

SESSION



1908-1909

President: JAMES DENNY, Esq.

Lecture on the History of Lloyd's

BY MR. T. F. AUKLAND (COMPANION),

On Monday, February 23, 1908.

CHAIRMAN: MR. J. T. MILTON (MEMBER OF COUNCIL).

THE lecturer traced the rise of the world-renowned corporation of Lloyd's from its humble origin in the riverside coffee-house in Tower Street, then one of the principal thoroughfares in the City of London. As far back as the year 1688 the coffee-house of Edward Lloyd was a common resort of the seafaring community, and from its proximity to the centre of shipping activities it early became identified with the shipping interest. In 1692 Lloyd removed his establishment to the corner of Lombard Street and Abchurch Lane, thereby gaining the custom of merchants of standing, who gathered there to transact their business and to read the letters from correspondents in the principal home and foreign ports, with whom Lloyd had established an extensive connexion. These correspondents supplied him with information regarding the movements of vessels and other matters of interest, which he in turn supplied, for a consideration, to his clients. Four years later he courageously undertook the publication of a shipping and commercial newspaper, known as *Lloyd's News*, which was issued three times a week. After a career of about three months this journal was voluntarily suppressed by Lloyd, to save himself from the humiliation of making an apology to the House of Lords for a statement which appeared in its pages. Handwriting was

substituted for printing, and the sheet was regularly posted in the coffee-house, until in 1736 the journal was again published under the title of *Lloyd's List*, the publication of which has been continued down to the present time—although under another name since 1884. In the first decade of the eighteenth century Lloyd's coffee-house was one of the best known resorts in London, a popularity sufficiently attested by the fact that it forms the subject of papers by Steele in the *Tatler* and Addison in the *Spectator*. It had now become recognized as the centre of marine insurance, although this branch of the business was not, as yet, of the first importance there, being secondary to that of the collection and dissemination of news. Marine insurance as a regular business had originated only as one of the many excuses for speculation which the South Sea Bubble had occasioned, and it had gradually come into vogue, first by individuals assuming the risks for premiums received on the strength of their own good name, and afterwards by combinations in the form of companies. The word "underwriter," deriving its origin from the fact that those who accepted the risk subscribed or underwrote their names at the foot of the document, then came to be included in the English dictionary for the first time. The growth of technicalities, consequent upon the necessity of defining specifically the liability of the underwriter, gave marine insurance the standing of an expert profession, and the marine insurance broker was called into existence. As the business increased, the coffee-house was found to be too small, and temporary premises were secured in the year 1770 in Pope's Head Alley. To obtain suitable premises was almost as difficult as it would be if the corporation were under the necessity of seeking a fresh location at the present time, and many efforts were put forward with this object without success. In 1771 Mr. M. K. van Mierop called a meeting of the members for the purpose of arranging to build a new "Lloyd's," and in the minute books of Lloyd's, blackened and charred by fire, are still to be seen the names of the seventy-nine gentlemen who attended that first meeting, also the entry that each subscribed £100 as an earnest of the good intentions of the convener. After many disappointments and troublesome negotiations they secured the rooms lately occupied by the British Herring Fishing Company, and described as "a very roomy and convenient place over the north-west

side of the Royal Exchange," at a rent of £180 per annum. This course was adopted chiefly at the instigation of Mr. John Julius Angerstein, who afterwards attained considerable prominence in the commercial life of the City. Some idea of the growth of Lloyd's may be gathered from the fact that in 1771 there were 79 subscribers, while in 1891 there were about 700 members, 500 subscribers and 500 substitutes. Prior to their entry into the new premises, Lloyd's had been open to all, with the result that a number of adventurous spirits were found among its clients, and the extent of the illicit gaming which went on there was singled out as affording a melancholy proof of the degeneracy of the time. The desirability of having a governing body was therefore recognized, rules and regulations were adopted, and an annual subscription of £20 exacted in order to keep out undesirable persons. In 1774 a rule was also passed against the practice of issuing wager policies, but did not by any means effect the extinction of these transactions. An interesting relic is still preserved at Lloyd's in the shape of a policy for one month at a premium of three guineas per cent. effected upon the life of the first Napoleon, and the description of Lloyd's in the French paper as "a veritable insurance bazaar" is justified when it is observed that insurance on the lives of Kings, on racehorses, against the risks of riot and civil commotion during strikes, against fires and burglary, on the bank deposits and on other subjects equally diverse, have been effected there.

As befitting a great national institution, Lloyd's has ever been ready to help great national schemes with open-handed generosity. Among the most praiseworthy may be mentioned the encouragement and help which the Society afforded to the originator of the lifeboat, Henry Greathead. In 1802, on the initiative of Mr. Angerstein, £2,000 was subscribed by Lloyd's, fourteen boats were built, equipped and stationed in various parts of the kingdom, and from that time till 1824 the lifeboat service of the country was kept going by Lloyd's until taken over by the National Lifeboat Institution. In 1803, during the war with France, a great Patriotic Fund was opened, the outcome of a general meeting of the members of Lloyd's. One of the seven resolutions passed at that meeting declared that "to animate the efforts of our defenders by sea and land it is

expedient to raise, by the patriotism of the community at large, a suitable fund for their comfort and relief, for the purpose of assuaging the anguish of their wounds, or palliating in some degree the more weighty misfortune of the loss of limbs, of alleviating the distresses of the widow and orphan, of smoothing the brow of sorrow for the fall of dearest relatives, the props of unhappy indigence or helpless age, and of granting pecuniary rewards, or honourable badges of distinction, for successful exertions of valour or merit." Lloyd's headed the list with a subscription from the funded property of the Society of £20,000, and during the first six years after the opening of the fund £484,832 was received by the committee of management. The Patriotic Fund medal was prized as much, and sought after as eagerly, as the Victoria Cross of our day.

The charter of George I, granting a monopoly of marine insurance carried on by joint stock companies to the Royal Exchange, London, Insurance Corporations had the effect of protecting Lloyd's from serious competition, and at the beginning of the nineteenth century the bulk of the marine insurance business was in the hands of Lloyd's. A Parliamentary Commission in 1810 elicited the fact that of a total of £650,000 insured on the *Diana* frigate, no less than £631,800 was underwritten at Lloyd's. The Society rose to its greatest prominence during the forty years of turbulent commotion which began in 1775 with the American War of Independence. In 1798, following an application of the Globe Fire and Life Assurance Company for a repeal of the Act of George I preventing them from engaging in the business of marine insurance, a Parliamentary inquiry into the conduct of marine insurance generally, although it did not elicit any imputation against the high character and standing of Lloyd's, revealed defects in the system of government of the Society, and in 1811 a committee of twenty-one members was appointed "to consider of such measures as may be necessary for the future good management of the affairs of this House." The supervision had formerly been under the care of a "House Committee" of twelve to twenty life members, who were controlled in turn by the general body of the members. The proprietors of the coffee-house, during the Society's location there, were known as "masters," and the "waiters" acted in attendance upon the members. On the migration

to the Royal Exchange the name of the original proprietor and the titles of "master" and "waiter" were retained, the latter being in use till the present time. The "Master," who was generally appointed from the ranks of the waiters, received part of the profits of the room, amounting to as much as one-fourth, out of which he had to pay the expenses attached to its up-keep. This anomalous state of affairs was brought to a conclusion in 1804, when, in the course of correspondence with the Government on the subject of convoys, the letters of the Society bearing the signature of the Master received in response from Earl Camden, Secretary of State for the Colonies and War Department, the intimation that he was unable to continue a correspondence with "the waiters at Lloyd's coffee-house," and a secretary was immediately appointed. The committee of 1811 completely reorganized the government of Lloyd's, instituting the appointment of agents to act for the benefit of the underwriters in general, laying down what class of persons were eligible as members, the forms to be observed for their election, and various other improvements. In 1824 the Act of George I was repealed, and the field of competition in marine insurance business was open for all who cared to enter, a competition, however, which has little affected the prosperity of Lloyd's. In 1871 a charter of incorporation was granted to the Society, the corporate objects being, (1) The carrying on of the business of marine insurance by members of the Society, (2) the protection of the interests of members of the Society in respect of shipping and cargoes and freights, and (3) the collection, publication, and diffusion of intelligence and information with respect to shipping. The last-named department numbers over 1,500 agents stationed in every town and port of the globe frequented by vessels, who give prompt information of all arrivals, sailings, wrecks, casualties, and other occurrences, to headquarters. Reports are constantly being wired to the great maritime centres of the world which are in connexion with Lloyd's, and shipping news is continually being communicated during the day to the English marine insurance companies who pay the full subscription of £400 a year. This department also carries on the reporting of vessels passing the various signal stations placed at important points around the coast of Britain and at various places abroad. On the ground floor in Threadneedle Street is situated the

inquiry office, used for the most part by relatives of seamen, whose inquiries are answered free of charge. In that building also may be consulted records in which, by an elaborate system of indexing first invented by Mr. James Bischoff, the whereabouts of vessels in every part of the world can be quickly ascertained. One of the publications of the Society is a Captain's Register, being a biographical dictionary of the whole of the commanders in the British mercantile marine. The Loss Book, in which over 3,000 casualties are entered in the course of the year, affords peculiar interest to the underwriters, and of even more interest is the telegram room, in which copies of telegrams reporting casualties and notices of overdue vessels are posted. On the day a vessel is "posted as missing" at Lloyd's, the loss is payable by the underwriters and collected by the brokers who effected the insurance. The wages of the missing crew are payable up to that time, but by that formality the unfortunate men are legally judged to be dead. Diligent search and inquiry have not revealed any instance of a vessel once "posted as missing" ever afterwards re-appearing. The Records of Arrivals, one giving entries of all arrivals of vessels at foreign ports and the other at home ports, also the Confidential Index, showing the histories, tonnages, and losses of all British steamships of 100 tons and upwards, the number of shares held by the managing owners, the number of shares mortgaged, the names and subsequent employment of both sailing and steam mercantile mariners whose certificates have been suspended, etc., are other very useful and important volumes. Perhaps the most important of all is the ponderous publication known as *Lloyd's Register of British and Foreign Shipping*, which contains the names, classes, age, owners, builders, dimensions, signal letters and many other particulars relating to vessels classed by the Society, and also includes, as far as possible, names, dimensions, etc., of all other merchant vessels of the world of one hundred tons and upwards, some of which, although not classed by the Society, are classed elsewhere. The term "A1," which has become a familiar expression of common usage, owes its origin to this publication, the letter signifying the highest class for wooden vessels. The symbol for the highest class of iron vessels is "100 A1," and the details given respecting construction, ownership, etc., combined with the signs

and symbols allotted to each vessel, enable an underwriter to estimate to a nicety the requisite premium for any risk that may be submitted to him. The oldest copy of a register of shipping in the library at the office of Lloyd's Registry—indeed, so far as can be ascertained, the oldest copy of any book of the kind in existence—bears the date 1764-5-6. The work of surveying and classifying the vessels recorded in the register is carried on by a Committee specially appointed for the purpose, which, though distinct from Lloyd's, may yet be regarded as a sister association.

There are two separate and distinct aspects of Lloyd's—first as a corporation, and secondly, as an aggregation of individuals carrying on business as brokers and underwriters for their own personal profit and on the strength of their own good names. Lloyd's has no financial liability in the event of the failure of any of its members or subscribers. All it does in its corporate capacity is to ensure, as far as possible, the admission only of men of stability and repute, by means of more or less stringent tests, and the exaction of a pecuniary deposit or guarantee. From its earliest years Lloyd's has enjoyed a reputation for honourable dealing, of which the corporation is justly proud, and generation after generation the tradition is handed down for its successors to maintain.

The lecture consisted for the most part of extracts from Mr. Grey's *History of Lloyd's*.

A very hearty vote of thanks was accorded to Mr. Auckland, on the proposition of Mr. W. C. Roberts, R.N.R. (Vice-President), and to the Chairman, on the proposition of Mr. F. Cooper, R.N.R. (Member of Council).



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SESSION



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IN THE ENGINE ROOM,

By MR. J. G. HAWTHORN (HON. MINUTE SEC.)

Monday, February 24th, 1908.

PAPER NO. CXLVIII.

AN IMPROVED FORCED DRAUGHT
ARRANGEMENT,

By MR. J. MACDONALD STRATTON (MEMBER),

Monday, March 30th, 1908.

CHAIRMAN: MR. F. M. TIMPSON (MEMBER).

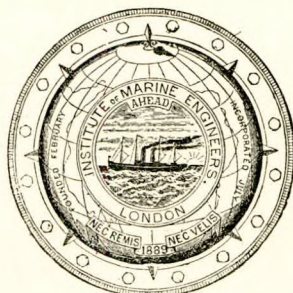
ADJOURNED DISCUSSION,

Monday, April 6th, 1908.

CHAIRMAN: MR. JAMES ADAMSON (HON. SECRETARY).

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