Merchants, mariners and mavericks
Lloyd's Agents, the first 200 years

LLOYD'S
Agency

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Credits

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Thamesgate Business Centre, Thamesgate House, 37 Victoria Avenue, Southend on Sea, Essex, SS2 6DF UK
Tel: +44 (0) 1702 32 2000 | **Fax:** +44 (0) 1702 32 2001 | **Email:** mail@timesgroup.co.uk | **Website:** www.timesgroup.co.uk

On behalf of

Lloyd's, One Lime Street, London EC3M 7HA
Tel: +44 (0)20 7327 5730 | **Fax:** +44 (0)20 7327 6777 | **Email:** lloyds-agency-network@lloyds.com | **Website:** www.lloydsagency.com

Writers: Lee Coppack and Lucy Jolin

Editor: Sush Amar

Design and Production: Stephen Smith - Design Vision UK Ltd

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Lee Coppack

Foreword – Dr Richard Ward

Throughout time, every country, every community, every business and every home has needed insurance in one form or another. Society could not function as it does without it. With each new direction taken by trade and industry insurance has adapted to deliver new protections and provide a safe springboard for future development.

Despite its value, the nature of insurance has also often been misunderstood. Insurance has always been based on analysis, research and the scientific study of risk. In other words, on information.

By 1811, the complexity of the information used by the insurance industry had evolved significantly, but it was the creation of a network of Agents by Lloyd's that year which profoundly accelerated both the reach and impact of that information.

For the first time, a global network of individuals could act as the eyes and ears of the market, finding out the truth, detecting problems and suggesting solutions. The flow of information they sent back to Lloyd's was a vital component of the consolidation and growth of both Lloyd's reputation and the added value and expertise it could offer its customers. In times of war and conflict the value of this information went far beyond policyholders, the Royal Navy and Admiralty both relied heavily on its accuracy.

As this book shows, Agents tended to be quite exceptional people. Courageous, curious and often eccentric, their commitment to the role has shaped the culture of Lloyd's. And perhaps in no area have they made their mark as strongly as in their contribution to ensuring Lloyd's has always paid all valid claims.

We did this when the San Francisco earthquake struck in 1906, when the Titanic sunk in 1912 and when the World Trade Center fell in 2001. Since then we have helped America, Chile, Australia, New Zealand and Japan rebuild their communities and businesses.

Throughout this time, our Agents have directly helped to give Lloyd's the global presence and brand that it enjoys today.

Over the last 200 years, the Lloyd's community has had a great deal to thank its network of Agents for. I congratulate them on this important anniversary.

Dr Richard Ward,
Chief Executive Officer,
Lloyd's

Chapter One

'A regular and universal system': The first Agents

The Intrinsic, [under Captain] Phillips, from London to Granada, drove on shore on Wednesday evening, near Deal, but was got off without much damage

Lloyd's List, 30 November 1810

Three miles east of Deal, Kent, in the choppy, cold waters of the English Channel, lie the Goodwin Sands. It's an innocuous name for a lethal feature: more than 2,000 ships have met their ends upon these sandbanks. The 'Treacherous Goodwins' are a constant menace to shipping, ever-changing with the tide. Even festooned with buoys and illuminated by lighthouses, they are never quite what they seem. Stand on the shore today and you can still see the wrecks of two American cargo vessels, the *North Eastern Victory* and the *Luray Victory*. They fetched up on the Sands in 1946 and have remained there ever since.

The boatmen of Deal knew the dangerous waters of the Sands well. They performed extraordinary feats of bravery in rescuing stranded seamen and passengers from wrecks – and still do to this day. The writer Charles Dickens later described them as 'among the bravest and most skilful mariners that exist.' But in the early 19th century they were also notorious for their tendency to plunder those same wrecks. Ship owners and underwriters constantly complained of extortionate charges for salvage and other services.

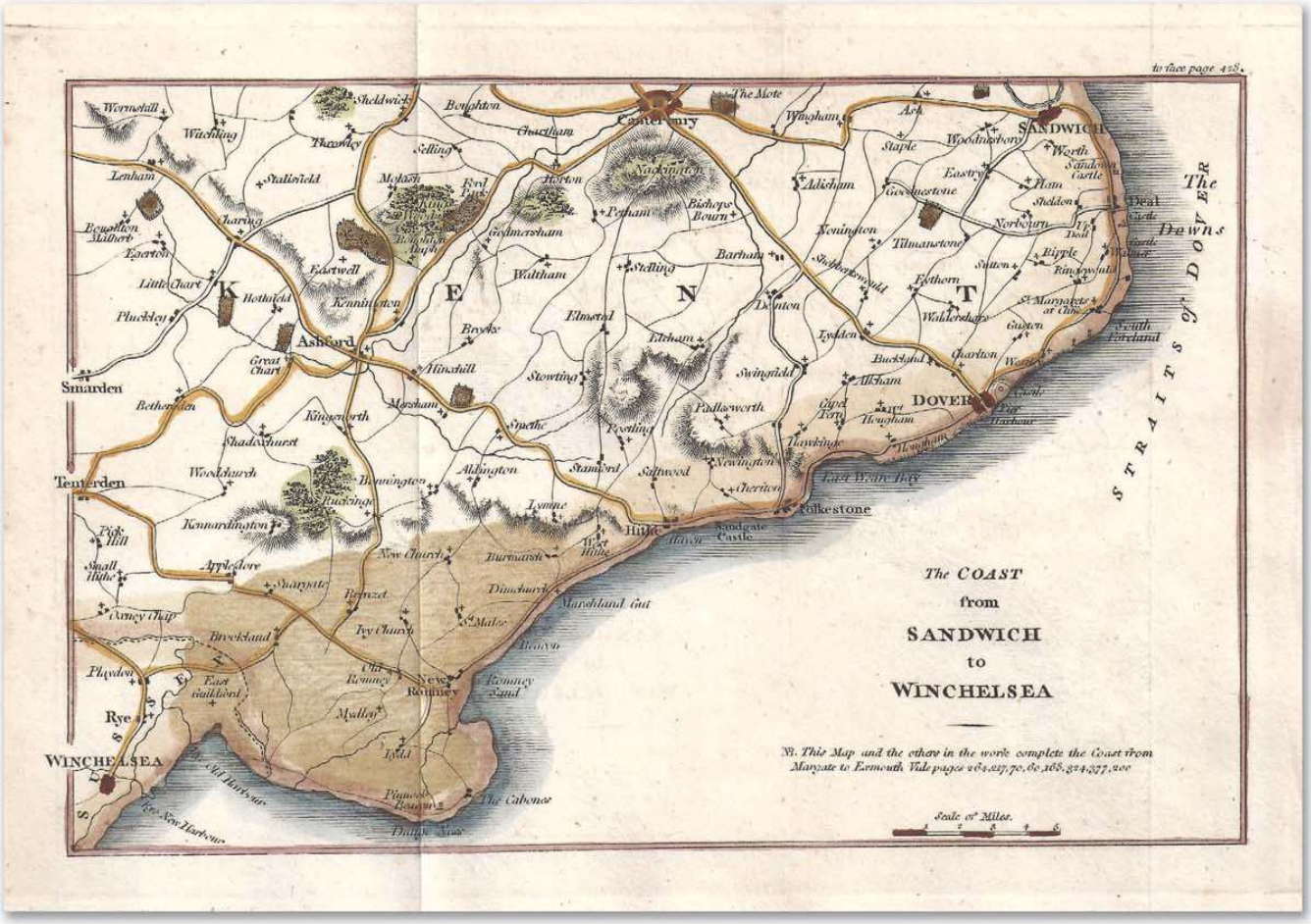
In 1805, the Committee of Lloyd's appointed the firm of Goodwin, Curling & Co., consisting of Medmer Goodwin, Edward Goodwin, John Friend and George Joad, to act as agents on that part of the coastline. It was clearly a successful appointment. In the first five months of their employment, Goodwin, Curling & Co saved ship owners and underwriters some £2,000 in 32 losses or accidents. Although at the time, Lloyd's did not consider it so, this was the beginning of a system which would spread out over the globe, encompassing every continent, and which is still thriving today.

The coffee house on Tower Street

Lloyd's had itself begun in a narrow street – Tower Street, London, where Edward Lloyd had his coffee shop in 1688. Lloyd died in 1713 but by then the coffee house which bore his name was the best known place in the City of London for merchants, brokers and underwriters to meet and do business.

The coffee house had no entry requirements or restrictions. Debate was robust in the crowded and smoky atmosphere, among crowds of maritime folk eager for the latest news and developments, and at times it was more like a gaming house.

Chapter One



Early map of Kent coastline from Sandwich to Winchelsea

Chapter One

Royal Exchange, Lloyd's Coffee House 1798

Chapter One

Joseph Addison, founder of *The Spectator,* a daily paper that flourished in the early 18th century, recalled accidentally dropping his notes for the next edition at Lloyd's:

> About a Week since there happened to me a very odd Accident, by Reason of one of these my Papers of Minutes which I had accidentally dropped at *Lloyd's* Coffee-house, where the Auctions are usually kept. Before I missed it, there were a Cluster of People who had found it, and were diverting themselves with it at one End of the Coffee-house: It had raised so much Laughter among them before I had observed what they were about, that I had not the Courage to own it. The Boy of the Coffee-house, when they had done with it, carried it about in his Hand, asking every Body if they had dropped a written Paper; but no Body challenging it, he was ordered by those merry Gentlemen who had before perused it, to get up into the Auction Pulpit, and read it to the whole Room, that if any one would own it they might.

The reading, according to Addison's rueful postscript, 'made the whole Coffee-house very merry; some of them concluded it was written by a Madman.'

When the Deal appointment was made, Lloyd's had long expanded far beyond the walls of the coffee-house. By 1773, the business of Lloyd's could no longer be conducted in a coffee-house. The man who became known as the Father of Lloyd's, John Julius Angerstein, led the underwriters to find a new home in the Royal Exchange by the Bank of England, where they remained until 1928, with an interruption for rebuilding after a devastating fire in 1838.

A major factor in the growth of the market was the continuing conflict at sea. Between 1700 and 1820, Great Britain was at war for 58 years. France and her allies were the most frequent adversaries, although there were other conflicts, including the rebellion by the American colonists. Not only were there merchant ships to insure but even greater

Royal Exchange, Lloyd's Coffee House 1798

sums on English men of war that carried rich prizes and bullion raided from other countries' ships. Lloyd's underwriters covered British ships against capture by the French and French shipping against capture by the British.

'Wrecked, stranded or cast away'

But the Deal appointment, effective though it was, did not spark off an instant clamour for an agency system. In fact, Lloyd's considered Deal a special case, and the Committee had already turned down offers of agency services in other ports on the basis that it had no power to appoint agents to act for underwriters. As late as 6 March 1811, the Committee read a letter from John MacPherson Brackenbury of Liverpool, which he accompanied with a plan for providing prompt assistance to vessels in distress in the Port of Liverpool and requested an appointment as agent. The Committee thanked Brackenbury: 'informing him that they approve of his plan but do not think themselves authorized to appoint any agents.'

Individual underwriters did grant power of attorney to local agents to protect their interests in ships and cargo. We know little of the number and extent of such arrangements. However, it was clearly a cumbersome process, as a letter of attorney dated 6 October 1791 in the archives of the Bahamas Government Registry shows. The letter, from some 119 merchants and Lloyd's underwriters, authorised John Falconer, Archibald Campbell and Alexander Begbie to take charge and secure ships and their cargoes, equipment and property that were insured at Lloyd's, or in which any of the owners had an interest, that had been 'wrecked, stranded or cast away' on any part of the Bahamas Islands or the Florida Keys. All 119 had to sign and seal the document before a notary.

Something clearly had to change. In 1811, Lloyd's was going through a period of upheaval – not for the last time – and the market was developing more formal structures to manage its growing size and competitive pressures. In 1771, there had been only 79 subscribers. By 1809, there were between 1,400 and 1,500, about two-thirds of whom were described as underwriters.

Then there was the threat of competition. At this time, Lloyd's enjoyed close to complete dominance of marine insurance. Since 1720, a statutory monopoly had restricted marine underwriting in Great Britain to individuals and two chartered insurance companies, the Royal Exchange Assurance and the London Assurance. But at the start of the 19th century the companies had largely left the marine market to individual underwriters, and Lloyd's was the centre of this business. When in 1810 a group of London merchants proposed floating a new £5 million insurance company – the 'New Marine Insurance Company – and petitioned Parliament to repeal the monopoly, Lloyd's was clearly their target.

On this occasion Lloyd's won, although the monopoly was finally broken in 1824. In his speech to Parliament's inquiry into the statutory monopoly, Joseph Marryat MP, shortly to become chairman of Lloyd's spoke passionately of the 'system of commercial intelligence…established there by the labour of half a century and has, at length, been brought to a degree of perfection which renders it of the utmost importance to the mercantile world.' It became more important than ever for Lloyd's to stay ahead in the intelligence game.

Unfortunately, the process of fighting the monopoly repeal had shown that Lloyd's was not being governed effectively. Roles were confused, rules were unclear, and the powers of the various committees and functionaries were vague. The market would need a more sophisticated form of governance in the future if it was to capitalise on its advantages. In March 1811, Marryat was appointed chair of a committee of inquiry designed to investigate 'such measures as may be necessary for the future good management of affairs of this house.' The committee's remit was challenging:

> Before your committee could decide what rules and regulations it might be expedient to prepare for the future management of the affairs, of Lloyd's, it was necessary to inquire what rules and regulations actually existed, and thus to ascertain how far they were called upon to revive and enforce the standing order of the house.

This investigation revealed 'how little had hitherto been done as to the establishment of any regular system for the management of the affairs of Lloyd's.'

The committee of inquiry concluded, among many other measures, 'that it is highly important to the interests of the Underwriters, that a regular and universal system of intelligence and superintendence should be established in all the principal Ports and Places both at home and abroad; and that this object will be best accomplished through the medium of Agents to be appointed by this Committee.'

'In any port or place they might think proper'

On 15 August 1811, the Committee decided that there should be a trust deed, signed by

all subscribers, to bind the subscribers to obey the rules and regulations of the Society of Lloyd's. The new byelaws now had legal authority. They underpinned the governance of Lloyd's for the next 60 years until the Lloyd's Act 1871. Lloyd's was now under the governance of the new Committee of 12 members.

The new Committee would 'be empowered to appoint Agents, to act for the benefit of the Underwriters, wherever they may think proper; and that no powers of Attorney be in future granted by individual Underwriters.' However, the Agents would not receive a salary for supplying information. The Committee felt that it was unnecessary, as the appointment would generate new business for Agents, on which they could charge the usual commission.

Marryat was elected the chairman of the new Committee. The first Secretary, a post carrying the annual salary of £200 per annum, was John Bennett Jnr, who was to become instrumental in the establishment of the Agency network. One of the first acts of the new Committee was to put up a notice asking for the names of men who already held power of attorney from underwriters so they could be considered as candidates for the new Agents' posts.

The Committee named 140 places, 59 of them in Great Britain, where it wanted Agents, and instructed Bennett to make out a list of the ports and the names where there was already a correspondent. On 13 November 1811, it formally approved the appointment of the first 20 Agents. Goodwin, Curling, Friend and Joad were named Agents for the three Channel ports of Deal, Dover and Ramsgate.

John Bennett Junior, Secretary of Lloyd's 1804-1834

The original Appointment Letter for Falmouth dated 13 November 1811

By the end of 1811, the appointments at home and abroad were nearly complete and confirmation had been sent to the new Agents, including former mariner William Broad. In 1808 he had been in command of the Phoenix and received a commendation for services to a convoy sailing to the Leeward Islands which was brought to the attention of the Committee of Lloyd's. By December 1809, he had come ashore and set up in business in Falmouth as shipping agent.

Along with all the other new Agents, Broad would have received his letter of instruction setting out his duties and emphasising the need to follow the new rules and regulations. 'From the numerous applications which have been made, by persons of the first respectability, for these appointments,' stated the letter 'the Committee are led to believe that they are considered as highly desirable and honourable.'

The letter went on to explain that having taken legal advice, the Committee would not grant regular powers of attorney since the underwriters were not a corporate body. However, it said, that the weight of the Committee's authority and that of Lloyd's new deed of trust would 'give the same weight' to

Agents' actions on behalf of underwriters as a formal legal instrument.

Agents would be able to assist masters who needed advice or assistance when neither the shipowner nor his agent was on the spot and the insurance might be affected. In these cases, stated the Committee, masters would 'hardly hesitate' to put themselves into the hands of the Agents. It went without saying that getting in touch with the owner could take far too long in this pre-telegraph period.

Timely information was as essential to underwriting in the 19th century as it is now, and Broad would have read that his first duty as an Agent was to provide shipping intelligence to the market. He would furnish 'prompt and regular advices of the arrival and sailing of vessels, of their being in circumstances of danger and distress, of the appearance of the enemy's cruisers or privateers, and such other information as may be important to the interests of the Underwriters.'

He would offer his services to the masters of ships in distress or driven onto the shore near their home port. If the ship needed anchors or cables, the Agent was to supply them 'of the best materials' and ensure that a distinguishing mark and number were stamped under the stock of the anchors, 'in order that they could be recognised and claimed on any future occasion.'

It would be his job to check the statements of a ship's master, to see that they were 'in the right form' and contained all the correct facts. To help prevent plunder, he would be in charge of the ship's material, stores and any cargo that could be saved. Where salvors claimed remuneration for assistance to vessels in distress, Board was to attend the meetings of those legally authorised to determine the amount, to contradict any exaggerated statements, and 'see that the law for the regulation of such claims was observed.'

When damaged goods had to be sold, the Agent was to ensure that no sound cargo was included. When vessels were repaired, they were to ensure that the claim on underwriters included only damage incurred in that voyage and not from previous voyages or defects of age. The Agents were to take care that surveyors appointed were 'intelligent and professional' men. Of course, the appointment of respectable surveyors would also help prevent fraud, when attempts were made to condemn ships and cargoes because it was to the advantage of the parties to abandon them.

As Agent, Broad was instructed to deal directly with the owner of the ship or cargo – including claiming his expenses and payment – and to let the owners know what actions he had taken, only communicating matters of more general interest to Lloyd's.

The posts were hotly contested. In fact, the Committee reported that in many cases there had been so many applications for the appointments, from such good quality businesses, that they had great difficulty deciding among them. Consequently, some posts were left open until the Committee could get more information about the character and qualifications of the men applying. The extensive correspondence about the appointments, however, had already been useful to the underwriters and the Committee advised subscribers that it believed that 'every expectation formed of the advantages of this system will be realised.'

An Agent's bright idea

In 1811, there was only one simple signal for distress at sea. Soon after his appointment as Lloyd's Agent in Liverpool, John MacPherson Brackenbury put forward a suggestion for a set of signals that would allow masters whose ships were in danger to convey better what help they needed, whether men or equipment, to avoid delay in urgent cases.

The value of his idea was so obvious that the Committee of Lloyd's consulted the Elder Brethren of Trinity House, the body responsible for aids to navigation. Trinity House added some improvements and the results were submitted to the Lords of Admiralty who approved it. At the Committee's request, the Lords of Admiralty directed signal officers to use their signals for the information of Lloyd's Agents. Lloyd's also arranged for separate lists of the Agents and signals to be printed for masters of merchant vessels for distribution at Lloyd's and different UK seaports.

Five years later, the Shipowners' Society of London adopted a more general code of signals for use by merchant ships, invented by Captain Frederick Marryatt, a famous novelist of life at sea who also happened to be the son of the Chairman of Lloyd's, Sir Joseph Marryatt. The Committee distributed Marryatt's *Code of Signals for the Use of Vessels Employed in the Merchant Service* to Agents, although it refused requests for sets of signal flags. The Marryatt code remained in use until the International Code of Signals was adopted in 1857.

Sir John MacPherson Brackenbury by Charles Baugniet, 1847 © National Portrait Gallery, London

Agents abroad

From 1812, the annual list of subscribers to Lloyd's also included a list of Agents and instructions to them: 67 agencies around the coast of Britain and Ireland and 34 abroad.

There were Agents in the West Indies, the east coast of the United States, Brazil, the Baltic coast, the Mediterranean, Spain and Portugal, Turkey, the Canary Islands, the Cape of Good Hope, three in India and one in China. However, there were none in France, Germany, or the Netherlands, because of the continuing conflict, nor in Japan which was to remain closed to foreign trade for more than 40 years.

The role of Agents abroad differed slightly from that of the UK Agents. The 'enumeration of duties' which would have been received by Joshua Kentish, the first Agent in Antigua, included 'cases of capture and recapture, condemnation of ships and cargoes, repairs of vessels and goods damaged by salt water'. These were all circumstances in which fraud was rife, whether it was 'the too common practice of selling an entire package of goods because a few pieces in it have been injured' or ships and cargoes being condemned 'not so much from real necessity, as because it is in the interest of the parties to abandon and throw the loss upon the underwriter.' But despite the rules and regulations, Agents were also given a great deal of

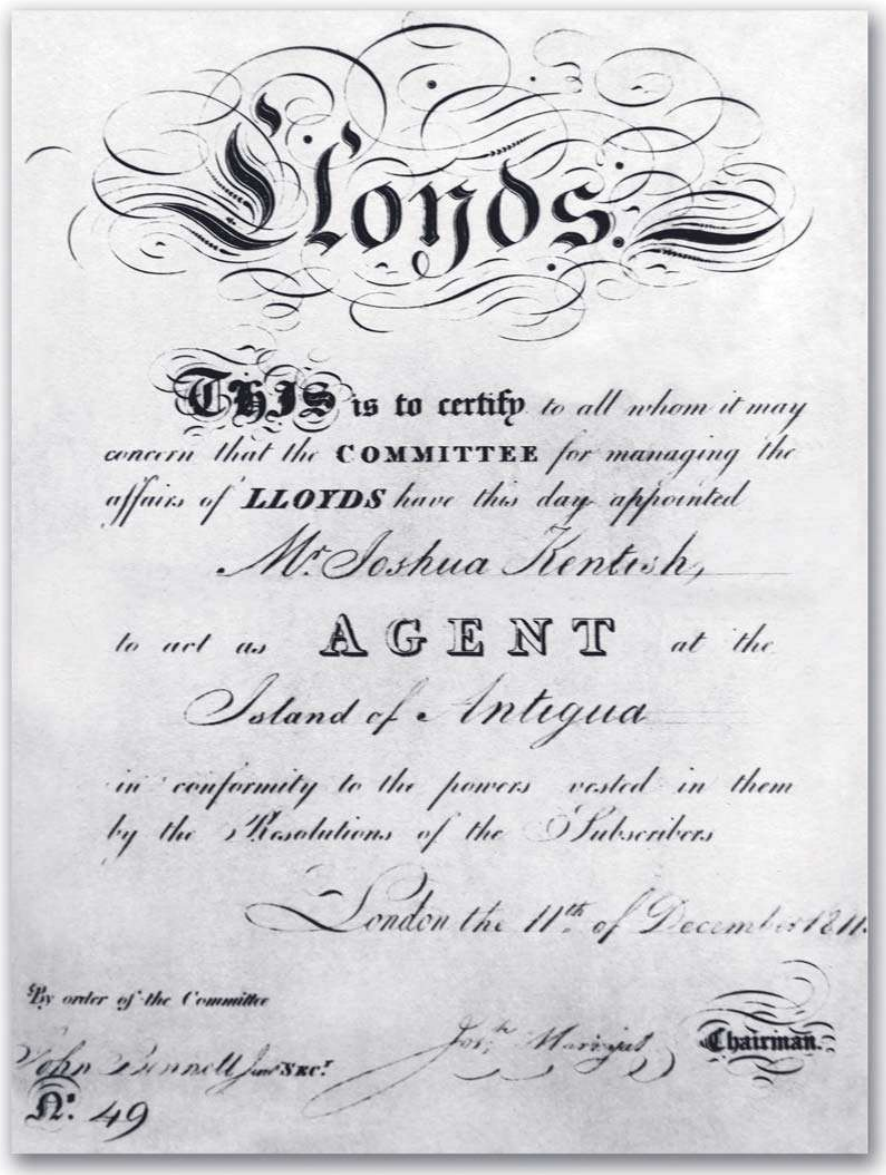
latitude to deal with situations as they saw fit.

> Various circumstances may arise for which no instructions can provide, and in which the committee rely on the exercise of your judgement and discretion. They have only to observe that underwriters require such premiums as experience has taught them to calculate will indemnify them for the risks they take; and that, as they are obliged to make the good pay for the bad, it is the interest of every honest merchant to protect them against imposition.

'Much valuable intelligence'

Agents began to show their worth immediately. The Committee reported that as soon as Agents had been appointed and acted under these instructions, 'much valuable intelligence has been communicated and many attempts at imposition upon the underwriters have been checked by them.'

On 4 December 1811, the Committee read a letter from John Brackenbury, the Agent in Liverpool, proposing to instigate a prosecution against the men involved in pillaging the ship Chesterfield and her cargo which had been lost while on a voyage from Jamaica to Liverpool. The Committee encouraged him to do so, and agreed to defray Lloyd's part of the expenses which the shipowner would incur in bringing the offenders to justice, in the expectation that it would deter others.



Lloyds.

THIS is to certify to all whom it may concern that the COMMITTEE for managing the affairs of LLOYDS have this day appointed

Mr. Joshua Kentish,

to act as AGENT at the

Island of Antigua

in conformity to the powers vested in them by the Resolutions of the Subscribers

London the 11th of December 1811.

By order of the Committee

John Bennett Junr Secr.

Jos. Marriott Chairman.

No. 49

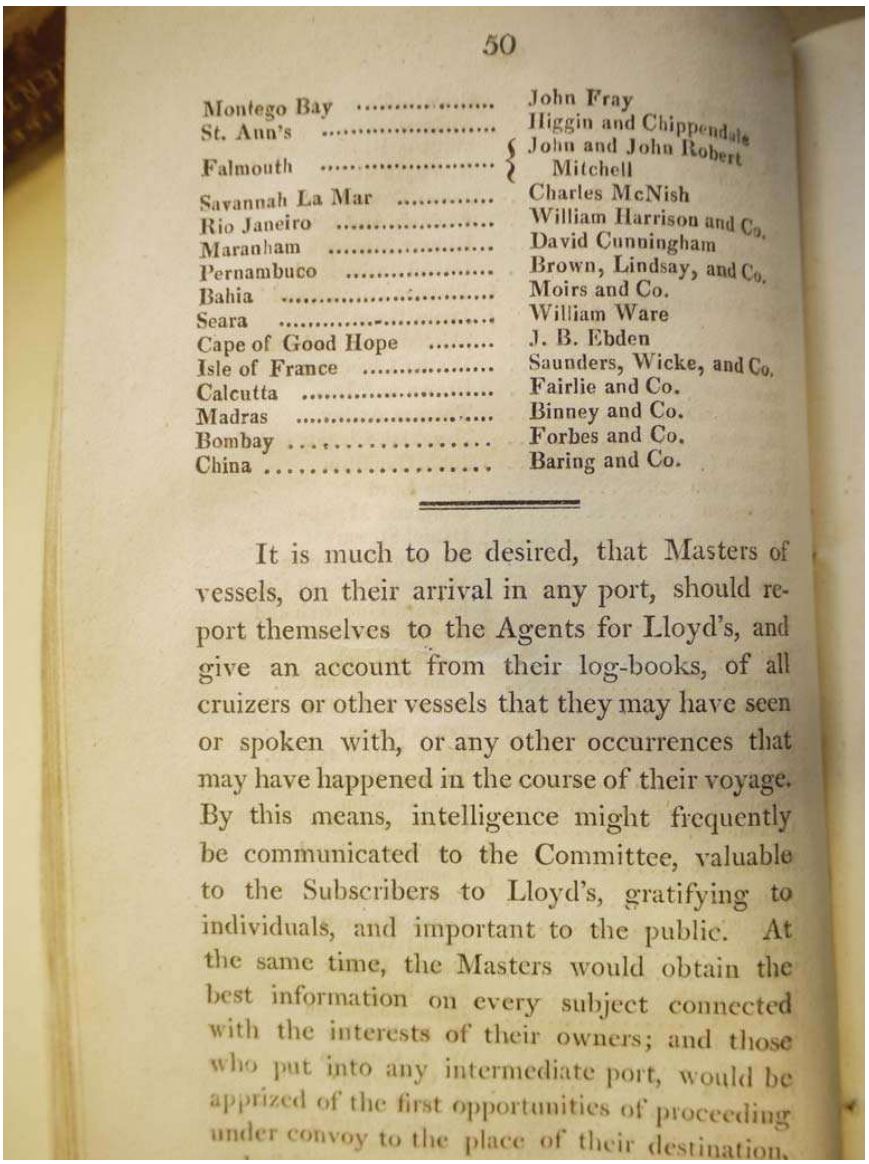
Certificate of Appointment for the Island of Antigua dated 11 December 1811

Printed with the list of Agents and also placed in the rooms at Lloyd's was a notice stating that it was 'much desired' for masters of ships arriving in any port to report to the Agent an account from their log books of all other vessels they had seen or spoken with or any other incidents that occurred during their voyage. 'By this means, intelligence might frequently be communicated to the Committee, valuable to the subscribers to Lloyd's, gratifying to individuals and important to the public.'

This intelligence was a valuable commodity for trading as well as for immediate action. Thanks to the information that Lloyd's was able to provide to the Admiralty, it received useful information back in exchange, and strengthened the hand of the market in negotiating with the Admiralty.

The timing of the appointments was impeccable. The Agents' intelligence was to prove invaluable. Over the next decade war made the Atlantic a battlefield, and the peace that followed saw an explosion in trade.

Extract of reporting instructions for Lloyd's Agents (1812)



50

Montego Bay	John Fray
St. Ann's	Higgin and Chippendale
Falmouth	John and John Robert Mitchell
Savannah La Mar	Charles McNish
Rio Janeiro	William Harrison and Co.
Maranham	David Cunningham
Pernambuco	Brown, Lindsay, and Co.
Bahia	Moirs and Co.
Seara	William Ware
Cape of Good Hope	J. B. Ebden
Isle of France	Saunders, Wicke, and Co.
Calcutta	Fairlie and Co.
Madras	Binney and Co.
Bombay	Forbes and Co.
China	Baring and Co.

It is much to be desired, that Masters of vessels, on their arrival in any port, should report themselves to the Agents for Lloyd's, and give an account from their log-books, of all cruizers or other vessels that they may have seen or spoken with, or any other occurrences that may have happened in the course of their voyage. By this means, intelligence might frequently be communicated to the Committee, valuable to the Subscribers to Lloyd's, gratifying to individuals, and important to the public. At the same time, the Masters would obtain the best information on every subject connected with the interests of their owners; and those who put into any intermediate port, would be apprized of the first opportunities of proceeding under convoy to the place of their destination.

Chapter Two

The end of war and the challenges of peace

The Young True Blood Yankee Privateer with Swivels and Small Arms and 32 Men, was taken 24th inst. by the Hope SW and is arrived at Penzance.

Lloyd's List, 29 June 1813

In the autumn of 1813, the American Captain Thomas Boyle of the *Chasseur* was cruising in the English Channel. The war between the United Kingdom and the United States was at its height, and Boyle was known for his daring and sheer courage. A scourge of British merchant ships, his most recent voyage had captured 18 ships carrying thousands of dollars' worth of cargo. 'He appeared frequently to tantalise and vex [the British] as if for sheer sport,' a friend said of him, 'and at that same time convince them that he could out-manoeuvre and outsail them in any trial of seamanship.'

Now, Captain Boyle announced his intention to impose 'a strict and rigorous blockade' of 'all the ports, harbors, bays, creeks, rivers, inlets, outlets, islands, and seacoast of the United Kingdom of Great Britain and Ireland'. He sent this message to London with instructions that it should be posted on the door of Lloyd's.

Boyle's joke blockade was a deliberate attempt to show up the absurdity of similar 'paper blockades' of American coastlines issued by British admirals after war between Britain and the United States had been declared a year earlier. But his audacious action also demonstrated how well-known the Lloyd's name had become, and how it had become the first point of contact for shipping news – a status greatly reinforced by the Agents, who now provided intelligence worldwide.

The Agents attempted to keep underwriters informed of the frequently changing capture and recapture of vessels between warring European countries and between the United Kingdom and her former colony. For example, HMS *St Lawrence* was formerly *Atlas*, an American privateer, before the British captured and renamed her in 1813. Two years later she was recaptured by Captain Boyle in the *Chasseur*, only to be taken back by HMS *Acasta* a month later.

Underwriters were suffering because the Vice Admiralty courts were ordering the sale of both ship and cargo to pay salvage. The Committee protested and succeeded in getting instructions approved by the Privy Council to get the practice stopped. The instructions clearly also went to the Agents, who were generally successful in enforcing them, the Committee reported on 22 Sept 1813.

In one case, however, the Agent was censured 'in the strongest terms' for ordering the cargo

Help for a hero's mistress

After Admiral Nelson met his death at the Battle of Trafalgar in 1805, his mistress Emma Hamilton fled to France with her daughter Horatia, to escape her creditors. Emma was drinking heavily and no longer the beauty who had captured Nelson, according to her biographer Flora Fraser in *Beloved Emma,* published in 1986. Henry Cadogan, British Consul and Lloyd's Agent in Calais, took pity on her. He settled some of her debts and was reported to have advanced the money for her funeral in 1815. He took Horatia back to England afterwards, and his wife apparently even redeemed some of Emma's possessions from the pawnbroker and sent them and some letters to Horatia.

Top right: Centenary Plaque presented to John Hudig & Son to mark their appointment as Lloyd's Agent for Rotterdam 1818-1918

Right: Jan Hudig (left), who succeeded his grandfather as Lloyd's Agent at the age of 20, was appointed Alderman for Public Works for the City of Rotterdam in 1899 and was jointly responsible for many of the larger expansion plans of the city and the port
Image provided by Municipal Archives of Rotterdam

of the *Speculator* – 'condemned as unseaworthy', according to *Lloyd's List* of Tuesday 29 June 1813 – for sale for underwriters' interests, rather than its onward shipment. However, instances of valuable service were far more common. *Lloyd's List* reported that the *Diana*, going from the Brazils to London, was captured, recaptured and carried into Grenada. There, Agents gave security for the salvage, supplied her with the stores of which she had been plundered, filled up part of the cargo which had been thrown overboard by the enemy and dispatched her for London with the next convoy.

Peacetime

The years of warfare at sea were nearly at an end, however. On Christmas Eve, 1814, the Treaty of Ghent was signed and the war with America was over. The end of the conflict brought about an immediate resumption of trade between America and Britain, with a huge increase in activity to make up for the suspension.

In Europe, the long conflict with Napoleon reached its climax on 18 June 1815, when British troops under the Duke of Wellington and their allies defeated the French. The war was not quite over, but on 15 July Napoleon surrendered to Capt Frederick Maitland of HMS *Bellerophon*.

Britain was then at peace with the United States and France and her allies. By September 1815, the number of reports in *Lloyd's List* of ships taken by privateers had fallen significantly. Underwriting no longer offered such rich rewards, and the average number of new subscribers and substitutes fell to 60 or 70 a year when in the period from May 1812 to March 1813, there had been 210.

The work of the Agents must have changed as the reporting of captures and seizures dropped, but commerce increased. However, the need for naval protection had not vanished with the return of peace. The merchant ships of the period were still usually under 200 tons and, in bad weather, losses could be high. *Lloyd's List* of 15 October 1815 described the fate of a convoy of 89 ships sailing to Britain from Jamaica with the fleet under convoy of HMS Warrior. As the result of a storm, only 62 arrived. Eleven had put into Halifax in distress, eight were abandoned – two of which were eventually carried into port – and eight were missing.

With the increase in trade and appreciation of the benefits of the agency system, the number of appointments of Agents rose rapidly. In 1816, the network outlined the British Isles and extended to Russia, the Baltics, Scandinavia, the Netherlands, Germany, France, Spain, Portugal, Gibraltar, Italy, Greece, Turkey, the Canary Islands, Canada, the United States, West Indies, Latin America and India. By 1820, there were Agents in over 100 UK ports and more than 150 abroad.

No appointments had been made in the Netherlands in the early years because, as a result of its annexation into France under Napoleon, the Kingdom of Holland was considered enemy territory. However, after Napoleon's defeat in 1815, Lloyd's swiftly appointed Agents in four ports, including Amsterdam and Rotterdam.

The first Rotterdam Agent was John F. Harrison, but he was soon approached by Jan Hudig – or John, as he was known in English – with a view to taking over the Agency. It was the beginning of an association which still endures. Established in 1795, Hudig's shipping firm Hudig & Blokhuijzen had become one of the foremost shipping agents in Rotterdam.

The family had long been involved in Anglo-Dutch trade and shipping. Hudig was well versed in shipping matters.

John Hudig & Sons acted on behalf of Harrison from 1817 onwards, but from 1818 Hudig is shown as the Rotterdam Agent. John Hudig, however, carried on a long correspondence with Frederick W. Harrison, presumably a close relative of John Harrison, perhaps his brother, and sent him money 'on account of the Agency'.

Hudig remained the Agent until his death in 1858 at the age of 88, when his grandson, also John Hudig, became Agent and served until 1920. The appointment continued in the firm of John Hudig & Son and its successors until 1968 – 150 years later. The company then became part of Interlloyd, which holds the agency today.

Joseph Marryat, Chairman of Lloyd's 1811-1824

Agents and the fight against fraud

Underwriters' fight against fraud is a recurring theme through the history of Lloyd's. English statutes only took notice of insurance fraud at the beginning of the 18th century when the London mercantile community finally pushed Parliament to enact legislation. However, the law did not initially help underwriters a great deal because it dealt with barratry – the deliberate destruction of a ship or cargo by the captain, officers or crew – which was an insured peril. It did not cover fraud by the owner against the insurers.

Joseph Marryat had described to the House of Commons Select Committee in 1810 how Lloyd's underwriters had suffered from fraud: 'They have paid not only for vessels purposely lost, but on cargoes of stones and brick bats, picked up as bale goods; nay, even for vessels which it has afterwards appeared never were in existence, through forged invoices, bills of lading, certificates of their having sailed and every requisite document, were regularly transmitted; and in order to prevent suspicion, one of the most respectable houses in the city was made the innocent instrument of this nefarious transaction.'

The Committee later stated that the longer the experience of the agency system, the more it saw the advantages, 'not only with respect to intelligence and the detection of particular frauds but as establishing a general superintendence which operates though silently most purposefully in preventing frauds and improper charges upon the underwriters from being attempted.'

The underwriters also had reason to thank the Agents for helping to institute a policy of separating damaged and sound goods and selling only the damaged ones. By 1817, this principle was widely in practice, despite what was described as 'violent opposition' to it at the beginning. Agents reported that it was by then uniformly acted upon in the ports of New Orleans, Baltimore, Philadelphia and Boston and generally at Leghorn, Genoa, Trieste and Gibraltar, Hamburg and Holland.

Gompertz's rejection and the end of the monopoly

Lloyd's succeeded in defending its monopoly in marine insurance in 1810, but a fresh challenge was to come. Early in 1824, legendary financier Nathan Rothschild was leaning up against his favourite pillar in the Royal Exchange when he was accosted by his cousin, Benjamin Gompertz. Gompertz was a distinguished mathematician – he soon published Gompertz's Law of Mortality used to calculate average life expectancies. He informed Rothschild that he had just been turned down for an actuarial position with a large insurance company because he was Jewish. Rothschild was furious and took decisive action. Within a few months, he had formed the Alliance British and Foreign Fire and Life Assurance Company, appointed Gompertz as actuary, and asked for a repeal of the Act which prevented his company from providing marine insurance.

Again, Lloyd's fought hard to protect its position, but government thinking had changed. The bill that broke the marine insurance monopoly received Royal Assent on 24 June 1824. Now, Lloyd's looked like facing serious competition. Over the next two to three years, a number of new companies sprang up to take advantage of the liberalisation.

The Lloyd's Agency network looked like ripe fruit for the new companies, who approached established Agents with a view to their acting for them, too.

Although in 1815, Liverpool underwriters had started an agency system of their own and made a point of appointing men who were already acting as Lloyd's Agents, Lloyd's had not seen the Liverpool underwriters as a threat. It was different with the new companies. Agents asked the Committee whether they could accept the new appointments and continue to act for Lloyd's underwriters. No, they could not, was clearly the Committee's view.

The Committee ruled that the Agents should be restricted from accepting appointments as agent to any chartered or joint stock marine insurance company, although they were told not to discriminate in case of shipwreck or distress. A circular to this effect was sent to the Agents, in July 1825. Lloyd's also refused to provide the new Alliance and Indemnity Companies with shipping intelligence in the way it did for the Royal Exchange and London Assurance.

Lloyd's was prepared to enforce its policy. The Committee learned that the St Patrick Insurance Company from Dublin had also established an office in London to write marine business, and enlisted the firm of Garbutt & Dresser in the north east England port of Hull to become their agents. Robert Garbutt was one of the first appointments and had not long before been entrusted with setting up Agencies along the coast of Lincolnshire and East Yorkshire.

He told the Committee that the appointment had nothing to do with him. He had been away travelling when the St Patrick had offered the agency to his partner Dresser, and he didn't feel able to deprive Dresser of the appointment. But the Committee stood firm and rescinded Garbutt's Agency appointment.

With the expansion of trade which followed peace with the United States and France, about three-quarters of the Committee's time was devoted to building and maintaining the agency network, advising Agents on their

duties and settling disputes. In 1817, the Committee modified the original instructions to Agents in the light of experience with advice from lawyers and some experienced subscribers in the market. 'They are so framed as to make it almost impossible, if duly attended to, for the Agents either to mistake their duties or exceed their powers; and if in any case, they should so do, the underwriters will not be legally bound by their acts,' the Committee commented.

Soon Lloyd's realised it would be desirable to provide Agents with more specific instructions. A printed certificate from 1820 contained standing instructions under the following headings:

Intelligence
Ships driven on shore or in distress
Repairs of vessels
Salvage for recapture
Abandonment
Sea damage on goods
Documents
Remuneration for services

Regular reports from the Agents to Lloyd's provide a fascinating insight into the working lives of the Agents worldwide and their protection of underwriters' interests.

Da Costa's rice and cassava: everyday life as an Agent

It is spring, 1823, and L. da Costa Dourado, the Agent at Ceara, Brazil, reports that the *Bella Astred* had put into port with 500 bags of rice and 100 baskets of cassava destined for Bahia. The government of the province has ordered troops on board to take possession of the ship with the intention of making a prize of her.

Dourado writes indignantly that if necessary he would protest to the government, for: 'We have no information here of the court of Rio Janeiro having declared war against Portugal, nor the court of Portugal against the Brazils, and of course she ought not to be condemned. Of the result of this affair, I shall inform the British minister at Rio Janeiro and will also write to you that the [Lloyd's] committee may see I have not been unmindful of my duty.'

Agents keep tabs on officials and organisations. A few months later, in July, William Broad & Sons complains that Falmouth pilots are refusing to supply information about the ships that they had boarded. The Committee wrote to Trinity House, which controlled the pilots. Just a few months later, James Harris, the Agent at Beaumaris on the Isle of Anglesey, has a similar complaint about customs officers and asked the Committee to intervene.

Agents provide useful information about the custom and practice of insurance markets abroad. In February 1824, Gaeto Drago & Walsh, the Agent at Genoa, informs the market that many of the new procedures issued by the local government relating to allowances on sea damaged goods sold at public auction are so hard to comply with, that they have asked the British legation at Turin to try to get some remission or mitigation of the most difficult provisions.

Agents work for improvement to maritime safety. Mr Whealey, the Agent at Mundesley, Norfolk, writes to say that he has drawn £50 and voted for the establishment of a lifeboat there. He has also strongly recommended the establishment of lifeboats along the coast at Blakeney and Winterton. (Meanwhile, the Agent at Kinsale in Ireland seems to be rather less of a pillar of the community – he is reported to have been arrested for debt.)

Agents expose dangerous practices. Deans & Co at Batavia writes that the *Baroness Vander Capellan* has been forced to return without completing a journey to Antwerp and a survey has found that the ship was in a poor state when the cargo was loaded. William Longsdon, the Agent at Charleston, North Carolina commissions a survey by two masters of British vessels and two 'respectable ship carpenters' of the Colombian ship, *Rita Lies*, which had put into Charleston in distress. The surveys unanimously declared that the ship had been unseaworthy when she left Cartagena.

And Agents perform acts of great bravery. Claus Reimer, the Agent in Heligoland, hears that a ship has been stranded nearby. He goes on board the ship immediately and does not leave her until she reaches Hamburg and safety. Mr Canning and Elliot and Co, joint Agents at Hamburg, write to the Committee: 'She was beset by nearly 300 wreckers and we must in justice to Mr Reimer, repeat that his conduct has been very meritorious and his exertions at the risk of health and life very great.' The Committee thanks Reimer for his very proper action to protect the interest of the underwriters. No other reward is mentioned.

The energetic Brackenbury has left Liverpool and reappears in Cadiz, where he becomes the Agent and British Consul in 1822. He writes to Lloyd's in December 1823 to say that if the Committee wants the Cadiz Agent to be able to serve them, it must authorise his intervention in all surveys: 'For it is as easy a matter in this place to get averages certified by the authorities as it is for the underwriters themselves to put their names upon a policy.' Extracts from his letter are posted in the reading room.

Chapter Three

Fire, the Falklands and 'free Agents'

The fire at the Royal Exchange

At half past ten on the bitterly cold evening of Wednesday 10 January 1838, a watchman noticed flames coming from the corner of the Royal Exchange occupied by 'Lloyd's Coffee room'. He gave the alarm but it was too late; the fire had already been burning for at least two hours. Police and firemen arrived but had no keys for the great gates. By the time the gates had been forced, and the hose and works of the fire engine had been thawed out, the flames had taken hold. By twelve o'clock, the whole of the long range of offices belonging to the Royal Exchange Insurance Company, Lloyd's establishment, including the Captain's room, the Coffee room, and the underwriters' offices, were a mass of fire. As The Spectator of 13 January 1838 reported:

> The Bank and the neighbouring churches and buildings were brilliantly illuminated; and the spectacle, though awful, was of unequalled grandeur… A strange

The Royal Exchange 1838

Chapter Three

Left: The Royal Exchange on fire 1838

> sensation was produced by the chiming of the bells during the fire the old and favourite tunes of 'There's nae luck about the house,' 'Life let us cherish,' and the national anthem of 'God save the Queen,' etc were heard in their turns amidst the shouts of the firemen and populace and the crash of falling masses of stone and timber. The bells, eight in number, fell one after another, carrying along with them the roof, stone-work, and the arch over the centre entrance, to the pavement.

By the morning, nothing remained but a blackened shell. Many documents relating to the early years of the Agency system, such as lists of Agents and copies of circulars, probably vanished in the fire.

The Spectator reports that 'for the present, Lloyd's is removed to the London Tavern.' With their building in ruins, Committee members camped out in the boardroom of the London Assurance Corporation while they deliberated what to do. On 15 January, they announced that they would move to the great hall of South Sea House, where the market remained for 82 months. It sounds not to have been very comfortable, and during this period of exile, the membership fell from 1,211 subscribers in December 1837 to 945 at the end of 1843.

Lloyd's in exile

But the Committee wasn't idle. James Bischoff, a member of the Committee who had always taken a special interest in the working of the Agencies and the intelligence system, now instigated the creation of an index to the Lloyd's List – the forerunner of today's Confidential Index. It detailed vessels' departures, arrivals, contacts or casualties. Two big volumes containing this index were laid before the Committee on 10 October 1838. They were to be kept in the Reading Room and posted daily.

The affairs of the Agents, including new appointments, continued to occupy much of the Committee's time. In January 1839, Lloyd's wrote to Agents with instructions to communicate, in addition to their usual reports, the names of vessels and masters arriving at their ports with damaged goods, whether they had been surveyed under the Agent's directions and if not, why not. Underwriters had frequently received claims based on surveys that Agents didn't know about and difficulties and disputes had arisen as a result. A more detailed instruction followed in December 1840. Certificates of sound value were not sufficiently explicit, Lloyd's said. In future, the Agents would state whether the sound value was the price for cash or the usual credit and whether it included any discounts.

Lloyd's had been hostile towards the relatively new insurance companies. However, those companies provided practical help and goodwill following the fire, and in 1840 Lloyd's agreed to provide them with shipping intelligence. That same year, Lloyd's long standing arrangement with the Post Office to

receive shipping lists free of postage came to an end. Lloyd's instructed Agents in the United Kingdom to pre-pay the postage on shipping lists and not exceed a pre-set weight limit. Agents abroad were told to be careful about their handwriting so as not to increase the number of pages and thus the postage costs. This, plus the expense of fitting out the new premises and rebuilding the Royal Exchange, may also have made the prospect of additional income from the supply of information welcome.

After the fire, churchman and author Bishop Mant wrote in the Saturday Magazine of the Exchange's rebuilding: 'That which is good to be done cannot be done too soon and if it is neglected to be done early, it will frequently happen that it will not be done at all.' He quoted with approval a verse which first appeared after the Exchange was burned down previously, in the 1666 Great Fire of London:

> **Th' Exchange, that Royal Infant, shortly will**
> **Her own and forreign language speak with skill**
> **And on that acre the noon sun shall see**
> **All his long travels in epitomie.**

Mant got his wish. The Royal Exchange was rebuilt, complete with new facilities including, for the first time, lavatories. Queen Victoria opened the new building on 28 November 1844. By the end of December, the underwriters were back at the building enjoying those luxurious lavatories. Post was still addressed to Lloyd's Coffee House – and continued to be so until the end of the First World War – but Lloyd's would now develop into a more structured institution.

The Lutine legend

It was a stormy night in October 1799 when HMS *Lutine*, a 32 gun frigate, foundered in the shallows between Tereschelling and Vlieland. Her cargo was said to have consisted of gold bullion, valued then at around £1 million. But the only two survivors of the wreck never reached England, and all the Lloyd's documents relating to her cargo disappeared in the 1838 Royal Exchange fire.

The Lloyd's Agents in Amsterdam have always been actively involved in attempts to salvage cargo from what is, in insurance terms, one of the most famous shipwrecks of all time. The Lloyd's bell, rung in the past to signal the fate of an overdue ship, was salvaged from the wreck in 1859. As for the gold lost on the ship and insured by Lloyd's underwriters, that remains somewhere at the bottom of the North Sea, close to the coast of the Netherlands.

Salvage attempts began almost immediately, but over the years strong currents and shifting sands thwarted many of them. The preamble to the Lloyd's Act 1871 specifically refers to the *Lutine*. From 1865 the Amsterdam Agents, then operating under the name of **Alfred Schröder** and since 2000 as **Interlloyd Averij,** have acted as Lloyd's eyes and ears during the various salvage attempts. They have been involved in arranging contracts between potential salvors and Lloyd's, monitoring the salvage operations and arranging the sale of any artefacts found.

For 20 years, Lloyd's had an agreement with Dutch marine archaeologist Ane Duijf and his team. His investigations resulted in a better understanding of the grounding and foundering of the *Lutine*, according to Interlloyd. Many smaller artefacts were found and an important part of the wreck was traced, but not so far the valuable cargo.

The agreement concluded at the end of 2010. Peter Engel, general manager for Interlloyd in Rotterdam said: 'I assume that this is the end of the *Lutine* adventure, as new Dutch legislation makes it very difficult to obtain permission to do research on archaeological sites such as the *Lutine*. And except for one gold bar in 1938, it is more than 150 years since cargo has been found.'

Chapter Three

Signing of the 'Amsterdam Lutine Salvage Agreement' (circa 1890)

'Every way a free agent': The salaried Agent system

Deal and Ramsgate were, effectively, the cradle of the agency movement, and it was the Channel boatmen's mixture of seamanship, heroism and sharp practice which led to another innovation – the first full-time, salaried Agent. In 1851, an agency sub-committee began to consider a proposal to employ an Agent for the south coast of England between the North and South Foreland.

The Agent would carry out surveys, oversee unloading and reloading, personally manage wrecked property, give general assistance and advice to masters of vessels and provide certificates of damage and repairs to the ships that got into trouble off the coast.

Relations between Lloyd's and the insurance companies had become more cordial thanks to the companies' help following the 1838 Royal Exchange fire, and the minutes of the Committee of Lloyd's mentioned that the subject had been discussed with insurance companies in London. They agreed to the idea unanimously.

George Hammond & Co, the Agent in nearby Margate and sub-agent in Ramsgate, could see the advantages of the business. He offered to use his own clerks to provide daily reports of arrivals and departures along the Kent coast between Deal and Ramsgate. Hammonds was prepared to do this without payment, it said, provided it could describe itself as the Lloyd's office from which the Agent would work. It would be worth it to Hammonds. The firm would now be in a privileged position when it came to the supply of anchors, chains and other materials, and it would also get commission on repairs.

However, the agency sub-committee decided that the salaried Agent really needed to be 'in every way a free agent' and not tied to any firm. Instead, it agreed to pay Hammonds to supply shipping intelligence. George Hammond & Co held various Lloyd's Agency appointments starting in 1824, most prominently at Dover from 1877 first as sub-agent and then as Agent for more than 100 years.

So the call went out for the first salaried Agent. The specification was simple: a man aged over 30 years, less than 55 years and of good character. Peace with America and France had meant less active work for the Navy at this period, with many officers having to put up with reduced pay and no chance of capturing rich prizes. Even piracy had diminished. The opportunity of a civilian post paying the generous salary of £300 a year must have been attractive to officers. Lloyd's received 54 applications, of which 21 were from Royal Navy officers.

Royal Navy Captain Edward Bunbury Nott presented an impressive list of testimonials from members of the Admiralty, Coast Guard, Royal Mail steam packets and many others. He was appointed on 19 May 1852 and a clerk and salaried sub-agent followed a little while later. The effect of having a dedicated, full time Agent with the support of a clerk and sub-agent was so worthwhile in detecting frauds and preventing improper claims that the system was gradually extended, and by 1863, four further special Agencies had followed: one at nearby Ramsgate, and others at Yarmouth, Lowestoft and Falmouth. The special Agent at Falmouth was, like Captain Nott, a retired Royal Navy officer, Henry Eden.

Captain Nott's time in post was not without incident. In November 1860, the owner of the *Simla* had given Capt Nott £50 for his services to the ship when she was stranded in East Weir Bay at Folkestone. He asked the Committee's permission to keep this money, which was equivalent to nearly 20 percent of his annual salary. The Committee told Capt Nott that not only was this action in direct violation of his instructions, but also that it had prejudiced the issues and put the Committee in an embarrassing position. Despite this rebuke, the Committee said he could keep the money 'out of consideration for his feelings'.

However, the new system was not destined to operate for long. On July 25 1837, Professor Charles Wheatstone sat in a small, dingy, candle-lit room near the booking office at Euston Station and sent a message via the 'telegraph' to his partner, William Fothergill Cooke, waiting at Camden Town station. It was good news for those who relied on speedy information, but it was bad news for the salaried Agents. In time, Lloyd's concluded that thanks to the improved communications the results from the special Agents no longer justified the expense. The system was gradually reduced and then abolished in 1869.

The telegraph arrives

As early as 1827, Liverpool underwriters provided reports to Lloyd's that had been received 'by telegraph,' meaning that they came via signals passed along a chain of hilltop signal stations using semaphore. By 1840 a telegraph line connected London to Dover and another connected Calais to Paris. By 1845, according to the 1942 *History of Lloyd's Intelligence Unit,* Lloyd's arranged with the South Eastern and South Western Railway for its Agents at Dover and Southampton to telegraph reports of casualties and the arrival of steam packets via electric

telegraph from Southampton to London. (Apparently these systems were not used to any great extent because the telegraph companies soon asked for more money 'and on occasions Lloyd's Agents forgot to use the telegraph lines.')

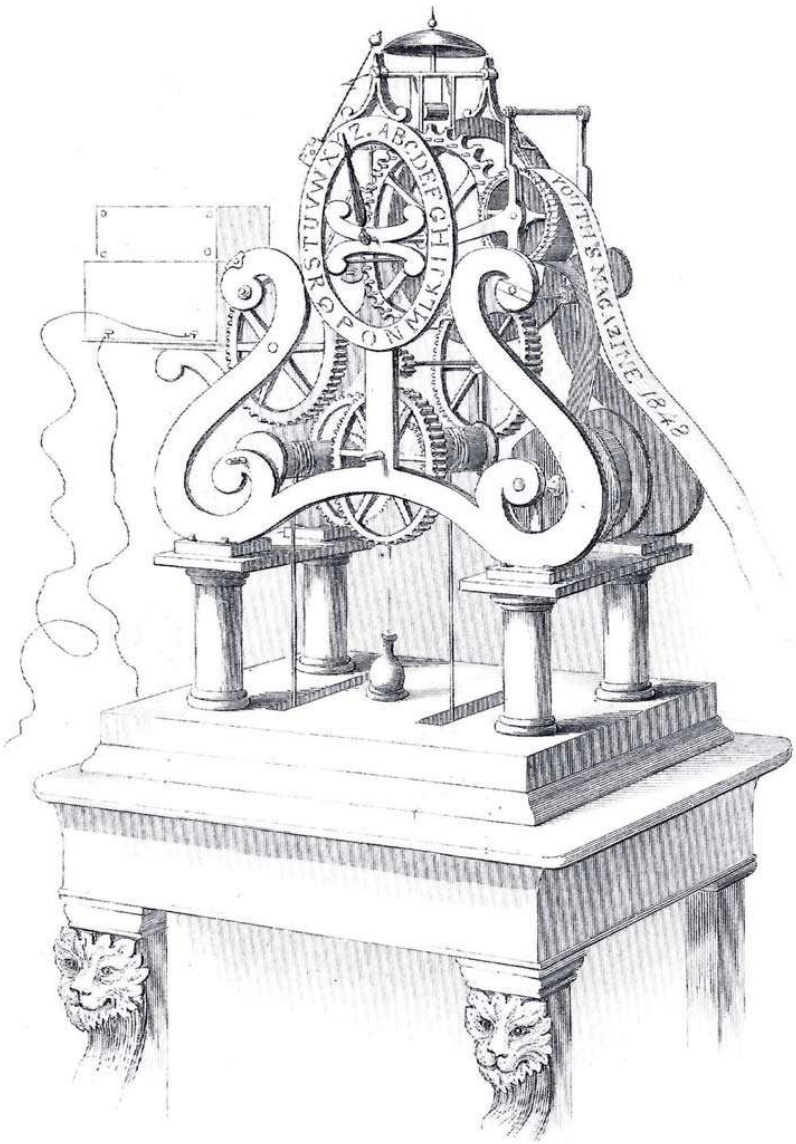
The potential, however, was obvious, and a new arrangement proved more fruitful. Starting in December 1847, Lloyd's agreed with the Electric Telegraph Company that its representatives could have access to the information in Lloyd's rooms in exchange for free transmission of information from Lloyd's Agents about casualties and the arrival of foreign mail packets, beginning with Liverpool, Southampton and Hull.

'The effect was to work a revolution in the quick reporting of casualties and the arrivals of mail steamers and large vessels,' wrote R. T. Chamberlain, author of the *History*. It was still taking weeks to get papers and lists from far-flung ports, but casualty reports from UK ports dated 27 November 1845 were published in Lloyd's List the following day – and sometimes the same day. The first telegraphic instrument was installed in the merchants' room at Lloyd's in 1851. Two years later, Lloyd's began asking other Agents to use the telegraph for reporting casualties and the arrivals of foreign mail steamers 'without loss of time'.

The Committee, which was going to be paying for the service, warned: 'As the messages are charged for in proportion to the number of words, they should be perfectly intelligible but as short as circumstances will admit of.'

Agents in India were directed to forward casualty intelligence by mail to the Agent in Malta who would telegraph it to Lloyd's. News from the Far East and Australia came into Alexandria and Trieste by ship and was telegraphed from there to Lloyd's by mutual arrangement with a London newspaper. A great

An early telegraph machine



extension of these facilities took place at home and abroad in 1855. By 1857, Lloyd's was in communication by telegraph with the majority of British ports and a large number on the European continent, and a telegraphic wire was installed in the reading room.

It took another nine years for a successful trans-Atlantic cable to be laid. The *Great Eastern* was the only ship in the world then capable of carrying the weight of the 4,345km long cable. On 27 July 1866, the laying between Valencia, Ireland, and Heart's Content, Trinity Bay, Newfoundland was complete. Soon afterwards, Lloyd's wrote to the Agent in New York requesting him to telegraph news of any important casualties. Similar letters to other North American Agents, such as Quebec and Halifax, followed. The Great Northern Telegraph Company's cable landed at Nagasaki in around 1871, finally bringing Japan into telegraphic communication with the rest of the world.

A fundamental charter

The middle of the 19th century was a period of boom and bust in Europe. The Crimean War from October 1853 to February 1856 was part of a long-running contest between the major European powers for influence over the territories of the declining Ottoman Empire. Shipbuilding and freight rates soared, then collapsed at the end of the conflict. Many banks stopped payment.

Overall, however, there was an immense expansion of commerce between 1845 and 1870. This led to a rush to form new insurance companies. Rampant competition spurred the development of what later came to be known as 'innocent capacity' in marine insurance. There were many failures in Lloyd's. Lloyd's grappled with the problem through a system of guarantees and deposits, but without byelaws which gave it the power to exclude a member.

As the century matured, there was a growing realisation that the market needed a stronger central authority and this opened the way for a more fundamental change. An increasing proportion of Lloyd's members were now full time underwriters, rather than commercial men – bankers, merchants and traders – who occasionally accepted risks. The Society of Lloyd's, which had been a sort of private club with a committee of management, now petitioned for an Act of Parliament that would make Lloyd's a legal entity by allowing it to incorporate.

This Act was also intended to bring up to date the old constitution of the Society of Lloyd's and remedy its defects. It also specifically empowered the now incorporated Society of Lloyd's to use corporate funds and employ officers and agents for any of the following purposes:

- The investigation of fraud or attempted fraud with respect to ships, cargoes, freight or their insurances.
- Taking or facilitating proceedings against those who carried out such frauds.
- Taking charge of the members' interest in vessels, cargoes and freight.

The Act received Royal Assent on 25 May 1871. It remained the fundamental charter of Lloyd's for more than a century.

Agents abroad

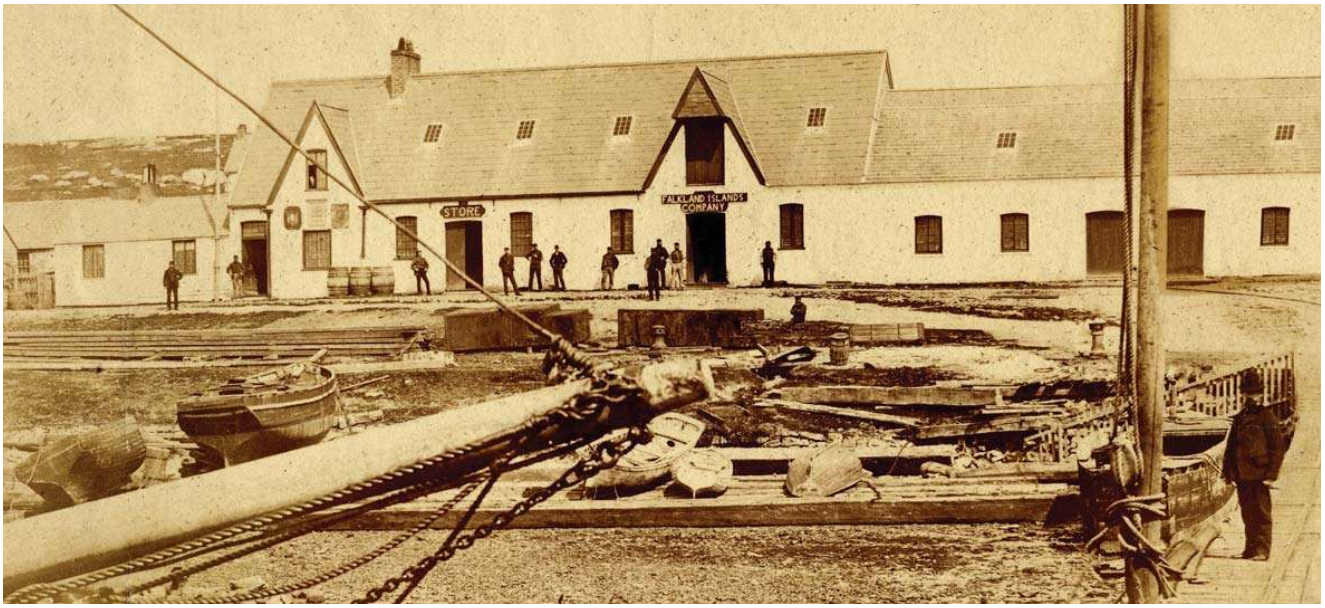
As British trade expanded during the first half of the nineteenth century, so did the Lloyd's agency network. In 1840, there were Agents in Australia, New Zealand, Singapore, Ceylon (Sri Lanka) and Sierra Leone. By 1850 there were four Agents in Chinese ports, including Hong Kong and Shanghai, on the list.

Agents could be found everywhere, even in the far-flung Falklands. 'The isolated situation of the island prevented its being visited often, especially by ships homeward-bound; therefore, our stay there might be indefinitely protracted', wrote Mrs D. B. Bates in *Incidents on land and water, or Four years on the Pacific coast* in 1857.

> There were about 400 inhabitants in this remote colony, consisting of English, Spanish, and French. The people were under the immediate jurisdiction of a governor, who ruled with despotic power. The governor, clergyman, doctor, governor's secretary, surveyor-general, and lawyer, are appointed by the Queen, and receive a salary of £400 per year, with the exception of the governor, who has £800. These, with their families, also the Lloyd's Agent, and the merchant, constitute the gentry, as they style themselves.

Japan, too, was soon to end its long isolation – though not by choice. The shoguns, its hereditary military rulers, had turned inward to stave off the influence of Christian missionaries and European and Russian imperialism. Foreigners were forbidden to land, and there was only a small and restricted Dutch East India Company trading presence at Nagasaki. Attempts to open trade and political relations largely failed until 1853, when Commodore Matthew Perry sailed with his United States East India Squadron into the Bay of Edo, now Tokyo. The following year Japan signed a treaty with the United States, followed soon after by treaties with other Western countries. Yokohama was to become a modern port and centre for overseas

Falkland Islands Company Building, 1890



trade. In 1859 it was opened to trade with the United States, followed by other countries.

It was fertile ground for young, ambitious Englishmen like William Gregson Aspinall, originally from Liverpool. He was working in Yokohama as a tea inspector and general commission agent in 1860, when he met fellow Englishman Frederick Cornes, of Macclesfield. Cornes had learned the family silk business at his father's mill. He was working in Shanghai as a silk buyer when he learned of fresh sources of silk becoming available from the new Japanese ports and set sail for Yokohama. The two men formed Aspinall, Cornes & Company to export silk, green tea, cotton and coal.

The first Lloyd's Agent in Yokohama, Adamson & Co, had been appointed in 1861. When Adamson resigned in 1868, Aspinall, Cornes & Co took their place. After the partnership was dissolved, Cornes established Cornes & Company in April 1873. It remains the Lloyd's Agent in Yokohama as part of a larger group.

The 1871 Act stated that the Society of Lloyd's existed for three main purposes: the conduct of marine insurance, the protection of the interests of the members and 'the collection, publication and diffusion of information with respect to shipping.' Writing only five years later in *The History of Lloyd's and of Marine Insurance in Great Britain*, Frederick Martin commented: 'Of these three objects, the last, always a leading one, has at present become the most important, forming the basis of all the rest.'

The network of over 1,000 Lloyd's Agents in virtually every town and port where ships called was the frontline of this function. From just over 100 Agencies in 1812 and over 250 Agencies and five Sub-Agencies in 1820, there were about 600 Agencies and 400 Sub-Agencies by 1880. As communications improved, Lloyd's preferred to have its Agents in principal ports control large areas with sub-agencies in the less important places. So the number of sub-agents multiplied.

Thanks to improvements in transport and communication, Lloyd's intelligence department had become indispensable not only to marine insurance but to every business connected with shipping. As Martin wrote: 'Even if all underwriting was to cease in the rooms of the corporation, its [the intelligence department's] continued existence would be an absolute necessity to the commercial world.'

Chapter Four

'This unceasing record': Agents and the communication revolution

TO OWNERS AND MASTERS OF VESSELS
Extracts from the "Instructions to Lloyd's Agents", printed specially for the information and guidance of Her Majesty's Consuls, Commanders of vessels and other persons interested in shipping, can be obtained, free of charge, on application to the Secretary of Lloyd's – By order of the Committee, Henry M. Hozier, Secretary

Lloyd's List, 1 May 1875

'Not what they ought to be': a challenge to Lloyd's

John Towne Danson was a man of many talents. As a journalist, he worked under Charles Dickens at *The Daily News* and was also a farmer, barrister and marine insurance underwriter. It was in this last capacity, as secretary for the Liverpool-based Thames & Mersey Marine Insurance Company, that he published an attack on Lloyd's in a long letter in the *Shipping Gazette in 1872,* later reprinted as a pamphlet under the title *About Lloyd's*.

Danson claimed that Lloyd's Agents as a body were 'not what they ought to be'. He complained about their method of appointment and even compared many of the Agents to the 'wreckers' of old. He proposed an amalgamation between Lloyd's and the Salvage Association. This had been created in 1856 as a joint venture between Lloyd's, individual underwriters, leading marine insurance companies and shipowners, for the protection of commercial interests in wrecked and damaged property.

Danson argued that the Committee of Lloyd's should then hand over control of all Lloyd's Agencies and shipping intelligence to this new body. D. E. W. Gibb in his 1957 book *Lloyd's of London: A Study in Individualism* was clear about what he believed was the motivation for these proposals. Lloyd's had the enormously valuable asset of the agency network and its intelligence system, and the insurance companies wanted to get control of them.

> Altogether the pamphlet was an ultimatum, a haughty confident ultimatum, and the author must have been disappointed when Lloyd's neither accepted his terms nor collapsed according to his prediction. Historically the interest in his work lies here – that he and the companies whom he championed wanted at all costs to get hold of Lloyd's Agencies and Lloyd's intelligence service. All the bombast and the rhetoric in Danson's twenty-eight pages boil down to a simple statement that Lloyd's had this one enormously valuable asset, which gave it high prestige both in England and abroad; that the companies envied it and wanted it, and were even prepared (for a time at any rate) to share the ownership and control of it with Lloyd's.

Curiously, the Committee of Lloyd's initially seemed to support the idea. Negotiations

carried on during 1872 but by the end of the year, the Committee realised that the new Lloyd's Act, passed only the previous year, made it impossible to create a new body without a further Act. With a slight change of tack, discussions continued nevertheless.

In November 1872, the Salvage Association produced its scheme: the creation of a new general committee of Lloyd's which would include among its functions the complete control of Lloyd's Agents everywhere and the collection and distribution of shipping intelligence from all over the world. The proposed committee was a Lloyd's committee in name only; Lloyd's representation would have been in a minority to commercial and insurance company interests.

After a strong letter from Lloyd's, the Salvage Association dropped the plan. In its place, Lloyd's agreed to increase the size of the Agency Committee from six to 18 to include six men nominated by the Salvage Association and three representatives from the company market. Lloyd's would provide the other nine members which, although not a majority, were probably sufficient to effect control.

The Committee's role was advisory, not executive. Control of the Agencies remained firmly in the hands of the Committee of Lloyd's, as did the proprietary rights to the intelligence. In 1874, Lloyd's established a dedicated office within the Secretary's office, to facilitate communication between underwriters and Lloyd's Agents. On 17 December 1879, the Committee decided to increase the membership of the Agency Committee to 21 with the addition of three members from the General Shipowners' Society.

What would have happened if Lloyd's had accepted Towne Danson's proposal? Gibb was in no doubt: 'At a stroke it would have thrown away its most valuable possession, would have ceased to be the nerve centre of the world's shipping, would have sacrificed its contacts with the Government, and in the end might have dropped back into the position of an undistinguished, moribund gathering of marine underwriters.' As it was, rapid advances in technology combined with the innovations of a new Lloyd's Secretary, Sir Henry Hozier, meant that the Agency system was about to take another leap forward.

Sir Henry's innovations: the spread of the telegraph

Sir Henry Hozier was a former Royal Artillery officer and a man of considerable energy. He became Secretary in 1874 and took the newly-created intelligence department under his control, publishing a voluminous report giving Agents exact details of how they were to communicate news.

Agents in the United Kingdom and Ireland should telegraph all casualties 'at once' to

Col Sir Henry Hozier, Secretary of Lloyd's 1874-1906

Chapter Four

Lloyd's Signal Station, Deal

Lloyd's, as should Agents abroad where the telegraph was available, excepting small ships. While new cables were being laid, information should go surface mail to the closest point which the cable had reached. For example, news from South America should be posted to Lisbon, then sent immediately by telegram to Lloyd's.

Frederick Martin gives a vivid picture of the hive of activity that Lloyd's had become:

'Telegraphic information arrives in the rooms every hour and almost every minute conveying reports of arrivals and sailings of all ships. Beside this unceasing record of the movement of some 60,000 ships that cross the globe, the host of Lloyd's Agents and Sub-Agents are enjoined to supply instant communication of all losses and casualties from every part of the world, and it often happens that the news of a shipwreck is placarded in the rooms within a quarter of an hour after the event.'

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The Committee was not particularly quick to recognise the potential value of telegraphy for signal stations on the coast. The first signal station under Lloyd's control was established in 1869. But when, in 1870, a firm in Falmouth offered to co-operate with Lloyd's in running a signal station at the Lizard at the tip of Cornwall, the Secretary of the day did not even acknowledge the proposal. The firm assumed Lloyd's was not interested and went ahead with the telegraph-equipped signal station as a private venture. The next Lloyd's signal station was established at Dover in 1876.

However, by now Sir Henry Hozier had become Secretary to the Committee. When a dispute arose in Falmouth between the firm in question, Fox & Co, and its rivals, the Lloyd's Agent William Broad & Co, he went to Cornwall to investigate. He reported to the Committee that Fox & Co had established the station with the intention of monopolising shipping intelligence from that point. This was clearly not good news. So Hozier brought the Lizard station under the wing of Lloyd's and finally bought it for the sole use of Lloyd's.

This trip to Cornwall convinced Hozier that a network of telegraph-equipped coastal signal stations – able to immediately contact a local telegraph office – would be extremely beneficial. Many private individuals were already running stations. Hozier began bringing them over to Lloyd's and buying land for new stations. His aim, it appears, was to allow Lloyd's to control the collection of shipping news. In 20 years, he acquired signal stations at all the best points in Great Britain and Ireland and a chain of stations abroad – all for Lloyd's.

By 1884, Hozier wrote with pride that fewer than ten percent of ships bound to UK ports from abroad arrived without first being reported from one of the Lloyd's signal stations. Lloyd's now had its own signalmen working at 17 stations in Great Britain and six overseas. Often on barren parts of the coast, the signal stations supplemented the intelligence the Agents provided. The system developed rapidly and by 1891, there were 40 stations in the United Kingdom and 118 abroad in which Lloyd's had an interest.

Hozier kept up with the latest developments in communication technology. He was also intensely interested in the work of a young Italian, Guglielmo Marconi.

Marconi was just 19 years old when, in 1895, he began experiments in his father's country estate in Italy. He eventually succeeded in sending wireless telegraph signals over approximately two kilometres. He had invented the first practical wireless telegraph system. Within four years, his device, known simply as the 'Marconi', was being used to communicate across the English Channel. Less than two years later, a redesign made his system powerful enough to send a communication across the Atlantic Ocean.

During August 1898, Lloyd's set up a radio installation to operate between Ballycastle, Co. Antrim and Rathlin Island, a distance of about 10km (7 miles). Tests carried out were so successful that Lloyd's decided to equip all their signal stations with radio equipment. Three years later, Marconi had established radio stations in England and at Rosslare and Crookhaven in Ireland.

Unfortunately, Hozier's involvement with Marconi eventually ended in dispute and ultimately led to his resignation from Lloyd's. But his forward thinking had ensured that Lloyd's was at the forefront of the communication revolution.

Below: Early image of the Suez Canal

Heard around the world

The Lloyd's Agent at Batavia, a Scotsman named McColl, and a Mr Schuit, the Agent at Anjer, made a tour of Bantam following the eruption and destruction of the volcano Krakatoa in August 1883, according to Rupert Furneaux's 1965 *Krakatoa*, an account of the explosion that caused the loudest sound ever recorded.

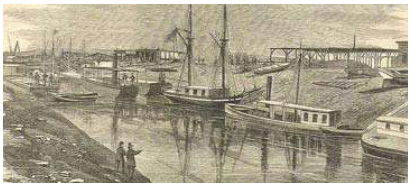
He recounted that Schuit had earlier had a lucky escape from one of the tidal waves generated in the run-up to the cataclysmic explosion. Schuit had gone to the beach to see about the mooring of his boats and an immense wave, which he estimated at 90 feet high, swept without warning over Anjer, completely ruining the town and penetrating two miles inland. Schuit saved his life by jumping into one of the nearby boats but seven of his family were lost.

Furneaux quotes McColl's account of the visit with Schuit to what had been the important station of Merak, some time after the cataclysmic eruption: 'The entire distance traversed by us, about six miles, was one scene of desolation which simply cannot be described or understood unless seen.'

Leaving Merak, the men had to turn inland to avoid a long lagoon created when the sea penetrated six miles inland. Not one stone of the post station at Tjiadieng was standing. Eventually reaching Anjer, the men found that it was difficult to believe that the town had ever existed.

Settling claims abroad

Trade with China had been thrown open in 1854. Isolationist Japan had accepted contact with the West, and the Suez Canal opened in 1869. Yet all Lloyd's claims still had to be settled in London. This meant that an overseas shipper with a claim on a Lloyd's policy could wait months for his money while his documents slowly made their way to London by sea. It was time for administration to catch up with communication, and once again, Hozier instigated a new system. This one allowed Agents to pay cargo claims abroad.



Little background information survived as to the discussions at the time, as Albert Cooper, the Controller of Agencies between 1945 and 1956, remarked in his short history of the agency network. But the move was clearly intended to put Lloyd's in a position to offer as good a service as that provided by the insurance companies through their branches and correspondents in foreign ports.

Hozier's experimental claims settling service began with 14 Agencies in the Indian sub-continent, the Far East and Australia-New Zealand. It was successful and eventually extended to other parts of the world, except the United Kingdom. He had to persuade conservative underwriters to give the necessary authority to the Agents and the Agents to accept the additional work, but on 27 May 1886, the following notice appeared in Lloyd's List:

> The Committee of Lloyd's desire to give notice that on and after 1 June 1886, arrangements will come into force by which claims upon policies underwritten at Lloyd's will be payable at the principal ports in India, China and Australia.

From the beginning, there were limits on the Agents' authority. They were simply allowed to adjust and settle losses for underwriters and purchase the claim on behalf of the Corporation of Lloyd's.

According to Cooper, Lloyd's recognised that to empower Agents to pay claims on behalf of underwriters would have created unwelcome legal implications. Agents would have become direct representatives of the underwriters, and therefore liable to suit in case of dispute. More seriously, it might seem as though Lloyd's underwriters were carrying on business in that country through an agent without the necessary authority. As Cooper comments: 'The wording used in the clause continued for more than 70 years, so it must have been well drafted.'

Charges for the settlement of claims abroad generated a useful source of income to the Corporation funds. The Committee of Lloyd's initially charged ten percent of the premium, out of which the Agent's fee for the work of settlement was paid. For their pains, the Agents received one percent of any settlement amount with a minimum of one guinea (£1.05) in addition to their survey fees, first paid by the Committee of Lloyd's. By 1887, the Committee had reduced the fee to five percent of the premium, and the underwriters had taken over paying the Agents. The Committee's charges were adjusted periodically, but from then on, it became the practice for the underwriters to pay the Agents' fees.

Again, Hozier's foresight proved vital. The system worked well. As Gibb comments: 'Three generations of underwriters had cause to thank Hozier for cargo business which could have been lost without the settlement of the claims abroad system.'

'Not a single dollar': solving more money problems

In January 1825, W.S. Skinner, the Agent at Boston, reported that all autumn packets, traders and other vessels had arrived safely. Despite the large volume of activity, thanks to his various inspections and arrangements underwriters would face no claims. Therefore, 'he would not get a single dollar for his trouble'. His reward was the thanks of the Committee and to have his letter displayed in the reading room. Clearly, money – or lack of it – could be a major source of friction between Lloyd's and the Agents. As Gibb comments:

> The right to be called Lloyd's Agents must have given a firm remarkable advantages, for in most cases the direct reward in money was not considerable, and even as late of the middle of the 19th century the duties of the Agents were sometimes uncomfortable or dangerous.

In an effort to solve the problem, in 1870, Lloyd's created a system of guaranteeing certain Agents a minimum income, on condition that they would share any excess over this figure with Lloyd's. As Cooper remarks: 'The somewhat curious view was held at the time that Agents were open to the temptation of encouraging claims in order to provide themselves with an income and that this temptation could best be removed by ensuring the Agents could rely upon a reasonable remuneration whether there were claims or not.'

Cooper gives the following examples of how the scheme worked in his account of the development of the agency network. In 1875, heavy claims at Le Havre resulted in the Agent receiving fees, it was believed, of about £1,000. After investigation, the following year they fell to around £150 but gradually rose again to about £600 a year. The Committee of Lloyd's decided that the Agent at Le Havre should have a guaranteed minimum income of £350 a year and that year the fees fell to £402.

There were also complaints about claims at Genoa, and in 1884, the Committee guaranteed the agency £200 a year. The fees, which had reached £460 in 1881, fell to £209 in 1884. To support this scheme, the Committee established a £2,000 guarantee fund in 1884 and got the leading marine insurers to contribute, reflecting the value that other marine underwriters got from the Lloyd's agency network. Initially, the fund was made up as follows:

Lloyd's	**£1,315**
London Marine Insurance Companies	**£300**
Liverpool Underwriters	**£250**
Australia & New Zealand Underwriters' Association	**£50**
Glasgow Underwriters	**£50**
General Shipowners' Society	**£25**
Antwerp Underwriters	**£10**

Gradually, the guaranteed income scheme spread to include Agents in other ports including at Brest, Bremen, Constantinople, Dardanelles, New Orleans, New York, Venice, Odessa, and Pernambuco. The amounts guaranteed ranged from £50 at Brest to £500 in New York.

Some Agents did not want to participate in the scheme – possibly because their incomes were large enough for the share they would have to pay Lloyd's to be unacceptably high. Lloyd's did not insist. Certainly, as a general rule, payments by Agents into the fund exceeded payments out, so there was no call on the guarantors.

The scheme seemed to ease some tensions but improvements could still be made. A sub-committee appointed by the Agency Committee met on 1 March 1886 and suggested a re-evaluation of terms of payments for Agents who had custody of cargo landed or goods for reshipment. Later that year, Lloyd's considered introducing an extension of a fee scale to Lloyd's Agents, based on the Foreign Office's scale of fees to consular officers in similar circumstances. The original scale differentiated between Agencies in European and Russian ports on the Black Sea and those elsewhere. In what would now be called a consultation exercise, Lloyd's sought views from Agents, chambers of commerce, marine insurance companies and underwriters' associations in the United Kingdom and continental Europe. The scale was amended in 1889 and remained in operation until 1920 when abnormal post-war conditions prompted some Agents to ask for a substantial increase.

In his 1895 report on Lloyd's Agencies, Hozier made it clear that for Lloyd's the service that the Agents provided without charge was material to the commercial success of the market. 'The profits derived from the sale of maritime intelligence enable the members of Lloyd's to conduct their business on more favourable and more economical terms than their competitors.' The Agents were well placed to take on the challenges that a new century would bring.

Chapter Five

'Capable at a moment when most people had lost their heads': The First World War and the gathering storm

The San Francisco earthquake

At 5:13 am on 18 April 1906, a massive earthquake hit the city of San Francisco, estimated at 8.25 on the Richter scale. Eyewitnesses described terrifying scenes, 'a thousand stones' falling on a man, instantly killing him, wagons full of fruit and vegetables lying broken in the road next to the broken bodies of the sellers, buildings crumbling 'as one might crush a biscuit in one's hand.'

Worse was to come however, as fire took hold. The city burned for three days, leaving more than half the 400,000 population homeless. 'Fires were blazing in all directions,' wrote businessman Jerome B. Clarke, describing what he saw when disembarking from his regular ferry trip from his home in Berkeley, 'and all of the finest and best of the office and business buildings were either burning or surrounded. They pumped water from the bay, but the fire was soon too far away from the water front to make efforts in this direction of much avail. The water mains had been broken by the earthquake, and so there was no supply for the fire engines and they were helpless.'

As the fires burned out, the city assessed the damage. Around 28,000 buildings had been destroyed. The premises of the shipping and cargo handling firm of Catton Bell & Co, the Lloyd's Agents since 1887, were among them, and it took months before the firm reopened at a different site. An official US agency report put the damage from the earthquake and fires at $400 million in contemporary currency, around $10 billion in current values. According to Lloyd's, the disaster cost the market more than $50 million – the equivalent of more than $1 billion today.

Lloyd's response to the disaster was rapid and appropriate. Prominent Lloyd's underwriter Cuthbert Heath, who had forged links with the United States property insurance market, telegraphed his San Francisco Agent to 'pay all claims' irrespective of policy wordings. His action created long lasting goodwill for Lloyd's in the United States.

On a much smaller scale, Sir J. Rennell Rodd wrote in his *Social and Diplomatic Memories 1902-1919* of how one Agent had kept a cool

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San Francisco, California, Earthquake April 18, 1906. Downtown San Francisco showing residents watching fire after the 1906 earthquake. Photo by Ralph O Hotz and provided by U.S. Geological Survey Photographic Library

Clarifying maritime law

The importance of Britain's trade, the activity of Lloyd's and London marine insurance companies, and British court judgements meant that Britain took a leading role in maritime law. In the 19th century, Lloyd's and the company market association, the Institute of London Underwriters (ILU), together developed standardised marine insurance clauses. Known as the Institute Clauses, they are still in use in modified form. In 1906 the Marine Insurance Act codified the previous common law on insurance.

Owners and underwriters frequently complained about demands from salvors for what they considered excessive lump sum payments. In 1890, the Committee of Lloyd's opened discussions with salvors in the Dardanelles and Black Sea, where groundings were common. Lloyd's wanted salvage rewarded on a 'no cure no fee' basis, with disputes settled by pre-agreed arbitration. As it was, any attempt at redress meant difficult and expensive litigation in local courts. This was rarely successful.

After mixed success in agreeing terms with salvors, Lloyd's proposed a draft model salvage contract, providing that a fixed price should be paid to the salvor on completion of the services, to be held on deposit pending the outcome of any arbitration. The Lloyd's Agency Committee approved the draft on 28 July 1891, but it was not accepted immediately. In January 1908, Lloyd's was finally able to publish the first Lloyd's Standard Form of Salvage Agreement, now known as Lloyd's Open Form (LOF). It allowed the ship's master and the salvor to get on with the business of rescuing the crew and saving as much property as possible without the delay of negotiations about money.

head during the aftermath of the devastating earthquake in Calabria, Italy in 1908: 'We ordered a number of wooden houses in England, and, after the first urgent demands for food and clothing had been met, concentrated our efforts on reconstruction. With the cooperation of the local authorities and the energetic arch-priest, we rebuilt the Calabrian village of San Giovanni, where not a house had remained standing.

'The work was carried out systematically with due regard to sanitation on concrete foundations round a central garden area. At Messina also we constructed for the survivors among the British colony a number of comfortable wooden houses which were still in occupation when I visited the spot some 15 years afterwards. One of the first to be completed was assigned to Mr. Beyliss Heynes, formerly Lloyd's Agent, who had shown himself so capable at a moment when most people had lost their heads that I appointed him Vice-Consul within a few days of the earthquake, trusting that the Foreign Secretary would confirm my action, which he did not fail to do.'

A network fragmented: the impact of the First World War

Archduke Franz Ferdinand was the heir to the throne of Austro-Hungary. On 28 June 1914, Gavrilo Princip, a member of the Serbian terrorist group The Black Hand, fired two shots at the archduke's car. The first shot killed his pregnant wife, Sophia. The second hit the Archduke in the neck. He died shortly afterwards.

The Archduke's assassination set off a chain of events that rapidly led to full scale war between the so-called Central Powers, led by the German, Austro-Hungarian and Ottoman empires, against the British Empire, France and Russia and later Italy and the United States. The sheer scale and complexity of the hostilities split nations, armies, principalities and families. It was bound to affect the far-flung Agency network. At the start of the war, Lloyd's had 21 Agencies in Germany, five in German colonies, five in Austria and 14 in Turkey. The latter were held by a mixture of nationalities, mostly British, but some other European. These Agencies ceased with the outbreak of war. However, Lloyd's had to consider the position of Agents of enemy nationality in ports in neutral countries. Some had represented Lloyd's for more than 30 years.

After taking advice from the Foreign Office, in November 1914, Lloyd's relieved more than 20 Agents in ports such as Vladivostok, Santander and Bari of their positions, and asked the local British consul to take over their duties for the duration of hostilities. Around 50 positions became necessarily vacant between 1914 and 1919. Lloyd's wrote courteously to

these Agents, explaining the decision and asking them to hand all their Lloyd's documents to the British consul. The letter thanked them for their past services and expressed regret at the end of the business relationship.

Inevitably, personal interest affected some decisions. In August 1914, the British Consul-General Sir Cecil Hertalet was instrumental in getting Lloyd's to request the resignation of its Antwerp Agent, Walter Blaess. Blaess had been the Agent since 1895 and was Belgian.

Lloyd's initially resisted and expressed confidence in him, but ultimately conceded to the 'strong opinion' of the Foreign Office that the Agent should be British, even though there were no personal objections to Blaess. With great regret, Lloyd's asked Blaess to resign and appointed Evan Thomas of Gellatly, Hankey & Co as the new Agent. Thomas was only able to remain until the German occupation in October 1914, but the firm was reappointed in May 1919.

Business continued at Lloyd's throughout the First World War when the introduction of new weaponry and technology, especially submarines, resulted in very heavy losses to merchant shipping. An acute staff shortage in the market led to the creation of the Lloyd's Policy Signing Bureau in 1916. By June that year, before the introduction of compulsory service, nearly 2,500 men from the market had done military service. The Lloyd's war memorial lists more than 200 men who were killed.

At 10.30 am on Monday 11 November, 1918, the Chairman of Lloyd's, Charles de Rougemont, announced to the market that the Armistice had been signed that morning and that hostilities would cease at 11 am. The formalities took longer. The Treaty of Versailles with Germany was signed on 28 June 1919. This could explain why the UK Government and Lloyd's instructed Agents to avoid acting for associations or companies of the former enemies until November 1919.

At that point, the Foreign Office responded to an inquiry from Lloyd's to say that Agents were at liberty to act for associations or companies of enemy nationality. The Foreign Secretary, Lord Curzon, however, took the opportunity to impress on Lloyd's 'the extreme importance in the national interest' that all the Agents were British subjects.

The regal perambulations of Major Lindsay

After the war ended, the Committee of Lloyd's decided it needed a more systematic approach to oversight of the Agencies. 'Some means of supervision or control' was needed, 'which at the present time does not exist.'

The system of selecting and overseeing Agents had certain weaknesses. They were usually selected by correspondence. Candidates would give details of their qualifications and experience, and forward testimonials from suitable people. Inquiries would be made among the candidate's acquaintances and colleagues. Vacancies and appeals for testimonials first appeared on the front page of Lloyd's List in 1855, among the official notices and classified advertisements. Below is an example published in 1859:

> *The Committee hereby give NOTICE THAT applications and testimonials will be received at the Secretary's Office for the under mentioned AGENCIES up to the dates affixed:*
>
> *Aguadilla & Mayaguez (Puerto Rice) 2nd April*
> *Albany (W.A)*
> *Bassein 25th June*
> *Canton & Macao 23rd April*
> *Chale (Isle of Wight)*
> *Galatz & Ibrael*
> *Granville*
> *Lagos (Bight of Benin) 22nd January*
> *Lagos (Portugal)*
> *Lombock*
> *Lymington*
> *Myteline*
> *Nassau (New Providence) 5th March*
> *Richmond, US*
> *Rosanio (River Parana) 12th March*
> *South Ronaldsha 29th January*
> *Suez*
> *Lloyd's, 29th December 1858, GA Halstead, Secretary*
> **Lloyd's List, 3 January 1859**

Once appointed, an agent was subject to few official checks. This could cause problems. The Agent's business or health might deteriorate, for example, resulting in his being unable to fulfil his duties. In unusual cases, the person appointed 'has not occupied that status which is desirable of a Lloyd's Agent, his office has been meanly situated and altogether the representation has not been such as has enhanced the prestige of Lloyd's at the particular port,' as one internal memorandum commented. Though 'it is a testimony to the care which has been taken by the Agency Committee that cases of bad selection have been so few.'

Although inspections had taken place in the United Kingdom and been suggested for overseas agencies, no one had gone specifically to visit the Agents abroad since the indefatigable Sir Henry Hozier's travels 50 years previously. Instead, Lloyd's depended on

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Right: Admiral Sir Edward F. Inglefield, 1913

sporadic reports from members of the Committee, or underwriters who called on Agents during their travels, or on meetings with Agents who came to London.

So in 1922, Lloyd's appointed its first Inspector of Agencies, Major Forrest Lindsay. He had worked in industry since leaving school and served in the First World War with distinction. After a brief spell as assistant manager and deputy underwriter with the Aviation Insurance Association, he joined Lloyd's where he remained until retirement in 1946.

Lloyd's drew up standardised report forms for him to use, although the corporation employee who wrote to him in July 1929 was anxious to assure him that what appeared to be 'a somewhat formidable document' was nothing new, but merely set out Lindsay's handwritten notes. The forms covered the way the Agents conducted their business in terms of surveys and the supply of intelligence, bookkeeping, sub-agencies, salvage agreements, other business interests, any individuals or firms whose claims should be examined with particular care, general information about the port and more. Updated versions are still in use today.

Lindsay went where the Committee directed. One letter informs him that his next inspections should be in Faro and Porto in Portugal, then Alegre and Fayal in Brazil. The Chairman of Lloyd's, the letter continues, has settled the date of departure and the order in which he should conduct the inspections. They were formal occasions: David Burrell, who was for many years assistant to the Controller of Agencies, heard Major Lindsay's visits compared to 'a regal perambulation' where the Agent would attend him on board ship.

William Astle, a long serving corporation employee who worked in average/recoveries and the Agency Department, wrote down some of his memories of Lindsay in 1985. His schedule was punishing. Lindsay appears to have been travelling almost continuously in the period immediately before the Second World War and at least until 1943. He was dispatched to deal with a situation in Genoa after the existing agency was found to be under German control. He travelled to Danzig after the Agent there resigned in 1935. October 1941 found him in Buenos Aires, where he inspected the Agent Cooper Brothers. He then spent three weeks visiting Lloyd's Agents in Rosario and Montevideo, and left Buenos Aires in February 1942.

His assignments could be dangerous. Air travel was very limited and some visits required long ocean voyages. In some countries, Lindsay's only means of transport might be a canoe, or on foot through the jungle. On one South American trip to sort out some problems at a doubtful sub-agency up-river, Lindsay was greeted by gunfire.

February 1943 found Lindsay in hospital in Valparaiso, Chile, recovering from an operation. The room suddenly began to shake and his bed moved smartly across the room. As the nurse came in, Lindsay took charge and ordered her under the bed, while

he stayed where he was. 'Major Lindsay declares that his nurse never seemed to like him very much after this, and adds with a puzzled expression that he did try to do the right thing,' the in-house magazine *Lloyd's Log* reported. 'We almost forget to mention that the cause of the incident was an earthquake.' He was greatly respected in the underwriting rooms, recalled Astle, to the extent that members would ask him to give an address in the library when he returned from inspections.

Suspicious losses

The price of staple goods and of manufactured produce fell sharply in the aftermath of the war, and the years 1920-1921 were ones of heavy claims for Lloyd's underwriters. On 1 January 1920, the Secretary of Lloyd's, Sir Edward Inglefield, wrote to Agents reminding them that invoice values were no criterion of market values and that underwriters feared that surveyors would confuse loss by damage with loss resulting from the drop in value. Agents, he said, 'should take great care to ensure that the values shown in a survey report reflected depreciation from damage only.'

Hull values also plummeted after the war. The result was attempted fraud on an unprecedented scale. According to Charles Wright and Ernest Fayle's 1927 *A History of Lloyd's*. 'The loss of a vessel from an insured peril meant to its owner the difference between prosperity and bankruptcy.' On 19 March 1921, Inglefield wrote to Lloyd's Agents about suspicious losses of Greek and Spanish tonnage:

> The circumstances attending the sinking of many of these vessels are that without any apparent cause they suddenly and mysteriously are found to be leaking, the crew get away in their boats to some other vessel or to the shore, and underwriters are asked to pay for a total loss.

Agents, Inglefield said, should be on the lookout for any such instances in the vicinity of their ports or where crews from such vessels landed. In such cases, they should immediately take 'energetic steps' to get statements from the witnesses as to the cause and circumstances of the loss and investigate fully. They were to keep Lloyd's informed, by cable if necessary.

Losses by pilferage had increased. In November 1920, Inglefield issued instructions to Agents on the need for them to be very specific in their survey reports on the date of the vessel's arrival and the date of landing, when the goods were placed in the warehouse, and what condition they were in. Underwriters, he said, were not responsible for losses after landing or only for a limited time. Agents should impress on consignees the need to take prompt delivery of their goods. Further instructions followed on 28 September 1921 from the Controller of Agencies, Walter Boxford, who advised that when asked to survey a cargo for theft and pilferage, Agents should always insist on seeing the shipping invoice, with a view to detecting fraudulent claims.

The charges controversy

In 1886, Lloyd's had set out a scale of fees for Agents for small services based on the scale of consular fees fixed by Parliament. Before then, it appears there had been no fixed amounts paid to Agents except in a very small number of cases. But in the immediate aftermath of the First World War, the fees paid to the Agents more than doubled. They had been £73,678 in 1913. In 1919, they were £176,896. In response to an exchange in Spring 1920 between the Lloyd's Agent in Stockholm, Olson & Wright, and brokers A. S. Henry & Co. over 'a rather excessive' charge for the survey and certification of one bale of mohair satin, Lloyd's agreed to double the scale of fees. It accepted that Agents might be paying three or four times more for staff and premises than in 1914.

By December, however, a Lloyd's memorandum commented that because Agents were charging full fees for consignments of small value, the fees had become out of proportion to the size of the claims and as a result, the consignees were tending to circumvent the Lloyd's Agent. The memorandum advised that full fees should not be charged in these cases even if justified by the amount of trouble involved, because otherwise business would be diverted into other channels.

Individual Agents found themselves challenged, as this exchange of cables shows. Lloyd's cabled the Agent in Salonika, Greece, Whittall Saltiel and Co: 'EXPLAIN ENORMOUS INCREASE OF FEES GENERALLY BY CABLE AND WRITE FULL DETAILS.'

The response was: 'INCREASE DUE TO UNUSUAL POSTWAR COMMERCE LOCAL AND TRANSIT CONSTANTINOPLE SERBIA.'

The Agent in Lima, Beausire & Co., responded: 'FEES INCREASE DUE INCREASED IMPORTATIONS PRACTICALLY ALL INSURED AGAINST ROBBERY AND AVERAGE.'

In a follow up letter, Beausire also cited much increased costs. 'Our expenses generally are now much heavier and were certainly two and one half times more in 1919 than in 1918 and this particularly applies to the department which looks after your Agency.'

It soon emerged that the immediate post-war period had been exceptional and fees did not continue to grow at the same rate. But Agents were still under financial pressure. In the 1920s, two Agents became bankrupt, and underwriters ranked as creditors in the proceeds of the sale of damaged cargoes which were in the Agents' possession. To protect underwriters against the insolvency of any Agent in future, the Committee introduced a form of financial guarantee provision as a condition of the appointment of new Agents or when Agents came up for review.

Some people who had held Agency appointments for many years initially resented the demand for a guarantee, according to Controller of Agencies Albert Cooper's history of the Agency system. But by the time he was writing, some 30 years later, there were relatively few Agencies that had not provided one.

By now, the Agency Committee had become unwieldy. It had 25 members, as a legacy of the power struggle with the Salvage Association in the 1870s. The Committee decided that from 1 January 1925, it should be slimmed down. It proposed halving Lloyd's representation from 12 to six, plus two direct from the underwriting room, but also reducing that of the Salvage Association to two from five. The Institute of London Underwriters (ILU), the company marine market association, and Liverpool Underwriters Association were to have two each, and the Glasgow Underwriters Association one. The General Shipowners' Society was to be dropped altogether.

Below: Sir Wilfred Grenfell, Lloyd's Agent in Labrador 1903-1936

An exceptional man

In 1908, Sir Wilfred Grenfell, Lloyd's Agent, preacher, photographer, justice of the peace, cartographer, writer, lecturer and artist, was travelling across the Newfoundland ice to operate on a young man's leg when his sledge ran into slushy ice and sank. He found refuge on an ice-floe and only survived the sub-zero temperatures overnight by killing three of his dogs, an act which saddened him immensely.

Grenfell had joined the Royal National Mission to Deep-Sea Fishermen as a medical missionary in 1887, shortly after qualifying as a doctor. After serving for five years in this capacity, from Iceland to the Bay of Biscay, he did his marine training and fitted out the mission's first hospital ship. Visiting Labrador in 1892, he was so shocked by the poor state of the people that he decided to devote the rest of his life to improving their lot.

Grenfell was Lloyd's Agent in Labrador from 1903 to 1936. As one of his many projects, which included opening hospitals, schools and orphanages, he arranged for Lloyd's underwriters to insure a shipment of 300 reindeer from Lapland to Labrador with a party of Lapps to look after them. The animals arrived safely.

In addition to many other honours, in 1927 Grenfell received a knighthood. Ill health forced him to retire and he died at Charlotte, Vermont, 9 October 1940. According to his obituary in *Lloyd's Log* in November 1940, he 'provided valuable service to Lloyd's when cruising in his mission ship the *Strathcona*, which as a master mariner, he navigated himself.'

The return of the salaried Agent

Lloyd's again experimented with exclusive, salaried Agents when, in 1920, it appointed H.K. Fowler in New York. Official thinking ran along these lines: that this arrangement would gradually take over in all the most important Agencies and that it would be advantageous to underwriters and the Corporation of Lloyd's.

To this end, Lloyd's also appointed an exclusive Agent in Bombay. A second man was sent out as his deputy with the idea of setting him up in an Agency of his own if the scheme proved worthwhile. It did not work out that way. It soon become apparent, wrote Albert Cooper, that the exclusive Agencies were likely to show a loss. They had no income other than Lloyd's surveys and claims settling fees against which to set costs. Only one further salaried Agent was appointed: A. Prüser in Copenhagen in 1931.

When Fowler retired in 1926, New York reverted to a conventional agency arrangement. The exclusive appointment at Bombay continued until 1947 and Copenhagen until 1951. According to Cooper, the principle of an exclusive appointment was ideal from a working point of view, because it ensured that the Agency was impartial and free from conflicting interests. But apart from the financial liabilities, there were all the business, tax and financial implications of what was effectively a branch office. It was curious, he remarked, that once they were restored to conventional Agencies, New York and Bombay became among the most prosperous in operation.

Meanwhile, the traditionally appointed Agents continued their business, as some families had done for generations. The last

member of the Broad family to hold the Falmouth Agency appointment, Cecil Broad, died in 1928. The family had bequeathed the goodwill of the business of William Broad & Son to William Jarvis, who had been with the firm for over 21 years and manager for the previous nine. Lloyd's continued the Agency with him.

In 1935 a rumour reached Lloyd's that Jarvis had discontinued the firm of William Broad, closed the office and gone to work for a shipbroker. Not at all, Jarvis said. He had disposed of the goodwill of the Broad shipbroking business. Since maintaining the office was no longer feasible, he had moved into a rented office in a building belonging to Fox & Co., the other important trading company in Falmouth.

Lloyd's wanted more information about Fox's business interest. What would the relationship be with Fox & Co? How would the Lloyd's Agency plate be displayed? (In October 1924, Lloyd's had decided that all its Agents should have uniform name plates, and it adopted the design then in use in Le Havre. From then on, each new Agent was to receive a name plate and was only to be asked to pay for it if the size of the Agency justified it.) Eventually, on 12 February 1936, the Committee of Lloyd's decided to continue the Agency with William Broad & Co – and Jarvis apologised for failing to keep the Committee up to date.

Clarifying and codifying: changes to the law

The 1920s saw more legislation which affected Agents' work. The Carriage of Goods by Sea Act 1924, a measure concerned with the rights of cargo owners and their insurers, came into effect from 1 January 1925. This important piece of shipping legislation incorporated the Hague Rules, a convention that established a minimum standard of liability for ocean carriers for loss or damage to cargo.

Walter Boxford, then Controller of Agencies, sent a circular out to Agents on 1 December 1924. He called their attention to the importance of insisting that consignees file a claim against the shipowner or carrier without delay in the event of loss or damage. Even under the more limited grounds for liability against the carrier before the new Act, underwriters had sometimes been barred from recoveries because claims were filed late.

After a few months' experience with the new regime, Boxford sent another circular,

Walter Boxford, Controller of Agencies 1919-1941

informing the Agents that consignees requesting surveys should be asked to complete a new form of application. This would require them to state the date of their claim against the carrier. The market clearly felt that since consignees with a short or damaged cargo were likely to turn first to the Lloyd's Agent, he was in the best position to draw attention to the provisions of the Hague Rules and stress the need for a claim against the carrier.

This was followed by an updated version of the Lloyd's Form of Salvage Agreement, drawing Agents' attention to various changes, for example, affecting the security required by the salvage contractor and the contractor's lien on the salved property. The following year, another circular gave details of revisions to the 1890 York/Antwerp Rules on General Average and highlighted the treatment of cash deposits collected for cargo liability.

Essential qualifications: pig-sticking, jumping and tent-pegging

An Agent could be called upon to perform a variety of unusual tasks, so it was perhaps reasonable to expect a candidate to have a range of unusual skills. On 21 February 1921, Colonel Commandant W.G.K. Green wrote from Jenin in what was then Palestine, to recommend Major H.M. Davidson for a post with the Lloyd's Agent in Bombay. 'He has always been a keen and skilled horseman and man-at-arms. At polo, he has shown himself above the average, playing for his regimental team for several years. At pig-sticking he was consistently successful and headed the list of 'First Spears' at Cawnpore in 1913. At the divisional assault-at-arms, Ambala, 1910, he gained the distinction of best man at arms (officers) in jumping, tent-pegging and mounted sabres.' On the third and second page of his letter, Col Green does consider Major Davidson's organisational and management skills.

A handwritten note from William Astle noted that Major Davidson's application was successful. 'Perhaps the Committee were impressed by his tent-pegging or trench warfare.' After which an unknown hand has added: 'A man who could distinguish a tent peg from a chota-peg was probably invaluable.'

In September 1933, Lloyd's authorised Agents to adjust and settle claims on brokers' certificates of insurance against cover placed with Lloyd's underwriters. The brokers had argued that they were losing business to local insurance companies because they could not provide, on the spot, the necessary certificates to complete clients' shipping documents. There may also have been concerns in the market about the quality of some of the adjustments made abroad. Albert Cooper was at pains to point out that although settlement of claims abroad staff sometimes spotted mistakes, the objective was to get the claims to the underwriters as soon as possible after receipt, not subject them to detailed examination.

The book of special instructions for the settlement of claims abroad was now entirely rewritten to bring it up to date. Boxford sent out copies of the new books in January 1934. It set out the duties of Lloyd's Agents in relation to the scheme, with guidance on the interpretation of insurance conditions and calculation of claims.

Agents are well situated: non-marine insurance

Lloyd's first experiences of aviation insurance were not a success. In July 1912, according to D. E. W. Gibb, military trials of aircraft were due to take place on Salisbury Plain. A Lloyd's non-marine syndicate agreed to cover some of the aircraft. Sadly, as Gibb writes: 'the weather was bad, the crashes were numerous, and the loss on the policies heavy – so heavy, indeed, that the underwriter of the syndicate decided to give up the insurance of aeroplanes immediately.'

Once the First World War was over, however, underwriters started thinking again about this potential new source of business. Lloyd's prepared and issued a book of instructions for Agents and surveyors for dealing with aviation claims in 1920. They hoped it would become an important class for the insurance market. Generally, they were disappointed. Aviation insurance was a high-risk business. Accidents were frequent, repairs were expensive and difficult, and navigation was rudimentary at best. Consequently, it remained a niche market until after the Second World War.

Lloyd's underwriters had begun writing non-marine business in earnest at the end of the previous century and they tried to encourage a flow of non-marine business to Agents. They did not, however, necessarily see a role for Lloyd's Agents in handling the losses – a perception which supporters of the network have worked to overcome ever since.

In 1926, Lloyd's compiled instructions to Agents regarding fire and other non-marine

matters, and laid down a procedure for supervising non-marine losses. Agents' districts were enlarged to include inland territory lying behind the coastal areas for which they were already responsible. In the succeeding 20 years, however, these classes produced little work for Agents because of the longstanding practice by Lloyd's underwriters of instructing one of the leading London assessors.

Another attempt was made to encourage the use of Agents through the Non-Marine Underwriters' Association, but members were concerned that Agents were not experienced enough in handling non-marine matters.

Albert Cooper commented: 'It not infrequently happens, too, that non-marine underwriters ask that enquiry should be made of Lloyd's Agents as to the wisdom of undertaking certain classes of non-marine insurance (riots, strikes, etc) yet in the event of losses arising from such business, the claims are dealt with through other channels. I have always held the view that Lloyd's Agents, with their local knowledge, are generally speaking well situated to render good service to non-marine underwriters, if given the chance to build up an organisation for the purpose.'

The gathering storm

Lloyd's had spent the last 150 years in the Royal Exchange. In 1923, the organisation bought a nearby site of more than three-quarters of an acre fronting Leadenhall Street and Lime Street. Here, in May 1925, King George V laid the foundation stone for a new Lloyd's building. He spoke of how the Lloyd's information network had helped the 1914-18 war effort just as it had in 1793, when the Napoleonic Wars began.

'In similar circumstances in our own day,' the King's speech ran, 'the Lloyd's of 1914 rose again to the situation and displayed the same loyalty and public spirit as in 1793. The state largely depended on the machinery of Lloyd's for reports, received through its Agents and other channels, which contributed to the safety of British shipping and British cargoes of indispensable value to the welfare of the country.'

In 1928, the market moved into the new building. Just over 10 years later, Lloyd's would have to face the challenges of a world war once again. News from Agents abroad provided clear evidence of the gathering storm.

Collecting and transmitting timely shipping intelligence was the first duty of Agents, and after the First World War, Lloyd's had worked hard to restore the network. But intelligence gathering between the wars was a complex business. During the 1920s, Lloyd's had arrangements with 45 governments across the world to forward information about maritime casualties from coastal wireless stations to the local Lloyd's Agent. The countries ranged from major trading nations, such as the United States and Canada, France, Germany and Holland, to much smaller states such as the Azores, Cuba and Uruguay.

The arrangements were not usually the subject of formal agreements. They tended to be set out in correspondence between the Agent and the government, or between Lloyd's and the government. Usually, Lloyd's would request the government department concerned to instruct the coastal wireless station operators. They would be asked to transmit immediately all the information they received concerning maritime casualties to local Lloyd's Agents.

In Yokohama, the Agent Cornes & Co had repeatedly applied to have casualty intelligence

Controlling codes and costs

Telegraph costs were based on number of letters or words, so controlling codes also meant controlling costs. A surviving pentagram shipping code, prepared by Lloyd's for Agents and dating from 1914, used five letter combinations to shorten telegraph reporting of casualties. For example, all reports related to abandonment began AB and followed with three further letters to convey specific information. A simple 'abandoned at sea' was ABCEP, 'abandoned at sea considered a total loss' was ABDYX and 'abandoned with masts cut away, cargo shifted and pumps choked' was ABKYK. It also covered many other details likely to be included in a telegraph report.

In 1933, Lloyd's wrote to Agents that from the end of the year telegraph authorities were to charge by five, rather than 10, letter groups. Thus, where proper names could not be coded they should be written as one word, regardless of the number of letters. City of Lancaster, for example, should be CITYOFLANCASTER. If written in full, with the spaces, the three separate words would be counted and charged as four words; as one word, there would only be 15 letters and so counted as three.

1928 Underwriting Room circa 1935

from all Japanese stations supplied to the local Agents. When the Japanese government refused, Lloyd's persisted without success – even after the British ambassador became involved. In 1930, after an appeal to the Japanese ambassador in London, Lloyd's was asked to provide information about its arrangements with other foreign governments for the supply of information received at coastal wireless stations. The Japanese suspicion about Lloyd's intelligence gathering was to have unpleasant consequences once the war began.

Closer to home, the Baltic port of Danzig – now Gdansk – was a free state between the wars. As early as 1934, Lt Commander Thomas Burton, associated with the Lloyd's Agency at Danzig since 1927, became uncomfortable with the political and economic climate. He closed his firm to look for employment elsewhere.

The Committee dispatched the redoubtable Major Lindsay to Danzig to examine the situation. He had trouble finding suitable people to replace Burton. Lloyd's had a standing requirement that Agents should not be associated with salvage companies, which shut out the most obvious candidate. However, the appointment was sufficiently attractive that the company, Bergenske Baltic Transports, agreed to give up its salvage relationship. It was appointed in 1935.

Nazi Germany occupied Danzig on 1 September 1939. According to a Lloyd's memo dated 8 January 1940, Philip Rann, a director of Bergtrans Shipping, called on Walter Boxford in London and advised Lloyd's that the company's Scandinavian directors had been able to leave before the occupation.

In Tallinn, the Agent Ernst Sporleder remained optimistic. In October 1939, he wrote to Lloyd's stating that he did not expect 'things to come to a critical point in the near future politically or socially' following a new pact between the Soviet Union and Estonia. He intended to stay put. In June 1940, he was angrily contradicting the rumours that had reached Lloyd's that he was going to liquidate his business. 'On the contrary,' he wrote, 'my business has expanded.'

The correspondence, however, came to an abrupt close in April 1941 with a letter from the ESSR Shipping Board headed in Estonian, Russian and English. It stated that the firm E. Sporleder Ltd had been liquidated and Ernst Sporleder himself had emigrated to Germany. What became of him afterwards is not known.

As the dark stain of war spread across Europe and Asia, many Agencies were closed. There were 46 Lloyd's Agencies in Germany, Italy and other enemy countries and a further 88 Agencies in territories occupied by Germany, Italy and their allies. The legal view was that these Agencies were necessarily vacant at the outbreak of war.

Where Agencies remained open, Lloyd's expected the Agents to continue to provide shipping intelligence during the war, and the value of Lloyd's to the country was again acknowledged in the special instructions given to the censors to facilitate its work for the government.

Chapter Six

'Some got away…of others there is no news': The Second World War

The Committee of Lloyd's have re-appointed the following Agents: Rotterdam (Holland) John Hudig & Son. Postal address: Willemskade, 23. Telegraphic address: "Bolkhuyzen"

Lloyd's List, 22 August 1945

'That was on our doorstep'

It was 11pm on the night of 10 May 1941, and Lloyd's employee E.C. Bruce was in the reference room of the Lloyd's building, discussing his summer holidays with a fellow member of the fire squad. Then the sirens began screaming. It was the start of one of the 'longest and worst nights I have ever lived through,' he wrote in *Lloyd's Log,* a magazine for staff:

> Those who had to patrol during the night and early morning were asleep, but upstairs were the usual games of cards, billiards and darts. Somebody at the bar was making toast and brewing tea. At about 11.45 pm there was a whistle like an express train entering a tunnel, followed by a mighty bang. Cripes! 'That was on our doorstep,' said one, as acrid fumes of cordite or high explosive came rolling down the stairs. 'Gas,' said someone. 'No, H.E. [high explosives],' said another. Two men were sent to investigate and they reported that the National Bank on the corner of Lime Street, which had received a direct hit, was as flat as a pancake. It was also on fire. This was too near to be comfortable, and soon we knew that it had been spotted from above. There were some more whistles, followed by more bangs as the H.E.s began to fall.

Bruce and his colleagues managed to keep the fire under control. Incredibly, the Lloyd's building survived – even though, according to Bruce: 'the buildings across the road were well alight and the AFS [Auxiliary Fire Service], seeing that it was hopeless, used no more of our water, leaving us with a few hundred gallons and a large building next to a flaming inferno. The heat was so intense that it was burning the anti-splinter varnish and cracking our windows from a distance of 30 feet. The wind was blowing from the east, buildings

were falling, roofs crashing in, bombs dropping; and general pandemonium reigned. All we could do was to look at it!'

Britain had declared war on Germany in September 1939. At first, there was little fighting. On the home front, citizens prepared as best they could. The August 1940 issue of *Lloyd's Log* reported that each Lloyd's volunteer fire fighter did a 24-hour shift every week. In the event of an air raid warning, they would report in full kit to an action station. Supper and breakfast were supplied during the week and all meals at the weekend. (The *Log* was more than just a source of serious information: it also provided instructions for card games for blackout evenings.)

Lloyd's was right to prepare well. The Blitz – a relentless, heavy bombardment designed to 'soften up' the population in preparation for an invasion – began on 19 September 1940 and continued until Bruce's shift on 10 May 1941. Around 43,000 people across the UK eventually died in the Blitz, with more than a million left homeless.

Lloyd's had a shelter built in the sub-basement but also prepared itself for a second possibility – that there would be too much damage or it would become too dangerous to continue business in London. It set up a duplicate organisation in Pinewood in the countryside west of London and actually evacuated some of the corporation departments there.

Above: Lime Street / Fenchurch Avenue following air raid 10 May 1941

Right: Lime Street / Billiter Street following air raid 10 May 1941

Agents at war

Ventry Calling, a translation of Bearnard Ó Lubhaing's memoir in Irish, *Ceann trá a hAon*, recounts the events of a foggy evening in October 1939. A German U-boat sailed into Ventry harbour in Doneen in the south-west of Ireland, and anchored about 30 metres from the rocky shore. The U-boat had sunk the *Diamantes*, a Greek cargo ship, and the Germans were now ferrying the ship's 28-man crew ashore in a rubber dinghy. The whole operation was over in an hour and the U-boat was gone before the Garda Siochana (the police) arrived to investigate.

According to Ó Lubhaing: Before the valiant captain bade goodbye to the Greeks, the story later circulated that he advised them that Michael Long of Dingle would look after them. Michael had a pub at the head of the Quay where Máire de Barra's Pub is today and he was also Lloyd's Agent in Dingle.

'The story goes that the German captain had holidayed in Dingle before the War when he had become acquainted with Michael, hence his parting message to have a pint of Guinness in the Pub and tell Mikey Long that he was asking for him.'

Many years after the war, Werner Lott, the U-boat captain, and his crew of the U-boat returned to Ireland and revisited the scene. The captain consumed a few pints in Mikey Long's Pub and visited the hospital where a memorial plaque had been unveiled by a grateful Greek government. It was certainly true that Werner Lott not only sank the *Diamantis* and landed 28 Greek sailors at Ventry Bay and also returned to visit. But according to the local paper, this 1984 visit was his first to Ireland. Sadly, the pre-war visit to Dingle must have been local colour.

The Blitz put many suburban railways temporarily out of action. Workers trying to get into the City of London became used to delays and diversions. Lloyd's organised a system of private motor coaches which collected staff on ten different routes around London and took them home before the nightly blackout. The scheme worked well, and no matter how severe the raid of the previous night, Lloyd's staff arrived regularly throughout the whole winter before 9.30am.

As *Lloyd's Log* shows, some Agents simply carried on about their business during the war. In 1942 a member of the Committee of Lloyd's, T.L. Forbes, and a clerk to the Committee, C.S. Hutchinson, make the long journey by air to South Africa. In Lagos, they are 'kindly and hospitably entertained by Lloyd's Agents while at the port', writes Hutchinson in his *Log* account. He adds separately: 'I should like to place on record our indebtedness to all the Lloyd's Agents with whom we came in contact. Their help and hospitality added greatly to the pleasure of the journey.' The round trip occupies some 164 flying hours and a five day delay in Ireland waiting for the weather to improve. The food and drink are plentiful – unlike in mainland Britain, where rationing is in full swing. Intriguingly, Hutchinson doesn't explain exactly why the two men made this journey in the middle of the war.

In 1944, the Lloyd's Agent from Sydney, W. G. de Gruchy, is entertained to lunch by the Chairman and Deputy Chairman of Lloyd's and Walter Boxford. The Committee of Lloyd's and underwriters' and brokers' associations honour him in recognition of his services to the market.

Major Lindsay returned to Britain in 1943 after three years away. In Canada, he found himself meeting the sons and daughters of his friends in the United Kingdom who had been evacuated there, and helping them to find their host families. His work during his absence included visits to Agencies at Buenos Aires, Rosario and Montevideo. The *Log* reported: 'He looks very fit and well and is just as jovial as he ever was.'

Many men from Lloyd's were in uniform. Yet even in prison camp, some managed to keep up their interests in insurance. In July 1945, the *Log* reports on the Insurance Institute of Oflag VA in Germany where 33 captured officers held fortnightly meetings to discuss a series of insurance topics.

Intelligence and suspicion

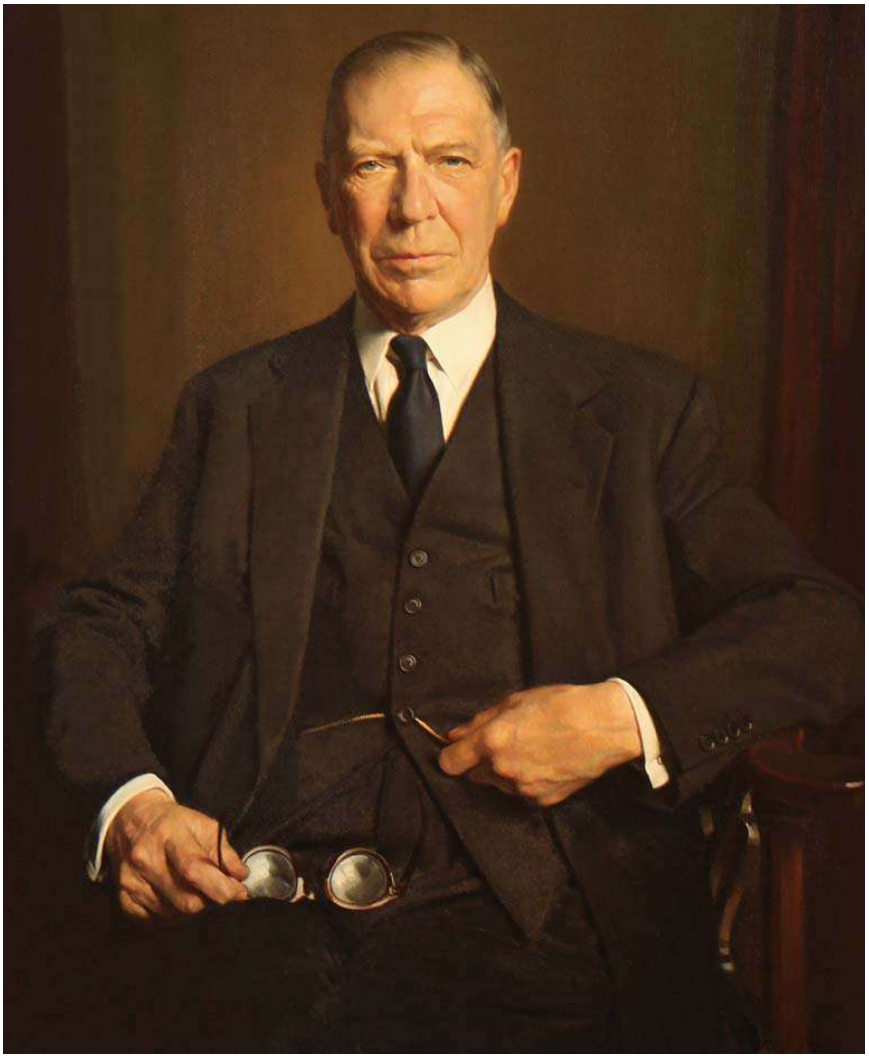
In October 1942 Sir Eustace Pulbrook, the Chairman of Lloyd's throughout most of the Second World War, arrived in New York with Philip D'Ambrumenil, a member of the Committee, and Walter Boxford, the first Controller of Agencies, who was now the Principal Clerk to the Corporation. Major Lindsay was waiting to greet them.

Having entered the war in December 1941, US officials were suspicious that intelligence of ships' movements could leak out through orders from US brokers to Lloyd's. They forbade any insurance order being sent abroad that indicated the ship or the voyage concerned. Measures for controlling information about non-marine risks were equally drastic.

No information concerning any project or factory engaged in the war effort could be mentioned in declarations for reinsurance. The wording was so sweeping and the ban so tight that they threatened to bring the flow of business from the United States into Lloyd's to a halt. The risk to the market was considered sufficient for the Lloyd's men to make the flight to North America, where they largely succeeded in calming the US administration's fears.

The US was not the only power to harbour doubts about the Lloyd's intelligence network. The Allies were at war with Japan from 7 December 1941 when Japan attacked the US base at Pearl Harbour and invaded British Malaysia and Thailand. Cornes & Co had been Lloyd's Agents in Yokohama since 1868, and in Kobe from 1905. These appointments were automatically terminated. In addition to these agencies, there were 36 principal Lloyd's agencies in places occupied by the Japanese. 'Some of the Agents got away; of others there is no news,' said an internal memorandum from December 1942.

At the outbreak of war, Cornes & Co's British partners and managers were interned, along with all other Britons in Japan. The Yokohama manager H. F. Vincent, however, was taken from the camp and held for four months under suspicion of espionage. Fortunately, after they extensively interrogated



Sir Eustace Pullbrook, Chairman of Lloyd's 1926, 1940-46 & 1948

him, the Japanese authorities dropped the case against Vincent. He was released just in time to catch an evacuation ship on 30 July 1942 and eventually got to Australia, apparently without incident. Cornes & Co's Kobe partner left on the same ship.

In a memo in Lloyd's archives, Vincent reported: 'The authorities seemed convinced that Lloyd's is nothing more than an espionage organisation, and their Agents spies.' They had questioned him at length about the history of Lloyd's, its objects, the duties of Lloyd's Agents and so forth. 'Special emphasis was laid on the reporting of ships' movements and, of course, the fact that our advices latterly were passed through the hands of the British consulate was regarded as particularly significant.'

Another of the Agent's duties which roused suspicion was the periodic reporting of harbour facilities, for publication in Lloyd's Confidential Index of Ports. Fortunately, one of the Cornes personnel had decided against completing the most recent questionnaire. Vincent wrote:

> It is just as well now that we did not carry out Lloyd's instructions on that occasion. I was particularly careful to refrain from any mention of the world 'admiralty' (it was from them, through the consulate, that we received instructions to change our method of reporting the arrivals and departures), the word 'confidential' in respect of the ports index …I was in fear all the time that these matters would slip out, as these facts, from their point of view, would have been particularly damning and would require considerable explanation.

In peacetime, agents sent shipping information openly to Lloyd's by cable and mail, but in wartime, it had to be routed through government channels. Agents communicated movements to an officer acting locally for the Minister of Transport, who transmitted it to the ministry in London. Nearly every aspect of the Agents' duties came in for thorough scrutiny, stated Vincent. 'It was difficult to convince them that we received no remuneration for our 'espionage activities'. The only duty which seemed innocent was the settlement of claims on Lloyd's policies.'

Picking up the pieces

Before the Second World War, there had been 46 Lloyd's Agencies in enemy countries, and in territories occupied by Germany and Italy, there were a further 88 Agencies. As the war drew to a conclusion, reappointing Agents to vacant positions in what had been enemy territory became a priority. The legal view was that these Agencies had necessarily become vacant at the outbreak of war. Afterwards Lloyd's decided not to reappoint Agents of enemy nationality.

Agents who had survived the war were keen to resume business. The Rotterdam Agency had ceased to exist in 1940 when Germany occupied the Netherlands. The Hudig office was seriously damaged, but all the partners and staff came through the war safely. As soon as the Germans retreated in 1945, John Hudig & Son quickly applied for re-appointment.

The firm promised that as soon as direct post resumed, it would start reporting shipping intelligence and pick up correspondence on outstanding cases. Its letter to Lloyd's indicates how the firm supported itself during the war. Hudig's, it said, was now able to offer extended experience in non-marine matters, as its Rotterdamsch Expertisebureau had received an important share of the assessments of war, fire and burglary losses from Dutch underwriters. The firm was reappointed on 15 August 1945, as was Alfred Schröder in Amsterdam.

Correspondence gradually resumed from war-battered countries. The firm Denis Frères wrote from Bordeaux with news of its offices in South East Asia. In Saigon, the chairman and his family were in good health and only one member of staff had been killed. In the north, however, the news was uncertain, and in Laos, Thakhek's Agency manager had been killed, along with many other Europeans.

Hong Kong returned to British control and H. K. Gilman & Co was reappointed in October 1945. Agencies re-opened in some cities in China, but they were held by British firms and with the approach of the Communist party, they closed: Swatow in 1950, Shanghai and Tsingtao in 1952, and Canton in 1953 (although this was nominally still an Agency held by Gilman and operated from Hong Kong). Now only the Chinese Commodity Testing Bureau could perform surveys on cargoes to China, and underwriters had to deal with claims on the strength of its reports.

Archibald Cornes, son of the founder and controller of the Cornes business in Japan, sold his interests to Wheelock, Marden & Co of Hong Kong in 1947. A new company, Cornes & Co, was created to resume business in Japan when permitted. Cornes & Co was reappointed in Yokohama and Kobe in June 1948, and remains the Agent for both ports today. One new employee, Tatsuo Takahara, had been an officer in the Japanese Imperial Navy. He joined Cornes & Co shortly after the war ended, later taking over the management of the insurance division and joined the company board. He worked tirelessly to promote Anglo-Japanese trade and in 1976, he received an honorary Order of

the British Empire (OBE) from the British Crown.

In other enemy ports, however, Lloyd's took much longer to reappoint Agents. In Cologne and other German ports, Agencies were vacant into the 1950s.

Coming home

Buildings all around had been reduced to rubble, but the Lloyd's building was still standing when victory in Europe was formally declared on 8 May 1945. Victory in Japan followed on 15 August. But more than 200 Lloyd's men had died. Their names, and those of the men who died in the First World War, can still be seen on the Lloyd's War Memorial which stands in the new building on Lime Street today.

Gradually, men in the services and others working in the war effort came back to Lloyd's. The Agency network had been severely disrupted and there was much work to do to restore it. Albert Cooper had been running a government-backed insurance scheme during the war. He returned to the Agency Department as Controller of Agencies in November 1945.

Lloyd's Log reported the return in June 1945 of Brian Brown, the Agent from Newcastle who had been taken prisoner in Italy. He had lost weight, said the *Log*, but he was 'fit and well'.

Major Leslie Gibson, soon to become Inspector of Agencies, had worked at Lloyd's from 1922 and joined the Royal Artillery in 1939. He served in France and the Far East and was captured by the Japanese. For three and a half years, he was a prisoner of war. In November 1945, he called in to the office to see his old colleagues. He looked, noted the *Log*, 'in much better shape than expected.'

Albert Cooper (right), Controller of Agencies 1945-1956

Chapter Seven

'He remains resilient and optimistic': Agents and the post-war world

Mr R.G. Dundas, Lloyd's Agent at Tabriz, having left that town, the appointment is now vacant and it has been decided to regard the Agency as coming under the jurisdiction of Lloyd's Agency at Teheran for the time being

Lloyd's List, 5 March 1952

The Cold War and the End of Empire

Since it opened in 1869, the Suez Canal has been one of the world's most important strategic waterways. Stretching from Port Said in the Mediterranean Sea to Port Tawfik in the Red Sea, the Canal makes it possible for ships to travel from Europe to Asia without having to navigate around Africa.

It was always a great strategic and financial prize. In 1875, the British government bought shares in the Suez Canal Company. By the 1950s, the UK's revenues from the canal topped £35 million annually. But by then, the world had changed and Egyptian President Gamal Nasser was no longer prepared to see the Canal under the control of foreign powers. Britain and America had promised funding for a new Egyptian dam – the Aswan Dam. On discovering that Nasser had been in talks with the Soviet Union, they swiftly withdrew that funding. The Soviets then stepped in, promising an unconditional loan.

On July 26 1956, Nasser announced, during a speech in Alexandria, the nationalisation of the Suez Canal Company. All revenue from the waterway would now go to Egypt, towards the funding of the Aswan Dam. His speech sparked the Suez Crisis. Britain, France – which also had a share in the Canal – and Israel attacked Egypt in October 1956. The UN quickly helped to negotiate a ceasefire. The crisis itself had been short-lived but proved to be one of the defining events of both the Cold War and the gradual decline of the British Empire.

As ever, the Agency network reflected these changes. Agents in Egypt were caught in the middle of the Suez Crisis. The Agent in Cairo, D.S. Delany & V. Mavian, was briefly sequestrated but soon de-sequestrated and continued to operate. In Alexandria, Manley & Co, the Agent since 1901, had been operated by various partnerships shortly after World War II. During the conflict, the Egyptian government sequestrated the firm, and the current partnership was subsequently wound up. The Lloyd's Agency was declared vacant. Delany & Mavian looked after its business from Cairo and were appointed full Agents in 1960.

It was Winston Churchill – who was, incidentally, Sir Henry Hozier's son-in-law –

who famously spoke of the 'Iron Curtain which had descended across Europe' as the Soviet administration secured its grip on the countries within its power.

Agencies which had operated in the Soviet bloc remained vacant for decades as the Cold War took hold. Only the Polish and Yugoslavian Agents supplied shipping movements. It was possible to get through to East Germany via Hamburg. Otherwise, even in 1980, Lloyd's Agency representation behind the Iron Curtain was limited to Gdynia, Szczecin, Prague, Sofia and Rijeka. The Agent from Sofia seemed to be looking over his shoulder when he came to London, former Controller of Agencies John Kooyman observed.

On 15 August 1947, India declared independence from Britain. Other territories in Asia, Africa and the Middle East rapidly followed: Britain withdrew from Palestine in 1948 and by 1968 almost all Britain's colonies in Africa and the West Indies were no longer under British rule. Inevitably, changes led to conflict.

Nigeria gained independence from the UK in 1960. Seven years later, the country erupted in a civil war which lasted two and a half years and was estimated to have cost between a million and three million lives. Stephen Wooldridge, who was Inspector of Agencies for 12 years from 1981, ran the Agency in Apapa, Lagos from 1968 to 1974. He recalled that a boom in development after the end of the war overwhelmed the capacity of the infrastructure. At the height of the crisis, ships could wait over 300 days on the roads as there was nowhere to discharge. All the port sheds, stacking areas and quays were full. The solution of the military man put in charge was simple, but the consequences were not.

Robert Kiln, a member of the Committee of Lloyd's

An act of God

In the *Lloyd's Log* of July 1957, F.G. Hewitt, of Gibson Brothers, Lloyd's Agents at Asuncion, Paraguay, contributed an anecdote which gives a flavour of the day-to-day business of the Agency. 'On receiving a request for a survey of cotton fibre damaged by fire, our surveyor left for a far distant and sparsely populated township. After a boat-trip of some fifteen hours and half that time waiting for a train, he ultimately arrived at his destination exhausted from the heat and dust. The journey on the narrow gauge railway had lasted some eight hours.'

'The station master and a representative of the claimants accompanied the surveyor on foot to the place where the fire had occurred. During the conversation the surveyor had been pondering over the disadvantages of having to discuss the extent of damage and recovery in a place where there was not even an auctioneer, let alone a demand for damaged cotton fibre. He recalled occasions when discussions on damaged fibre had continued well into the following day. And how could he possibly spend a night at the village inn? Would the creeping bloodsucking creatures be bearable as bedmates even to a man accustomed to discomfort? Or would they be 'on feed'?

'After a quarter of a mile trudge, the party arrived at the scene of the accident but the sight which met them put new heart into our man. There, with axles, iron framework and iron sheets twisted and charred, stood the remains of a wagon. On either side were heaps of ashes and scattered double hoop iron bands – and the charred remnants of what had been bales of cotton fibre. It was a total loss. There was nothing further to do. 'In the silence that followed, our friend, no doubt remembering the dreaded nocturnal bloodsuckers, and the days of protracted negotiation that might have been, raised his arms with a great sigh of relief. 'Thank God', he muttered. And underwriters who had to pay out on the claim will surely forgive this irresponsible joy.'

'The Port of Apapa,' Wooldridge explained, 'probably broke the world record for cargo claims caused, in the main, by the government's decision to bulldoze uncleared cargo from congested wharves into the sea.'

Agents battled with rapidly changing political situations but they were also faced with difficult trading conditions. In 1957, the United Africa Company announced that it would relinquish all its Lloyd's Agencies in what was then British West Africa at a swoop because of a shortage of expatriate staff, due to legislative restrictions. The decision affected Agencies in Accra, Lagos and Port Harcourt, among others, and 13 sub-agencies. The mass resignation caused shock waves in London, according to David Burrell, who served as assistant to the Controller of Agencies. Nevertheless, he said, he managed to fill all his positions without recourse to the young man whose application listed his qualifications as 'a good knowledge of Morse code and the ability to ride a bicycle.'

In November 1960, Dodwell and Company closed its Manila branch and gave up its Agency there, saying that trading for foreign firms had become extremely difficult with restrictions on foreign exchange and increasing labour difficulties. Manila had been one of Lloyd's first Agencies in the Far East. Strachan, Murray & Co, later renamed Ker & Co, was appointed in 1829 when trade restrictions imposed by the Spanish ruling power were lifted. Ker & Co had completed more than 100 years of service when the company resigned in 1954 and was succeeded by Dodwell. Rather than declare a vacancy in the rather sensitive climate, Lloyd's turned to Smith Bell & Company which had been Agents in Cebu since 1877 and Iloilo since 1888. Smith Bell became the Manila Agent and in 1970, following a rationalisation, it became responsible for the whole Philippine archipelago. In 1977, Robert Kiln, a member of the Committee of Lloyd's and leading figure in the reinsurance world, presented a centenary plaque to Smith Bell & Co., when he travelled to the Philippines to speak at an insurance conference.

But despite these closures and vacancies, the network was still strong. Lloyd's Log from July 1957 gives a flavour of the international reach of the Agents. Sir Allan Lockhart of Gladstone, Lyall and Co, Calcutta; Mr Lord of Manica Trading Co, Ltd, Beira; Mr Bish of the United Africa Co of Nigeria, Lagos, Mr Matthews of George Wills & Co Ltd, Perth – all visited the Lloyd's building in London in the space of a month.

Agents and income

In 1870 Lloyd's had put a guarantee system in place with certain Agencies. It would get a share of any of their income over the agreed amount. During the 1920s, this dividing

arrangement had been extended to many other Agencies where the Committee thought it appropriate – although not all Agents accepted it without argument. The Lloyd's share went towards the cost of inspections, the printing of forms and stationary for use by Agents, and hardship grants to Agents and their dependents.

Between 1946 and 1951, Lloyd's made various amendments to the dividing arrangement. In 1951 it increased the dividing figures and re-established guaranteed minimum income payments in certain places. The Committee wanted payments to come from Agents with larger incomes, while those with much less should at least have their operating costs covered.

Albert Cooper was concerned about the future of the dividing arrangement. From 1946, as Controller of Agencies, he travelled to many parts of the world, including most European countries, the Near East, South America and the United States. His work was largely credited with re-establishing the agency system after the war. Ron Daly, one of his successors, remembered him as 'first class, a good disciplinarian with a good planning mind. Nothing was too much trouble.'

Writing in the mid-1950s, Cooper stated his belief that the value of the agency appointment in attracting other business was diminishing, while the costs of running the Agencies had risen steeply. Agents were under pressure to keep down their charges to underwriters for surveys, and this made it awkward for Lloyd's to ask for a share of an Agent's total earnings. 'Except where it is linked with a guaranteed minimum, the dividing arrangement is open to the criticism that Lloyd's take part of the profit in a good year but contribute nothing when the Agency makes a loss.'

A Centenary Plaque (1884-1984) being presented to Smith Imossi & Co Ltd, Lloyd's Agent Gibraltar by Peter Miller, Chairman of Lloyds 1986-1990

In 1967, the arrangements changed. Agents and sub-agents were now required to put a small administrative surcharge on their survey fees for the benefit of Lloyd's. The amount was set at 50p with the decimalisation of sterling in 1970.

Improving communications

Some technology took a little while to permeate Lloyd's. In the early part of the 20th century, shipping lists were still being handwritten and delivered by messengers. The first commercial typewriter came into use in 1870 – yet R. T. Chamberlain, head of the intelligence unit, recalled that when he started at Lloyd's in 1896, all writing was still done by hand. Years later there was one telephone on the underwriters' box for the use of all members, but it was 'so unreliable and explosive' that few managed to use it successfully. However, some offices were early adopters. The first international telephone call in Gibraltar was made in 1928 from the offices of long-standing Lloyd's Agent Smith Imossi & Co, to the P&O Company, for which it was also agent.

The telegraph had revolutionised the transmission of maritime information, but it still required manual transport of a message at some stage. In the early 1960s, use of the telex became widespread, which speeded up communications considerably. It allowed direct text communication from one office to another via a switched network of teleprinters.

Andrew Cooper recalls that when he started working with the family firm Cooper Brothers, the Agent in Buenos Aires, it was still using cable. When telex came in, he would argue with his uncle that they should have it, but his uncle objected on the grounds that the cable had to be taken to the post

April fool in Vienna

B.A. 'David' Clifton-Harvey was a man of many talents. Fluent in German, French and Spanish, he also spoke some Swedish and Chinese. He served a shipbuilding apprenticeship and held qualifications as a shipmaster, engineer and naval architect, according to David Burrell, who for many years was assistant to the Controller of Agencies. In 1973, he was appointed manager at Graham Miller & Co, Lloyd's Agent in Vienna, and attended a course of instruction at Lloyd's in July.

A few months later Lloyd's received a casualty telex from Vienna reporting a disaster. It stated that the yacht *Amaroo,* owned by a Lloyd's underwriter and moored at Vienna, had apparently been fouled by a floating tree trunk and broken adrift. It had then collided with multiple barge strings and been carried with them downriver to hit a pier of the Reichs Bridge. This had collapsed and partially dammed the River Danube. Already swollen by melting snow, the great river had flooded. Two rescue helicopters had collided overhead and set fire to oil from the barges. The burning oil had damaged property, livestock, crops and the Aspern Aerodrome. The Schwechat oil refinery was threatened and extensive transport, communication and power failures followed.

Naturally, such a litany of disaster prompted both the Agency and Intelligence Departments to question the report. 'Knowing Clifton-Harvey, I could hear him talking in the text and answered 'Yes, it is from him,' Burrell said. Neither department noticed the date. The report was circulated through normal intelligence channels to insurance companies and other subscribers. The Salvage Association was instructed. Many with interests and property in Vienna approached the Foreign Office and the British Consulate for information and assistance.

Later in the morning a second telex came reporting that floods had lifted debris over the collapsed bridge - and while Vienna was returning to normal, a 15ft flood bore was sweeping down the Danube towards the Black Sea refineries. On receipt of this message Vienna was asked to confirm the content of both. Back came the reply, 'Are you aware of today's date?' It was 1 April 1974.

Much to everyone's embarrassment, the Intelligence Department then had to cancel the earlier advice. As an April fool, Clifton-Harvey's plot was a stunning success. As a career move, it was less so. His employers failed to see the funny side, and Clifton-Harvey's joke eventually led to his departure from the Vienna Agency.

office, so no one would expect an instant answer and there was time for consideration.

The growth of civil aviation

Thousands of pilots were released from military service after the war, and there were many war-surplus transport aircraft available. Consequently, civil aviation boomed in the post-war years. The first flight of the first commercial production civilian jet, the British de Havilland Comet in 1949, marked the start of modern passenger aviation.

Despite various efforts, however, aviation never became a significant source of business for the agency network. Early aviation had been dangerous and disorganised, and Agents rarely got involved in aircraft insurance. But during the last years of the Second World War, aviation underwriters asked the Committee to make the services of Agents available in dealing with aircraft losses. It drafted and issued a new book of instructions to Agents and surveyors. In 1945, again at the request of underwriters, the Committee set up a special office under a qualified aircraft surveyor as a service to the aviation market.

It was hoped that this might develop into a kind of aviation salvage association. However, this never materialised, as there were too many alternative arrangements for handling aircraft losses. According to Ron Daly, formerly of the Royal Air Force and later Controller of Agencies, underwriters would send an adjuster from London if there was a big loss. However, some Agents did deal with these losses, as a note of an inspection of the Agency at St Michael's in the Portuguese Azores in 1989 shows. It commented that Jose Maria Fortuna Raposo had 'recently been very helpful to Lloyd's

aviation department who were involved in a crash of a Boeing 707 on the nearby island of Santa Maria with a major loss of life.'

Shifting boundaries

Since the beginning, the shape of the agency network has expanded and contracted according to politics, conflict, trade and shipping routes. Boundaries also changed according to the underwriters' needs and the availability of suitable people; the post-war years were no exception. In 1968, a review of the work required of Lloyd's Agents and sub-agents in the United Kingdom and Ireland concluded that it would be possible to dispense with the services of seven Agents and 67 sub-agents, including at the UK ports of Torquay, Ullapool, Padstow and the Scilly Islands and Wexford in Ireland.

The review found that the title of Lloyd's Agent or sub-agent carried an implication that the firm or individual could provide full-scale Lloyd's agency services. This included assistance to ships' masters in case of casualties, and arranging surveys. This assumption had led to difficulties and complaints when the Agent or sub-agent was not competent to deal with such matters. It concluded that where the work of the Agent or sub-agent was almost exclusively reporting 'infrequent ship movements and even more infrequent casualties, a correspondent would be sufficient.'

Seventy-four Agencies and sub-agencies were allowed to lapse gradually as the firm or individual holding the appointment resigned or died. A further 25 Agencies in England, Wales and Scotland were disestablished in 1974. In December, the agency sub-committee decided to extend the rationalisation of agencies to Eire and Northern Ireland.

But in the Communist bloc, the opposite process was taking place. Even before Mikhail Gorbachev began his programme of *perestroika* – 'restructuring' – in 1985, a number of Communist countries wanted to expand their foreign trade. Invariably, all the representation would be state controlled, which meant it could be difficult to get shipping movements and other intelligence, but Lloyd's still believed there was a strong case for extending the agency system.

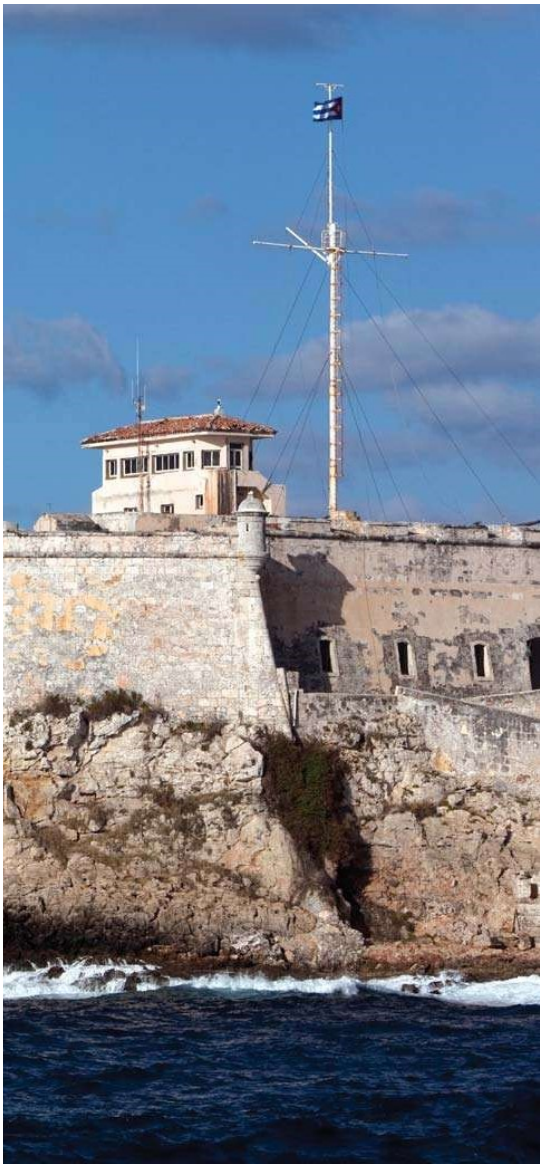
In 1982, it appointed the People's Insurance Company of China (PICC) as Agent in China and Ingosstrakh in the USSR – both state-owned insurance companies. At that point their services were limited to surveys and claims adjustment. With the break-up of the Soviet Union, Lloyd's gradually began appointing separate Agents in former Soviet states. In 1993, it named an Agent in Kazakhstan and seven others in 1994. That year Agents from Bulgaria and Romania attended the inaugural conference of Agents from the Eastern Mediterranean and the Balkans.

Initially, many of the applicants for Lloyd's Agencies were state agencies and their former staff, but gradually private adjusting and surveying firms developed. Some established Lloyd's Agents also took advantage of opportunities in former Communist countries. Sister companies of Trieste Agent, Samer & Co, are now Lloyd's Agents in Slovenia, Serbia, Albania, Mongolia and Montenegro.

Chapter Seven

Havana, Cuba

Chapter Seven



Our man in Havana

Cuba's position – about 90 miles from the coast of Florida – means that it has always held strategic importance for the United States. The story of the Agency in Havana encapsulates the trials and tribulations faced by Agents in the cold war years – buffeted by powerful forces, sometimes facing danger themselves, but focused on serving Lloyd's.

Lloyd's appointed its first agent in Havana in 1816 and over the years it changed hands a number of times. When Fidel Castro took power in 1959, John Wheeldon had been the Agent for more than 10 years. In December 1960, Wheeldon left Cuba for a business trip to the United States and decided it would be unwise for him to return while the Castro regime was in power. He contacted an expatriate Englishman, Basil Hone, to handle the agency work in his absence.

Castro's policy of nationalising private assets and the US reaction to this nationalisation had driven him into the Soviet camp and gave the Soviets a base from which to threaten the United States. Tensions peaked in October 1962 with the Cuban Missile Crisis, a confrontation over the deployment of nuclear missiles in Cuba that lasted 13 days until Soviet leader Nikita Khrushchev announced the installations would be dismantled.

Hone was in his late 70s and not particularly experienced. But he did a good job in extremely challenging circumstances. When the Agency encountered difficulties he negotiated successfully with the new regime. In May 1965, he appealed for Lloyd's help over the arrest of Captain Rafael Quintana Castellanos, a retired Cuban master mariner who had been employed by the Agency as inspector of damaged vessels and merchandise who had been accused of espionage.

Hone was convinced that Quintana's only offence was one of indiscretion and he lobbied government officials on his behalf.

In November 1965, the authorities became suspicious of the Agency and detained Oscar Ulloa, an employee of the sub-agent in Guantanamo. Ulloa was released. Quintana, however, was sentenced to 15 years imprisonment, but Hone continued to try to help him.

Hone died in December 1973 and Tomas Simon, a US citizen who had been carrying out the work of the Agency during Hone's later years, took over the appointment. Fidel Castro remained President of Cuba until 2008.

Leading Lloyd's underwriter Roy Merrett visited Cuba and met Hone in May 1965. In a short report to the Agency Department, he wrote, 'Mr Hone is an alert and impressive old gentlemen of about 80 years, very proud to be a freeman of the City of London, and proud, too, to be Lloyd's Agent although the business brought by Lloyd's Agency produces a diminishing financial return.

'He has other interests which keep the office going. Cheerful and a good conversationalist, Mr Hone has the charm and courtesy of a bygone age. No doubt he has gone through difficult times in the changing and revolutionary climate of Cuba, but he remains resilient and optimistic.'

Chapter Eight

'Something that mystified outsiders': The Agency system under scrutiny

Tide changing as new century dawns

Headline of feature on the future of Agency system, Lloyd's List, 31 January 1998

The shipping industry went through a period of rapid change during the 1970s. Containerisation reduced the number of cargo losses, although inflation meant values were higher. Brokers were consolidating into larger groups and directing work to their subsidiaries and associates in their own networks. As a result, the business of the Agencies began to change too, and these changes were to be far-reaching.

Agents handled fewer claims for Lloyd's underwriters. In 1971, Agencies dealt with 62,489 claims valued at $11.7 million. Four years later, the number had fallen to 43,272, although the value had risen to $15.6 million. Some gained. A 1979 memo revealed that income for individual Agencies varied between nil to about £500,000.

There were no easy answers to the problems thrown up by modernisation. Marine underwriter Gordon Hutton was still warning of the threat to support from the insurance industry to Agencies 'by the many changes which are taking place, or have taken place in the last decade' when he addressed the inaugural meeting of Agents in the Caribbean on 10 November 1986. As well as the reduction in damage claims as a result of containerisation and the development of through transport, he also cited the power of the brokers to appoint their own surveyors and arrange settlements from their own overseas offices, and the consolidation and concentration of cargo underwriters.

Yet as the Agencies handled fewer claims, Lloyd's expanded. In 1971, the market's net premium income was £524.5 million. Four years later it had grown to £839 million. That same period saw an increase in the number of wealthy individuals known as Names, who provided the capital for underwriting – from 6,020 in 1971 to 7,710 in 1975.

Clearly, the Agency system needed to move with the times. So on 4 February 1976, the Committee of Lloyd's created a working party to consider fundamental questions about its future. Was there still a need for it at all? If so, how efficient was the existing system in light of the market's needs?

The working party reported seven months later that the Agencies should remain – but

the network needed to be modernised and rationalised. To this end, it made 50 recommendations aimed at improving the Agency system. These included replacing the existing agency sub-committee with an Agency Committee with sufficient decision-making power to decide when subjects should be referred to the Committee of Lloyd's.

It was made up of members of the Committee of Lloyd's, market associations and the publishing arm of the Corporation, Lloyd's of London Press (LLP) – but no representatives from outside the market. It played a major role in the management of the network and the Agency Department until 1993, when the system of market governance was reorganised. Today, the Agency Department comes within the Performance Management Directorate of Lloyd's.

Changes at Lloyd's

The Agencies were not the only bodies under scrutiny. Lloyd's itself was also going through a period of fundamental change. In the 1970s, the UK government was responsible for the regulation of insurance companies. However, Lloyd's looked after its own affairs and submitted its financial returns once a year to the Department of Trade and Industry.

In 1979, Lloyd's recognised that it did not have sufficient regulatory powers to effectively govern the Lloyd's market so Sir Henry Fisher, a former High Court judge, was asked to head a working party to inquire into self-regulation in the market. Published in 1980, the Fisher Report led to the first major revision of the market's governance since 1871, the *Lloyd's Act* of 1982. But as John Kooyman, Controller of Agencies from 1981 to 1992, said later, 'The Fisher Report didn't really touch the agency system. It seemed to be something that mystified outsiders.'

The 1982 Act confirmed Lloyd's power of self-regulation. The Committee of Lloyd's was replaced by the Council of Lloyd's, which had a much broader base of membership. The first chief executive was appointed. The new regime was soon tested by another wave of scandal. But, as Hutton told the inaugural regional meeting of Agents in the Far East in October 1985, not only had all genuine claims been met but Lloyd's had continued to trade profitably.

A feel for the firm: modern Agency inspections

As international travel became easier, inspectors could reach more agencies more quickly. Major Lindsay's successors were less likely to have to endure jungle hikes and boat journeys, but they could still face considerable risk. In 1979, Inspector of Agencies Gordon Lumsdaine was trapped in La Paz for five days, following serious disturbances after the overthrow of the president of Bolivia. He was eventually evacuated to Lima with 300 other foreigners, in an airlift organised by the various embassies. Undaunted, he then flew on to Caracas to complete his official tour.

John Kooyman (centre), Controller of Agencies 1981-1992, Brian Smith (left), Manager – Settlement of Claims Abroad and Gordon Lumsdaine (right), Inspector of Agencies

Right: Partners of Edward Cooper & Son, 1923 (Lloyd's Agent Buenos Aires)

Andrew Cross, former master mariner and Inspector of Agencies from 2000-2007, managed to escape getting caught in trouble spots, even though inspections involved him visiting various countries considered unstable at the time. Instead, he says, one of the high points of his job was that he got to visit places that he would never otherwise have seen, in the company of local people with whom he shared interests.

His inspections were based on the principle that first impressions count. Are the offices in a good location? Is the building well maintained? Does the office look smart? Next, he would look more closely at the competence of the staff. Were they computer literate? Training could provide skills if they were lacking, but honesty was absolutely critical. Anyone seen to be dishonest was removed. But ultimately, he said, it came down to a 'feel' for the firm.

When he was Controller of Agencies, John Kooyman wanted all Agents to be inspected at least once in 10 years. By 1989, he reported that the number of Agencies which had not been seen for more than 15 years or never inspected at all had fallen from 161 (40 percent) in 1980 to 44 (11 percent). In five years, 183 Agencies had been visited.

Reconstruction and renewal

The early 1990s saw more turmoil for Lloyd's. Cumulative exposure to US liability claims, especially for asbestos-related illnesses and severe claims from a series of catastrophic events led to a financial crisis in the market. Corporation departments were under great pressure to reduce costs. There was real fear for the future of the 300-year-old market.

The Agency Committee was conducting a wide ranging debate about the future structure of the Agency Department. This covered the perceived lack of use of the system by the market, the relationship with the publishing subsidiary Lloyd's of London Press (LLP) and the cost to the market of operating the department. In discussions in 1992, members of the Committee argued that the market was probably unaware of the comparatively low administrative costs of the department which had to be funded. Settlement of claims abroad costs were recovered in full from the marine market. The salvage arbitration branch and certificates office were wholly self-financing.

The Agencies, it would seem, were worth it. A 1992 report from LLP said that the relationships Agents had built up with local contacts – and its own correspondents in places where there was no Agent – accounted for 80-90 percent of the annual total of 2.5 million shipping movements received at LLP and some 45 percent of the 1,600 marine casualty advices processed annually. 'Lloyd's has, through its unique agency network, come to be acknowledged as the world centre for shipping and maritime intelligence and is undoubtedly foremost in this field of activity. Without the agency system this position would be vulnerable and the possibility would exist that Lloyd's could no longer sustain this predominant role,' it reported.

That same year, a working party put forward a

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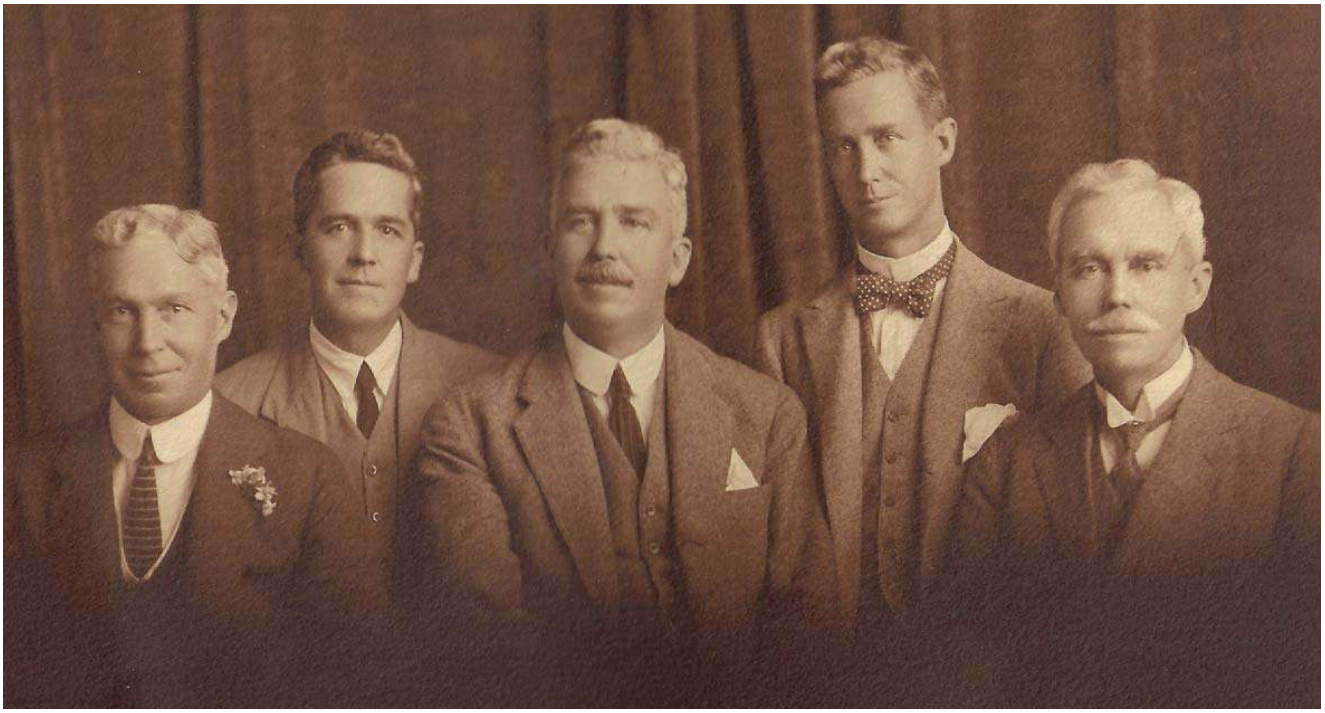

new governance structure. In time, this saw the abolition of many of the existing committees and sub-committees of the Committee of Lloyd's, including the Agency Committee. Their functions were transferred to new market and regulatory boards.

In 1996, Lloyd's completed Reconstruction & Renewal. This complex programme allowed the market to separate past losses from future business by reinsuring all liabilities for the 1992 year of account and earlier. In 1994, for the first time in Lloyd's history, it allowed the admission of corporate capital.

Since then, Lloyd's has rebuilt its reputation and a very profitable business. But it has emerged as a more corporate entity. Corporate members now provide 87 percent of its capital. The domination of the market by syndicates run by large insurance groups is probably partly responsible for the continuing frustrations about the fall in income from survey work coming from Lloyd's for Agents.

Bev Matson, of former Lloyd's Agency Matthews, Matson and Kelley, commented in *Lloyd's List* on 31 January 1998 that he did not understand why Lloyd's underwriters did not regard the Agents as a first port of call for more claims handling. He explained: 'We are finding here in the United States, and our rivals McLarens Toplis, too, that the Lloyd's claims departments are passing assignments to wherever and whoever they think appropriate, and not necessarily to Lloyd's Agents.'

As Kooyman wrote with some frustration in a special report in *Lloyd's List:* 'Another long standing misconception which is extremely difficult to correct is that Lloyd's Agents are only concerned and only wish to be concerned with marine matters. He continued: 'Some Agents are closely involved in non-marine matters and keen to expand their activities.'

Some Agents have done so, very successfully. Andrew Cooper and his brother David of

Right: Lloyd's Medal for Saving Life at Sea

Cooper Brothers, the Buenos Aires Agency, are the fourth generation of the family managing the company. The family's history as Lloyd's Agents dates from 1896 when Edward Cooper was appointed in Montevideo. Four of his sons founded Edward Cooper & Sons in Buenos Aires in 1911, which became the Agents there in 1922 and continues under the name Cooper Brothers. Andrew Cooper told a 1995 regional meeting that his firm had taken a very positive attitude toward marketing and gone outside traditional hull and cargo work. It dealt with business from aviation, energy and banking markets locally. Following the privatisation of the Argentine Railway Company, it won the contract to survey material damage to rolling stock.

But trading conditions remained demanding. The Salvage Association was put up for sale, and in March 2001 it was acquired by the engineering and technology consulting group, British Marine Technology (BMT). The Liverpool & Glasgow Salvage Association, which has been the Lloyd's Agent for Liverpool since 1891, however, remains a not-for-profit business operating for the benefit of the marine and insurance industries. It acquired Perfect Lambert & Co in 2000 and now trades as LGSA Marine.

'Everything that floats': The communications revolution

John Kooyman saw his first fax while visiting the office of Cornes, the Agent in Yokohama, and inward faxes on shiny thermal paper began to appear in Agency Department files in the early 1980s. By 1988, many Agents were sending shipping movements by fax rather than telex to LLP, the company which now handled the collation and publication of Lloyd's intelligence.

This had advantages in speed and ease of communication, but at least in the early days it had its drawbacks. Agents at the Italy, Malta and Yugoslavia group meeting that year were reminded of the tendency of faxes on thermal paper to fade away, leaving only a blank sheet, so they were told to photocopy important documents for their files.

Four years later, enhancements to computers enabled LLP to record the movements of more vessels than ever, according to its intelligence manager Keith Bickmore. This resulted in Agents needing to ensure they included callings by all merchant vessels, irrespective of flag or voyage in their advices. 'We have not yet reached the stage of asking our Agents to report 'everything that floats' but we may not be far short of that stage,' Bickmore told regional meetings of Agents held in 1992.

LLP was continuing to investigate methods of direct information capture and had conducted trials of a system designed specifically for the purpose, the Lloyd's Ports and Harbor Link, with Agents in a number of large ports.

Communications were easier in some parts of the world than others. In June 1990, the Agency Department noted difficulties

Awards to Agents

On a stormy February night in 1861, John Walsh, the Lloyd's Agent at Dublin from 1842 until 1881, went to the aid of the brig *Neptune* battling a gale in the Irish Sea. The *Neptune* was one of 15 vessels lost off Dun Leoghaire (then Kingstown) in the storm. The captain, five of the crew of *HMS Ajax* and nine others died in the attempt to rescue the crew of the *Neptune* and Walsh was injured. Only one survivor reached the shore and Walsh became the first recipient of the Lloyd's Medal for Saving Life at Sea, an exceptional award for acts of bravery and meritorious service instituted in 1836.

The next award was in 1894 to Henry Cooke, the Lloyd's Agent in Archangel from 1890 to 1895. It commemorated his extraordinary exertions to save the life of a man in the White Sea. Bjarne Ellefsen earned the third medal for his part in the rescue of the crew of the steamer *Trym* which foundered in the North Sea on 19 January 1937. He was third officer of the Norwegian vessel *Venus*. Although not an Agent at the time, his father was Agent at Hammerfest from 1913 until 1942. Bjarne Ellefsen held the appointment from 1948 to 1961.

In 1920, Lloyd's awarded a silver medal for service to Henry Burnett, the sub-agent at Maldonado, Uruguay, from 1880 to 1927. Having settled in Maldonado in 1864, Burnett acted unofficially for a decade before his appointment as sub-agent, a position he held until his death in 1927 at the age of 82.

George Sahyouni ran the Agency for Catoni as general manager during the years of turmoil in Lebanon, when civil war tore the country apart. After a visit to Beirut in 1992, Kooyman described him as 'a quite remarkable man who has given invaluable assistance to both insurers and commercial organisations in combating fraud in the Lebanon.' He was appointed Agent as G. Sahyouni & Co, in 1988 when Catoni withdrew. In 1986, the Chairman of Lloyd's presented him with a silver salver.

contacting Marine Technical Services (MTS) the Agency at Alexandria. The phone system in Alexandria was 'notoriously unreliable' and the telex system constantly broke down. MTS had applied for a new telex machine several months previously but doubted it would arrive for a while. The firm had acquired a fax machine but couldn't get a dedicated telephone line, so in the meantime would switch the sole phone line to fax at 13.00 every day.

Reminders from LLP to Agents on sending intelligence were a continuing theme in the regional meetings. LLP representatives stressed how important casualty information was to underwriters. Not only did it give warning of a possible claim but it was also an opportunity to protect their interests by instructing the Salvage Association. Early notification also served around 200 salvage companies who had a standing arrangement with LLP. It enabled them to get rapid assistance to a stricken vessel and, again, protect underwriters' interests.

Agents were also expected to report accidents involving off-shore drilling rigs and platforms, vessels detained or arrested (which could be the first indication that a shipowner was in financial trouble), berthing delays and port congestion, strikes and any other events holding up cargoes to and from the port, major fires and aviation casualties. Information on new port developments, vessels laid up or under repair, new launchings and changes of name and ownership, and substantial jury awards involving industrial or other accidents were less important but still desirable. These could go by air mail. LLP met all telex, fax and postal expenses for reporting but expected Agents to meet anything over and

Left: The current Lloyd's building

above such as clerical costs. It did accept that when Agents contributed toward publications such as *Ports of the World* the research required justified a charge.

The internet arrives

When the Agencies began, simple communication by letter took weeks or even months. By 1996, half of vessel movements were reaching LLP by email and only ten percent by post. Presumably the rest continued by telex and fax. As William Fielding of Lloyd's Agency in Genoa explained at a regional meeting, getting computers to communicate directly remained a problem, 'although they had become as ordinary as the typewriter, the telephone or the telex.' Some Agents attending the meeting said they had begun using word processors, but their computers were mainly for accounts and statistics.

Two years later, around 40 to 50 percent of Agencies were using email. It rapidly became the only acceptable method of communication. Sonja Fink, Controller of Agencies from 2000 to 2007, warned Agents that they might be forced to resign if their office wasn't equipped with email within a reasonable period, unless it simply wasn't available in their country. The Agency Department made widespread adoption of technology, including electronic insurance documentation and a central Agency website with a skills database, a key policy.

The revolution that is the internet, too, was waiting in the wings. Its most successful precursor was France's Minitel, a dumb terminal that, as early as 1981, gave access through the telephone to an electronic telephone directory and other databases. In his inspection of the Marseilles Agency, Gellatly, Hankey & Cie in May 1986, Kooyman questioned Captain Keith Morland about Minitel as a possible source of shipping movement and casualty information. He said that a firm of P&I representatives in the port had found the Minitel 'a great asset.' But in 1990, Tim Berners-Lee wrote the Worldwide Web browser and the internet was born.

The Agency Department launched its website, www.lloydsagency.com, in 2002. Today, of course, the website is a crucial element in the department's communications. It provides contact details for all Agents within the network and a database of surveying skills available at each location.

Moving forward through training

As Controller of Agencies in the 1950s, Albert Cooper believed in training and in encouraging what would now be called best practice. The Agency Department's system of tutoring visiting Agents began around 1951, when the Inspector of Agencies, Leslie Gibson, became part of the office staff. His availability made it possible for Cooper to begin the work he had long wanted but had lacked the resources, to do. The first syllabus covered all phases of agency work and all Agents and their staff were invited to London to take the two week course. By 1956, over 200 representatives had done so. The report of the 1976 agency system working party commented on the benefits of bringing staff into London from Agencies for training courses at Lloyd's and recommended this be encouraged.

Cooper also canvassed Agents and London surveyors on their practical experience of surveying, types of damage, common risks for different commodities and the treatment of damaged goods. The result was the first edition of the *Lloyd's Survey Handbook,* published in 1952. The Survey Handbook continued into seven editions and over the years the contents expanded to 400 pages.

The handbook had its origins, Cooper wrote in his preface, based on the idea that if people involved in the examination of damaged goods could exchange their experiences, it would benefit all and 'enhance the value of Lloyd's Agents' survey reports generally.' No doubt, Cooper would have been delighted by the huge potential of new technology to enhance the work of the Agencies in the new century.

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Things move rapidly: The Agency network today

"It has come a long way from 1811, when the best intelligence was supplied by fast sailing packet boats, gallopers and semaphore..."

Lloyd's List (special report on Lloyd's Agencies), April 2002

Coming together: Agents' meetings

Until the early 1970s, there were no organised, regular meetings between Agents. It took the Rotterdam Agent John Hudig & Son, a firm with a long and proud history of association with Lloyd's, to realise the value of bringing Agents in their region together. So in 1973, Willem Veder at John Hudig & Son and his counterpart at Amsterdam, Agent Alfred Schröder organised the first annual meeting of Agents in the Hamburg-Antwerp area.

At first the meetings were for Agents only. Ron Daly as Controller of Agencies first attended five years later in 1978. The regional meetings of Agents were so successful that they have become a regular and important feature of the agency network calendar, when senior members of the Agency Department and Agents get to spend time together and share concerns, tips and best practice.

At the inaugural group meeting of Agents from the Middle East and North Africa, in March 1995 in Dubai, for example, Agents gave an overview of the situation in each country. George Sahyouni said that in the Lebanon, 'regular, long-established reputable inspection companies' had suffered a sharp decrease in business from 'unscrupulous people who found a way to accommodate the wishes of their principals on whatever terms the latter may impose as a result of ferocious competition coupled with recession.' On many occasions insurers were the victims, said Sahyouni. 'They end up paying the bill.'

In February 1990, Durban managing director Johnny Kee sent a newsletter to the Agency Department after Nelson Mandela was released from prison. 'Things are starting to move so rapidly in this country, we will probably need to send a newsletter once a week to keep pace.' As holder of the agency appointment for Durban, Johannesburg and Cape Town for over a century, Rennie Murray was well placed to give an overview of the extraordinary developments when it hosted the landmark conference of Agents from Southern Africa in Cape Town in March 1995, the year after the country's first egalitarian election.

In May 2011 in excess of 175 Agents and as many as 200 additional attendees from the London Market participated in the bi-centenary conference.

Instant messages

New technology has meant that in the last few years, a lot of the routine work of Lloyd's

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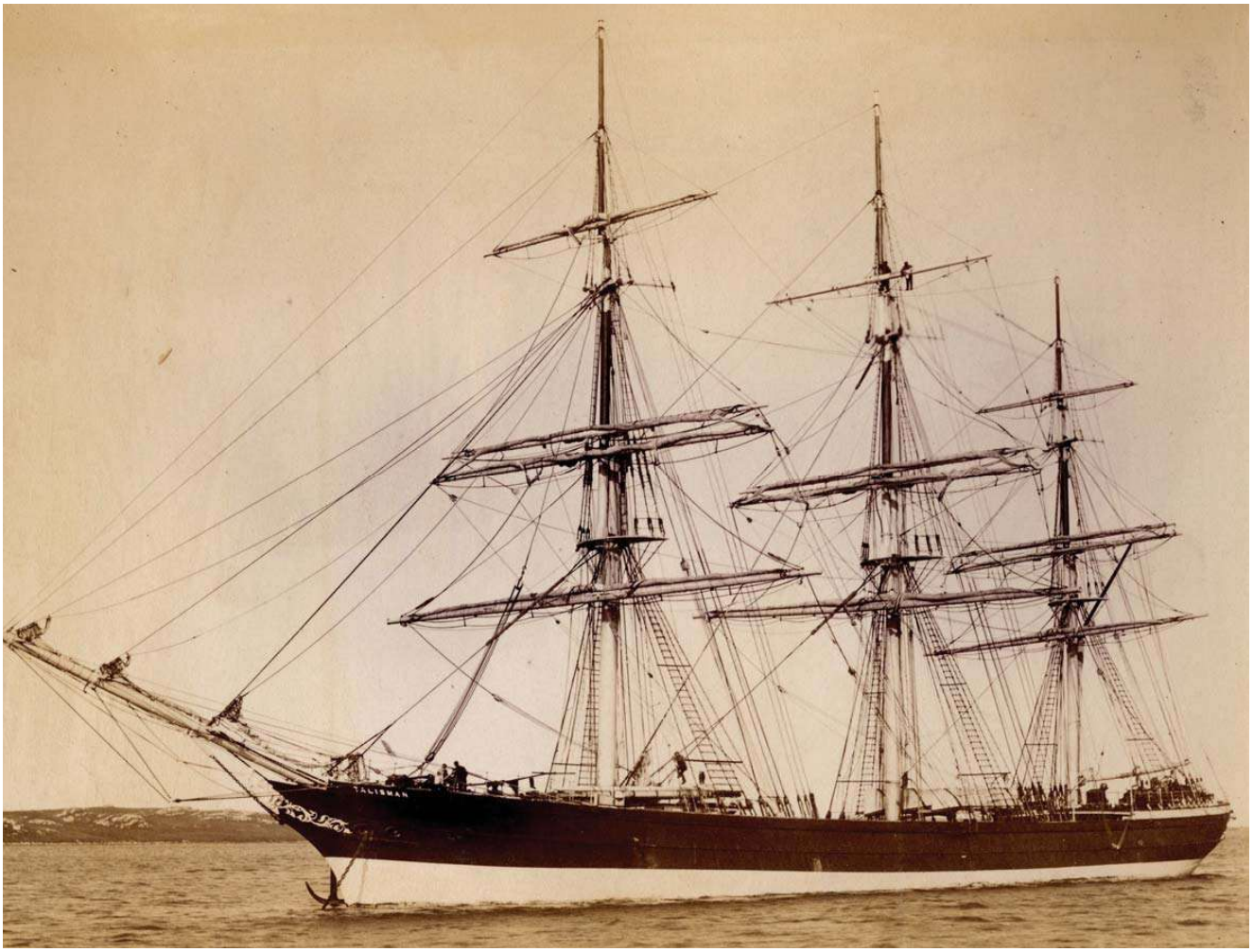

Sailing ship Talisman

Below: Damage at the port of Kamaishi, Japan, following the earthquake and tsunami – May 2011 (Photograph provided by Cornes & Co Ltd, Lloyd's Agent Kobe & Yokohama)

Agents in reporting shipping lists and even casualties has diminished. In 2005, a new technology for monitoring the positions of ships was born when the first automatic identification system (AIS) station was installed at the premises of the then Lloyd's Agent at Dover, George Hammond, in April 2005. This system is a shipboard transponder that can monitor ships from other ships and from shore based stations. Almost all vessels of 300 gross tons and upwards are now fitted with a transmitter. These ships continually transmit their identity, position, course, speed and other relevant data via dedicated VHF frequencies. The system enables Lloyd's List Intelligence to display 'live' positions for vessels as far as 30-50 miles out at sea.

Today, there is a global network of 900 AIS land base stations from which over 100 million messages are received daily. This enables the regular and timely tracking of 120,000 active vessels. In 2010, Lloyd's List Intelligence started to receive daily AIS satellite data reports, which allows for tracking of vessels in deep sea ocean transit, hundreds of miles from shore. Of course, the system still has limitations. AIS stations can become 'inactive', generally because of local power failures or surges, which necessitates re-booting the system. Ships not wanting to be tracked can turn off the tracking system and sail undetected. The standardised shipping list reports provided by Lloyd's Agents still ensure that the market gets the most comprehensive information possible.

Informa is the successor to LLP as publisher of *Lloyd's List* and *Lloyd's Loading List*. Its relationship with coast guards and rescue services around the world, combined with the spread of email, reduces its reliance on the reports of Lloyd's Agents. However, Agents still provide initial reports of serious casualties, as well as updates and the specific type of information that underwriters require once the immediate danger is over. Even today, when a vast amount of information about disasters is available very quickly over the internet, Lloyd's Agents can give underwriters the specific information they need to supplement more general news reports. For example, the Lloyd's Agent in Brisbane, MYI Freemans, provided the market with regular situation reports on the floods in Queensland in January 2011 and Typhoon Yasi in February.

Similarly the Lloyd's Agent in Yokohama, Cornes & Co, provided logistical and maritime casualty information to the market within days of the devastating Earthquake and subsequent Tsunami in March 2011.

Modern inspections

In 2000, Lloyd's still had about 400 Agents. By the time Andrew Cross retired in 2007, there were 340, as Agencies and districts consolidated. At that point, only about 20 Agents across the world had not received a visit from him or someone else from the department. After Cross' retirement, Karen Bizon, Controller of Agencies 2007-2011 chose two experienced marine services professionals, Luc Verdonck, managing director of a Lloyd's Agent, and Jannes de Vries, previously managing director of another Agent, to visit Agencies as required. This considerably increased the volume of inspections that could now take place.

A running programme of regular inspections ensures that Agents continue to meet Lloyd's standards. Inspections also take place on an *ad hoc* basis if there are problems. If Lloyd's receives more than one complaint or one serious complaint about an Agent, the inspectors conduct an audit. Not only do they inspect the Agent concerned, but schedule permitting they also take the opportunity to meet and assess all marine service providers in the region.

The goal now is for all Agents to be inspected within 5 years and many of the more active Agents are now visited every 3 or 4 years.

Training today

Training and the increased professionalism of the network have gone hand in hand. Cross was in no doubt that the inspections improved the

The vessel RENA aground off Tauranga, New Zealand
(Image provided by Jacob Hogendorp of Global Savage Consultancy Pte Ltd)

quality of the network – partly by weeding out weak Agents, but largely through the training and understanding of Lloyd's that he and his colleagues were able to offer.

Fink felt that helping maintain high standards among the Agents would encourage underwriters to give them work. This meant that at least one person in every Lloyd's Agency was required to undergo an examination set by the Agency department on cargo surveying proficiency, and many Agents had numerous surveyors pass the exam.

In 2006, the department launched stage two of the training and examination programme with specific training subjects such as containerisation and the transportation of hazardous cargoes. It also provided a scholarship scheme to pay for surveyors in countries where he or she would not be able to attain the skills locally. Various Lloyd's Agents offered to mentor and train the scholarship candidates from other agencies in other countries.

The final initiative of the 20th century, delivered in the 21st, has been a programme of formal training and certification of Lloyd's Agents. Today, all Lloyd's Agencies must have staff qualified at stages one and two of the surveying training programme. Those with claims settling status, or who are involved in the adjustment or settlement of claims, must also have staff qualified at the recently developed stage three. This trains and tests Agents on a deeper level of knowledge of marine insurance clauses and principles, claims adjustment, general average and salvage and third-party recoveries. The training is compulsory and the few agencies which have refused to comply with the department's training requirements have lost their appointment.

The Agency Department now holds four training sessions a year in different parts of the world attended by up to 35 Agents from the region. The department pays all costs associated with one person per Agency in the region attending the training sessions. These sessions supplement Agents' private study. The Agents welcome this training and the department is regularly asked to provide *ad hoc* training sessions in Agents' offices at their expense and also in London.

Keeping up standards

Agents have always been required to act with appropriate consideration and professionalism at all times. Today, all Lloyd's Agents sign an annual contract with Lloyd's to this effect. They agree to stringent service standards which apply to all the maritime services that they conduct. These standards set out guidelines for efficient communication and procedures.

Under Bizon in 2008, a survey and claims management team was established, composed of experienced marine claims handling professionals, to support the Agents and clients of the network. The team's aim is simple: to ensure that clients receive a consistently high service from any Lloyd's Agent. It reviews and delivers the department's compulsory training and development programme and is responsible for Agency inspections.

The team can also coordinate instructions and act as an intermediary between the client and the Lloyd's Agent, if the client wishes. This free service makes contact between clients and Agents easier. It also helps clients and Agents to untangle problems that can occur in the long supply chains that still exist in maritime transport.

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Right: The current Lloyd's building

Striving for excellence remains a constant goal. The Agency Department's objective regarding Lloyd's Agents is simple: 'Our aim is to have as Lloyd's Agents the very best marine service providers available in the regions in which they operate and we will change appointments if appropriate in that endeavour.'

This objective has been rigorously enforced over recent years, there having been in excess of 100 Agency appointment changes to ensure the network meets the challenges of the next 200 years.

A bright future

Two hundred years after Joseph Marryat's committee first decided to put in place that 'regular and universal system of intelligence', the Agency network consists of 300 Agents and a similar number of sub-agents. They are located in 175 countries and in every major port and commercial centre around the world.

'The birth of the agency system was, in fact, one of the first truly global organisations to be associated with world shipping,' wrote veteran shipping commentator Michael Grey in the *Lloyd's List* special report on Lloyd's Agencies in April 2002.

'The Lloyd's Agency network has shown over the years its extraordinary ability to adapt to changed circumstances, to embrace new technology and to provide the underwriting community with unique sensors across the world. It has proven to be sensitive to the demands of a changed insurance climate, in a world of fierce competition where customers demand value for money and peak responsiveness.

'It has come a long way from 1811, when the best intelligence was supplied by fast sailing packet boats, gallopers and semaphore, to a world where all Lloyd's Agents can today be contacted at the click of a button and communication is instantaneous. But the same principles of integrity, commercial acumen and local intelligence throughout the global village remain.'

Much has changed since the Deal boatmen's cunning forced Lloyd's to appoint its first 'eyes and ears'. Agencies are no longer lone adventurers like Sir Wilfred Grenfell, or enthusiastic expatriates like Wilfred Hone. They are highly professional businesses. They handle everything from marine surveying to aviation, energy, vehicle inspections, salvage sales and travel. They deal with claims for automobiles, agricultural machinery, property, business interruption, construction and financial institutions. Whatever the future may bring, they are well equipped to deal with it. This is the world of the Agents today.

Chapter Nine

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Controllers of Agencies

Walter Boxford, M.B.E.	1919-1941
George Chambers	1941-1945
Albert William Cooper	1945-1956
Major Walter William Pipe	1956-1962
Eric Tulloch, M.B.E.	1962-1972
Ron Daly	1972-1981
John Kooyman	1981-1992
Howard Hughes	1993-1998
Mike Stott	1998-2000
Sonja Fink	2000-2007
Karen Bizon	2007-2011
Mark Patterson	2011-present

Current Lloyd's Agents that have provided over 100 years of service

1818 Interlloyd Averij BV, Rotterdam, Netherlands
1839 VB Comisarios de Averias SA, Santa Cruz de Tenerife, Canary Islands
1849 Sandilands Claims & Settlements Sdn Bhd, Penang, Malaysia
1849 Ireland Fraser & Co Ltd, Mauritius
1862 Jonas Browne & Hubbard (Grenada) Ltd, Grenada
1863 Peirce Leslie Surveyors and Assessors Ltd, Kochi (Cochin), India
1864 G & J MacPherson Soc Ltda, Cadiz, Spain
1866 Minvielle & Chastanet Ltd, St. Lucia
1866 Mackinnon Mackenzie & Co of Pakistan (Pvt) Ltd, Karachi, Pakistan
1868 Cornes & Co Ltd, Yokohama, Japan
1869 Falkland Islands Co Ltd, Stanley, Falkland Islands
1872 Southern Marine Consult AS, Kristiansand, Norway
1873 James Rawes – Peritagens, Lda, Lisbon, Portugal
1875 Bachke & Co A/S, Trondheim, Norway
1875 Wilson Surveyors and Adjusters Pvt Ltd, Chennai, India
1876 Rennie Murray & Co (Pty) Ltd, Cape Town, South Africa
1876 Aitken Spence plc, Colombo, Sri Lanka
1877 MacAndrews SA, Barcelona, Spain
1877 Smith Bell Corporation, Manila, Philippines
1878 Agencia de Navegacao Blandy Ltda, Madeira, Portugal
1879 James Rawes – Peritagens, Lda, Oporto, Portugal
1880 George W Bennett-Bryson Company Ltd, Antigua and Barbuda
1883 OF Gollcher & Sons Ltd, Malta
1884 Smith Imossi & Co Ltd, Gibraltar
1887 Guyana National Shipping Corporation Ltd, Georgetown, Guyana
1889 Arabian Establishment for Trade & Shipping Ltd, Jeddah, Saudi Arabia
1890 Rennie Murray & Co (Pty) Ltd, Durban, South Africa
1891 LGSA Marine Ltd, Liverpool, United Kingdom
1891 Reck & Co GmbH, Bremen, Germany
1893 Oy Lars Krogius Ab, Helsinki, Finland
1894 Delisle Walwyn & Co Ltd, St. Kitts and Nevis
1894 Chase Leavitt & Co, Portland (ME), United States of America
1896 Mullock & Sons (Shipbrokers) Ltd, Limerick, Ireland
1896 VB Comisarios de Averias SA, Las Palmas de Gran Canaria, Canary Islands
1896 Carpenters Shipping, Suva, Fiji
1897 Vitsan Mumessillik ve Musavirlik AS, Istanbul, Turkey
1898 Manica Freight Services (Moçambique) SARL, Beira, Mozambique
1899 Belize Estate Co Ltd, Belize City, Belize
1900 Eurobaltic ApS, Aarhus, Denmark
1905 Bernard & Bernard Ltd, Blantyre, Malawi
1905 Freisenbruch-Meyer Group, Bermuda
1905 Cornes & Co Ltd, Kobe, Japan
1906 Manica Freight Services (Mozambique) SA, Maputo, Mozambique
1906 MacAndrews SA, Valencia, Spain
1909 Coreas Hazells Inc, St. Vincent and the Grenadines
1910 Oy Wikestrom & Krogius Ab, Turku, Finland