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Institutional Transfer: The Beginnings of Insurance in Southeast Asia

At the turn of the nineteenth century, modern insurance started to spread from the British Isles around the world. Outside Europe and the European offshoots in North and South America, South Africa, Australia, and New Zealand, it began to compete with other forms of risk management and often met with stiff opposition on religious and cultural grounds. Insurance arrived in Southeast Asia via British merchants living in India and Canton rather than through agencies of European firms. While the early agency houses in Bengal collapsed in the credit crisis of 1829–1834, the firms established by opium traders residing in Macau and Hong Kong, and advised by insurance experts in London, went on to form the foundations of the insurance industry in the Far East. Until the early twentieth century, they sought to use the techniques of risk management that they had developed in Europe to win Europeans and Americans living in Southeast Asia as clients, along with members of the local population familiar with Western culture.

Modern insurance is a European invention—a product of the European Enlightenment and a reaction to the rapid growth in risk that resulted from the expansion of trade and the beginnings of industrialization in the countries bordering the North Sea. From the end of the eighteenth century onwards, insurance was carried around the world, primarily by British merchants and millions of European emigrants; however, its clientele remained almost exclusively of European descent until around the end of the nineteenth century.[1] As it began to expand into other cultural realms, it came into competition with numerous

[1] For further information on the global spread of modern insurance since the mid-eighteenth century, see Peter Borscheid and Niels-Viggo Haueter, eds., *World Insurance: The Evolution of a Global Risk Network* (Oxford, 2012); and Peter Borscheid, "Global Insurance Networks," in *The Value of Risk*, ed. Harold James (Oxford, 2013), 21–69.

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institutionally different, homegrown forms of risk management, which in their local context were at least on a par with underwriting. Insurance collided with numerous taboos, moral attitudes, and ideas that were not compatible with its internal logic. It was obliged to acknowledge that some of its elements met with incomprehension or even steadfast rejection.[2]

Only during the course of the twentieth century did insurance companies and underwriting manage to gain a decisive foothold in what were to become the most important trade centers, with the assistance of multinational companies; the transfer of people, goods, capital, and knowledge; international agreements; and as a consequence of globalization and its concomitant shifts in values and division of labor. Southeast Asia is among the regions in which insurance was slow to gain acceptance. The following sections detail the ways in which insurance was diffused throughout the region and the initial difficulties with which it was confronted in the early nineteenth century.

New Ways of Thinking and New Barriers

By the middle of the eighteenth century, insurance had made a decisive step forward in Northwest Europe. From the very outset, the Fire Office—established in London as a limited company in 1681—operated with risk classes and premiums, rather than subsequent charges, while the Equitable—a life insurance company set up in London in 1772—employed mortality tables starting in 1776, thus paving the way for the calculation of the future. In the middle of the eighteenth century, marine insurance improved its operational structure decisively. With their relatively low levels of capital, the merchants who had from the early modern era transacted marine insurance only as a sideline and on their own account could no longer keep up with the bigger risks involved in the rapidly expanding maritime trade. From then on, financially sound joint-stock companies transacted marine, fire, and life insurance alongside Lloyd's of London. In an age of great economic and social upheavals and European expansion, these companies developed alongside global trade by land and sea, industrial expansion, and private property.

Based on its new ideas and practical success, modern insurance soon developed into a jewel in the crown of the European Enlightenment, while at the same time facing resistance from those who upheld traditional views and values. Only marine insurance managed to displace the previous forms of protection in intercontinental trade—which was

[2] For further information on these issues, see Cheris Shun-Ching Chan, *Marketing Death: Culture and the Making of a Life Insurance Market in China* (New York, 2012), 169–81.

dominated by European merchants and merchants of European descent—relatively quickly. Its underwriting technique did not conflict with values or moral attitudes, although it did face competition from other forms of risk management. However, other forms of insurance encountered resistance or rejection from the very outset, even in Western Europe. Many religious people objected strongly to the often cold rationalism displayed by advocates of underwriting, who saw any trust in God as futile and superstitious. Life insurance in particular, which put a monetary value on the human body, met with the disapproval of many believers and even lawyers.[3] Observant Muslims also considered making calculations based on the future blasphemous, as forecasting the future was the prerogative of Allah alone. A further hindrance for underwriting in all parts of the world was the fact that it was beyond the comprehension of most people.

A rapid expansion of underwriting in Southeast Asia at the beginning of the nineteenth century was also prevented by the enormous distances and the associated high information costs. Even the numerous modern fire insurers founded at the start of the nineteenth century in the United Kingdom—who took as their role model the London firm Phoenix Fire that opened in 1782 and expanded by opening offices abroad—initially restricted their activities to Europe, the Caribbean, and the East Coast of North America. The same held true for similar firms in Hamburg and for Lloyd's of London, which opened its first foreign office, on Madeira, only in 1811.[4]

The Agency Houses' Insurance Departments

Modern insurance spread to and through Southeast Asia not via agencies or branches of European insurers' firms, as was the case elsewhere in the world, but rather—from the beginning of the nineteenth century onwards—directly from India by European merchants who had settled there. The newly founded insurance firms subsequently expanded to China, the Malay Peninsula, and Australia, and later on to Japan and other Far Eastern countries, by using the extensive trading network of the British traders living in India.

[3] Peter L. Bernstein, *Against the Gods: The Remarkable Story of Risk* (Hoboken, N.J., 1996); Heinrich Braun, *Geschichte der Lebensversicherung und der Lebensversicherungstechnik* (Berlin, 1963), 145–47; Ludwig Arps, *Auf sicheren Pfeilern: Deutsche Versicherungswirtschaft vor 1914* (Göttingen, 1965), 21–24.

[4] Raymond Flower and Michael Wynn Jones, *Lloyd's of London* (London, 1974), 106; Clive Trebilcock, *Phoenix Assurance and the Development of British Insurance,* vol. 1, *1782–1870* (Cambridge, U.K., 1985), 169; Hugh Cockerell, "Lloyd's of London," in *International Directory of Company Histories*, ed. Adele Hast, vol. 3 (Chicago, 1991), 278–81.

Marine insurance failed to expand swiftly throughout Southeast Asia due to the trade monopoly of the East India Company (EIC), which protected its fleet against raids with its own soldiers and cannons. The first marine insurers began to be active as the British EIC transformed itself from a trading company into an instrument of government, forming its own civil service after the Battle of Plassey in 1757 and especially after the Permanent Settlement of 1793. The EIC expanded its political responsibilities at the expense of its economic activities, which increasingly found their way into the hands of private merchants from the United Kingdom. The result was the rise of the first generation of "agency houses," which took over the transportation of goods and a large number of services from the EIC. As suppliers, they provided the EIC with war elephants, oxen, horses, and foodstuffs. As assistants in the provision of banking services, agency houses managed the savings of EIC members and transferred them to partner organizations in London. As shipowners, they helped ensure supplies to Britain's New South Wales colony, which was in its infancy. Their prime focus, however, was trade with China, which promised the highest returns. They benefited from the fact that while the EIC had held the monopoly on Bengali opium since Lord Clive's victory in the Battle of Plassey, it had not been able to acquire a license to import the opium into China. In order not to lose its trading license in Canton (today's Guangzhou), which was the sole port of entry into China, the EIC left the selling of opium to the agency houses, which in turn smuggled the drug into the country with the help of Chinese contacts in return for payment in cash. The houses then paid the resulting proceeds to the EIC in Canton, which used the money to finance its rapidly expanding purchases of Chinese tea. The EIC repaid the agencies their revenue from the sale of opium in Calcutta or London.[5]

The agency houses, which played a significant role in the rise of Calcutta (now Kolkata) as a trading metropolis, also took modern insurance into Southeast Asia. This was prompted by the difficult, extended communication paths between India and London; the not inconsiderable

[5] Anthony Webster, *Gentlemen Capitalists: British Imperialism in Southeast Asia, 1770–1890* (London, 1998), 41; Anthony Webster, *The Richest East India Merchant: The Life and Business of John Palmer of Calcutta, 1767–1836* (Woodbridge, U.K., 2007), 7–14; S. B. Singh, *European Agency Houses in Bengal, 1783–1833* (Calcutta, 1966), 1–12, 24–28, 152–64; Amales Tripathi, *Trade and Finance in the Bengal Presidency, 1793–1833* (Bombay, 1956), 11–13; James G. Parker, "Scottish Enterprise in India, 1750–1914," in *The Scots Abroad: Labor, Capital, Enterprise, 1750–1914*, ed. R. A. Cage (Beckenham, U.K., 1985), 200; Wolfgang Reinhard, *Geschichte der europäischen Expansion*, 2 vols. (Stuttgart, 1983, 1988), 1:227; Hermann Kulke and Dietmar Rothermund, *Geschichte Indiens: Von der Induskultur bis heute* (Munich, 2006), 310; Michael Greenberg, *British Trade and the Opening of China, 1800–42* (Cambridge, U.K., 1951), 106–11.

risks, such as piracy, stormy seas, and repeated wars on the sea route to China, with the Strait of Malacca and the South China Sea as the centers of piracy; and finally, the trading companies' pressing lack of capital and the need for security among the Europeans living in Southeast Asia. In starting up their insurance activities, the early agency houses did not seek to imitate Lloyd's of London—due to a lack of capital-rich financiers in Calcutta and especially in Canton—or the new joint-stock marine insurance companies in London or Hamburg. Instead these agency houses created their own insurance departments, which came to be known as "in-house companies"—an independent Calcutta model.[6] Since 1797, various houses had offered marine insurance alongside their other services. In Calcutta, the two leading houses—Fairlie, Fergusson & Co. and Palmer & Co.—set up the Calcutta Insurance Office and the Calcutta Insurance Company. Phoenix Insurance, which is not to be confused with the London-based Phoenix Assurance, formed part of the trading company James Scott & Co. By 1812, eight marine insurance companies had been set up by local agency houses in Calcutta alone. From the turn of the nineteenth century onwards, British traders also established several insurance companies in Bombay (now Mumbai), whose shares they distributed much more widely than those of their colleagues in Calcutta. As a result, the founders and shareholders of the Bombay Insurance Society included not only British trading houses based in the city, but also several Parsi and Hindu merchants who collaborated closely with the British in opium and indigo trading.[7] The number of marine insurance companies continued to grow after the EIC's trading monopoly over Indian trade was abolished in 1813. The *Bengal Almanac and Directory* recorded fourteen firms in 1815, two of which were agencies of Canton Insurance based in Macau.[8]

During the same period, the first life insurance companies and benefit funds appeared in India, targeted at the Europeans living in the country. These were set up by agency houses, private individuals, church-based organizations, and the EIC. In Calcutta, several trading companies had set up the Calcutta Laudable Society in 1797, a life insurance company in the form of a mutual, a company that was owned entirely by its policyholders, which would wind up every six years and then be

[6] Radhe Shyam Rungta, *The Rise of Business Corporations in India, 1851–1900* (London, 1970), 223.

[7] William Milburn, *Oriental Commerce; Containing a Geographical Description of the Principal Places in the East Indies, China and Japan*, 2 vols. (London, 1813), 1:236, 2:172; Webster, *Gentlemen Capitalists*, 45–47; Singh, *European Agency Houses*, 32–33; Tripathi, *Trade and Finance*, 143; Jacques Charbonnier, *L'assurance en Chine: Des origins à Mao* (Norderstedt, 2009), 35–36; Greenberg, *British Trade*, 172; Louis Dermigny, *La Chine et l'Occident: Le Commerce à Canton au XVIIIe Siècle, 1719–1833*, vol. 3 (Paris, 1964), 1233.

[8] Rungta, *Rise of Business Corporations*, 12.

reestablished, to serve the needs of the British community living there. The EIC also set up a military and civil fund and a widows' and orphans' fund for its employees. An 1812 review also mentions the Calcutta Life Insurance Company as having been established by Fairlie, Fergusson & Co. The company was joined in 1814 by the Union Society, which was also a mutual insurer and the first in India to be run by managers. All of these societies were open only to Europeans, as were later companies, such as Madras Equitable Life, established in 1829 for British officers.[9] For almost a century the European insurers did not try to introduce insurance to the local population, except for those who were educated at Western schools or who worked closely with Western companies.

Following the end of the EIC's monopoly of the India trade in 1813, the increase in the numbers of British traders led to a sharp increase in the number of life insurers and benefit funds. By 1821, there were already four tontines operating in Calcutta, which paid out the total sum of contributions received to the survivors after five to seven years. This special form of life insurance was very popular throughout the nineteenth century in the United States and Europe, especially in France, until it was banned due to misleading advertisements.[10] In Calcutta, alongside the tontines, five life insurers were active in the form of mutual insurance associations, which were set up mainly by agency houses. Palmer & Co. had established the Bengal Provident Society and Mackintosh & Co. the New Union Society. In 1822, the leading agency houses from Calcutta, Bombay, and Madras (today Chennai) together founded Oriental Life, which was the first insurance company in India to be set up with a structure similar to a joint-stock company.[11]

The agency houses used the majority of these insurance companies for three different purposes. Firstly, the houses were able to increase their income as a result of the commissions and profits from the insurance business. Secondly, they hedged themselves against business risks by obliging unreliable debtors to take out whole life insurance policies in favor of the trading company. Thirdly, they used the companies they had set up to conceal their striking lack of equity capital and to gain access to desperately needed outside funding. They courted the financial assets of Europeans residing in India (and a few wealthy natives) with their diverse range of financial services, including asset

[9] Milburn, *Oriental Commerce*, 2:172; Rungta, *Rise of Business Corporations*, 12–13, 223–24; Amar Narain Agarwala, *Insurance in India* (Allahabad, 1960), 34–37; R. M. Ray, *Life Insurance in India: Its History, Law, Practice, and Problems* (Bombay, 1941), 8.

[10] Peter Borscheid, "Germany: Insurance, Expansion, and Setbacks," in *World Insurance*, ed. Borscheid and Haueter, 104.

[11] A. W. Mason, George Owen, and G. H. Brown, *The East-India Register and Directory for 1821*, 2nd ed. (London, 1821), 128–29; Rungta, *Rise of Business Corporations*, 12.

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management and life insurance. The most successful of these agency houses was that of "indigo king" John Palmer, who took care of new European arrivals in Calcutta personally and forged relationships with them by introducing them to the local European society and to the individuals best able to assist them professionally and socially.[12]

In comparison to India, the establishment of marine insurance in China was much more difficult. The reasons were principally because of the trade monopoly of the EIC, restrictions imposed by the Chinese authorities, and the paucity of capital of the private English companies active in Canton. These obstacles were, however, eventually overcome, with a good deal of cunning and creativity. Compared with the leading agency houses in India, the few that were active in Canton were insignificant. Shortly after the turn of the century, there was only one company based there, Reid Beale & Co., as the EIC had taken a rigorous approach to defending its trade monopoly with China against the incursions of independent British traders. Nevertheless, a very few traders managed to bypass the EIC monopoly by acquiring a different nationality or acting as consuls for other countries. Most lived in the nearby Portuguese enclave of Macau, as the Chinese authorities did not permit foreigners to bring their wives and families to live with them in Canton. Until 1815, these independent traders also used Macau to warehouse their opium.[13]

Starting in the 1820s, independent traders in Canton became increasingly powerful, with two British companies overtaking the others and playing a decisive role in the history of insurance in the Far East: Jardine Matheson & Co. and Dent & Co. Both grew out of small trading companies whose partners—and, as a result, names—had changed several times over the years. Their importance to the spread of underwriting in the Pacific region was the result of three factors: Firstly, the partners, though all British by birth, succeeded in circumventing the EIC's monopoly. Secondly, they traded a variety of goods and used the considerable profits derived from opium trading to extend their network and thus the territory covered by their insurance companies far across the Pacific region. Thirdly, they learned from the mistakes of the early marine insurers in India, which helped them establish the companies they founded on a firm footing.

In 1779, the Scot John Reid became the first to demonstrate how an independent British trader could circumvent the EIC's monopoly over British trade with China. He arrived in Canton with a letter stating

[12] Blair B. Kling, *Partner in Empire: Dwarkanath Tagore and the Age of Enterprise in Eastern India* (Berkeley, 1976), 61–62; Webster, *Gentlemen Capitalists*, 46–50, 124.

[13] Carl Friedrich Neumann, *Asiatische Studien* (Leipzig, 1837), 232, 247; Greenberg, *British Trade*, 76; Robert Blake, *Jardine Matheson: Traders of the Far East* (London, 1999), 20–24.

that he was the Austrian consul and head of the local office of the Imperial Austrian Company. When this trading company went bankrupt eight years later, John Reid left China, but his example was followed by others. In 1787, one of his business partners, the Scot Daniel Beale, arrived in Canton with a similar instrument of appointment signed by the King of Prussia.[14] When he left China in 1797, he passed on the company and the title of Prussian consul to his brother, Thomas Beale. The subsequent partners in this trading company, which as Jardine Matheson & Co. would later come to make world history, also put themselves under the protection of European states. Of the partners of what would later become Dent & Co., founder Walter S. Davidson, a Scot, arrived bearing Portuguese papers, and Thomas Dent came as the Sardinian consul.[15]

Although both of these Macau-based British trading companies had the profitable opium trade to thank for their rapid growth, their success at expanding across the Pacific region and beyond lay primarily in the variety of goods they traded and their skill in investing in markets opened up by British free-trade imperialism. In the wake of these activities, the insurance companies founded by both trading companies spread to the countries around the Pacific and as far as London. They benefited from the absence of powerful competitors and the collapse of the first Calcutta-based marine insurers.

These first insurance companies on Chinese soil derived from the trading company Cox & Beale, established in Macau in 1787 by the Scot Daniel Beale and the London businessman John Henry Cox. In 1803, the Briton Charles Magniac joined this company, which henceforth traded as Beale & Magniac. Charles Magniac set the course for the beginnings of modern insurance in China.[16] For the marine insurers based in Calcutta and Bombay since the turn of the century, the challenging communication links between India and China had from the outset made it difficult to insure ships returning from Canton and to settle claims arising from that city. Initially, the still relatively undeveloped company Cox & Beale, which was founded right at the beginning of the century as Reid & Beale, acted as an agent for Bengal-based marine insurers and assumed the responsibility of insuring departing shipping up to a certain limit, with other merchants in Canton assuming

[14] *Gentleman's Magazine and Historical Chronicle* 58 (1788): 555.

[15] Greenberg, *British Trade*, 27–28; W. E. Cheong, *Mandarins and Merchants: Jardine Matheson & Co., a China Agency of the Early Nineteenth Century* (London, 1978), 12; Maggie Keswick, ed., *The Thistle and the Jade: A Celebration of 150 Years of Jardine, Matheson & Co*. (London, 1982), 63; Dermigny, *La Chine et l'Occident*, 1242; Austin Coates, *Macao and the British, 1637–1842: Prelude to Hong Kong* (Hong Kong, 1988), 139.

[16] Catherine Pagani, "*Eastern Magnificence and European Ingenuity": Clocks of Late Imperial China* (Ann Arbor, 2001), 100–112; Greenberg, *British Trade*, 25–27; Keswick, *Thistle and Jade*, 50–53; Dermigny, *La Chine et l'Occident*, 1237–40.

additional partial risks.[17] This temporary solution survived until 1805, when Charles Magniac and others founded the Macau-based Canton Insurance. In contrast to the original marine insurers in Calcutta, the new company was not a subsidiary of an agency house; from the outset it, like the Bombay Insurance Society, was conceived as a joint-stock company owned by various private trading companies. Moreover, the share ownership was geographically dispersed to provide better protection from local crises. Initially, shares were held by British traders active in Canton such as Thomas Beale and Charles Magniac and their business partners in Calcutta and Bombay. As was common in Europe at the start of the nineteenth century, Canton Insurance would wind up every three years and immediately be reestablished, with its management switching from the 1820s onwards between the only two independent British trading companies in Macau, Beale & Magniac and Dent & Co.[18]

Dent & Co. originated in the firm founded by the Scot Walter S. Davidson, who together with John Macarthur, the founder of sheep rearing in Australia, had arrived in Sydney from the U.K., leaving two years later for Canton and later India. In 1809, George Baring, an EIC supercargo, offered Davidson the opportunity to take over Baring's private opium agency. To protect himself from the EIC, Davidson returned to China in 1811 as a Portuguese citizen and managed Baring's opium agency under his own name. He made use of the increased presence of U.S. traders—who were welcomed by the Chinese Hong merchants because of their Spanish, Mexican, and South American silver dollars—to evade the EIC's monopoly and trade as far afield as Bengal and Australia.[19] In 1817, the Briton Thomas Dent joined Davidson's firm W. S. Davidson & Co. in Macau, which was already involved in Canton Insurance. When Davidson left China in 1824 to set himself up in London, the firm's name was changed to Dent & Co.

Following some poor speculations on the part of his partner, Thomas Beale, Charles Magniac took over the management of the jointly owned company in 1817, renaming it Magniac & Co.[20] Following the death of Charles Magniac in 1824, his brother Hollingworth found new partners in William Jardine and James Matheson, both Scots. Jardine had left the service of the EIC in 1817 and came to Canton as an independent trader. He soon made a name for himself as a shrewd merchant and joined

[17] Keswick, *Thistle and Jade*, 181.

[18] Peter Borscheid, "Far East and Pacific: Overview," in *World Insurance*, ed. Borscheid and Haueter, 417.

[19] A. W. Mason and George Owen, eds., *The East-India Register and Directory for 1819*, 2nd ed. (London, 1819), 147; Milburn, *Oriental Commerce*, 172; Dermigny, *La Chine et l'Occident*, 1243.

[20] Cheong, *Mandarins and Merchants*, 264.

Magniac & Co. in 1825. In contrast, James Matheson had worked in Calcutta since 1815 for his uncle's agency house, Mackintosh & Co., which owned the Hope Insurance Company. He had come to Canton in 1821 to join the first Anglo-Spanish trading company in China, Yrissari & Co., but the sudden death of Xavier Yrissari in 1826 put a stop to the project and the company was closed down. That same year, Matheson moved to Magniac & Co. Three years later he officially became a partner and manager of the company, together with William Jardine. At the same time, Hollingworth Magniac returned to London, where he became a partner in the bank Magniac, Smith & Co.[21]

All earlier founders and managers of insurance companies in Southeast Asia had no real experience in the insurance business. They were merchant-traders and when building their insurance operations took as their model the methods of the trading companies of the early eighteenth century. This was not the case with Jardine and Matheson. They extensively reorganized the structure and trading practices of both the company itself and Canton Insurance. They included their most important trading partners in Bombay, Remington & Co. and Forbes & Co., as partners in the insurance company, as well as Parsi traders as the most important opium suppliers, first and foremost Jamsetjee Jejeebhoy.[22] Based on *Lloyd's List*, which had come into existence in 1734, James Matheson also set up the *Canton Register*. This twice-weekly publication first appeared in 1827 and was the first English-language newspaper in China. It reported, among other things, on ships that came or left port, the movement of people, market prices, the quality of harvests, currency questions, raids by pirates, and riots. The emphasis lay on news of China and Southeast Asia, although reports of important political events in Europe and America were not ignored. The editors discussed the problems of foreign businessmen with the Chinese authorities and reported on the consumption of opium in different cities, as well as reporting on events large and small in the region. They also demanded repeatedly that the British government achieve free trade with China, through negotiation, but if necessary through force.[23]

In the middle of the 1820s, the newly founded Singapore emerged as an insurance location in Southeast Asia. With the expansion of the China

[21] Ibid., 13, 55–76; Dermigny, *La Chine et l'Occident*, 1244; Blake, *Jardine Matheson*, 37–41; Greenberg, *British Trade*, 122.

[22] Keswick, *Thistle and Jade*, 14–17.

[23] Carol M. Connell, *A Business in Risk: Jardine Matheson and the Hong Kong Trading Industry* (Westport, Ct., 2004), 30–31, 36; Chen Bin, "Preparing for the Challenge Ahead: A History of the Canton Register, c. 1827 to 1838" (MA thesis, University of Macau, 2012); all issues of the *Canton Register* in 1835, online at: books.google.de/books?id=fQrmAAAAMAAJ&pg=PA33&dq=canton+register+1835&hl=de&sa=X&ei=z8gOVb2MOorTaN6kgMAG&ved=0CCEQ6AEwAA#v=onepage&q=canton%20register%201835&f=false.

trade, by the end of the eighteenth century the enormous risks associated with the lengthy communications routes had led to the need for a secure British base to be established in the proximity of the Strait of Malacca. In 1786, Captain Francis Light was able to claim the island of Penang for the British. As Penang lay too far from Canton, Stamford Raffles founded Singapore in 1819 to act as a base from which the entire region could be opened for British industrial goods.[24] Singapore quickly developed into a center of trade with India, China, Australia, the Indonesian archipelago, and the Malay Peninsula.[25] The demand for insurance in the city also covered the communities in Calcutta and Canton. The first insurance companies to arrive were the agency houses from Bengal, among them John Palmer & Co. and Barretto & Co., who set up offices in Singapore in the 1820s.

In contrast to the areas of Southeast Asia under British rule, insurance was slow to penetrate the Dutch-controlled territories in the region. Only after the British occupied Java in 1811 and Stamford Raffles had replaced its mercantilist system with one that was economically liberal did the British trading companies from Bengal come to Java and Sumatra, with their insurance departments in tow.[26]

From the end of the 1820s, the economic dynamic in Southeast Asia was increasingly driven by British traders based in Canton and Singapore. Their lobbying of the British government for a new commercial code became ever more insistent, as the EIC monopoly hindered their expansion efforts. James Matheson had the works of Adam Smith, David Ricardo, and John R. McCulloch sent to him in China and bombarded the British parliament with petitions. His calls for free trade could not be ignored and, together with the merchants of Manchester, he demanded that China be opened up. All of the above factors heralded a new epoch for insurers active in Southeast Asia starting in the 1830s.

The Second Generation of Insurance

Following the loss of the EIC's monopoly over the India trade in 1813, the long-established trading companies in Calcutta, Bombay, and Madras were confronted with a steep growth in competition. In Calcutta alone, the number of trading companies doubled. The older agency houses responded by investing in riskier areas of business, mainly by

[24] Singh, *European Agency Houses*, 132–34; Tripathi, *Trade and Finance*, 181; Webster, *Gentlemen Capitalists*, 67.

[25] Webster, *Gentlemen Capitalists*, 256.

[26] G. C. Allen and Audrey G. Donnithorne, *Western Enterprise in Indonesia and Malaya: A Study in Economic Development* (London, 1962), 21–23, 27; Borscheid, "Far East and Pacific," 419.

using the increasing amounts of deposits made by their clients in funds and life insurance policies, but also by taking out additional loans from the government of Bengal. Their downfall began when the First Anglo-Burmese War (1824–1826) led to a crisis in the British economy in India. The immense costs of the war meant that the administration in Bengal had to borrow significant amounts of money at high interest rates; this led to a dangerous outflow of funds at the agency houses, which were unable to afford such rates. Soon after, European demand for indigo and other goods declined and prices tumbled, which meant that many Indian producers were no longer able to meet their obligations to the agency houses. As a result, European trading companies became the owners of many indigo plantations and factories, thus becoming highly dependent on this crisis-prone business sector with its large price swings. The first agency house to succumb was forced to close in 1826. The actual "Calcutta Credit Crisis" (1829–1834) led to the collapse of all the major companies, including Palmer & Co., the wealthiest of all the traders and the most involved in the indigo trade. Their downfall resulted from having far too little equity capital, combined with economic crises, bad speculations, and poor investments. All had sought to spread their risk through a variety of businesses, but in the world of unlimited liability, they proved unable to isolate the various risks from one another. By the end of 1833, nearly all the agency houses that distributed marine and life insurance had disappeared from the Southeast Asian market, along with their insurance departments and banks. Their demise led to much personal suffering, as many Europeans living in India had entrusted significant proportions of their assets to these respected houses and their personal insurance policies, thus losing their retirement and widows' and orphans' provisions when the companies went bankrupt.[27]

The collapse of the agency houses in Calcutta forced the Macau-based trading companies to establish new business contacts and change their commercial practices. This was particularly the case for Dent & Co., which was affected to a far greater degree than Jardine Matheson & Co. One of Jardine's fast clippers had been the first to bring the news to Canton of the collapse of Palmer & Co.; upon hearing this, William Jardine undertook immediate measures to contain his losses. He did not, however, pass on the news to Lancelot Dent, which caused bad feelings between the two companies. But the decisive factor in the better financial situation of Jardine Matheson & Co. was that its

[27] Webster, *Richest East India Merchant*, 4–5, 60, 112, 120, 130; Webster, *Gentlemen Capitalists*, 41–42, 142; Singh, *European Agency Houses*, 276–94; Tripathi, *Trade and Finance*, 196–201, 210, 229–31, 238; Cheong, *Mandarins and Merchants*, 100, 121–27, 216–23.

management had spread its risks much wider and better than its competitor, as had the Anglo-American company Russell & Co. In contrast to Dent & Co., both had worked primarily with British and Parsi traders in Bombay who supplied them with Malwa opium, the production of which the EIC was unable to monitor. They did not rely only on narcotics, but traded extensively in raw cotton and, following the lifting of the EIC's monopoly, tea, which they sold to Australia and the United Kingdom.[28] A consequence of the conflict between Dent and Jardine was the severing of the collaboration between their companies in the field of marine insurance. Dent & Co. founded its own insurance company, Union Insurance Society of Canton, while Jardine Matheson & Co. henceforth ran Canton Insurance alone. Both companies benefited in the aftermath of the collapse of the agency houses in India from the growing demand for insurance coverage as a reaction to the stricter restrictions and sanctions imposed by the Chinese authorities and the expansion of trade in Southeast Asia.[29]

The demise of the early agency houses marked the end of the first phase in the history of insurance in India. The surviving trading companies soon saw themselves forced to improve their operational and management structures and, due to the need for insurance, devise new, more stable insurance companies. In this endeavor they profited from the experience of the internationally active British insurance companies and the progress made in actuarial science in the British market. This effort led to a second generation of agency houses and separate insurance companies, both of which were run by managers. The banking sector also distanced itself from trading. Henceforth, surplus capital from the United Kingdom flowed freely to India, and the trading companies were no longer dependent on the savings of EIC employees, loans from native money changers, and the goodwill of the government in Bengal. The newly founded marine and life insurance companies differed from those that had collapsed in that they had a larger number of partners, created boards with insurance specialists as members, and acquired knowledge from England of the latest developments in actuarial science, supported by a much improved and accelerated information exchange with England. As had been the case for some of the companies in Bombay as well as Canton Insurance, the founders of these new firms made sure to involve several trading companies, banks, and private individuals as partners; they also generally included the London-based cooperation partners of the agency houses. In 1833 William Jardine increased

[28] Cheong, *Mandarins and Merchants*, 127, 208–9, 226–29; Blake, *Jardine Matheson*, 78; Greenberg, *British Trade*, 124–31.

[29] Connell, *Business in Risk*, 27–28.

the number of share certificates in Canton Insurance from sixty to 110 and brought four North American trading companies into the partnership, which had hitherto been composed only of British and Parsi shareholders. For the first time, a British trading company in Singapore was brought on board, as was the London-based bank Timothy Wiggin & Co., which financed U.S. exports to the U.K.[30] Lancelot Dent proceeded in a similar fashion with his Union Insurance Society of Canton, in which Russell & Co. and Jardine Matheson & Co. held shares, despite Dent's dispute with William Jardine.[31]

The need for insurance led several British and Parsi trading companies to reenter the marine insurance market. Some assumed the names of the earlier insurance companies that had collapsed with the agency houses, while others continued to operate surviving firms but reorganized their structure. By 1838, the *Bengal Directory and Annual Register* in Calcutta already listed fifteen marine insurance companies that were based in the city or were represented there by an agent. In addition, there were four river insurers and twelve civil, military, and general funds, including New Oriental Life.[32] Only three years later, the number of marine insurers in Calcutta had risen to twenty-two.[33]

The majority of these companies opened agencies in Bombay, Madras, Singapore, and Canton or Macau, with some also setting up in Mauritius, Batavia, Manila, British Burma, and the Cape Colony. Another new feature was that all of them had their own agents in London, as Canton Insurance previously had, signifying a new organizational structure and improved communications. The much faster communication links via Egypt and the Mediterranean reduced the effective distance between the U.K. and India. Trading companies in India could now obtain funding from the newly founded banks in India, but an increasing number instead approached banks in London and their well-capitalized parent companies in London or Liverpool. Baring Brothers & Co. in London, for instance, was involved in the India Insurance Company in Calcutta, while Cockerell & Co. in London had a stake in several Calcutta-based companies: Alliance, Atlas, Bengal, and Hope Insurance. This closer link to the U.K. led to a significant expansion in the expertise of the insurers. Sir Charles Cockerell, a

[30] Alain Le Pichon, *China Trade and Empire: Jardine, Matheson & Co. and the Origins of British Rule in Hong Kong, 1827–1843* (Oxford, 2006), 236n105.

[31] Ibid., 170–73; G. C. Allen and Audrey G. Donnithorne, *Western Enterprise in Far Eastern Economic Development: China and Japan* (London, 1962), 119–20; Geoffrey Jones, *Merchants to Multinationals: British Trading Companies in the Nineteenth and Twentieth Centuries* (Oxford, 2000), 32–33; Charbonnier, *L'assurance en Chine*, 36–44; Swiss Reinsurance, ed., *Insurance Markets of the World* (Zurich, 1964), 532.

[32] *Bengal Directory and Annual Register for the Year 1838* (Calcutta, 1838), 485–90.

[33] *Bengal and Agra Annual Guide and Gazetteer for 1841*, vol. 1 (Calcutta, 1841), 199–205.

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partner in the London trading house Paxton, Cockerell & Trail, was considered exceptionally accomplished and experienced in insurance issues. He had been a director of the globally active London company Globe Insurance, and one of his younger associates, George Hochepied Larpent, was listed in the 1823 edition of the *British Imperial Calendar* as director of Royal Exchange Assurance. Cockerell's son John Albert had been a director in three of the new insurance companies in Calcutta—Atlas, Hope, and Calcutta Insurance—since the 1830s. The firm Cockerell & Co. played the most significant role of any company in the development and growth of the insurance industry in Southeast Asia. Even Canton Insurance benefited from its expertise after William Jardine expanded that company's shareholder base in 1833.[34] Another new feature was the presence for the first time of non-Europeans at the head of a modern insurance company, with the founding by the Parsi trading company Rustomjee Cowasjee of the Sun Insurance Office of Calcutta, and Oriental Life was acquired in 1834 by the important Indian entrepreneur Dwarkanath Tagore, who reorganized it and operated it as New Oriental Life.[35]

During this period, Singapore made ever more rapid strides as a trading base. The trading companies in the Straits responded to the collapse of the agency houses in India and the severe economic crisis by turning increasingly to Chinese companies on the Malaysian peninsula that had specialized in the production of pepper, sugar, gambir, and above all tin, with British companies providing the necessary transportation. From the middle of the century onwards, both sides increasingly benefited from this collaboration and the increase in trade, which rose from \$25.2 million to \$70.8 million in Singapore in the period 1850–1870, causing a rapid increase in the number of insurance companies.[36] British traders had attempted to set up a marine insurance company with two hundred share certificates in the newly founded city as early as 1824. Their attempt failed, as did three others in the following decades. It was not until 1883, with the founding of Straits Insurance, that such an attempt succeeded. Instead, British companies from India, Macau, and the U.K. set up offices in the new trading center; for example, since 1829, Syme & Co. had represented Lloyd's of London. In the 1830s and 1840s, of the twenty-eight insurance companies advertising in the *Singapore Free Press*, fifteen were based in Calcutta, including Bengal Insurance, Hindostan Insurance, and New Oriental Life, which had been represented by John Puvis & Co. since 1831. Two

[34] Le Pichon, *China Trade and Empire*, 171.

[35] Webster, *Richest East India Merchant*, 53–54; *Bengal and Agra Annual Guide*, 199–205; Ray, *Life Insurance in India*, 7.

[36] Webster, *Gentlemen Capitalists*, 117–18, 169, 194, 258.

years later, after Canton Insurance had increased the number of its shareholders, Jardine Matheson & Co. appointed the firm Charles Thomas & Co. as the insurance company's agent in Singapore. When William Jardine's nephew Andrew Johnstone took over the trading company's Singapore agency, Dent & Co. appointed him as agent for Union Insurance. This and other examples show how closely the individual firms involved in the insurance industry collaborated, despite their rivalry in the trading sphere.[37] The inclusion of Singapore, the Philippines, North America, and London in the trading, exchange, and insurance network hitherto largely restricted to the Canton-India axis strengthened it decisively, making it better able to withstand even major crises.

Along the route between India and China, which was increasingly dominated by British maritime trade, the number of marine insurers rose continually from the mid-1830s onwards. After the British capture of Hong Kong and the opening up of China, the Crown colony boasted twenty-eight different companies, most of which were based in Calcutta and had appointed as agents British, American, and Parsi trading companies. Among the four Parsi opium traders who moved from Macau to Hong Kong in 1841 and acquired land there were the owners of the company D. & M. Rustomjee & Co., which acted as an agent for four insurance companies from Calcutta and Bombay. By the end of the 1840s, the establishment of Imperial and Alliance meant that two of the globally active, well-financed London fire insurance companies were represented there. Nevertheless, it was Canton Insurance and Union Insurance, both now based in Hong Kong, that had the highest limits. The dearth of reinsurance options, which lasted several decades, drove the leading trading companies to act as agents to ever greater numbers of primary insurers, enabling them to use the trading companies as coinsurers.[38]

After the opening up of China, and as a consequence of the increase in trade with that nation, the British began to take an interest in Siam (now Thailand) as a trading partner. In the wake of the First Anglo-Burmese War and due to the increasing British presence on the Malayan peninsula, the British and Thais first demarcated their spheres of influence in the 1826 Burney Treaty. British traders also gained access to Siam, even if that access came with considerable

[37] Cheong, *Mandarins and Merchants*, 269; Le Pichon, *China Trade and Empire*, 171–73; Kam Hing Lee, *A Matter of Risk: Insurance in Malaysia, 1826–1990* (Singapore, 2012), 24, 50–52, 66.

[38] *An Anglo-Chinese Calendar for the Year 1847* (Canton, 1847), 130; Solomon Bard, *Traders of Hong Kong: Some Foreign Merchant Houses, 1841–1899* (Hong Kong, 1993), 85.

restrictions and was limited to Bangkok.[39] In the 1840s, British traders in the Straits Settlement, with the support of British independent traders in Manchester and London, pressed for a new treaty giving them the same rights in Siam as they now enjoyed in China. In 1850, the Straits government sent James Brooke, who governed Sarawak on Borneo as a white rajah, to negotiate with Rama III in Bangkok, but the talks were a complete failure. It took five more years before a British delegation, under the leadership of the governor of Hong Kong, John Bowring, was able to negotiate a new treaty that granted British traders free access to all Siam's ports and allowed companies to set up in Bangkok, as well as lifting the ban on exporting rice. This opening up was made possible by the coronation of Rama IV as King of Siam and the 1853 defeat of the Burmese in their second conflict with the British. From that point onwards, Siam supplied foodstuffs to the workers in the tin mines and pepper plantations owned by Chinese entrepreneurs on the Malayan peninsula.[40] British shipping companies in particular were the beneficiaries and came to dominate Bangkok's harbor by the end of the century, representing 87 percent of its total tonnage in 1892.[41] British marine insurers arrived in Bangkok in the wake of the British traders, starting with British firms based in Southeast Asia and followed somewhat later by some of the large British fire insurers.

The large British fire insurance companies, such as Alliance British and Foreign Fire and Life Assurance, founded by Nathan Rothschild, and Phoenix Fire, played only a subsidiary role across Southeast Asia and the Far East before the 1860s. While they had had agents in Calcutta since 1827, and a year later in Madras, the difficult communications links between the U.K. and India obliged them to operate with relatively low limits. They also faced competition from the companies based in India.[42] Nevertheless, they used India as a springboard for their expansion across the Indian Ocean, and later the Pacific. Phoenix followed the sugar industry to Mauritius in 1835, expanding to Australia in 1841 and to Singapore four years later. However, the company's business results lagged far behind those of the companies based in this region. By the mid-1840s, only 0.4 percent of Phoenix's premium income originated in Southeast Asia.[43]

Along with the British fire insurance companies, the first life insurers also arrived in India from Great Britain following the collapse of the agency houses, with Universal Life opening a branch in Calcutta in

[39] Webster, *Gentlemen Capitalists*, 159–60.
[40] Ibid., 160–62.
[41] Ibid., 230.
[42] Trebilcock, *Phoenix Assurance*, 233.
[43] Ibid., 190.

1834. In 1835, the governor general, seeing the need for insurance among the European population, decided to open a life insurance company guaranteed and financed by the government. He was talked out of it by private insurers from London concerned that it would impede competition. By 1845, Royal Insurance was represented in India, with other companies following close behind.[44] The real breakthrough by European insurance companies in the East began only in the 1860s, after communication channels with Europe had improved significantly and the opening up of China and India had made the Pacific region and its lucrative markets attractive.

Founding of Domestic Companies

Throughout Asia, it took several decades for domestic entrepreneurs to adopt underwriting and set up insurance companies. There were three reasons for this: Firstly, underwriting competed with traditional forms of risk management in each country that had hitherto adequately fulfilled their purpose, were adapted to local economic and social circumstances, and formed part of the local culture. Secondly, life insurance in particular contravened some taboos, values, and moral attitudes of the native population. Thirdly, the Europeans avoided insuring the ships, houses, and lives of the natives. They pointed to the higher construction risks of the Chinese, Arab, and Indian junks, dhows, and houses, the lack of civil registration documentation, and the risks of insurance fraud.

In China, shipowners and international traders initially saw no need to replace their own risk management instruments by adopting marine underwriting. In the larger ports, the junk owners, sailors, and traders had formed—many generations previously—guilds to safeguard their trading activities. The guilds were financed by membership fees and charges that were linked to turnover. Like early modern trade guilds in Europe, these guilds set the prices of goods and the length of the working day, settled questions regarding warehousing and packing, mediated disputes between members, and assumed shipping and cargo risks. They insured junks against piracy by charging a fee to every ship entering a port. The guilds used this money to pay for convoy escorts, compensate losses resulting from pirate attacks, pay ransoms, and support the families of crew members who were killed.[45]

As noted above, a few Parsi traders since the 1830s had adopted underwriting, had been involved in Canton Insurance, and led the new Sun

[44] Singh, *European Agency Houses*, 302–3; Rungta, *Rise of Business Corporations*, 13; Tripathi, *Trade and Finance*, 249–50; Agarwala, *Insurance in India*, 10; Ray, *Life Insurance in India*, 9.

[45] Lee, *Matter of Risk*, 13.

Fire Office in Calcutta. There were also two or three Hindu merchants who took over Oriental Life and restructured it. The one thing they had in common was that they had worked closely with European and North American companies—some, such as Dwarkanath Tagore, previously worked for British companies—and represented the link between Europeans and native producers. Despite the close coexistence and collaboration between British and Indian companies, it was only at the end of the nineteenth century that native entrepreneurs entered the insurance business; an independent Indian insurance industry began to develop very gradually in the 1870s. The impetus behind this development was the contemporaneous rise of an Indian national movement, whose leaders were the products of British educational institutions and influenced by Western liberal thought. Their educational background meant that they understood that insurance was a necessary element in modernizing the country. A second wave of incorporations took place from 1905 onwards as a result of the Swadeshi movement, which advocated a boycott of foreign goods and called for an increase in domestic production.[46]

In China, compradors played the key role in the adoption of underwriting. As middlemen between the European and Chinese firms, they worked both for and in the Western firms, as well as for themselves. They were in charge of the Western companies' Chinese employees, and they negotiated agreements between those companies and the Chinese firms. When such collaboration proved fruitful for both parties, some members of foreign firms married Chinese women, some of whom were the daughters of compradors or Chinese business partners. This created a second generation of compradors, who were raised to be bilingual, were frequently educated in Western schools, and sent their own sons to modern schools in the treaty ports or to mission schools. They were influenced by Western ideas and the institutions of modern business life, adopting the Western concepts of contract law, insurance, and the principle of limited liability.[47] They owned companies and used their expertise to modernize the Chinese economy.[48]

Following the partial opening up of China as a result of the Treaty of Nanking in 1842, the focus of British economic activity shifted from Canton to Shanghai, and the compradors relocated along with the firms and traders. Shanghai soon became the most important marketplace in Eastern Asia, as well as its insurance center. Spurred on by the panoply of activities undertaken by Western firms, Chinese-owned

[46] Borscheid, "Far East and Pacific," 426–27.
[47] Keswick, *Thistle and Jade*, 95–101.
[48] Ibid., 85–91; Bard, *Traders of Hong Kong*, 46.

mining companies, machinery and textile factories, and insurance companies began to be set up in the wake of the early Self-Strengthening Movement (1861–1895), a period of institutional reforms. In 1872, several compradors working for Western companies financed the China Merchants Steam Navigation Company. Two of the compradors involved set up the China Insurance Merchants' Bureau and, a year later, Yen He Marine Insurance, as a result of their frustration with the high premiums charged by Western marine insurers. One of them, Tong King-sing, had worked as a comprador for Jardine Matheson & Co. in Shanghai since 1863. He had been educated at the Morrison Education Society's school in Macau and had then gone on to study at the London Missionary Society's school in Hong Kong.[49]

Apart from launching these few start-ups, China behaved very cautiously towards underwriting at first. Only during World War I did the number of business start-ups rise significantly, when domestic companies took advantage of the decline in imports of industrial goods from Europe and set up their own production facilities, banks, and insurance companies undisturbed by foreign competition. In 1915 the department-store owner Ma Ying Piu, who had acquired his wealth in Australian gold mines, founded Sincere Insurance, a fire and marine insurer, which was followed in 1922 by Sincere Life. Also in 1915, the Kuo brothers, who had also made their initial fortune in Australia, founded Wing On Marine & Fire Insurance, to which they soon added Wing On Life, funded by money from domestic and overseas Chinese. The Kuo family was well known in Shanghai in the interwar period as the owner of the Wing On department store, several textile factories, and other companies. Its members were typical of many Chinese insurance founders: highly cosmopolitan and apt to consciously adopt cultural markers from Europe and the United States. They played tennis, they lived in Tudor-style villas, and the two brothers, Kuo Le and Kuo Hsuan, insisted they be addressed only as James and Phillip.[50]

Chinese living abroad were also very slow to adopt underwriting. This was certainly true of the Chinese living in Singapore and the Malay Peninsula, as well-established, traditional practices already existed there and were extremely well suited to Chinese businesses and needs. Their business organizations were based on the principle of close cooperation between capital and labor—that is, that all employees of a group were considered to be partners who would help one another in

[49] Keswick, *Thistle and Jade*, 104; Feng Bangyan and Nyaw Mee Kau, *Enriching Lives: A History of Insurance in Hong Kong, 1841–2010* (Hong Kong, 2010), 11, 32; Stella Dong, *Shanghai: The Rise and Fall of a Decadent City* (New York, 2000), 67–68; Trebilcock, *Phoenix Assurance*, 313; Blake, *Jardine Matheson*, 125–26; Connell, *Business in Risk*, 35.

[50] Feng and Nyaw, *Enriching Lives*, 48–55; Dong, *Shanghai*, 101; Immanuel C. Y. Hsü, *The Rise of Modern China* (New York, 2000), 426–32, 494–95.

cases of economic difficulty, social ostracism, or oppression, regardless of their function in the company. These mutually supportive groups, such as the *kongsi* (clan associations), were particularly prevalent in the Chinese diaspora, where the Chinese, as an immigrant ethnic group, often encountered considerable resistance from the established population. During the course of the nineteenth century, some of these kongsi developed into what became known as "secret societies," promoting only the interests of their own clans at the expense of rival organizations. The largest secret societies in the Straits Settlements were the Cantonese Ghee Hin, the Hai San, and the Toh Pek Kong from the southern Chinese province of Fujian.[51] Of the Chinese businesspeople who founded Khean Guan Insurance in Penang in 1885, the first Chinese insurance company in the Straits Settlement, several belonged to the latter two secret societies.[52] They had previously made names for themselves in some of the economic sectors controlled by Europeans, such as steamships, and adopted Western institutions such as underwriting along with Western technology. While underwriting was not in itself superior to their own customary practices, their Western business partners demanded that they insure their goods carried on Chinese ships.[53]

Conclusion

Chinese entrepreneurs were slower and more reluctant to adopt life insurance than marine and fire insurance. Life insurance had to compete with traditional Chinese forms of business risk provision; the concept also conflicted with the population's moral values and way of life. This was particularly true of whole life insurance, which was the most important and often the only product offered by European insurers in the nineteenth century. As Cheris Shun-Ching Chan recently demonstrated, even today the Chinese way of looking at life and death is largely irreconcilable with the logic of whole life insurance. The Chinese understand living a "good life" to mean living well until death strikes, while a "good death" is to die after having lived a full life. Along with their economic obligations, it is also the responsibility of other family members to avoid mortal risks as far as is possible. Whole life policies are alien to this view of life and cannot be reconciled with family members' moral obligations. Only the introduction of endowment products ameliorated this negative attitude towards whole life insurance. People regarded the new products as a way to save money and regarded the insurance

[51] Webster, *Gentlemen Capitalists*, 122.
[52] Lee, *Matter of Risk*, 79.
[53] Ibid., 73–86.

company as an asset manager that helped them live well.[54] Life insurers in India also struggled to find customers for whole life insurance among the native population. Most Indians considered insuring their lives to be the same as courting death. In everyday parlance, life insurance was pithily referred to as "death registration."[55]

Unpacking the meaning of this phrase would be an excellent introduction to a more detailed exploration of the development of the Southeast Asian insurance markets since the end of the nineteenth century. Suffice it to say that the insurance markets there were controlled by the large European and American insurers until the turn of the century; domestically founded companies played a secondary role altogether. The branches continued to service clients derived almost exclusively from among the Europeans and Americans living there, alongside local people who worked closely with Western companies and were heavily influenced by Western culture.

British trading imperialism opened up Southeast Asia for insurance methods, and British traders and settlers brought insurance to this part of the world. For many decades, Europeans and North Americans living in the region kept marine, fire, and life insurance to themselves and, for differing reasons, did nothing to promote the idea of insurance to local communities. While domestic companies and large parts of the population were relatively quick to adopt many of the products of European industrialization—from weapons and machinery to cheap mass-produced goods—they regarded insurance mostly with incomprehension, if not rejection. This was particularly the case for life insurance, which was impeded by taboos and moral barriers throughout Southeast Asia. Only in the second half of the twentieth century did this change, as a consequence of the new conditions of urbanization and globalization. Despite this, insurance penetration in the various Asian countries continues to display enormous variations that can only partly be attributed to economic circumstances. In some countries, insurance continues to compete with other forms of risk management as well as cultural attitudes.[56]

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[54] Chan, *Marketing Death*, 167, 183.
[55] Agarwala, *Insurance in India*, 33.
[56] See Swiss Re, "World Insurance in 2011," *Sigma* 3 (2012): 41.