master and its owners. These new communication technologies also created new opportunities for the use of representative agents. As it was easier and less costly to effectively manage and monitor these agents, many companies, including insurance companies, set up international networks of representative agents. Numerous foreign insurance companies appointed agents in Amsterdam or Rotterdam. Many of these transformations were universal and affected trade and shipping and the insurance industry worldwide. However, there was a national dimension too. As King William I set out to rebuild the Dutch economy, one of his aims was to reclaim the country’s position in the profitable colonial trade, and in order to do so he instated the Nederlandsche Handel-Maatschappij (NHM).

The NHM was in several ways quite successful as it became the countries largest trading company, dominating colonial trade. The NHM also became the country’s largest buyer of insurance policies. Its statutes stipulated that it was only to use Dutch insurers and brokers. In order to stimulate the waning economy, the NHM paid freight tariffs and insurance premiums far above the going market rate. Not only were the NHM commissions highly profitable, the money was earned easily as the NHM set prices, determined policy regulations, assessed and qualified the ships, and distributed its commissions evenly over the number of participants. Many insurance companies were set up to benefit from these arrangements; their directors were often inept and inexperienced. Soon only a few brokers and underwriters were knowledgeable and when the fleet began to age, the NHM lowered the rates paid and circumstances deteriorated, with
many companies failing to keep up and exiting the market. Although the NHM’s price setting is often regarded as its most detrimental influence on the market, the effect it had on the market’s structures and institutions may have been of greater significance. It weakened the structure of an industry which came under increasing international competitive pressure. A few prominent brokers took initiatives to increase the faltering trust in the market and strengthen its foundation. It is significant that brokers from Rotterdam, who had never been in as unfavourable a position as their peers in Amsterdam, took the lead – later followed by Amsterdam.

§ 5.3 Institutions and actors: influence and interaction

What can we conclude about institutions, the way they affect the choices of the various actors and how they in turn are influenced by the conduct of these actors? How did the institutional framework of the insurance industry evolve in time and which factors influenced the direction of the change? How did formal institutions develop compared to informal institutions? In this final section, I try to explain why certain institutions emerged, how formal and informal institutions interacted, why some institutions underwent change whereas other remained stable and in what way formal and informal institutions affected the behaviour of the different actors.

Maritime insurance emerged as a result of merchants and ship-owners wishing to decrease the financial consequences in case their ship or goods were lost or damaged. This need for protection became more important as merchants no longer accompanied their merchandise on long-distance routes and people other than the ship-owner or ship-owners commandeered the ship. Although merchants could decrease their exposure by distributing their merchandise over several ships and ship-owners could do likewise with their ship investments, they would not be reimbursed in case of a loss. By transferring the risk to an underwriter or a mutual they would buy the certainty of reimbursement in case of disaster. The first stage of the process of differing risk attitude had set in. Information and trust were the key elements here. The primary feature of an insurance transaction is its intangibility. Unlike grain, textiles or wine, there is no sample to test the quality of the service beforehand. The initial transaction must be based on trust, i.e. the trust that the counterparty will not renege on his commitment. Greif has labelled this the Fundamental Problem of Exchange (FPOE). Subsequent transactions are based on trust, but also on experience and the tacit knowledge which the different actors develop. These experiences and expertise then influence choices and decisions. How could a merchant or ship-
owner be certain that an underwriter would not renege on his promise to pay for the damages if the need arose? The issue was just as pressing for the underwriters: how could they be certain of the merchant’s or ship-owner’s good faith? The latter in particular were in the best possible position in terms of information. They generally knew most about the quality of the ship and its crew and the dangers of the routes and harbours. How could they enforce contractual commitment on the part of those buying insurance? The institutions governing the insurance industry, both formal and informal, had to reduce these uncertainties in order for the different actors to commit themselves and for a transaction to take place.

My research shows that, within the Netherlands, several types of institution emerged and governed the insurance industry. How was it possible for these differing systems to emerge in relative proximity to each other? A number of aspects had a significant influence on the emergence and development of the various institutional structures, such as the nature and scope of the risks involved. Which routes were sailed and were these considered risky, for example due to the presence of privateers or pirates? Were the harbours thought of as dangerous or were the waters known for their extreme weather or dangerous currents? The institutional framework was also affected by the nature of the social structure of the society, as well as by the position and actions of the relevant authorities. Finally the emergence of institutions was not only affected by the demand for insurance, but also by the potential supply of underwriting capital and the way these related to one another. In what way did these aspects influence the emergence of institutional structures governing insurance systems in Groningen, Amsterdam and Rotterdam?

In Amsterdam, insurance was introduced by foreign merchants who had experience with insuring as a financial instrument. Merchants with high-value merchandise were the first to test this novelty and they did so by observing the imported routines and habits. These pioneering entrepreneurs were active on a great number of routes, some of which were known for the danger of pirates and privateers, with ships of varying size and value trading a variety of commodities. The diverse nature of the business, the growing demand for insurance and the increasing number of actors involved necessitated institutions, and before long intricate business routines were developed: the industry was informally structured before any formal regulation was set up.

In Rotterdam, the insurance market was of a different size. Not only was the city’s trade still limited at the time, the initial demand for insurance primarily came from merchants, since many vessels were owned by non-locals. Unofficial practices that developed based upon imported routines were sufficient to keep the restricted business and the various actors in check. In contrast, the nature of trade and transport in Groningen stimulated the initiation of mutual insurance boxes. Even though the great skippers of Groningen expanded their hori-
zon and trade routes, they still kept to a limited set of routes and destinations. Thus, the skippers were well informed as to the specific dangers of the waters and harbours they sailed. The same was true of their ships: the skippers generally sailed the same type of ship – of which some were undoubtedly in better condition than others, but overall their value would not have differed significantly. Information regarding the risks of the trade and the assets to be insured was accessible, and the risks could be assessed accurately. As the great skippers were in need of some sort of financial safety net in case of disaster, the mutual insurance boxes matched their needs and could be set up within the constraints of the Guild.

The nature of the social structures of the skippers' communities was crucial for the emergence of mutual insurance boxes in Groningen. The tight-knit communities guaranteed effective social control, keeping fraud in check. Due to the guilds' political power, they, rather than the Burgomasters and city council, were effectively the ones setting up regulations. The dominance of the city, both politically and economically, is what induced the emergence of the boxes in the peat communities. The tense relationship between the villages and the city made the rural guilds reluctant to copy the box structures of their urban peers. The guilds, both in the city and in the countryside relied upon their social networks, the institutional framework was primarily informal. The boxes' statutes were not enforced by an effective state but by private order: the implicit threat of ostracism was effective enough.7

The balance between the demand for insurance and the supply of sufficient underwriting capital was, of the three regions, only adequately met in Amsterdam. Whereas in Groningen and Rotterdam, there was a certain demand for insurance, there was however not enough underwriting capital to meet the need. In Amsterdam, the demand for insurance and the supply of underwriting capital came together as capital from the profitable Baltic trade flowed into the city and foreign entrepreneurs introduced insurance as a financial instrument, enabling the expansion of the industry. The nature of the institutional structure and the interaction between the various parties was decisively affected by the social hierarchies and political allegiances in Amsterdam. Clearly, the heterogeneous society of the city, diversified due to immigration, wealth disparity and religious variations, did not lend itself for mutual insurance constructions. The formal regulations that were set up by the municipal authorities often did not concur with the routines and practices of the business. Those in power seemed to favour some groups of actors, and the regulations and laws they set up and issued were primarily intended to protect the interests of the groups of actors they favoured, not to create a stable and balanced institutional structure. The disparity between

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7 See Greif for his study regarding the effectiveness of private order institutions in the late Medieval times in Europe, Greif, Institutions and the path, chapters 3 and 4.
the formal and informal constraints led to an enduring tension within the industry. Within this setting, the Chamber of Insurance and its commissioners seem to have chosen their own line of action. Although there is no information on whether unsworn brokers also brought disputes before the Chamber, we do know that the Chamber did not honour the broker’s monopoly. In addition, the commissioners and secretary operated pragmatically and sanctioned insurance policies that did not concur with the insurance ordinance.

The case of Rotterdam shows the effects on the institutional framework of formal regulations generally concurring with the informal ones. The influence of the authorities in Rotterdam was very different from the situation in Amsterdam. The municipality in Rotterdam seems to have realised that ordinances and bylaws too strict in nature would not be effective. The city council seems to have been quite pragmatic when regulating the insurance market and the profession of broking, which was so closely affiliated to the business. Formal constraints were aimed at enhancing the informal routines and habits ruling daily business. The Chamber’s mandate to force parties to honour their contractual obligations, as based on the insurance ordinance of the city, was in line with the practices of the industry. Even though the city of Rotterdam was far smaller than Amsterdam at the time insurances emerged, socially, the community was too heterogeneous in its composition to be suitable for mutual insurance boxes. It was, however, also too small for the distinct social hierarchies as in Amsterdam. The limited size of the community implied that informal constraints were often sufficient to prevent fraud and manipulation.

Clearly, general aspects such as the characteristics of the trade routes, the ships and merchandise, of social structures and the involvement of local authorities and of the relation between demand for insurance and the supply of capital all affected the three regions differently, and the consequences therefore differed, bringing about institutional variety. As we have seen, these alternative institutional structures evolved differently: some structures proved fairly stable through time whereas others were subject to constant changes. Why were some institutions more persistent than others and in what way did the different actors and exogenous factors influence institutional change? Institutions are supplanted when they are no longer self-enforcing or when technological innovation or organisational changes induce new transactions.8

In Groningen, an evolution from primarily informal constraints to formalised structures is discernable. This development may have been related to a changing attitude towards risk: from being risk-tolerant, individuals became increasingly risk-averse. As risk-aversion increased, demand for protection and subsequently the number of individuals seeking protection increased. As more individuals were involved, the risk of disagreements and quarrels rose, necessi-

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8 Greif, *Institutions and the path*, 385.
tating more formal regulations. In addition, a change in trade patterns induced this development. As the skippers in Groningen expanded their trade routes, even by-passing their home-port when going from one destination to another, the social networks of the Guilds eroded. Not only did the risks to be covered become more complex with the greater variety in routes, destinations, merchandise and types of ships, but controlling the insured also became difficult as social control was no longer effective in the less tightly-knit communities. Guilds could no longer rely on informal constraints to prevent fraud, and more official regulations became necessary. The formal institutions for enforcing the statutes of the box were, however, all limited to the range of the Guilds. And as the nature of social networks changed, the hold of the Guilds on their members weakened. Enforcement measures, in spite of their formality, were ineffective because they were limited to the setting of the Guilds: private order was no longer sufficient.

The disparity between formal and informal constraints in Amsterdam continued, and the basis for the strained relationships between the parties was laid. The imbalance between routines, habits and practices on the one hand, and formal regulations on the other hand resulted in numerous alterations and changes to ordinances and bylaws. Clearly, some entrepreneurs or groups of entrepreneurs were in a far better position to induce change than others. The bargaining strength of the underwriters, for example, reflected their familial and social allegiances with the ruling class. Formal regulations were altered and changed over the years and often these changes favoured the merchants and ship-owners, interchangeably active as buyers of insurance or as writers of policies. Brokers, who were restricted by their unfavourable reputation, were often the ones to suffer from the changes. The disparity did not, however, diminish as formal regulations became ever more strict, and a growing number of actors chose to disregard the ordinances and bylaws altogether. Instead, they simply acted according to the informal constraints of the business. The unauthorised brokers, in particular, were known to disregard the law. Since the municipality had barred them from officially conducting their business, they would not have felt too inclined to honour ordinances which excluded them. As the Amsterdam insurance market expanded and specialisation set in, the continued tension between parties due to this institutional disparity became more of a problem. North has argued that with increasing specialisation, the reliability of institutions becomes all the more important. In a market with specialised parties, institutions have to resolve the issue of information asymmetry and decrease the risks of transacting for the less informed. In Amsterdam, the institutional structure did not meet this need as parts of the set of formal regulations were collectively ignored and the market was in some ways left to informal rules and practices.

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9 North, *Institutions, institutional change*, par. 4.4.
Further south, in Rotterdam, the city council was far more practical in enforcing its formal regulations than their peers in Amsterdam. For example, if the volume of trade necessitated more brokers, they would admit additional brokers, even if they would thereby exceed the officially permitted number. The tension between the various groups of actors, so prevalent in Amsterdam, was absent in Rotterdam. Brokers and underwriters realised that insufficient supply of capital and a growing demand for insurance implied that co-operation was a necessity if one did not want all insurance business to divert to Amsterdam. The foundation and management of the insurance company *Stad Rotterdam* are exemplary for Rotterdam's institutional structure and the interaction between parties. From its initiation onwards, *Stad Rotterdam* was the city's dominant underwriter, not only because of its sheer size, but also because of all those individuals involved in the company, as investor or as director. The company's statutes and its conduct acquired a guiding role within the Rotterdam industry, not least because all groups of actors were represented in its management. Brokers, merchants and ship-owners, commissioners, regents and naturally underwriters were represented in *Stad Rotterdam's directie*: an example of the Dutch consensus-model *avant la lettre*. All parties were thus included in the development of the institutional framework and alignment of formal and informal structures was more easily attained with all parties committed. The sets of institutions remained fairly stable within this setting. However, the institutional structures were put to the test as major transformations took place during the nineteenth century. Patterns of risks altered as privateering lost its status of accepted method of war, but also as the result of a great number of technological innovations. Steam ships were costly and their equipment represented new, expensive, risks. On the other hand, navigational innovations and the invention of the telegraph reduced the risks of the trade. The increased capital intensity of trade and transport altered management- and ownership structures, and induced greater demand for insurance. The supply of underwriting capital in the Netherlands increased, and more insurance companies were established. However, this increase did not necessarily enhance the transparency of the industry: Amsterdam may have counted in its midst most of the corporate underwriters, but Rotterdam's insurance companies had – on average – both a higher nominal and a higher paid-in capital.

Demand was also significantly affected by the foundation of the NHM. The NHM was a direct consequence of the national government's involvement in the industry and its strategy and actions affected the entire range of formal and informal institutions and the way they were related. The NHM increasingly attempted to control the market by setting premium rates and fees and by creating quality standards, for example by grading the underwriters based upon the amount of their paid-in capital. The formal constraints set by the NHM and governing a major part of the market became stricter. The discrepancy with the
practices and customs of the remainder of the market increased, in particular as foreign competitors added an extra dimension to the already complicated world of merchants, underwriters, brokers and ship-owners. Since, in general, the risks increased and the business became more complex, the industry and its actors were even more in need of reliable and effective institutions. The informal institutions of old no longer sufficed: the market had become international and formal regulations were now necessary to enforce contractual commitment. Although the Dutch government had created the overall regulatory framework with the *Wetboek van Koophandel* (Commercial code) in 1838, clearly this was not considered sufficient by some, such as the Rotterdam brokers. They felt that additional measures were necessary to reduce the uncertainties which had emerged within the insurance industry as a consequence of the transformations. The brokers of Rotterdam therefore initiated a depot of procurations to resolve some of the issues related to information asymmetry. Whereas some insurance companies, in particular from Amsterdam, opposed the brokers’ plan, the underwriters within Rotterdam co-operated. Again, brokers and underwriters in Rotterdam acknowledged that they needed to co-operate in order to stay in business and even though informal institutions are generally known to be tenacious, the developments in Rotterdam show that these too can change. The routines of the business were adjusted to international constraints.

This research focuses on the institutions, formal and informal, governing the maritime insurance industry in the Netherlands and how these institutions affected the conduct and behaviour of the actors involved. Now that the emergence of the divergent institutional systems and the paths of institutional change have been explained, I conclude with how the different actors, merchants, underwriters, brokers, ship-owners and law-makers were influenced by the practices and customs, and by the laws and regulations. If the parties involved were content with the arrangements and with the institutional context governing their business, they would simply have abided by the constraints and conducted their business. The skippers in Groningen, for instance, must have been satisfied with their Guild boxes for a long time since they did not switch to regular insurance. However, what if individuals, or groups of individuals, were dissatisfied with the constraints – what were their options?

One of the most obvious examples of the effects of institutions considered unfavourable by a certain group of actors is the corps of unauthorised brokers in Amsterdam, which completely disregarded the relevant ordinances and bylaws. Since they were officially excluded from their profession by these very laws, they ignored them entirely and dealt with their clients and the transactions in accordance with business custom. In other words: if the regulations were too restrictive and not in harmony with informal institutions, the different actors would simply by-pass the formal ones. When all actors within an industry were involved in developing the institutional framework, and no factions were ex-
cluded or shunted, the institutions were more likely to be accepted and upheld, and were thus more likely to be effective.

The different actors might also prefer alternative systems. For instance, in the nineteenth century, insurance brokers preferred to have policies for their customers written on foreign insurance markets rather than conforming to the restrictions of the Dutch market, polluted as it was by the influence of the NHM. The risks had increased and with higher stakes, the actors – in this case the brokers and their clients – demanded more effective and reliable institutions in order to reduce uncertainty. Usually the various actors would initially have preferred to stay within their familiar settings and environment. The unauthorised brokers in Amsterdam, in spite of their constant struggle with the Brokers’ Guild, often still aspired to Guild membership. The skippers in Groningen often adjusted the statutes of the Guild boxes rather than switch to, for instance, the Amsterdam insurance market, which they in all probability would have heard of. In the nineteenth century, the brokers complained about the ineptness and complacency of Dutch underwriters, hoping to change the tides, before turning to the underwriters in London and Hamburg. Even so, they held on to familiar institutions and had the policies written under Dutch policy clauses.

The influence of the NHM on the formal structures of the industry caused an erosion of expertise and knowledge among underwriters and brokers. This ultimately brought about a situation in which many of the actors, primarily but not exclusively the inept ones, exited the industry once the easy NHM profits could no longer be earned, and the general state of the Dutch shipping sector deteriorated.

Not all parties involved would have had the choice of alternatives. The skippers in Groningen may have had little choice initially. One could not opt for another box, since they were incorporated into their local Guilds. Not joining the box might have been a choice too difficult to contemplate for many since it might have meant they would be expelled from their social network. The choices of these skippers were limited to changing the structure and conditions of the box and as this would have involved the co-operation of a large group of fellow Guild-members, it would not have been easy for individual Guild-members to alter the statutes of the box. The lack of choice and the inability of individuals to influence the conditions of the boxes may have led to behaviour that necessitated the changing nature of the statutes and the increasing number of enforcement clauses. Skippers could have found ways around the too restrictive regulations, for instance by stating a different value for their ship, or by falsely claiming damages or loss. This conduct may in turn have led to even stricter penalty clauses, undoubtedly an unwanted effect.

Ignoring formal institutions, or even turning to alternative systems would not have been the first course of action for most actors. They would have been more likely to try and change the restrictions affecting their life and business.
Once again, the brokers in Amsterdam illustrate this since they did, on numerous occasions, try to have the ordinances and bylaws altered in their favour. The number of requests made to the Burgomasters in 1693 to alter the text of the oath they were to take is revealing. Others, too, attempted to influence the institutional structures, at times forming collusions to attain their objective. Underwriters in Amsterdam vetoed an insurance company and set minimum price levels, and brokers in Rotterdam collectively created the depot of procurations.

In conclusion, based on this study of the maritime insurance industry in the Netherlands between 1600 and 1870, it is obvious that institutions, formal and informal, greatly affected the choices and behaviour of those involved in the insurance industry. The collection of routines, habits, practices, laws and regulations shaped the interaction between parties and thus influenced the overall development of the industry. The case studies of the institutional frameworks in Groningen, Amsterdam and Rotterdam show the persistence of informal institutions. This persistence had its impact on both the nature and the development of the formal institutions within the industry. The analysis of three institutional varieties shows that it is not so much the particulars of the formal constraints, but rather the balance between formal and informal constraints that determines the effectiveness of the institutional structure and its ability to adapting changing circumstances.
Samenvatting
(summary in Dutch)

Zeeverzekeringen in Nederland 1600 – 1870, een vergelijkende institutionele benadering

Het belang van zeeverzekeringen
De opkomst en ontwikkeling van zeeverzekeringen is van groot belang geweest voor de expansie van langeafstandshandel gedurende de vroegmoderne tijd. Zonder zeeverzekeringen had de Republiek der Nederlanden haar handelsnetwerk niet zo kunnen uitbreiden en was zij vermoedelijk ook niet zo welvarend geworden. Het ontstaan en de ontwikkeling van maritieme verzekeringen in de Nederlanden is relatief goed gedocumenteerd, hoewel de gevolgen van seizoenspatronen, politieke omwentelingen en technologische ontwikkelingen op de verzekeringmarkt vooral vanuit een juridisch standpunt zijn geanalyseerd.1 Recentelijk, en in lijn met de hernieuwde aandacht voor de institutionele economie waarbij men verbanden legt tussen institutionele structuren en economische ontwikkeling op de lange termijn, is gewezen op het belang van het institutionele kader waarin maritieme verzekeringen tot stand kwamen en zich ontwikkelde. Mijn onderzoek sluit aan bij deze hernieuwde interesse en de daarbij behorende discussie onder economisch-historici.

Allereerst ga ik in op de verschillende benaderingen om instituties te analyseren, bijvoorbeeld vanuit de nieuwe institutionele economie, een benadering die onder andere door Douglass North bekendheid heeft gekregen (hoofdstuk 1). North stelt dat het institutionele kader bestaat uit zogenaamde formele en informele regels. Voorbeelden van formele regels zijn wetten, convenanten en officiële regels terwijl informele regels bijvoorbeeld algemeen geaccepteerde normen en waarden zijn. De formele en informele instituties beïnvloeden het aantal keuzes van individuen en hebben zo dus gevolgen voor het gedrag van individuen die handelen binnen de gestelde mogelijkheden.2

1 Zie bijvoorbeeld Vergouwen, Makelaardij in assurantiën; Van Niekerk, Principles of insurance law; Goudsmit, Geschiedenis van het Nederlandsche zeerecht; Spooner, Risks at sea; Goudsmit, Geschiedenis van het Nederlandsche zeerecht; Den Dooren de Jong, ‘Lombard Street’, ‘De practijk’, ‘Reassurantie’.
2 North, Institutions, institutional change; Greif, Institutions and the path; Kingston, ‘Marine insurance’.
Hoewel er vele benaderingen mogelijk zijn om instituties nader te beschouwen, concentreer ik mij in dit onderzoek vooral op de relatie tussen de diverse actoren en het institutionele kader, formeel en informeel alsmede op de wederzijdse beïnvloeding. Kooplieden, reders, verzekeraars, makelaars en bestuurders behoren tot de actoren die relevant waren voor de verzekeringsmarkt: kooplieden en reders als kopers van zeeverzekeringen, verzekeraars als aanbidders van de dienst. Makelaars faciliteerden de transactie terwijl bestuurders het formele kader creëerden. Dit laatste gebeurde niet alleen via de keuren en ordonnanties van het stadsbestuur maar bijvoorbeeld ook via publiekrechtelijke instanties zoals de Kamer van Assurantie en Averij. Op welke wijze werd hun gedrag beïnvloed door de institutionele structuren en hoe hebben hun gedrag en de door hun gemaakte keuzes invloed gehad op de ontwikkeling van de instituties? Ik heb ervoor gekozen dit onderzoek op te bouwen uit drie case studies waarbij de opkomst en eigenschappen van zekerheidsregelingen in Groningen, Amsterdam en Rotterdam tussen circa 1600 en circa 1870 worden vergeleken. In deze drie regio’s zijn in de loop der tijd verschillende institutionele variëteiten tot ontwikkeling gekomen. Door deze institutionele varianten te vergelijken is het mogelijk om de invloed van de institutionele structuur op de langetermijnontwikkeling van het verzekeringssbedrijf in kaart te brengen. In Groningen voerden onderlinge gildebussen de boventoon. Amsterdam groeide uit tot de belangrijkste verzekeringsmarkt in Europa waar sociale status en politieke macht een rol speelden bij de onderlinge verhoudingen op de markt. In Rotterdam begon de groei van de verzekeringsmarkt in de achttiende eeuw na de oprichting van de eerste verzekeringmaatschappij, maar met name de gebeurtenissen in de negentiende eeuw, toen diverse ontwikkelingen in een stroomversnelling kwamen, zijn interessant om de effectiviteit en flexibiliteit van het institutionele systeem te toetsen. In hoeverre verschillen deze systemen in de drie regio’s en hoe was het mogelijk dat een systeem in één regio sterk tot ontwikkeling kwam en in een andere regio geen schijn van kans leek te hebben? Door een periode van ruim 250 jaar te beschouwen is het mogelijk om de – van nature trage – institutionele ontwikkeling te analyseren.

**Groningen**

In *hoofdstuk 2* staan de stad en de provincie Groningen centraal. De provincie Groningen was bekend om de negentiende-eeuwse onderlinge verzekeringstracties, de zogenaamde compacten. Uit dit onderzoek blijkt echter dat de ontwikkelingen op het gebied van maritieme zekerheidsregelingen lang voor de negentiende eeuw zijn begonnen. Vanaf het begin van de zeventiende eeuw werden diverse ‘bussen’ opgericht: onderlinge verzekeringstracties die geleverd waren aan de diverse schippersgilden. Hoewel aanvankelijk nog elementair in opzet, ontwikkelden deze bussen zich tot complexe constructies. Behalve in de stad Groningen richtten ook verscheidene schippersgilden in de Veenkolo-
niën dergelijke bussen op. En hoewel men zou verwachten dat men daarbij de constructies van de collega’s uit de nabije stad zou kopiëren, blijkt niets minder waar: de bussen uit bijvoorbeeld Wildervank, Veendam, Oldambten en Pekela waren anders van opzet dan de bussen uit de stad.

Bij de meeste bussen betaalde men premie op basis van de bestemming of de route die men voer, maar slechts een enkele keer was de hoogte van de premie afhankelijk van de waarde van het schip. De schadevergoeding was doorgaans een vast bedrag van 300 gulden; dit bedrag bleef gedurende circa anderhalve eeuw bijzonder stabiel. Uitzonderingen waren de bussen waarbij de schadevergoeding was gebaseerd op de waarde van het schip of de lokatie van de ramp.

Aanvankelijk zijn de statuten van de gildebussen simpel en kort van aard, maar in de loop der tijd worden steeds meer boeteclausules aan de artikelen toegevoegd. Blijkbaar werden de bussen geconfronteerd met gedrag waarbij de verzekerde zich anders gedraagt dan wanneer hij niet verzekerd zou zijn geweest, een fenomeen dat veel later moral hazard zou worden genoemd.

De gildebussen waren een belangrijk instrument voor schippers om zichzelf tegen schade aan en verlies van hun schip. Doordat het archief van het gilde grotendeels verloren is gegaan in de loop der tijd, zijn er geen kwantitatieve data beschikbaar maar het lijkt erop dat de sterke positie van de gildebussen de opkomst van reguliere verzekeringsmarkten in de regio heeft vertraagd. Het is niet geheel duidelijk waarom juist in deze regio de gildebussen zo sterk tot ontwikkeling zijn gekomen. De achtergrond van de regionale scheepvaart evenals het feit dat in Groningen veel schepen eigendom waren van de kapitein zelf, heeft vermoedelijk bijgedragen aan deze ontwikkeling.

Amsterdam

Na de opkomst en ontwikkeling van maritieme zekerheidsregelingen in Groningen bestudeerd te hebben, richt de aandacht zich in hoofdstuk 3 op Amsterdam waar, vergeleken met het systeem in Groningen, dat gebaseerd was op onderlinge solidariteit, een geheel ander uiterste tot ontwikkeling kwam. Kooplieden van Zuid-Europese afkomst introduceerden de financiële noviteit zeeverzekeringen in de stad aan het IJ. Vervolgens ontwikkelde Amsterdam zich in de zeventiende en achttiende eeuw tot de belangrijkste zeeverzekeringsmarkt in Europa. Individualisme was het belangrijkste kenmerk van deze markt: kooplieden en reders, verzekeraars en makelaars werkten primair op individuele basis in deze gefragmenteerde markt. Alleen in uitzonderingsgevallen kwam men tot samenwerking, waarbij deze coöperaties vaak ineffectief waren.

De officieel erkende makelaars waren verenigd in hun makelaarsgilde, maar voelden zich gehinderd in hun werk door de vele beunhazen: niet officieel erkende makelaars die vaak voor lagere dan de officieel vastgestelde courtages transacties faciliteerden. Niet alleen waren de beunhazen goedkoper, zij ontrokken zich ook aan de vele reglementen waaraan de beëdigde makelaars en
gildeleden zich wel dienden te houden. Een eeuwenlange machtsstrijd was het gevolg; de beëdigde makelaars staakten uiteindelijk de strijd nadat in informele zin de groepen al in diverse opzichten waren samengesmolten.

Kooplieden en reders, maar ook eigenaren van slechts een enkel scheepspart, vormden de vraagzijde van de markt, waarbij zij afwegingen maakten of en wanneer men verzekerde, hoeveel van de totale waarde van hun activa zij wensden te verzekeren en welke premie zij acceptabel achtten. Op basis van de onderzochte archiefstukken werd het vanaf het eerste kwart van de zeventiende eeuw gebruikelijk om verzekeringen met behulp van de bemiddeling van een makelaar af te sluiten: verzekeringstransacties waren complex en behalve kennis van het opstellen van de specifieke polisvoorwaarden waren makelaars vooral van belang vanwege hun netwerk van assuradeurs. Afhankelijk van de omvang van de verzekering of de specifieke omstandigheden benaderde een makelaar één of meerdere assuradeurs uit zijn netwerk om een polis getekend te krijgen. Het was kooplieden en reders om het even of zij met een beëdigde makelaar of een onbeëdigde buunhaas van doen hadden. Behalve Amsterdammers deden ook eigenaren van schepen of scheepspart en kooplieden van buiten de stad een beroep op de Amsterdamse verzekeringssite om hun kostbare schip of lading te verzekeren. Dat niet allen eerbaar handelden blijkt uit voorbeelden van fraude en bedrog. Het kwam geregeld voor dat een polis werd afgesloten op een reeds vertrokken schip waarbij de verzekerde verklaarde geen berichten gehad te hebben, om enkele uren na het tekenen van de polis te berichten dat het desselvende schip was gezonken. Maar ook roekeloos gedrag van verzekerden werd gevreesd. Om deze gevolgen van moral hazard te ondervangen bepaalde de ordonnantie dat verzekerden verplicht waren een eigen risico te dragen. In de praktijk werd hier veelvuldig de hand mee gelicht en werden schepen en ladingen tot de volledige waarde verzekerd. Interessant is dat voorbeelden bekend zijn van dergelijke polissen – die in strijd waren met de geldende ordonnantie – vervolgens wel geaccoreerd werden door de Secretaris van de Kamer van Assurantie en Averij (KvAA).

Assuradeurs waren doorgaans de meest vermogende van de Amsterdamse kooplieden, hoewel ook assuradeurs van buiten de stad actief waren als verzekeraar op de Amsterdamse markt. Verzekerken ontstond als bij-activiteit naast andere koophandelsactiviteiten maar ontwikkelde zich, naar gelang de markt expandeerde, steeds meer tot zelfstandige activiteit. De doorloopsnelheid onder assuradeurs was hoog: als door een gevolg van een oorlogsdreiging de premies stegen werd de markt overspoeld door zakenlieden die probeerden een graantje mee te pikken van de lucratieve handel. Maar, niet gehinderd door enige kennis of ervaring, tekenden zij vaak voor de risico’s die door de meer ervaren assuradeurs waren afgewezen. Het waren dan ook vaak deze assuradeurs, met hun portefeuille van slechte polissen, de zogenaamde ‘lemons’, die de meeste verliezen leden.
Naast de commerciële partijen binnen de markt, zoals de makelaars, de verzekeraars en zij die verzekeringpolissen kochten, waren ook publiekrechtelijke partijen betrokken. Van de autoriteiten die betrokken waren bij de verzekeringsmarkt had de Kamer van Assurantie en Averij, opgericht in 1598, de meeste invloed. Niet alleen sprak de Kamer recht in geval van disputen en onenigheid, zij initieerde ook nieuwe ordonnanties en wetgeving. De commissarissen van de KvAA waren doorgaans prominente kooplieden die vaak verwant waren aan verzekeraars. Commissarissen werden hoogstwaarschijnlijk vooral benoemd op basis van hun kennis en ervaring en niet zozeer om hun eventuele politieke loyaliteiten.

Uit de documenten van de KvAA blijkt dat in tijden van gevaar, wanneer risicopatronen zich structureel wijzigen onder invloed van oorlog of piraterij, vaker een beroep werd gedaan op de diensten en kennis van de Kamer. Dit zou een indicatie kunnen zijn dat de expertise en autoriteit van de commissarissen werd erkend door de betrokken marktpartijen. Dit is van belang aangezien erkenning van de positie van de Kamer binnen het rechtsstelsel de onzekerheid betreffende de rechtsgeldigheid van contracten zou reduceren. Het verminderen van onzekerheden heeft in het algemeen een positieve invloed op de groei en ontwikkeling van een markt.

In tegenstelling tot de situatie in Groningen werd in Amsterdam de prijs van verzekeringen, uitgedrukt als premiepercentage, bepaald door de dynamiek van vraag en aanbod. Ondanks dat makelaars door de stedelijke autoriteiten verantwoordelijk waren gesteld voor de publicatie van de vigerende premiepercentages kwam het geregeld voor dat op een polis diverse premiepercentages voorkwamen, doordat assuradeurs lagere premies accepteerden om mee te kunnen tekenen.

Behalve voor deze premieverschillen leidden de concurrentiekragten ook, zoals eerder vermeld, tot een versnipperde markt waarbij de diverse marktpartijen primair op individualistische basis werkten. Een enkele keer kwam het tot samenwerking, bijvoorbeeld in 1628, toen een groep vermogende kooplieden probeerde een algemene assurantiecompagnie op te zetten. Alle schepen zouden verplicht verzekerd worden door deze compagnie, die bovendien een handelsmonopolie zou verwerven. Dit initiatief stuitte op veel weerstand en een van de argumenten van de tegenstanders was dat verzekeren geen algemeen handelsgebruik was en alleen door de zeer voorzichtige zakenman werd toegepast. Ondanks diverse aanpassingen van het plan is de compagnie er nooit gekomen. Bijna een eeuw na indiening van het oorspronkelijke plan, vormden de particuliere assuradeurs in 1719/1720 een coalitie om te voorkomen dat een verzekeringmaatschappij in Amsterdam zou worden opgericht. Zij wezen het stadsbestuur op het risico van monopoliseren. Een maatschappij van die omvang, zo beargumenteerden zij, zou de markt gaan domineren, zou verzekeren ongunstige polisvoorwaarden dicteren en zou particuliere assuradeurs van de markt
dringen. Kortom, een dergelijke maatschappij zou schadelijk zijn voor de handelspositie van de stad, een argument waar de regenten zeer gevoelig voor waren. De coalitie van de rijke en machtige assuradeurs bleek succesvol: de maatschappij kreeg geen toestemming van de Amsterdamse autoriteiten om zich te vestigen. Het is een indicatie dat sommigen op meer sympathie konden rekenen in het stadhuis dan andere, vaak minder gefortuneerde groepen. Pas in 1772 werd in Amsterdam een verzekeringmaatschappij opgericht, lang nadat soortgelijke ondernemingen waren ontstaan in andere landen maar ook in andere steden binnen de Republiek, waarbij met name de ontwikkelingen in Rotterdam in het oog springen.

**Rotterdam**

De verzekeringmarkt in Rotterdam staat dan ook centraal in hoofdstuk 4. Rotterdam koesterde al lang de ambitie om de dominantie van Amsterdam uit te dagen. Desondanks was de Rotterdamse verzekeringemarkt in vele opzichten een afgeleide van de Amsterdamse: in polisvoorwaarden en premieniveaus werd doorgaans naar Amsterdam gekeken. Rotterdam volgde Amsterdam ook in andere opzichten, bijvoorbeeld met het opstellen van een ordonnantie en het oprichten van een rechtsprekende Kamer. Desalniettemin waren er ook verschillen: *moral hazard* werd blijkbaar als een minder groot probleem ervaren. Zo mochten kooplieden tot de volledige waarde verzekeren. In tegenstelling tot Amsterdam, erkenden Rotterdamse regenten al snel de waarde van makelaars als intermediair. Makelaars werden spoedig erkend en de Vroedschap was pragmatisch in het vaststellen van het aantal beëdigde makelaars. Een gevolg hiervan was dat er, in tegenstelling tot Amsterdam, nimmer een groot probleem met beunhazen is ontstaan in Rotterdam.

De Rotterdamse verzekeringmarkt was beperkt van omvang en dit werd door betrokkenen, kooplieden, reders, maar ook door regenten, onderkend. Het feit dat Rotterdammers voor grotere of gecompliceerdere verzekeringen nog immer afhankelijk waren van de Amsterdamse markt, riep weerstand op. Toen twee Britse ondernemers, na te zijn afgewezen door de Amsterdamse Vroedschap, in Rotterdam hun plannen voor de oprichting van een verzekeringmaatschappij ontvouwden, werden zij dan ook met enthousiasme ontvangen. Met de actieve steun van het stedelijk bestuur werd in 1720 de *Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam Anno 1720 (Stad Rotterdam)* opgericht. Bovendien namen veel regenten met privékapitaal een belang in de nieuwe maatschappij. Ondanks de oprichting van de maatschappij bleef Rotterdam in veel opzichten gericht op en afhankelijk van Amsterdam.

*Stad Rotterdam* heeft op verschillende manieren invloed gehad op de ontwikkeling van de Rotterdamse verzekeringmarkt. Zo ging er van de maatschappij een positieve invloed uit op de expansie van de markt: makelaars waren gewoon eerst *Stad Rotterdam* te benaderen waarna het eenvoudiger was andere
assuradeurs ook over te halen om te tekenen. Anderzijds betekende de grootte van de maatschappij, zowel absoluut als relatief, dat zij de markt domineerde en daarmee ook het handelen van de overige marktpartijen beïnvloedde. De maatschappij stond bovendien bekend om haar zeer voorzichtige handelen hetgeen innovatie en vooruitgang in de weg stond.

Aan het begin van de negentiende eeuw, na de teloorgang van de Republiek, had de economie te lijden van het Continentale Stelsel en vervolgens van de inlijving bij Frankrijk. De handelsvloot was gereduceerd, handelscontacten waren verloren gegaan. Toch lukte het *Stad Rotterdam* om overeind te blijven in de turbulente tijden. De eerste koning van het nieuwe Koninkrijk, Koning Willem I, had als doel de Nederlandse economie weer in haar oude glorie te herstellen. De wereld was echter drastisch veranderd en in de negentiende eeuw zouden bepaalde transformaties in een stroomversnelling raken en daarmee weer andere veranderingsprocessen aansluiten, die ook de verzekeringsmarkt raakten. Zo veranderden risicopatronen doordat de kaapvaart werd afgeschaft als legitieme methode van oorlogsvoering. In technologisch opzicht had de opkomst van de stoomvaart en het gebruik van staal en ijzer in plaats van hout bij de bouw van schepen een grote invloed op de handelsvaart en eigendomsstructuren van schepen. De uitvinding van de telegraaf heeft de communicatietijden drastisch verminderd en had bovendien invloed op de relatie tussen kapiteins en scheepseigenaren. Afgezien van deze universele veranderingen was er ook een nationale dimensie. Om de Nederlandse economie weer vlot te trekken richtte Koning Willem I de *Nederlandsche Handel-Maatschappij* (NHM) op die zich ontwikkelde tot de grootste handelsmaatschappij van het land. De NHM heeft een grote invloed gehad op de Nederlandse economie, niet alleen door haar omvang maar ook doordat de maatschappij bijvoorbeeld alleen Nederlandse schepen mocht inhuren en alleen bij Nederlandse assuradeurs haar ladingen mocht verzekeren. Zo werd de NHM de grootste aannemer van verzekeringen in het land en met de intentie om het assurantiebedrijf te steunen, betaalde zij daarbij doelbewust een premie die boven de vigerende marktpremie lag. Het was gemakkelijk geld verdienen voor de diverse assuradeurs en verzekeringsmakelaars: de schepen die de NHM inzette waren van uitzonderlijke goede kwaliteit, de polisvoorwaarden werden door de maatschappij bepaald en alle ingeschreven assuradeurs hadden recht op het medetekenen van polissen. Makelaars kregen de posten op basis van anciënniteit toebedeeld. Al snel ontstond een situatie waarbij directeuren van verzekeringsmaatschappijen over geen enkele kennis van of ervaring met verzekeringen hoefden te beschikken: veel directeuren waren dan ook ongeschikt en onkundig. Toen de marktsituatie verslechterde en de NHM de kunstmatig hoog gehouden premies verlaagde en er meer en duurdere schades te betreuren waren als gevolg van de verouderende Nederlandse vloot enerzijds en inzet van de kostbare stoomboten anderzijds, verlieten vele assurantiemaatschappijen noodgedwongen de markt. Ondanks de schijnbaar goede bedoelin-
gen om de bedrijfssector te steunen en de betrokkenen te subsidiëren heeft deze vorm van overheidssteun ertoe geleid dat beleid van de NHM het Nederlandse verzekeringbedrijf in sterke mate structureel heeft verzwakt. Daarnaast nam de internationale concurrentie sterk toe. Een aantal verzekeringmakelaars uit Rotterdam besloot de toenemende onzekerheden op de markt en het afnemen-de vertrouwen te herstellen door het instellen van het depot waar niet-lokale verzekeringmaatschappijen de machtiging van lokale agenten moest depone-ren. Dit Rotterdamse initiatief toont aan dat sommige betrokkenen vonden dat het destijds door de Nederlandse overheid gecreëerde wettelijke kader – en dan in het bijzonder het Wetboek van Koophandel dat sinds 1838 van kracht was - onvoldoende zekerheid en structuur bood. Het is opvallend dat de maatregel van de Rotterdamse makelaars spoedig overgenomen werd door de stad die ooit leidend was in het verzekeringbedrijf, Amsterdam.

Instituties en actoren: invloed en interactie
Wat kunnen wij nu concluderen over instituties, over de wijze waarop zij het handelen en de keuzes van de diverse actoren beïnvloedden en hoe werden vervolgens de instituties beïnvloed door het gedrag van deze actoren? Hoe veranderden de institutionele structuren in de loop der tijd en welke factoren hebben deze veranderingen beïnvloed? In dit deel verklar ik waarom sommige instituties tot ontwikkeling kwamen, op welke wijze sprake was van interactie tussen de formele en informele restrictieve structuren, waarom sommige structuren stabiel bleven terwijl andere instituties aan verandering onderhevig waren en hoe instituties het gedrag van de actoren beïnvloed hebben.

Zeeverzekeringen ontstonden uit een behoefte van scheepseigenaren en kooplui om de financiële gevolgen van verlies van schip of lading te verminderen. Van oudsher waren kooplui gewoon hun kostbare lading over verschillende schepen te verdelen en op dezelfde wijze konden reders in plaats van in een schip, in meerdere schepen investeren. Deze methode kon eventuele schades beperken, maar kooplui en reders kregen geen vergoeding van de geleden schade. Door het risico, of een deel ervan, tegen een vergoeding over te hevelen naar een derde (een individu of een onderlinge of, in een later stadium, een maatschappij), kocht men de zekerheid van een schadevergoeding in het geval van een calamiteit. In de loop der tijd veranderde het risicogedrag van individuen. Van een houding waarbij risico’s algemeen geaccepteerd werden, gingen individuen risico’s steeds meer mijden: men werd risk averse. Informatie en vertrouwen waren hier essentiële elementen, zeker gezien het ontastbare karakter van verzekeringen. De initiële transactie was dus gebaseerd op vertrouwen. Avner Greif heeft dit het Fundamental Problem of Exchange (FPOE) genoemd. Hoe kon een verzekerde er zeker van zijn dat, indien nodig, de assuradeur zijn contractuele verplichtingen na zou komen in geval van een schade? En hoe kon een assuradeur erop vertrouwen dat een verzekerde naar eer en geweten handel-
Formele en informele instituties die de verzekeringmarkt structureerden moesten de onzekerheden voor actoren verminderen en zodoende transacties mogelijk maken en faciliteren.

Mijn onderzoek heeft aangetoond dat in Nederland verschillende institutionele variëteiten tot ontwikkeling zijn gekomen die de verzekeringsmarkten hebben gestructureerd. Diverse factoren hebben een invloed gespeeld bij het ontstaan van deze systemen, zoals de aard en reikwijdte van de risico’s waar men mee te maken had. Werd er bijvoorbeeld gevaren op routes die bekend stonden om de aanwezigheid van piraten, waren de havens gevaarlijk door de aanwezigheid van zandbanken of was het weer verraderlijk? De institutionele kaders werden ook beïnvloed door sociale structuren en netwerken alsmede door de positie en het handelen van de relevante bestuurders. Tenslotte – niet alleen de vraag naar verzekeringen was essentieel voor het ontstaan en de expansie van de markt, ook het aanbod van kapitaal was cruciaal. In hoeverre hebben voornoemde aspecten de ontwikkelingen in Groningen, Amsterdam en Rotterdam beïnvloed?

In Amsterdam werd het concept van verzekeren geïntroduceerd door buitelandse kooplieden. Als gevolg van de groei van de vraag naar verzekeren, het toenemende aantal betrokkenen en de complexiteit van de materie was er een behoefte aan routines en gebruiken. De bedrijfstak was dan ook al gauw informeel geregeld, ruim voor er sprake was van enige formele regelingen. De markt in Rotterdam was aanzienlijk kleiner van omvang en informele regelingen en gebruiken waren voldoende om de markt te structureren en sturen. Een andere ontwikkeling vond plaats in Groningen. Hoewel de Groningse schippers hun handelsnetwerk uitbreidden, bleef het aantal routes en de afstanden toch beperkt. De schippers waren dan ook zeer goed op de hoogte van de specifieke risico’s van de door hen bevaren routes en de desbetreffende havens. Gildebussen, gebaseerd op onderlinge solidariteit en geschikt voor activa waarbij de waardes elkaar niet veel ontlopen zoals het geval bij de Groningse schippers, voldeden aan de behoeftes van deze schippers. Meer nog dan in Rotterdam zorgde de hechte gemeenschap van de schippers er bovendien voor effectieve sociale controle waardoor fraude tot een minimum werd beperkt. De gildebussen trouwden dan ook voornamelijk op de informele structuren. Het handhaven van de reglementen van de bussen werd niet bewerkstelligd door een onafhankelijke staat, maar door ‘private order’: de dreiging om verstoten te worden uit de hechte gemeenschap was een effectief dwangmiddel.

Het relatief grote Amsterdam, met haar multiculturele en gediversifieerde maatschappij was weinig geschikt voor onderlinge verzekeringconstructies. Ook in Rotterdam was het aantal betrokkenen, hoewel kleiner dan in Amsterdam, te heterogeen om tot de oprichting van een onderlinge verzekeraar te komen. Het feit dat veel schepen die vanuit Rotterdam voeren eigendom waren van niet-Rotterdammers zal hierbij een rol hebben gespeeld.
Alleen in Amsterdam was er, behalve een significante vraag naar verzekeringsen, ook voldoende aanbod van verzekeringskapitaal als gevolg van de toevloed van kapitaal van de winstgevende Baltische handel. In Groningen en Rotterdam mag er behoefte aan een zekerheidsregeling zijn geweest, er was onvoldoende kapitaal dat ter beschikking stond aan de verzekeringsmarkt om aan deze vraag tegemoet te komen. In Amsterdam werden de instituties die van belang waren voor de verzekeringsmarkt beïnvloed door de aard van de sociale hiërarchie en politieke loyaliteiten binnen de stad. De regenten in het stadhuis blijken sommige individuen en groepen van individuen bevoorrecht te hebben ten opzichte van andere groepen. Bij het opstellen van de diverse reglementen, de ordonnanties en willekeuren, lijkt men tot doel te hebben gehad de belangen van sommigen te beschermen en niet zozeer om een stabiele reglementaire structuur te creëren. De formele regelingen weken in Amsterdam sterk af van de dagelijkse praktijk en routines en dit veroorzaakte een voortdurende spanning op de markt. De commissarissen van de Kamer van Assurantie kozen hun eigen route en weken op verschillende manieren af van de destijds geldende ordonnanties, in het bijzonder van de makelaarskeuren.

In Rotterdam hadden de autoriteiten een geheel andere invloed op de ontwikkeling en groei van de markt. Daar leek men zich ervan bewust te zijn dat officiële regelingen niet significant moesten afwijken van de dagelijkse routines en de stedelijke keuren sloten dan ook goeddeels aan bij de praktijk. Het is duidelijk dat dergelijke algemene invloedsfactoren die in alle drie de onderzochte regio's mee hebben gespeeld een ander effect hadden en tot verschillende institutionele structuren hebben geleid. En sommige van deze instituties zijn relatief stabiel gebleven terwijl andere aan verandering onderhevig waren. Waarom waren sommige instituties stabielere van aard dan andere? Instituties werden vervangen door nieuwe wanneer zij niet lang zelfversterkend zijn of wanneer als gevolg van technologische of organisatorische veranderingen nieuwe transacties ontstaan.\(^3\)

In Groningen was een ontwikkeling herkenbaar, waarbij de oorspronkelijk informele instituties in toenemende mate werden vervangen door formele structuren. Deze ontwikkeling is waarschijnlijk gerelateerd aan de veranderende risicoperceptie van individuen. Al naargelang men meer risicomijdend werd en de vraag naar zekerheidsregelingen toenam, nam ook de kans op onenigheid en zelfs fraude toe waardoor er meer behoefte was aan formelere instituties. Een ander aspect van belang was de toename van de zogenaamde voorbijland-vaart waarbij de schippers van haven A naar B naar C en evt. verder voeren zonder daarbij de thuishaven aan te doen. Gevolg hiervan was dat de voorheen hechte sociale netwerken erodeerden en daarmee vielen de voordelen van de sociale controle voor de gildebussen weg. De formele instituties die misbruik en fraude

\(^3\) Greif, *Institutions and the path*, 385.
moesten voorkomen waren niet meer effectief aangezien zij niet verder strekten dan de reikwijdte van het gilde: *private-order* was onvoldoende om de reglementen van de gildebus te handhaven.

In Amsterdam zorgde de dispariteit tussen de formele en informele instututies voor een spanning op de markt en tussen de diverse betrokkenen. Sommige partijen waren in een betere positie om veranderingen en wijzigingen van de formele regelingen af te dwingen. Ondanks diverse veranderingen nam de dispariteit niet af en in de loop der tijd kozen diverse betrokkenen er voor om de formele reglementen naast zich neer te leggen en te handelen buiten de ordonnanties en willekeuren om. Vooral de beunhazen, die niet door de autoriteiten werden erkend, waren weinig geneigd zich aan de stedelijke reglementen te houden. Al naar gelang de markt groeide en zich ontwikkelde zette een proces van specialisatie in en werd als gevolg daarvan de informatieasymmetrie – het fenomeen waarbij de ene partij beter geïnformeerd is dan de andere betrokkenen – tussen de diverse partijen groter. Onder deze omstandigheden was de betrouwbaarheid van instituties van groot belang en in Amsterdam was de situatie verre van ideaal, waar een groot deel van de formele reglementen niet werd nageleefd.

In Rotterdam voerde de stedelijke overheid zoals gezegd een ander, pragmatischer beleid. Als men signaleerde dat er behoefte was aan meer makelaars, dan verhoogde men het aantal toegestane makelaars. De beperkte omvang van het verzekeringenbedrijf in de stad impliceerde dat men moest samenwerken om te voorkomen dat de grotere polissen in Amsterdam getekend werden. De oprichting van *Stad Rotterdam* is een voorbeeld van de institutionele structuur en de samenwerking tussen de diverse groepen van actoren in Rotterdam. Zowel bij de oprichting als daarna waren regenten, assuradeurs, makelaars en verzekeraars betrokken bij de maatschappij, als oprichter, investeerder of als directeur. Alle partijen waren zodoende betrokken bij de ontwikkeling van de institutionele structuur. Deze betrokkenheid van de diverse actoren maakte het afstemmen van de formele op de informele instituties minder gecompliceerd.

De institutionele structuren werden op de proef gesteld toen, in de negentiende eeuw, diverse transformatieprocessen van technologische, politieke en organisatorische aard, in een stroomversnelling raakten. De formele structuren van de markt zoals met name door de *NHM* bepaald, weken steeds verder af van de dagelijkse routines en de dynamiek van de markt, die in toenemende mate werd beïnvloed door buitenlandse concurrentiekragt. Terwijl de bedrijfelijkheid steeds complexer werd en de risico's toenamen, hadden de betrokkenen behoefte aan betrouwbare en effectieve instituties. Onder invloed van internationale krachten voldeden de informele instituties van oudsher niet meer en moesten nieuwe formele reglementen en wetten handhaving afdwingen. Het in Rotterdam ingestelde machtigingendepot is hier een voorbeeld van. Blijkbaar bood het *Wetboek van Koophandel* onvoldoende zekerheden voor sommigen in de
markt. Daarop besloten de Rotterdamse makelaars een machtigingendepot in te stellen om de gevolgen van informatieasymmetrie te ondervangen. Hoewel sommige verzekeringsmaatschappijen, met name uit Amsterdam, bezwaar aantekenden tegen het depot, waren de makelaars en assuradeurs uit Rotterdam zich bewust van de noodzaak tot samenwerken. Ondanks dat informele beperkingen taai van aard bleken te zijn, tonen de ontwikkelingen in Rotterdam aan dat ook deze aan verandering onderhevig kunnen zijn: routines en gebruiken werden aangepast aan de internationale krachten.

Mijn onderzoek concentreert zich op de formele en informele instituties die het verzekeringsbedrijf hebben gestructureerd en hoe deze instituties invloed hebben gehad op het gedrag van de diverse betrokkenen. Nu ik het ontstaan van de institutionele variëteiten en de diverse trajecten van institutionele veranderingen heb toegelicht, zal ik afsluiten met de wijze waarop de actoren (kooplieden, assuradeurs, makelaars, reders en regenten) werden beïnvloed door de gebruiken en routines alsmede door de diverse wetten en reguleringen.

Wanneer de betrokkenen zich konden vinden in de gestelde regelingen was men geneigd zich ernaar te gedragen. De Groningse schippers lijken lange tijd tevreden geweest te zijn met reglementen en restricties van de gildebussen aan gezien zij niet kozen voor een alternatieve regeling. Wat waren de opties voor betrokkenen wanneer zij ontevreden waren over reglementen en beperkingen? De situatie met de beunhazen in Amsterdam toont de gevolgen van instituties die niet aan sloten bij de dagelijkse routine en op weinig respect van betrokkenen konden rekenen. De beunhazen negeerden de diverse stedelijke keuren enordonnanties en handelden naar eigen goeddunken. Het is duidelijk dat wanneer formele reglementen en wetten te restrictief waren en niet overeenkwamen met geaccepteerde gebruiken en routines de diverse betrokkenen de wetten simpelweg negeerden. Daarentegen waren actoren eerder geneigd de wetten te respecteren en er naar te handelen wanneer zij op enigerlei wijze betrokken waren bij de totstandkoming en de ontwikkeling van de institutionele structuur.

Actoren konden ook kiezen voor alternatieven. Zo gaven bepaalde makelaars uit Rotterdam er de voorkeur aan om verzekeringen voor hun cliënten in het buitenland onder te brengen. Toch zullen verzekeren, makelaars en assuradeurs in eerste instantie de voorkeur hebben gegeven aan hun vertrouwde omgeving en keuzes. Zo hadden veel beunhazen, ondanks hun behandeling door de stad en hun beëdigde collega’s, toch vaak de ambitie om beëdigd makelaar te worden. De Groningse schippers veranderden de statuten van hun gildebussen diverse keren in plaats van hun bussen de rug toe te keren en zich tot de Amsterdamse markt te wenden. Het beleid van de NHM leidde tot een erosie van kennis en ervaring onder assuradeurs en makelaars. Toen de profijtelijke NHM-posten afnamen kozen velen van hen ervoor, en niet alleen de onkundigen, om de markt te verlaten.
Niet alle actoren hadden de keuze van een alternatief. Voor de Groningse schippers zal het niet eenvoudig geweest zijn om geen lid van het gilde en de bus te worden, aangezien zij zich dan waarschijnlijk buiten de hechte gemeenschap zouden plaatsen. Hun keuzes waren beperkt tot het proberen de gildestatuten aan te passen. Het gebrek aan alternatieven en keuzes heeft kunnen leiden tot gedrag dat veranderingen noodzakelijk maakte. Schippers konden een oplossing voor te restrictieve reglementen vinden door een te hoge waarde van hun schip op te geven, of door een frauduleuze claim in te dienen. Dit gedrag kan geleid hebben tot strengere boeteclausules, ongetwijfeld een ongewenst effect.

Uitwijken naar een alternatief was vaak niet de eerste keuze van kooplieden, reders, makelaars en assuradeurs. Doorgaans zullen actoren er de voorkeur aan hebben gegeven om de formele reglementen en wetten die hun handelen beïnvloedden te veranderen en aan te passen aan hun wensen en behoeftes. Zo dienden de Amsterdamse makelaars bijvoorbeeld vele requesten tot de Burgemeesters om de tekst van de Eed aan te laten passen en veranderden de Rotterdamse makelaars de formele institutionele structuur door de instelling van een depot voor machtigingen.

Concluderend kunnen we over zeeverzekering in Nederland tussen 1600 en 1870 stellen dat het duidelijk is dat instituties – zowel formeel als informeel - grote invloed hebben gehad op de keuzes, het handelen en het gedrag van de actoren. De verzameling van gebruiken, mores en routines, wetten en reglementen heeft de interactie tussen de diverse groepen actoren vormgegeven en de algemene ontwikkeling van de bedrijfstak beïnvloed. De bestudering van de institutionele structuren in Groningen, Amsterdam en Rotterdam heeft de taaiheid van, in het bijzonder de informele, instituties aangetoond. Deze eigenschap heeft niet alleen de opkomst en de ontwikkeling van de formele structuren beïnvloed, maar het heeft ook invloed gehad op het karakter en de reikwijdte van deze formele instituties. Uit de analyse van de drie institutionele varianten blijkt dat het niet zozeer de specifieke eigenschappen waren als wel dat het de verhouding tussen de formele en informele instituties was die bepalend bleek voor de effectiviteit van de institutionele structuur. Een systeem waarbij de formele instituties in lijn waren met de informele instituties was niet alleen effectiever dan een structuur die gekenmerkt werd door divergerende instituties, maar had ook een groter vermogen zich aan te passen aan de immer veranderende omstandigheden.
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Index

A & E & C Dutilh 214
Abandonnement 84 and n. 94, 109-110, 112, 114, 118, 154
Admiraalschap 23
Adverse selection 211
Afmakingscourtage (handling provision) 137
Aigillon 126 n. 256
Alewijn, family 101
Alexandria 148
Algemeene Gilde brief (Groningen) 35
Allen, Pieter 24
Alphen, Dedel and van de Wall, Van 212-214, 241
Alphen, Isaac van 220
Alphen, van 212-214, 241
Alteratie of 1578 76 and n. 55
Alva 81 and n. 85, 110
Ameland 45, 49
America 14, 17, 62 and n. 4, 131, 192, 207-208, 231, 232, 248, 256-257, 268,
Amsterdam
- Alteratie of 1578 76 and n. 55
- Alteration of ordinance of 1678 88, 110
- Amsterdam Exchange, Amsterdam bourse (beurs) 144, 200
- Bank of Amsterdam (Wisselbank) 63-64, 67-68, 70-71, 140 n. 130
- Bijloopers and beunhazen (also see unauthorised brokers) 72 and n. 42, 81, 73-74, 76-77, 87
- Bylaw of 1530 73, 110
- Bylaw of 1531 74, 90, 110
- Bylaw of 1533 74-75, 110
- Bylaw of 1539 74-75, 110
- Bylaw of 1688 100 n. 165, 109-110
- Capital market 65, 67, 245
- Centre of trade 61, 144
- Economic expansion 61-62
- Elite 109, 145, 147, 150, 157
- Eschevins (schepenen) 26, 65 n. 16, 69-71, 157
- Godspenningen 75, 86, 110
- Heren van de Gerechte 70, 72, 74-75, 78, 80-81, 86, 88, 90 n. 124, 91, 93-94, 100, 107
- Institutions 15, 21, 27, 68, 87 and n. 107, 96, 111, 118, 125, 145, 151, 152 n. 366, 155, 157-158, 180, 280-283
- Investments abroad 65, 67
- Local economy 16, 66
- Market transparency 63, 82
- Municipality 71-74, 80, 82, 87, 90, 95-86, 99, 104, 113, 141, 143, 159, 194, 216, 243 n. 341, 283
- Northern gateway 62 and n. 2, 65
- Number of guilds 76 and n. 38
- Number of inhabitants 66 and n. 19
- Number of ordinances 72, 74, 86, 110
- Oath 73, 77 and n. 63, 86, 88-90 and n. 124, 91-95, 287
- Ordinance of 1563 74 n. 47, 75
- Ordinance of 1578 75, 76-78, 81, 90, 110
- Ordinance of 1598 95, 96 n. 152, 97 and n. 157, 98, 100 and n. 167, 104, 107 n. 186, 110, 122, 129, 273
- Ordinance of 1640 81 n. 86, 84 n. 94, 108, 154-155 and n. 375, 186
- Ordinance of 1693 88, 91, 109, 110, 122 n. 240
- Ordinance of 1744 109-110, 123 n. 242, 125, 150, 152 n. 366, 174, 192
- Penalties 74, 78, 80, 86, 92, 187
- Political influence of guilds 76
- Regenten 72, 157, 174, 273
- Reputation 68, 72, 126, 143-144, 276
- Sheriff (Schout) 69, 71, 170
- Staple market 61, 63, 165
<table>
<thead>
<tr>
<th>Term</th>
<th>Page Range</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosch-Rosenthal, L.H.N.</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Bosse and Zoon</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Bosse, Dirk van</td>
<td>133 and n. 292,155</td>
<td></td>
</tr>
<tr>
<td>Bottomry (bodemerij)</td>
<td>24, 77, 78 n. 69, 94 and n. 143, 108, 110, 120 and n. 232, 122, 140 n. 325, 141, 146, 151</td>
<td></td>
</tr>
<tr>
<td>Bout, Jan</td>
<td>142, 214 n. 212, 222</td>
<td></td>
</tr>
<tr>
<td>Bouwmeester, J.J. den</td>
<td>210, 233, 255</td>
<td></td>
</tr>
<tr>
<td>Brants</td>
<td>26, 124, 122 n. 240</td>
<td></td>
</tr>
<tr>
<td>Bremen</td>
<td>30, 37, 39 and n. 39, 44-47, 49-50, 149 n. 360, 232, 259</td>
<td></td>
</tr>
<tr>
<td>Bristol</td>
<td>32, 241</td>
<td></td>
</tr>
<tr>
<td>Britain, British</td>
<td>66-67, 131, 133, 149 n. 360, 164 n. 31, 169, 277</td>
<td></td>
</tr>
<tr>
<td>British East India Company</td>
<td>164</td>
<td></td>
</tr>
<tr>
<td>British insurance market</td>
<td>131</td>
<td></td>
</tr>
<tr>
<td>British underwriters</td>
<td>132, 255, 258, 263, 264 and n. 422,</td>
<td></td>
</tr>
<tr>
<td>Broek in Waterland</td>
<td>128-129, 276</td>
<td></td>
</tr>
<tr>
<td>Broeze, Frank</td>
<td>16, 121 n. 236, 169, 205, 232, 254</td>
<td></td>
</tr>
<tr>
<td>Brokers (Amsterdam)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Broker's stick (makelaarsstokje) (1636)</td>
<td>83-84 and n. 95, 86-87, 110, 186</td>
<td></td>
</tr>
<tr>
<td>- Co-signing policies</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>- Differing policies</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>- Income, price lists</td>
<td>86, 90, 110</td>
<td></td>
</tr>
<tr>
<td>- Misconduct, manipulation of markets and prices</td>
<td>74, 80, 89, 93, 190,</td>
<td></td>
</tr>
<tr>
<td>- Monopoly</td>
<td>28, 77-78, 80, 82, 85-87, 96, 142, 156, 274, 282</td>
<td></td>
</tr>
<tr>
<td>- Network and knowledge of brokers</td>
<td>151, 152, 157</td>
<td></td>
</tr>
<tr>
<td>- New List of Provisions (1747)</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>- Not admitted outside Exchange (1645)</td>
<td>87, 100</td>
<td></td>
</tr>
<tr>
<td>- Number of brokers</td>
<td>74, 77, 80-81, 125</td>
<td></td>
</tr>
<tr>
<td>- Of Jewish descent</td>
<td>78-80, 92</td>
<td></td>
</tr>
<tr>
<td>- Professionalization</td>
<td>114, 155</td>
<td></td>
</tr>
<tr>
<td>- Reputation</td>
<td>85, 91, 107, 129, 157, 283</td>
<td></td>
</tr>
<tr>
<td>- Sallarislijst or lijst van courtagie (fee list)</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>- Trading for their own account</td>
<td>72, 77-78, 80, 85-86, 88, 90-92, 94-95, 110, 145, 190</td>
<td></td>
</tr>
<tr>
<td>- And arbitration</td>
<td>182, 187 and n. 95</td>
<td></td>
</tr>
<tr>
<td>- And nhm</td>
<td>209, 225, 227, 260, 262, 268, 278</td>
<td></td>
</tr>
<tr>
<td>- And procedures and routines</td>
<td>173-174, 179, 184, 213-214, 222, 245, 269, 286</td>
<td></td>
</tr>
<tr>
<td>- And Stad Rotterdam</td>
<td>189 and n. 109, 190-191 and n. 116, 200-201, 213, 222-223, 238, 242, 266, 284</td>
<td></td>
</tr>
<tr>
<td>- Number of brokers</td>
<td>184, 193-196, 199, 242-243, 252, 277</td>
<td></td>
</tr>
<tr>
<td>Broker's fee</td>
<td>89, 110, 129 and n. 271, 152 n. 367, 188, 201, 235-236, 275</td>
<td></td>
</tr>
<tr>
<td>Brokers' Guild (Amsterdam)</td>
<td>76-95</td>
<td></td>
</tr>
<tr>
<td>- Admittance</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>- Endorsement of ordinance of 1612 (1614)</td>
<td>77 and n. 67, 81, 110</td>
<td></td>
</tr>
<tr>
<td>- Government of Guild</td>
<td>76-77, 81, 110</td>
<td></td>
</tr>
<tr>
<td>- Initiation of Guild</td>
<td>75-77, 110</td>
<td></td>
</tr>
<tr>
<td>- Ordinance issued by Guild</td>
<td>77 and n. 67, 80 and n. 83, 81, 110</td>
<td></td>
</tr>
<tr>
<td>- statute of Guild and box</td>
<td>77, 156</td>
<td></td>
</tr>
<tr>
<td>Brokers' Guild (Makelaars en Pondgaardersgilde) (Rotterdam)</td>
<td>184-196, 248</td>
<td></td>
</tr>
<tr>
<td>- Broker's stick</td>
<td>186, 215</td>
<td></td>
</tr>
<tr>
<td>- Oath</td>
<td>184, 189, 196</td>
<td></td>
</tr>
<tr>
<td>- Unauthorised broker, broking</td>
<td>184 and n. 84, 187 n. 96, 188-189, 193-194, 215 and n. 213, 242, 267, 277</td>
<td></td>
</tr>
<tr>
<td>Broking</td>
<td>27, 70-72 and n. 39, 74 and n. 47, 78, 80, 85, 86, 89-91, 95-96, 108, 110, 149, 156, 184, 188-189, 191 and n. 117, 192, 209, 254, 256, 266-267, 274, 282</td>
<td></td>
</tr>
<tr>
<td>- Emergence and acceptance</td>
<td>73, 76, 185, 186, 188, 267, 274</td>
<td></td>
</tr>
<tr>
<td>- Forbidden in Amsterdam (1495)</td>
<td>72-73, 110, 185</td>
<td></td>
</tr>
<tr>
<td>- Brouage</td>
<td>163</td>
<td></td>
</tr>
<tr>
<td>Bruges</td>
<td>72 and n. 39, 90, 95 n. 151, 214-215</td>
<td></td>
</tr>
<tr>
<td>Bruijnigh</td>
<td>J.F. 121</td>
<td></td>
</tr>
<tr>
<td>Bruyn, Abraham</td>
<td>132</td>
<td></td>
</tr>
<tr>
<td>Bubble Act</td>
<td>131 n. 282</td>
<td></td>
</tr>
<tr>
<td>Buenos Aires</td>
<td>256, 258</td>
<td></td>
</tr>
<tr>
<td>Buiksloot</td>
<td>128</td>
<td></td>
</tr>
<tr>
<td>Bulk cargo, freightage</td>
<td>66, 147</td>
<td></td>
</tr>
<tr>
<td>Bunge &amp; Co</td>
<td>232</td>
<td></td>
</tr>
<tr>
<td>Bureau Veritas</td>
<td>228 and n. 274, 275 and n. 278</td>
<td></td>
</tr>
<tr>
<td>Burgomasters, see Amsterdam, Rotterdam, Groningen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business press</td>
<td>82</td>
<td></td>
</tr>
</tbody>
</table>

*Busse, see Box*
Butter 62
Butter, Frank den 9
Bynkershoek 102-103 and n. 177
By-pass trade (Voorbijlandvaart) 45
Cadiz 113, 118 n. 225, 123, 149 n. 360, 256
Calais 148-149 n. 360
California 167, 252
Calvertstraat 79
Candia 148
Cans, Pieter 85
Caribbean 62
Carthon 150, 254, 256
Case, Jan la 191 n. 116
Cassa 36, 45-46, 47, 52, 54
Chabot, David 191 n. 117, 192, 194, 206, 254
Chair of Insurance (KvAA) (Amsterdam) 16, 26, 69-71, 80, 95-117
- Abandonnement 84 and n. 94, 10-110, 112, 114, 118, 154
- And development of industry 96
- Appeals to higher courts 112-113, 115, 155, 190
- Assurantiemeesters: see Commissioners
- Authorisation 84, 84 n. 94, 109-110, 112, 155
- Charter (octrooi) of 1612 96, 97
- Establishment 80, 95, 97 and n. 156
- Insinuatien and intimation 84 and n. 94, 109-110, 112, 114, 154-155
- Legitimacy and authority 99
- Memorie Boek der Schaden, etc. 111
- Messenger 112
- Number of cases 115-116 and n. 220, 117, 273
- Procedures 111-114
- Reappointment of commissioners 100
- Registration of policies 99-100 and n. 165
- Reputation 115
- Responsibilities 97, 99
- Rol van Assurantiezaken 111
- Rol van de Averij Grosse 111
- Rulings (Despaches) 112
- Secretary 99 n. 160, 160 and n. 165, 104-105, 107 and n. 187, 109-112, 123, 142, 155, 179, 282
- Usher (bode) 100
- Volume of insurance claims 116-117, 142
- Vonnissen ter zake van Assurantie 111 and n. 202
Chamber of Maritime Affairs 95 n. 151
- Appeals against verdicts of the Chamber 183 and n. 81, 212
- Assurantiemeesters see Commissioners
- Charter 174
- Fees 176
- Initiation 174, 176-177
- Number of cases 174, 176, 180, 244
- Responsibilities 115, 175, 183
- Secretary 173-174, 176, 178, 182-183
Channel 108, 123
Chearron, Jean 218
Cheppert, Jan 199
Citizen soldiers (Schutterijen) 65 n. 16, 70
City Hall (Stadhuis) 64, 99
Civil War (American) (1861-1865), see War
Clerq, Jacob de en Zoon 132
Clifford en Zoonen 64, 248
Clont, Heynick van der 198, 212
Clot, Heynick van der 198, 212
Cloth making 162
Coalition 18, 37, 53 and n. 83, 54, 65, 86, 104, 145, 187, 239, 273
Coals 167, 169, 202, 252
Code Napoléon 164
Coffee 66, 217, 241
Colbert 66
Colin, Philips 124
Collective good 57 n. 98, 136
Collen van, family 101
Collusions 20, 135-136, 145, 158, 235-236, 273, 287
Collusive action 145, 188, 194, 236, 238
Cologne 32, 72 n. 39, 264-265 n. 422
Colonial trade 20, 228, 278
Commercial Code 164-165, 172, 251-252, 285
Commissioners of Chamber of Insurance and Average (Assurantiemeesters) (Amsterdam) 99 n. 163, 100-106
Commissioners of Chamber of Maritime Affairs (Assurantiemeesters) (Rotterdam) 27, 173-180, 182-183, 214-215, 218, 221, 244, 267, 284
Communities, socially tight-knit 21, 27, 39, 55, 58, 120, 281, 283
Compact 36, 43 and n. 54, 54, 44 and n. 56, 45, 47, 53-54, 59-60 and n. 107, 272
Consignatie stelsel 166, 224
Constantinople 148-149 and n. 359
Commitment (contractual) 18, 96, 130, 146, 155, 279-280, 285
Constitution 164, 172
Continental Blockade (system) 35, 164, 193, 223, 268, 278
Contraband 250
Convoy 23, 113, 119, 123, 138, 192, 245, 250
Coomans, Marinus 201
Copenhagen 57, 122, 126, 149 n. 360
Cordelois, De Vrijer & Mees 190 and n. 114, 191, 223 and n. 251
Cordelois, Franco 189 n. 109, 190 n. 114, 191 and n. 116, 218, 222-223 and n. 251
Corns 62, 70
Corver, Gerrit 69
Couvreur, L. 15
Covitré, Gabriel 191 n. 116, 223
Crozere, Pierre 103
De Koopman (periodical) 82 n. 89, 85-86, 89 and n. 117, 124-125, 132, 144
De Rijp 30, 125, 128, 276
Dekker 42
Demographics, demographical changes 66
Den Dooren de Jong, Elie L.G. de 15, 22, 122, 132 n. 289, 134 n. 298, 255
Den Haag see The Hague
Denmark 32, 43 n. 52
Desnoyers, Abbé 135 n. 302, 276 n. 5
Desolate Boedelkamer (Bankruptcy Court) 70, 99 n. 160, 104 n. 182, 155
Despaches, see Chamber of Insurance
Deutz, Daniel 244
Deutz, Jean & Co 64
Dieppe 148-149 n. 360
Dioptra 85-86
Distribution of merchandise over ships 24, 146-148, 203, 245, 250, 279
Dokkum 45, 49
Dordrecht 72 and n. 39, 73, 161-162, 163 n. 9, 174 n. 48, 192
Driest, Paul van 114
Drogenhorst, Johannes van 141
Dunkirk privateers 123, 137, 197, 203
Dunlop 27
Dutch East India Company (voc) 9, 64, 67, 119 and n. 228, 140, 164
East Indies 166, 222, 225, 227 n. 271, 230-231
Eeghen, Isabella van 79, 89
Eeffects of international competition 66-67, 172, 196, 211, 265
Effective state 281
Eijder 44
Ellinckhuijsen, Gerard 214, 241
Ems 45
Enforcement 58-59, 82, 87, 104, 182, 183, 274, 283, 286
England 13, 43 n. 52, 45, 49, 66, 102 n. 181, 134, 136 and n. 309, 139-140 and n. 329, 141, 149 n. 360, 162-163, 193, 223, 234, 241, 248, 250, 265 n. 422
English merchants 163, 199
Erp, Lambert van 124
Eschevins (Schepenen) see relevant city
Estates of Holland (Staten van Holland) 35 n. 24, 97, 99, 138, 141, 164, 173 n. 45, 174, 212 n. 203, 238
Gilds (Groningen) 36-46, 47-50, 52-58
- Barriers to entry 45
- Membership 42 n. 46, 43-44, 47
- Monopoly 33, 59
- Payment of claims 39, 41-43 and n. 54, 47-48, 50, 56 and n. 97
- Payments for illness and widows 38, 272
- Penalties 8, 39-40, 42-43, 48, 50, 53-54, 57, 59, 272
- Political influence 35, 53, 281
- Premium 37-39, 40-42 and n. 48, 43 and n. 54, 45 and n. 63, 47-50, 54, 55 and n. 91, 56 and n. 93 and n. 95, 57 and n. 100, 58
- Statutes 36, 39-40 and n. 41, 42-43 and n. 54, 44 n. 60, 52-55 and n. 91, 56-57 and n. 101, 59, 272, 281, 283, 286

Gum 62
Haasbroek, Hendrik 218
Hack, Jacques 123
Hamburg 30, 34, 37, 39 and n. 39, 42, 44-47, 49, 54, 64, 66, 139, 144, 148, 149 n. 360, 157, 200, 211, 232, 234, 236, 241, 259, 286
Hanseatic League 32
Harel, Kornelis 191 n. 116
Haringbuizen 162
Haringkaken 162
Haringvliet 163
Harlingen 51, 139 n. 325
Hart, Marjolein ‘t 10, 64
Havelaar, Jan (Jan) en Zoon 191 n. 116 and 117, 192, 194, 206, 242, 254,
Havelaar, Van Dam and Chabot 254
Haye, Jeronimo de 122 n. 241
Heeren van de Weth 170
Heerenboekjes 191 and n. 116
Heerendiep (Winschoterdiep) 33
Heiligeree 33
Heins, Richard 25
Heinsius 103 n. 181, 143 n. 341
Helmont, Jan Janss 124
Hemp 62
Heren van de Gerechte (Heeren van de Gerechte), see Amsterdam
Herres, Willem 199
Herring 62, 66, 162-163, 170, 178, 202, 212, 241, 267,
Hesselink, Lidewij 76
Hides 62, 256
Hierarchies, political an social 21, 281-282
Hocheepied, Jean Baptista de 103
Hof van Holland 113, 155, 183
Holland, province 34, 39, 42, 54, 65, 140-141
Homrigh, van 133
Hong Kong 258
Hooft, family 101
Hooft, Gerrit Gerritsz 104
Hoofsluyden 187
Hooge Raad 103, 113
Hoogezaand 33-34
Hooiotes, J.A. 211
Hoorens, Daniel 142
Hope en Co. 65
Horens en Hogguer 64
Horkling, E. 161, 166-167
Hoyle, Edmond 216, 218-219, 221
Hudde, H. 138
Hudde, Rombout 101
Hudig & Langeveldt 26-27, 228
Hudig, J. & Co. 27, 228
Hulft, Joan 102 n. 173, 127
Hull insurance 38, 203
‘Lemons’ problem 131 and n. 281, 261-262, 276
Hunze 33
Huygen & Beets 128
IJ 30, 159, 273
IIJssel 37
Indemnity principle 40
Indian cottons 66
Indisch Gouvernement 166
Informal institutions 21, 27, 68, 158-159, 161-162, 170, 267, 279, 284-285, 287
Information asymmetry 131, 283, 285
Innovation(s) 14, 40, 52, 68, 121 and n. 235, 130, 146, 150-151, 161-162, 167, 169, 191-192, 204, 209, 228, 251, 255, 264, 271, 275, 277-278, 282, 284
Institutional analysis 18, 22, 52, 131
Institutional change 16, 18 and n. 27, 19-21, 28, 53, 69, 167, 170, 251, 272, 282, 285
Institutional development 18, 25, 160, 179, 193, 271
Institutional divergence 19, 271
Institutional framework 19, 21, 31, 46, 52-53, 55, 68-69, 156, 158, 161, 166, 170, 185, 252, 267, 271, 279-282, 284-285, 287
### Marine Insurance in the Netherlands 1600-1870

**Institutional structure** 16-17, 19-22, 26, 28, 69, 149, 151, 170, 193, 271, 280-284, 287

**Institutions** 16, 17-22, 25-28, 271, 279, 280, 282-283, 286-287

- And economic expansion, growth 16-17
- Definition 17
- Disparity between formal and informal 158-159, 267, 281-283
- Persistency 20, 52, 158, 282, 287

**Insurance**

- Alternative investment opportunity 27, 102, 127, 156, 275
- As method of last resort 121, 139, 147
- Definition 25
- Foreign insurance market 150, 210, 225, 259, 286
- Intangible nature 96, 146, 279
- Market reputation 126, 196, 262
- Market transparency 284
- ‘On the body’ policy 122 n. 241
- Origins and first developments 73
- Premiums 83, 121-122 and n. 241, 123-125, 127, 129, 136-137, 150, 166, 173, 192, 202, 205, 207, 228, 231 and n. 291, 240, 244 249-250, 265, 275, 278

**Insured**

- Iron 21, 62, 233, 254, 268, 278
- Israel, Jonathan 65 n. 16, 78
- Italy 14, 62, 73, 127, 147
- Ivory 62
- Jansz, Isaac 107
- Java 233, 258, 260
- Jewels 62
- Jewish Maghribi Traders 18
- Joan Ozy & Zoonen 212, 214, 241
- Jonker, Joost 140 and n. 329-330, 143 n. 343

**Kamer van Koophandel en Fabrieken** (Chamber of Commerce and Industries) 171

**Kattegat** 57

**Keerbergen, Daniel van** 218

**Keur** see bylaw of relevant city

**Kieboom, Adriaan** 197

**King George III** 250

**King Louis** 164

**King of Portugal** 14

**King of Spain** 46

**King William I** 164 and n. 13, 165, 193, 268, 278

**Kingston, Christopher** 13-14, 17, 131

**Kofschip** 34

**Kohier van Personeele Quotisatie** (1742) 25, 130

**Königsberg** 148, 149 n. 360, 231

**Köningsbergen** 148, 149 n. 360, 231

**Koninklijke Deense Asiatische Comp** 122

**Koophandel van Amsterdam, De** 14 n. 3, 25, 127

**Kracht, F.** 176, 180

**Kuznets** 21 n. 39, 167 and n. 26

**L’Hommel, David** 124

**La Rochelle** 148, 149 n. 360, 163

**Laar, Paul van de** 9, 16, 237

**Laband** 73

**Lagos, Bay of** 133

**Lampe, Hendrik** 128, 130

**Langerak, Jan** 130

**Laren, Jodocus van** 242

**Law, John** 64

**Le Long, Isaac** 14 n. 3, 25, 115, 126-127

**Le Moine de L’Espine, Jacques** 14 n. 3, 25, 115, 126-127

**Leek** 43 and n. 51, 54

**Leer** 34

**Leeuw, Dirk de** 128

**Leghorn** 148, 149 n. 360

**Leiden** 46

**Lels, M.** 211

**Lesger, Clé** 9, 62-63, 65-67, 127

**Lespinosa, Steven** 133, 155

**Leverhuyven** 163

**Levant** 62, 138, 147

**Lijn, Cornelis Jacob van der** 102

**Linens** 62

**Livorno** 147

**Lloyd’s of London** 228, 264-265 and n. 422

**Lloyd’s Register** 228 and n. 278

**Lodenstein** 201, 235

**Lombe, Thomas** 218

Loofs, Abraham 175
Loofs, Daniel 124
Loon van, family 100, 101, 273
Loon, Hans van 138, 147
Loon, Willem van 101
Lopes Telles, Diolog 123
Lorrendrayer 199 and n. 147
Lubeck 149 n. 360, 232, 259
Luden, Jacob 241-242
Luffel, Jean van de 198 n. 139, 202
Maas 191, 196
Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720 see Stad Rotterdam
Madry, Daniel 192
Makelaars en Pondscaudersgilde, see Brokers' Guild (Rotterdam)
Makelaars-Comptoir 64, 84-85
Malbran, Robbert 130
Malta 148
Marolles, Th.D. de 128
Marronos 78
Marseilles 148, 149 n. 360
Maurits, Prince 35, 171
McCusker, John 82
Mediteranean 62, 72-73, 120, 137, 147, 231
Meel, van 245 and n. 347
Meer, Dirk van der 102,
Meer, Jeremias van der 131, 141
Mees, Chabot and Havelaar 194, 206
Mees, Gregorius 190-191 n. 116
Mees, Marten 196-197, 211, 232, 234, 241, 259, 259 n. 404, 261, 262 and n. 412, 265-266
Mees, Mees & Zoonen 27
Mees, R. 191-192, 259 n. 403
Meij, Johan de 178
Memorie Boek der Schadens, etc. 111
Men-of-war 23
Meppel 40 n. 41, 52
Mercantilist policies 66
Merchant Adventurers, Court of 163 and n. 9
Merchants Insurers Bill 133
Metals 62
Meulen, Daniel van der 15
Meyners, J.G.F. 212 and n. 202
Middelburg 15, 30, 95 n. 151, 116 n. 221, 140, 147, 152, 199, 210, 215, 226 n. 267, 233, 234, 255
Middelburgsche Assurantie Compagnie (MAC) 199 and n. 144
Middelburgsche Commercie Compagnie (MCC) 199 and n. 144
Mijlius, A. 114
Mill, mill-owners 31, 46 and n. 69, 51-52 and n. 77, 121, 200 n. 150, 242
Modern economic growth 21 and n. 39, 167 and n. 26
Moerman, Jasper 177-178
Mol, Jacob 114, 128
Molasses 62
Moro, Gideon 130
Moral hazard 55, 57, 292, 272, 275-276
Morel, August 228 and n. 274
Muck 33
Muiden 140 n. 325
Muilman and Sons 122
Muilman en Meulenaar 64
Munch, Pieter 155
Munter, Cornelis 102
Musch, Cornelis 212 and n. 203
Muscovy 62
Mutual box (gemeene bus), mutual insurance 14, 21, 24, 27, 31, 36-47, 54, 57-58, 159, 193, 240, 280-282
Mutual society 120
Naarden 139-140 n. 325
Nantes 121, 148-149 n. 361, 163, 199, 212, 224, 241
Napoleonic Wars, see War
Navigational instruments and innovations 21, 23, 284
Neck, Jacob van 102 n. 173, 127-128
Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M. or Holland Amerika Lijn (H.A.L.)) 206, 233
Negative social selective incentive 57
Negotiatie compact 44 n. 56
Nemnich, Philip 215
Netherlands passim
Neufville, De 247 and n. 350
Newcastle 32
Niekerk, JP van 16, 22, 81, 101-102, 103 n. 179, 104 n. 184, 113, 144, 175 n. 53

*Nieuwe Brug* 124, 146
*Nieuwe waterweg* 168-169
*Nieuwehaven* 163

Nobel, Henrick 177-178
Nobel, Willem 197
Noordkerk 25, 80 n. 83
Noordzeekanaal 168
Norden 45
North, Douglass 52, 271, 283, 289

Norway 37, 43 n. 52, 46, 48-50, 149 n. 360, 233

Oath 73, 77 and n. 63, 86, 88-90 and n. 124, 91-95, 104-107, 110, 176, 184, 189, 196, 220, 287

Octrooi, see Chamber of Insurance

Oldambten (Oldampten, Old-Ampten) 41, 42, 50, 58, 272
Oldenbarnevelt, dr. Elias van 177
Oeldewelt, W.F.H. 25
Oligopolistic markets 136, 263
Olson, Mancur 20, 53 and n. 82, 54, 57, 136

Ommelanden 35
Omslag 37
Onderlinge, see mutual
Ondervinder, David Jan 124
Oordt, family van 27

Oostzaan 125, 128, 276

Opelt 24, 120, 122
Ostracism 57 and n. 98, 281,

*Oude Hoofdpoort* 175-176, 181, 218-219
*Oude Kerk* 124, 146

Oudehaven 163
Outgaarden, Krisp. van 142
Overzeijlt (run over) 43
Ozy, Joan 212, 214, 241
Pantoune, Robert 218
Paris 66, 139, 200, 211, 231-234, 259 n. 403, 261

Partenrederrij 23, 169, 206
Path dependency 193-194
Peace of Utrecht 140
Pearson, Robin 13

Peat 21, 33 and n. 7, 34, 41, 55 n. 90, 58, 272, 281
Pekel A (Pekele) 33, 34, 34, 41, 42, 45, 50, 56-58
Pels, Andries 64, 102 and n. 174, 114, 117-118 and n. 225, 122 n. 241, 197, 248

Pels, Andries en Zoonen 64, 102, 117
Pels, Lucas 102
Pepper 62
Persia 62
Peyrou, Daniel Jacob du 131

Pioneers, pioneering merchants 63, 120, 127, 146, 156, 280
Pirates 22-23, 119, 147, 154, 192 and n. 119, 202-203, 249, 280
Pisa 72 and n. 38, 73
Pitch 163
Plaintiff 112, 114-115, 142, 155, 175-176, 183, 187,
Plate and Reuchlin & Co 206
Plate, A. 233
Ploeger, Claas 114, 128-129
Ploeger, Cornelis 129
Poll van de, family 102
Poll, Pieter van de 102-103 and n. 180
Port a Port (Oporto) 147, 149 n. 360
Port Viane 147
Portugal 14, 78, 147
Potash 62
Pott, J. 201, 212 and n. 202
Powers, Michael 263
Prak, Maarten 76
Premium *passim*

*Prijschristant* 57, 82, 148, 149 n. 360, 153
Princess of Orange Nassau 218
Private order 281, 283
Privateering 21-23, 46, 51, 55, 119, 123, 137-138, 150, 161, 197, 202-203, 252, 268, 278, 280, 284,

Protection and Indemnity clubs (P & I clubs) 24

Punt, Michiel Hubrechtsz 197
Quesne, Jan Philippe du 131
Reael, family 101

Reael, L. 138
Reael, Pieter Jansz 101
Reael, Reynier Jansz 101
Rederij (shipowning company) 206, 254 n. 382, 256, 258
Rederij-cedul 205, 257

Reductie (1594) 35 n. 24, 53,
Reepmaker, Adriaan 220
Regenten, see relevant city

Regte Course van Premie (correct premium) 125

Regular sea-service (*beurtveren*) 54
Regulatory vacuum 96, 196
Reinsurance 134, 245, 251, 263-264 and n. 422
Reitdiep 33
Rendorp, family 101
Renteniers 160, 213, 217
Revolt, Belgian 166, 225 and n. 263
Revolt, slave 248
Revolt, the 35, 62, 65, 76, 171
Rhone 72, 162, 206
Ricard, J.P. 14 n. 3, 88 n. 114, 99 n. 160, 127
Ridder, Pieter de 178
Riel, Arthur van 167, 264 and n. 421
Riga 148, 149 n. 360, 231, 234
Rijzendaal, Jan 191 n. 116
Rinckoppen 38, 48
Rio de Janeiro 231
Rippen 38, 48
Risicum gentium 23
Risicum maris 23
Risk attitude 207, 279
Risk avers 40, 45, 204, 252, 282
Risk transfer 24
Risk-tolerant 25, 282
Risk-trap 42 n. 48
Rocquette, Pieter 131
Roeters, family 101
Roeters, E. 138
Roeters, George 216, 218-219, 221
Roeters, Gerrit 201 and n. 152
Rogge, Gerard 201 and n. 152
Roover, Florence de 14, 23
Rossum, Pieter van 175
Rotterdam
- And financial markets 247, 251
- Burgomasters 170-171, 174, 178, 184, 189, 191, 220
- Local economy and expansion 170-171, 216
- Number of brokers 188, 193-196, 243 and n. 341, 277
- Number of inhabitants 162
- Oath 176, 184, 189, 196, 220
- Penalties 173, 221, 235, 187-188
- Political position guilds 187
- Regenten 179 n. 73, 2198, 171, 174, 184, 217, 219-220 and n. 233, 248, 277, 284
- Rotterdam Exchange, Rotterdam bourse (beurs) 164, 191, 217, 227, 243, 260
- Schout (Sheriff) 170, 174
- Trade network 162, 163, 198, 202
- Trade volume 159, 162
- Vroedschap 164, 170-171, 177, 185, 187, 190, 216-217, 219-222, 236, 238
- Wisselbank 164, 220
Rotterdamse Lloyd 27, 205-206
Rouen 144, 149-149 n. 360, 213, 241
Royal Exchange 133, 140 n. 326
Rye 15, 66, 139-140 n. 325, 163
Salts 62, 66
Sappemeer 33-34
Sautijin 87 n. 108
Schade, A. 175 and n. 57
Scharff, A. 58 n. 104
Scharff, Adriaan 114, 132
Scheepmakershaven 163
Scheepvaartenquête see Shipping Inquiry
Scheldt 61
Schelling 235 and n. 215
Schepenbank 170
Schepenen see Eschevins of relevant city
Schiedam 16
Schiedamsche Scheeprederij 206, 254
Schiemonnikoog 45, 49
Schleswig-Holstein 34
Schöffer, Ivo 16, 97 n. 156, 115
Schout, see Sheriff of relevant city
Schudebeurs, Hendrik G. 15, 213, 264
Schuijt, Albert 124
Schuitendiep 33
Schuitenschuivers, see Barge Masters
Schuitenschuiversgilde (Guild of Barge Masters) see Barge Masters
Schuurman, Willem Elink 15
Sea Loan see Foenus Nauticum
Seafaring boxes (zeevarende beurzen) 46
Seasonal patterns 22, 122, 162
Selective incentive 57, 57 n. 98
Sensere, Jacob 218
Seven Years' War, see War
Ship-building 34, 165, 278
Ship-building premiums 165, 265
Shipowners passim
Shipping Inquiry (Scheepvaartenquête) 60, 210, 233 n. 303, 245 n. 346, 251, 255, 261
Ships
- Bloemendaal 118
- Crown Prince of Denmark 122
- De Eendracht 178
- De Goede Fortuin 113
- De Jager 197
- De Margestar 203
- De St. Jago 117
- De St. Jan 118
- De Stad Schiedam 255
- Fop Smit, bark ship 258, 259 n. 402
- Fop Smit, steamer 259 n. 402
- Het Eijlant ter Schellingh 178
- Ida Maria de Raath 205, 253-259, 262
- Justitie 118 n. 226, 122 n. 242
- Koning van Denemarken 203
- Louisa 234
- Maas en Rottstroom 228
- Moscovische Valk 123
- Roode Hart 121
- SS Groningen 205
- St. Pieter 203
- St. Lucas 202
- St. Michiel 113
- Thobyas 212
- Vier Gebroeders 120
- Zwarte Zwaan 257
- Shubik, Martin 263
- Sijmon, Pieter 123
- Silk 62, 90, 139-140 n. 325
- Singapore 233
- Six, family 100, 273
- Six, Pieter 102, 111, 133
- Six, Willem 101-103
- Slave(s) 122 and n. 242, 192 n. 119, 248
- Sleghut, De Vries and Van Vollenhoven 241
- Sluiterhuis lists 25, 58 n. 103, 129 n. 269, 130
- and n. 275, n. 275, 131-133, 212, 214, 215, 241
- n. 334, 248-249
- Sluiterhuis, Hendrik 130
- Sluitbriefjes 153
- Sluys, Willem van der 191 n. 116
- Snoet 34
- Small Claims court (Kamer van Kleyne Zaken) n. 1879
- Smeth, R. de 64
- Smeth, Theodorus de 64, 104
- Smyrna 148, 149 n. 360
- Smyrna fleet 133-134 and n. 297
- Snabbe 33-34
- Snaets, Adriaentje Jan 107
- Sneller, Zeger 15
- Social networks 21, 27, 102, 267, 281, 283, 286
- Societit van Assurantie en Beleening te Rotterdam 200 n. 150, 237, 238 n. 325
- Societit voor Zee Risico 206
- Solt, Hans de Jonge 124
- Sonneberg, Evert 201
- Sont 48, 61
- South-East Asia 62
- Southern Netherlands 15, 64, 65, 162-163, 172, 275
- Spain 14 and n. 7, 46, 73
- Speciaal, Hendrik 114
- Speciaal, Jacob & Zn. 128
- Spices 62, 66, 162
- Spooner, Frank 13-14, 16, 21-22, 42 n. 48, 55-56
- and n. 94, 58 n. 103, 82, 97 n. 156, 100 n. 165,
- 115, 128, 130 n. 276, 131-132, 135 n. 302, 148,
- 149 n. 360, 156, 212 n. 200, 223, 236, 241, 245,
- 247, 249-250
- St. Eustatius 231, 243, 248-249
- St. Malo 148, 149 n. 360
- Stad en Lande (province of Groningen) 35
- Stad Rotterdam (Maatschappij van Assurantie,
- Discontering en Beleening der Stad Rotterdam
- anno 1720) 16, 27, 119 n. 228, 143, 154,
- 161 and n. 3, 176 and n. 58, 178, 189 and n. 199, 190-191 and n. 116, 198, 200 and n. 150,
- 201, 203-204, 207-209 n. 182, 212 n. 201, 214
- n. 212, 215 and n. 213, 216-224 and n. 258,
- 226-227, 229-231, 235-23242, 244-245, 247-
- 251, 255, 259, 265-266, 268-269, 277-278, 284
- Stadholderless Period (Stadhouderloze Tijd-
- perk) 103 and n. 181, 104
- Stadhouderloze Tijdperk, see Stadholderless
- Period
- Stadshuis, see City Hall
- Stamp duty 104, 112
- Staphorst, Arend van 133, 155-156
- Staphorst, Nicolaas 114, 118
- Staten van Holland, see Estates of Holland
- Steam ship 211, 233, 252, 284
- Steam shipping 161, 169, 206, 263, 269, 278
- Stettin 148, 149 n. 360
- Stuart, Th. 72 n. 42, 74-75, 77-78 n. 70, 80, 87 n.
- 106, 125 and n. 233
- Stuiver passim
- Suermont, L.A.E. 14 n. 6, 95 n. 149, 130, 177,
- 210, 214-215
Index

Suez Canal  168
Sugar 62, 78, 201, 241
Sumac  62
Surinam  67, 113 n. 212, 120, 149 n. 360
Swam, Mr.  144
Swaye, Jan de  147
Sweden  127
Tar  163
Task  34, 56
Tax levying  140
Tea  66
Technological change and innovation  21, 28, 59, 161-162, 167, 169, 209, 228, 251, 271, 278, 282, 284
Telegraph  161, 169-170, 209, 278, 284
Ter Apel  33
Tersmitten, Hendrik  104
Textiles  62, 66, 70, 139-140 n. 325, 279
The Hague (Den Haag)  165
Thoveling, Maerten Claesz  197
Tijn, Theo van  16, 232, 265
Tjalk  34
Tobacco  62, 130, 139-140 n. 325
Tollenaars  107
Toulon  148
Tramp shipping  34, 253, 255, 257-258
Transaction costs  19, 55, 63, 104 n. 183, 182, 209, 266
Trip, family  100-101, 273
Trip, Cornelis  104
Trip, Elias  138
Tripscompagnie  33
Underwriter, unidentified from Amsterdam  128-129 n. 271
Underwriters
- And bankruptcies  133, 155-156
- Collusions 135-137, 139, 141, 144-145, 150, 158, 235-236, 238-239, 273, 276, 287
- Continuity  130-133, 144, 156, 214, 249
- Financial solidity  151, 157, 201, 210-211, 213 n. 207, 225, 227, 274
- Reputation  15, 127, 132, 149 152, 156-157, 275-276
Underwriters, British  255, 258, 263-264 n. 422
United Kingdom of the Netherlands  172, 185, 193, 204, 224, 231
United Provinces  45
United States of America  208, 232
Utrecht  32, 46, 103 n. 181, 140
Valckenier, Cornelis Janszn  101
Veeken, Johan van der  164
Veendam  30, 33, 34, 42, 50, 54, 58, 272
Veken, Jan van der  147
Velde, Jan van de  85 and n. 96
Veneman, Jan 101-102 and n. 172
Venice  72 n. 38, 73, 148, 149 n. 360
Verburgh, Widow  245 and n. 347
Verdoes, Isaac  218, 222
Vergouwen, Johannes  15, 22, 72 n. 38, 39, 73, 75, 76 n. 61, 81, 136, 172 n. 40, 186, 189-191, 195, 216, 236
Versteeg, Nikolaes  191 n. 116
Veyboeken  118
Visch, Jacob  218, 222
Visch, Philips  178
Visscher, Roemer  85 and n. 98
Vlaming, Joris Joosten  177, 178
Vleesbeek, Huibert  16, 237
Vleet, see fishing or whaling ships
Vlie, 't  45, 49
Vogel, Adriaansz Nicolaas  199
Vogel, Gillis  191 n. 116
Vollehoven, Jan van  142
Vonnissen ter zake van Assurantien see Chamber of Insurance and Average
Voormijlvaart see by-pass trade
Vries, De, Van Vollehoven and Des Armorie  241
Vrij van molest  150 and n. 362, 192-193, 245
Vrijer, Jan de  190 and n. 114, 191 n. 116, 222 n. 250
Vroedschap (see relevant city)
Waarborgmaatschappijen  238
Waddenze  33, 44 n. 59
Wagenaar  101, 107
Wallbeeq, Balthasar van, widow  142
Wall, van der  212-214, 241
War premium  47
War
- American Civil War (1861-1865)  268, 207, 257, 268
- American War of Independence (1775-1782)  192
- Crimean War (1854-1856)  232
- First Anglo-Dutch War (1652-1654) 66
- Fourth Anglo-Dutch War (1780-1784) 67, 188, 238, 241, 249-250
- Napoleonic Wars (1799-1815) 20, 172, 193, 204, 251
- Nine Years’ War (1688-1697) 66
- Seven Years’ War (1756-1763) 67, 116, 176, 180-181, 223
- War leading to independence of Belgium (1830-1831) 207
- War of the Austrian Succession (1740-1748) 116
- War of the Spanish Succession (1702-1713) 54, 66, 150 n. 362
- World War I (1914-1918) 51
- World War II (1939-1945) 26-27

Warin (Warin), Nicolaes 141
Warin Nicolaas Antonisz 102
Warin, Anthonie 201 n. 152
Warin, Antoine 102
Warin, Arend van der Wayen 102
Warin, Nicolaas jr 102, 244
Warmoesstraat 124, 146
Wedden, Jan van ’t 218
Week Commissioners 221
Weerdt, Hans de 147
Wegener Sleeswijk, Anne 123
Werke, Pieter van der 191 n. 116
West India Company (WIC) 93, 138, 140, 199 and n. 147
Western Africa 62
Westerwolde 26, 32
Westphalia (Westfalen) 32
Wetboek van Koophandel see Commercial Code
Wetsverzetting 171
Whaling 36, 118, 121, 138, 203
Wheat 66, 78, 121, 163
White Sea 62
Wijnhaven 163
Wildervank 33-34, 41-42, 50, 58, 272, 291
Willem Ruys & Zonen 206, 254, 258-259 n. 402, 403
Willemszn, Claes 204
William II, Stadhouder 103 n. 181
William III, Stadhouder 103 n. 181
Williams, Arthur 25
Williamson, Oliver 17 n. 22, 19
Wine 62, 70, 123, 162-163, 197, 202, 241, 254, 267, 279
Winschoterdiep 33
Winterloon 37, 40, 57 n. 100
Wisselbank (Amsterdam) see Amsterdam
Wisselbank (of Rotterdam) see Rotterdam
Wood 21, 23, 34, 62 and n. 4, 71, 78, 163, 278
Woollens 62
Yokohama 258
Zaan region (Zaanstreek) 30, 31 and n. 1, 51, 52
Zaan whaling mutuals 36
Zanden, Jan Luiten van 167, 264 n. 421
Zante 148, 149 n. 360
Zantvoort, Nicolaas 191 n. 116
Zee Risico Sociëteit 206
Zeeland 42, 43 n. 52, 46, 50, 103 n. 181, 136 and n. 309, 138 n. 319, 147, 199 and n. 147, 241, 253
Zeevarende beurzen see seafaring boxes
Zerezay, Marc 199
Zuiderzee 30, 34, 44 n. 59
Zuilen van Nijevelt, Herman van 216, 218