

Editorial

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Special Issue: History of Insurance in a Global Perspective: A Novel Research Agenda

<https://doi.org/10.1515/apjri-2023-0028>

Keywords: global history; non-Western contexts; pre-modern insurance

This special issue collects four articles selected from the pool of papers that were presented at an international, interdisciplinary conference on the “History of Insurance in a Global Perspective,” held at the University of Basel in July 2022. The conference focused on the history of insurance with a particular interest in its global dimension. Insurance was and is a crucial element in the long-term globalization of finance and for the rise of modern global capitalism. This introduction is split into two parts. First, we discuss the state of the art and point out the need and the advantages of a more global view on the history of insurance. The second part presents some of the novel insights that the authors of the four articles introduce.

1 Insurance and the Rise of Modern Global Capitalism: The State of the Art

Since the early modern period, the diffusion of insurance, in the Western world and beyond, was closely linked to processes of globalization and de-globalization. A European invention in its early days and shaped both by pre-modern practices of risk-pooling in Northern Italy and the British model of joint-stock companies, insurance rapidly expanded globally during the 19th century and produced many regional varieties, within Europe and beyond (Borscheid and Haueter 2012).

Economic history, as a discipline, has only recently started to integrate the history of insurance into its historiographic account. In the history of global finance,

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the development of insurance is an underrepresented topic. So far, the historiographical focus was on the perspectives of banking history and the history of financial markets (Cassis 2006; Cassis, Grossman, and Schenk 2016; O'Rourke and Williamson 2014). The relevance of insurance for the development of capital markets, for corporate finance, and for foreign investments has been underestimated in economic history. However, this area warrants closer examination. Already more than a decade ago, Wilkins (2007) called for more research into the history of insurance, as part of a general history of economic globalization.

Over the past years, studies point out the crucial role of insurance for the development of global capital markets (Borscheid 2006; Borscheid 2007; Pearson 2010). Marine insurance, developed in the 16th century, played a central role in the expansion of international trade, be it in Italy's Mediterranean trade or in the colonialist ventures of Britain or Spain (Baskes 2013; Borscheid and Umbach 2008). Fire and life insurance guaranteed the financial stability of industrializing countries such as Britain or the United States (Alborn 2009; Pearson 2004; Umbach 2006). Trade networks were closely linked to the expansion of industrial production within and beyond Europe (Austin 2014; Dejung 2013; Dejung and Petersson 2013). In general, the development of trading centers went hand in hand with that of financial centers, in which insurance formed an important pillar (Cassis 2006). Insurance itself was a spearhead of the expanding entrepreneurial networks across the globe. As Jones (2013) and Wilkins (2005) note, insurance corporations were international already in the 19th century with international management structures, shareholders and widespread investments in foreign markets.

The rise of legal regulations of the insurance markets, often interpreted as protectionist policies, also supported processes of internationalization, for example, by reducing transaction costs as in the case of the new international business law established after the 1906 San Francisco Earthquake (Pearson and Lönnborg 2008; Pons Pons 2008; Röder 2007). Throughout the 20th century, the financial service sector, and insurance in particular, were a driving force behind the internationalization of highly skilled labor (Strandskov and Pedersen 2008). In sum, insurance produced, over the past two centuries, a nearly seamless "global safety net" for modern capitalist societies (Borscheid 2012).

To analyze the expansion of international insurance into non-Western contexts, the following articles draw on an emerging field of research investigating the institutional conditions of the globalization of modern capitalism. As Wilkins (2009) argues, the activities of Western insurers and local firms were in many countries deeply entangled, with other Western companies, often trading firms, building up foreign markets with opportunities around the globe. Similarly, Jones (2005) argues that in the 20th century, international insurance operated in the "borderless worlds" of "cosmopolitan capitalism", in which global firms based their activities on

international management and on subsidiaries firmly embedded in local economies and cultures beyond their Western domestic markets.

The global expansion of insurance has been spurred by cultural, political and economic factors as well. Those linked to the cultural sphere include social norms, values and expert knowledge (Skipper and Skipper 2001; Zelizer 1978; Zelizer 1979; Zelizer 2011). They highlight the interaction between “morals and markets” by showing how the rationalist culture of insurance repeatedly clashed with cultural beliefs such as fundamentalist religious values. Borscheid (2012) stresses the influence of scientists, traders, migrants, and imitators on the globalization of insurance. Likewise, Jones (2005) points at the relevance of information in the insurance business, as illustrated in the early rise of the insurance press, the reliance on trust and informal networks, the investment in human capital by the industry, and its use of qualified labor and expert knowledge. In a similar way, Alborn (2009) argues that the success of 19th-century British life insurance was closely linked to the spread of a Victorian, middle-class culture of male breadwinners and of rationality, providence, and thrift.

Political, legal and economic conditions have also played a major role in the global expansion of insurance. Western insurance companies often profited from unequal power relations between Western and non-Western actors, in particular in areas marked by imperialist or colonialist interventions. In Asia, Africa and Latin America, insurance was often spread as part of merchant capitalism or colonial rule, at least since the 19th century (Borscheid 2012; Keneley and Verhoef 2015; and, in general, Austin 2014). In Japan and the Ottoman Empire, the insurance industry developed under the non-Western rule, but as part of reform policies inspired by Western notions of modernization (Geyikdağı 2011; Kahya 2010; Özger 2017; Toprak 2012; Yoneyama 2010; Yoneyama 2012). More often than not, the clientele of these 19th-century non-Western insurance markets consisted of Western businessmen, professionals and members of colonial administrations, in addition to an enlightened local elite (Borscheid and Haueter 2015). Throughout the era of decolonization, anti-colonial opposition often led to the retreat of Western insurance companies from foreign markets (Toprak 2010). Many post-independence governments nationalized the insurance market or supported local insurance corporations, which took over the market (and practices) from their Western competitors (for Africa: Borscheid 2012; for the Ottoman Empire/Turkey: Toprak 2010).

Studies show that the choice of different forms of insurance – commercial, mutual or state insurance – has been heavily influenced by local political contexts. The 19th-century settler societies in Northern America, Australia, and New Zealand, for example, commonly preferred forms of mutual over commercial insurance, which better concurred with the values of the settler communities (Pearson and Yoneyama 2015). Other studies underline the relevance of specific economic

policies, like protectionist policies related to nationalist or communist ideologies (Borscheid 2012). Insurance was sometimes spread as a trade-off between Western companies offering capital, expertise, and services and non-Western governments looking to gain access to Western finance, as in the case of Korea (Fuess 2016). Generally, the expansion of insurance in the 20th century was heavily influenced by the ideological competition between capitalism and socialism, not just in the Western world but also in Asian, African and South American countries. The ideological split fostered private-sector solutions in capitalist countries, and public-sector interventions in socialist countries.

Another set of factors relates to the micro-economic, business level. Companies developed specific business strategies for selling their services around the globe, particularly in the fields of marketing, pricing, product competition, reserves and investments. They also expanded their foreign direct investment (FDI), and developed specific products and corporate cultures, appealing to a global clientele. Often, European companies established networks or co-operations with non-Western companies and organizations in order to expand their business.

In non-Western contexts, the adoption of insurance often depended on local cultural factors, such as religious beliefs and social values. They often constituted powerful non-actuarial approaches to dealing with risk. Local religious traditions such as the *vakf* system in the Ottoman Empire, along with professional, family- and kin-based forms of financial precaution, impeded the spread of insurance in African countries, India, China, as well as in Muslim-majority countries such as Turkey (Borscheid 2012). The fortunes of insurance thus not merely hinged on the incorporation of the insurance principle into the habitus of commercially-minded individuals increasingly subservient to market imperatives, but also the capacity and willingness to adapt to the peculiarities of local markets. As the Indian case demonstrates, local insurance companies were more successful than their European competitors in offering insurance products tailored to the values and beliefs of the local population (Jitschin 2007; Jitschin 2010).

2 Beyond Eurocentric Perspectives: Themes for a Novel Research Agenda

Most of the factors alluded to above, especially those linked to non-Western actors, are hardly investigated, as most studies on the global diffusion of insurance largely focus on Western insurance, particularly interpreting its rise as a process of rationalization and a long-term transformation of notions of danger or hazards into calculable concepts of risk. The history of insurance is seen as marked by a

fundamental tension between rational, actuarial and non-rational, popular perceptions of risk – a tension in which the rational approach has gradually increased its influence (Bouk 2015; Clark 1999; Krämer, Asmussen, and Condorelli 2014; Levy 2012; Mohun 2013; Yates 2005). According to this dominant narrative, the actuarial approach was brought forward by European and Northern American companies and exported into non-Western regions and countries, where it was gradually adopted by non-Western actors (Chan 2012).

Running counter to this narrative, recent studies in global history and in the history of science have criticized this polarization of Western rationality and non-Western traditional beliefs as Eurocentric and implicitly teleological (Borscheid 2013). But comparatively little is still known about the social and cultural conditions, especially in non-Western contexts, for the global expansion of capitalism and of financial services in particular (for banking see: Bonin, Valerio, and Yago 2015; Cottrell, Fraser, and Fraser 2008).

The contributions to this special issue seek to overcome such Eurocentric approaches by taking non-Western perspectives on the history of risks and insurance seriously. They also contextualize the history of insurance in a broader perspective, understanding insurance as more than an economic practice and embedding it in historically specific cultural, social and political contexts – in Western as well as non-Western areas of the world.

Three cross-sectional themes stand out in the four following contributions. These themes have begun to attract substantial scholarship, but are still little investigated and offer promising topics for future research. The first topic relates to processes of economic globalization in the early modern period. The authors of this special issue argue that the internationalization and globalization of insurance was not the outcome, but rather the starting point of the long-term development of insurance. Insurance was global from its beginnings. As Antonio Iodice shows in his article, early maritime insurance in 16th century Genova covered shipping routes across the whole Mediterranean, from the Middle East over Northern Africa to the Spanish and Portuguese Atlantic and up to the Northern Sea. Since the 18th century, following the colonial expansion, insurance also spread to Southern America, East Asia and Africa (see the contribution of Robin Pearson et al. for China, and Grietjie Verhoef for Africa). The constitutions of these global insurance networks, especially in the earlier centuries, are still largely unknown and deserve further investigation.

A second promising theme for future research consists of the significance of non-Western actors in the history of insurance. The articles of this special issue illustrate that insurance cannot be reduced to a Western invention. By taking a non-Eurocentric perspective, they provide a polycentric understanding of the many mutual learning processes in the history of insurance between Western and non-Western actors. Western and non-Western types of risk mitigation often interacted

in locally specific and complex ways with each other. Robin Pearson et al. argue that the growth of insurance in three non-Western world regions (China, the Middle East and sub-Saharan Africa) cannot be explained by economic growth alone but depended on a series of locally embedded institutional factors, such as local traditions for providing against risks, income levels of the local population, the degree of urbanization, systems of taxation, local saving rates, the presence of large infrastructural projects or state-owned insurance bodies and the provision of government forms of social security. Elisabeth Engel also points out how the early American insurers in the late 18th century quickly adapted their business to the local conditions, in particular to the specific features of fire and weather risks in Northern American regions. And Grietjie Verhoef, in her article on the history of insurance in Africa, points out a series of influential local forms of risk mitigation, both during the colonial period and in the post-independence era since the 1960s, such as kinship- and ethnic-based mechanisms of mutual support, protection and provision.

As a third promising theme, the articles point at the innovative potential of combining the history of insurance with perspectives from environmental history. Many of the risks addressed by the insurance industry – especially in non-life insurance – have to do with environmental hazards. Thus, the history of risk mitigation becomes a lens to observe central topics in environmental history. The article of Elisabeth Engel provides ample examples, such as insights into the history of floods, hail, hurricanes, fire, and other geological and climatic developments in Northern America. Similarly, the article of Robin Pearson et al. points at a series of environmental conditions that shaped and drove the growth of the insurance industry in China, the Middle East and sub-Saharan Africa. Their article mentions, for example, the prevalence of droughts and endemic diseases, as well as the availability of building materials, which also partly depended on natural resources in the regions. Such environmental conditions had not only effects on business practices but also on social communities, linked to the insurance business. Antonio Iodice, in his article, argues, based on the case of 16th century Genova, that the bourgeois and commercial elite of Genova was marked by the rise of a “risk-community”, linked to maritime insurance – itself a reaction to the environmental hazards menacing maritime trade. The Genovese elites were transformed by the emergence of a new insurance-related network of patrician families operating in the semi-closed form of a syndicate.

In sum, we are delighted to present this set of four pioneering articles that expand our understanding of the novel, global perspectives on the history of insurance. They do not only illustrate the contributions the insurance industry made to the local, regional and global building of modern capitalism but also discuss how societies around the globe dealt with mitigating the multitude of risks linked

to modernity. Nonetheless, more research needs to be done, more data collected, and more structural analysis of the data performed so that we can better understand the specifics of insurance operations in non-Western regions and, eventually, suggest ways to improve the industry's contributions globally.¹ The next planned international conference on the history of insurance, to be held in Amsterdam in 2025 certainly will provide another excellent opportunity for pursuing the scholarly exchange on these important projects.

Research funding: This work was funded by Schweizerischer Nationalfonds zur Foerderung der Wissenschaftlichen Forschung.

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¹ As an illustration for the potential of online databases, see for example the online platforms « Risky Business. Insurance pricing database, 14th to 19th century», established jointly by the Vrije Universiteit Amsterdam, the Università degli studi di Parma, Italy, and the University of Cambridge, UK (<https://riskybusiness.labs.vu.nl/>) or « Global History of Insurance Online», established by the University of Basel, Switzerland, and the University of Hull, UK (<http://www.global-insurance.org/>).

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