

Maritime insurance in Italy between the XIX and XX centuries

In the economy of a backward and fatalist country like Italy in the first half of the nineteenth century, insurance companies played a secondary role and their sphere of activity was almost exclusively maritime. But even in this field, insurance coverage was not so widespread, if in a novel symbol of the period, *I Malavoglia*, the ruin was caused precisely by the loss of "Providence", the family boat; neither the hull nor the cargo had been insured, and this shipwreck determined the insolvency of the family, with a succession of misfortunes that hit all its members.

After the decline of the Republic of Venice, Genoa became the most important insurance market. In the first half of the nineteenth century, in the Ligurian capital, there were already about ten companies that carry out maritime insurance, all of them with a small amount of capital, a limited time duration (generally 5 or 10 years) and a small number of members, so they did not allow for growth and affirmation outside the Ligurian borders.¹ The dynamic Genoese initiative was marked by the continuous birth of new companies, whose financial profile, however, wasn't very different from previous experiences.² In 1833, in order to overcome a phase of negative technical trends and to prevent new bankruptcies, the main Genoese insurers signed a tariff agreement, with the aim of raising the rates applied and adjusting the premium margins, but the cartel initiative failed because of the firm opposition of the Chamber of Commerce, which declared the monopolistic agreement to be "strange news" and dissolved the group.³

Along the Tyrrhenian coast, in Livorno, there were a few companies of modest size weak in organization and financial availability, which could only satisfy the insurance demand of the smaller fleet, while owners of larger ships turned to other Italian or foreign companies.⁴

Naples and Palermo had a good insurance tradition. After the end of the Real compagnia delle assicurazioni marittime⁵ (1802) and the monopoly exercised by it, in Naples the major merchants sponsored the birth of a dozen companies, which fulfilled the needs of the local commercial activity.⁶ In the Adriatic, Trieste was the most important insurance center, with at least 25 companies in the maritime branch, which were already active in the first half of the nineteenth century. The establishment of the Free Trade Port

in 1732 promoted the success of Trieste and the influx of substantial Austrian and Hungarian capitals transformed the city into a large cosmopolitan emporium. The increasing number of insurances became the clearest expression of the great commercial traffic that departed from the port and returned to it.

On political Unification in 1861 all major insurance companies were established in ports, such as Genoa (forty-nine companies), Naples (twelve), Palermo (four), as well as in Venice and Trieste, which at that time were largely Italian speaking cities under Austrian rule.

In the fifty years between the Unification of Italy and the outbreak of the First World War the Italian insurance market of the maritime branch underwent a double metamorphosis as it is shown in the following table:

Table A

	Companies	Transport Premiums (in lire)	Transport premiums/all branches premiums ratio
<i>1861</i>	85 (of which 10 foreign)	4.000.000	1/4
<i>1912</i>	8 (of which 3 foreign)	17.500.000	1/12

Source: C. Correnti e P. Maestri, *Annuario statistico italiano*, 1864, 542; *Annuario statistico italiano*, 1913, 293; Transport premiums: author estimation.

The first obvious metamorphosis was the hard selection. In fifty years, companies dropped from 85 to 8. The second one was a reduction in the importance of the transport branch, of which, however, the maritime branch represented a part, in the economy of the Italian portfolio of all branches. These structural changes were a reflection of the revolution that took place in maritime transport and that invested all the related service activities, such as insurance. In the last decades of the nineteenth century, maritime transport experienced a profound technological-organizational change that redefined the modalities and directions of commercial mobility and shaped an international economy that finally became globalized. The ingredients that determined this revolution were the growth of the tonnage of the world fleet from 10 million tons (1860) to 50 million tons (1913);⁷ the affirmation of steam steamers, which progressively supplanted sailing, determining the increase in size, reliability and speed of ships with effects on costs and logistics of the movement of goods. Within this trajectory, each country had its own

progression. The tonnage of steam exceeded that of sailing in 1883 in Great Britain, in 1886 in France, in 1893 in Germany and in Austria-Hungary, and in 1907 in Italy.⁸ The interaction between telegraphs, trains and steamers determined the "collapse of distance" and the beginning of the era of synchronized mobility, which redrew new commercial and political balances. Even on long distances, sea voyages lost the flavor of adventure based on individual intuition and the aleatory linked to the atmospheric conditions typical of the pre-mechanical era and became simple and calculable commercial operations. As a consequence, productivity increased considerably.⁹ Between 1870 and 1913, international trade quadrupled its size, while transport costs were halved.¹⁰

In this general context, in this phase of transition Italy was behind if compared to other European countries: there were a lot of ports, but not one had adequate structures or was so busy; only Genoa had the profile of a port able to compete on an international level, but much more from a quantitative point of view than from a qualitative one.¹¹ Between the Unit and the early seventies, Naples was in decline and this trend inevitably affected the 12 insurance companies which were active there: they saw their premiums go down to 1/3.(a third). In the general Italian standstill, only Palermo showed some signs of vitality and this was reflected in the insurance market with the birth of new companies and in the substantial insured capital.¹²

In the aftermath of national unification, the Italian merchant fleet was comparable to the Austrian fleet for sailing ships, but it had only half of the required steam tonnage. The comparison with other countries confirmed the Italian technologically backward position.¹³ In 1881 the situation improved modestly in sailing, whereas the steamers were still the weak point: Italy recorded 45% of the German mechanical propulsion tonnage, 30% compared to France, 3.1% compared to Great Britain. Still linked to the familiar and local logics, the Italian maritime operators searched for the best cargo to fill the holds, when by then the world trading system was about to embrace a new type of synchronized mobility. In 1881, the parliamentary inquiry on the conditions of the merchant navy highlighted the minor role of the Italian navy and its subordination to rules that had already been defined. The consequence of this delay was that almost all the Italian maritime import-export transported by steam ships was the prerogative of foreign ships and shipping companies, which in fact controlled more than half of the domestic trade by sea (80% of goods disembarked and 64% of those departing from Italian ports).¹⁴

In the following years, despite the efforts to make the national fleet technologically more modern and therefore able to cover larger portions of international trade, the delay was only partly recovered. Most of the transports carried out by foreign ships were insured abroad and the companies operating in Italy (both Italian and foreign) paid the price for the loss of transport quotas on national ships. All this explains the apparent paradox of a dizzying increase in maritime transport and the relative weight loss of the transport insurance business compared to the other insurance branches. A second reason that determined a downsizing of the transport branch called into question the technical improvements of ships and the birth of the naval registers that allowed a reduction of maritime claims, with benefits in terms of reduced rates for insurance of hull and cargo. A statistic carried out by about 80 international companies showed that the incidence of claims was much lower due to the steamships compared to sailboats: in the two years 1892-1893, 1.4% and 2% of the steamships were respectively lost compared to 2.6% and 3.4% of insured sailboats.¹⁵

According to the Lloyd's Register, from 1870 onwards the reduction of claims was constant and continued also in the new century: in the period 1902-1913, the annual average of losses for shipwrecks was of 1.24% of the existing ships; in the period 1926-1929 this percentage almost halved and in 1931 it decreased again, settling at around 6 per thousand of all armed ships.¹⁶

A significant drop was also the result of the spread of insurance, which thanks to the practice of expertises encouraged the best practices and the most modern techniques. Although there were no real statistics on transport premiums in Italy, the drastic fall in claims had tangible effects. A British study relating to the Italian market in the period 1880-1900 revealed a 57% decrease in hulls insurance and 36% for cargoes, with a trend in rates that substantially followed the English one.¹⁷ If, from a general viewpoint and a quantitative approach, the practice of maritime insurance is analyzed more closely, it is clear that the sector took a qualitative leap and refined its technique in that period. In 1879, in Genoa, on the initiative of the main companies, a standard wording for hulls and cargoes insurance policy was created and adopted throughout the Kingdom of Italy since 1883, thus enhancing considerable progress.

A further aspect remains to be analyzed: the drastic decrease in companies operating in the maritime branch. In the fifty years between the Unification of Italy and the First World War, not only the volumes of trade by sea grew; the affirmation of the direct

sale of goods by the manufacturing companies increased the risks of travel, while the appearance of steam steamers, whose unit value was much higher than sailing ships, multiplied even more the capitals involved; all this made the presence of large insurance companies indispensable, with considerable underwriting and technical skills. In Genoa most of the Italian companies that guaranteed maritime risks had instead a capital included between 100,000 and 300,000 lire, which wasn't enough to ensure the steamers and then the transatlantic for the transport of passengers. Some Ligurian mutual companies had a *modus operandi* that was incompatible with the needs required to guarantee the mechanical propulsion system: some companies collected a small advance from their members and then, from time to time, on the occasion of a shipwreck, asked to integrate the advance with the sum necessary for compensation to the damaged member. Others preferred to acquire from the beginning a capital corresponding to the probable minimum losses, only to have the shareholders add other capital, if the claim was greater.¹⁸

This triggered a rigorous selection process, in which the capital endowment and the underwriting capacity of the company became discriminatory; between 1861-1872, 85 maritime insurance companies were active in Italy, (51 of these operate in Genoa), but only six years later, in 1878, their number was reduced to 38. From a comparison between Italian companies (32) and foreign companies operating in Italy (6) a substantial size and capitalization difference emerges: the Italians had as a whole a modest endowment of capital (9 million and 775 thousand lire), whereas the six foreign companies had a paid-up capital that exceeded one hundred million (precisely 104 million and 200 thousand lire).¹⁹

Basically, foreign companies had the tonnage to face the challenge of the transport revolution, the majority of small Italian local businesses were instead destined for an irreversible decline. Sniffing the deal and the market, between the end of the nineteenth century and the first years of the new century, some German insurance companies (Nord-Deutsche, Badese, Dusseldorfer) set up organized branches, supplanting Ligurian mutuals for insurance technique and underwriting capacity. The rigorous selection that hit the less equipped companies was not a phenomenon that only affected Genoa or Italy. Around the mid-sixties of the nineteenth century, within the Austro-Hungarian borders, some mutual societies appeared and then grew up competing with the established companies, thanks to an aggressive commercial policy. In the first years of activity they acquired a fair amount of business, but their dynamism did not last long, because the crisis of sailing and the impossibility of competing with the powerful companies of Trieste in securing the largest

ships caused their inexorable decline.²⁰

The development of the trade accelerated even more the hard selection started in the seventies and the transport insurance market derived from it. In 1912, in all Italy, there were only 8 companies left in the maritime branch, of which 3 were foreign. Comparing the insured capitals and the collected premiums, the distance between the Italian companies and the three foreign companies was evident. The technique and capital endowment made the difference: Italian companies had lower underwriting capacity and they operated less risk selection;²¹ the rates they charged were higher (2.75% vs. 0.25%), it can be inferred that they mainly insured sailing and riskier transport than foreign companies. So it is not surprising that the percentage of claims in relation to insured capital (1.85% vs. 0.18%) was much higher for Italian companies, even if the final technical result was rather similar (67% vs 71 %).

Table B

**Insured capitals and premiums collected by the companies
operating the maritime branch (hull and cargo) in Italy in 1912**

(in lire)

	INSURED CAPITALS	PREMIUMS (% OF PREMIUMS ON INSURED CAPITALS)	CLAIMS (% OF CLAIMS ON INSURED CAPITALS)
National companies	141.118.586	3.885.866 (2,75)	2.610.109 (1,85)
Foreign companies	228.297.022	582.465 (0,25)	415.642 (0,18)

Source: Ministero di Agricoltura, Industria e Commercio, *Annali del credito e della previdenza*, serie II, 1912, 71.

Conclusions

At the time of the Unification of Italy, the transport branch represented an important portion (about 1/4) of the total insurance premiums collected. Although in the following decades the volumes of international trade increased significantly with the first globalization and transport was carried out by iron-powered ships whose unit value was

enormously greater than the sailboats, transport premiums saw a relative decrease compared to the other branches, up to just 1/12 of the total collections in all the branches (1912). The reasons for this apparent paradox and this loss of relative importance of the branch are manifold. Maritime insurance is a service of transport and during the period considered, there is no doubt that our merchant marine was in conditions of delay and inferiority compared to the marinas of other European countries, especially in the steam tonnage. As a consequence, almost all the Italian maritime import-export carried by steam ships was the prerogative of foreign ships and shipping companies, (80% of the goods landed and 64% of those departing from the Italian ports) that evidently ensured abroad. Another circumstance that determined a relative decrease of premiums in the transport branch originated from the significant drop in claims. Thanks to the affirmation of the iron and then steel vessels, mechanical propulsion, naval registers and the practice of expertises, there was a tangible reduction in claims, which was reflected in a drastic reduction in rates. During the period considered there was also a very strong selection among the companies that dealt with marine insurance. Between 1861-1872, eighty five (85) insurance companies were active in Italy, but only six years later, in 1878, their number was reduced to thirty eight (38) and in 1912 only eight (8) remained active.

With the appearance of the steamers and the large transatlantic a lot of capital had to be secured, that's why large insurance companies with considerable underwriting capacity and technical skills were needed. Most small Italian companies could not face this epochal transition and were doomed. A comparison between foreign and Italian companies shows that the former had a 10 times higher share capital. An analysis of the premiums collected in 1912 by Italian companies and foreign companies shows that the former mainly insured sailboats and riskier transport than foreign companies, with lower technical results than the latter. In conclusion, the panorama of maritime insurance at the threshold of the outbreak of the First World War saw Italian companies with less resources and less underwriting capacity compared to foreign companies. This scenario, however, changed quickly. The birth of INA in 1912, allowed to insure the commercial shipping also for war risks during the war and after the end of the conflict, the transport insurance market consolidated around the two major companies of Trieste, the RAS and the Generali, which by then were completely Italian.

¹ Despite their modest size, the most active companies in Genoa were the *Compagnia del Mediterraneo*, the *Compagnia nazionale di assicurazioni marittime* and the *Compagnia di confidenza*.

² Between the Thirties and Forties arised the *Compagnia unita di assicurazione* (with 26 shareholders and a capital of 250.000 lire), the *Compagnia assicuratori nazionale* (25 shareholders and a capital of 300.000 lire), the *Compagnia del Sole* (200.000 lire of capital) e the *Compagnia del Mare* (300.000 lire of capital). Bruno Caizzi, *Assicurazioni ed economia nell'età moderna*, in Aa.Vv., *L'assicurazione in Italia fino all'Unità. Saggi storici in onore di Eugenio Artom*, Giuffrè Editore, Milano, 1975, 429.

³ Vincenzo Porri, *Lo sviluppo delle imprese assicuratrici in Italia nei rami elementari*, in Giuseppe Prato-Vincenzo Porri- Francesco Carrara, *Lo sviluppo e il regime delle assicurazioni in Italia*, S. Lattes & C., Torino, 1928, 77.

⁴ The Livorno companies had curious names such as *I prudenti assicuratori*, *Compagnia gli amici costanti*, *I fermi assicuratori*. About insurance companies in Livorno see: Massimo Sanacore, *Alle origini delle anonime livornesi di assicurazione: dalla rinascita del 1827 alla crisi del 1833* Sezione provinciale del Sindacato Nazionale Agenti di Livorno.

⁵ About the story of the Real compagnia see: Franca Assante, *Il mercato delle assicurazioni marittime a Napoli nel Settecento: storia della Real compagnia, 1751-1802*, Giannini Editore, Napoli, 1979.

⁶ In the Twenties and Thirties the main companies that were established were: the *Società napoletana di assicurazione dei rischi marittimi*; the *Compagnia del commercio di Napoli*; the *Compagnia di assicurazione e del cambio marittimo del piano di Sorrento*; the *Società marittima commerciale*.

⁷ Martin Stopford, *Maritime economics*, Routledge, London-New York, 2009, 26.

⁸ Giulio Melinato, *L'Adriatico conteso. Commerci, politica e affari tra Italia e Austria-Ungheria (1882-1914)*, Franco Angeli, Milano, 2018, 18.

⁹ *Ibid.*, 23.

¹⁰ Antoni Esteveordal, Brian Frantz, Alan M. Taylor, *The Rise and Fall of World Trade, 1870-1939*, in «The Quarterly Journal of Economics», vol. 118, n° 2, 2003, 359-407.

¹¹ About the Genoa port see: Epicarmo Corbino, *Il porto di Genova*, in «Giornale degli Economisti e Rivista di Statistica», vol. 63, n° 9, 1922, 397-460; Maria Elisabetta Tonizzi, *Merci, strutture e lavoro nel porto di Genova tra '800 e '900*, Franco Angeli, Milano, 2000.

¹² Between 1867 and 1871, the 12 companies operating in Naples saw insured capital pass from 1.5 million lire to 570,000. In the same period, in Palermo the local companies had secured capital for about 31 million lire. See: Filippo Virgili, *Le assicurazioni marittime in Italia*, in «Assicurazioni. Rivista di diritto, economia e finanza delle assicurazioni private», n° 6, 1937, 655.

¹³ Compared to Germany, Italy recorded 78% of sailing tonnage, but only 38.5% of steam tonnage. For France, in the same period the percentages were 16.9% and 12.7%, while the comparison with Great Britain was simply disheartening: 2.6% of sailing tonnage and 1.9% of the steam tonnage. Giulio Melinato, *L'Adriatico conteso*, 45.

¹⁴ Ministero di agricoltura, industria e commercio, *Annuario Statistico Italiano, 1892*, Tipografia nazionale G. Bertero, Roma, 1893, 591-599.

¹⁵ Bollettino mensile delle Assicurazioni Generali, n° 20, ottobre 1894. The Assicurazioni Generali gave instructions to its agents to take the utmost caution in insuring the sailboats and to take risks only if they knew personally the captain and the shipowner. See: Bollettino mensile delle Assicurazioni Generali, n° 18, agosto 1894.

¹⁶ Epicarmo Corbino, *Il premio di assicurazione quale elemento di costo del trasporto marittimo in tempo di pace e di guerra*, in F. Assante e D. Demarco (a cura di), *Cinquant'anni di vita economica italiana*, ESI, Napoli, 1966, 272.

¹⁷ *Ibid.*

¹⁸ The first *modus operandi* was characteristic of *Camogliese*, the second of *Fiducia ligure*. Vincenzo Porri, *Lo sviluppo delle imprese assicuratrici in Italia nei rami elementari*, in Giuseppe Prato- Vincenzo Porri-Francesco Carrara, *Lo sviluppo e il regime delle assicurazioni in Italia*, S. Lattes & C., Torino, 1928, 123.

¹⁹ Filippo Virgili, *Le assicurazioni marittime in Italia*, 655.

²⁰ *Ibid.*

²¹ Probably foreign companies took medium to large risks; it is striking that the Italian companies have practiced premium rates of around 2.75%, compared to 0.25% of foreign companies. See: Ministero di Agricoltura, Industria e Commercio, *Annali del credito e della previdenza*, serie II, 1912, 71.