

# Early History of Fire Insurance

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Marine insurance was practised in the reign of Claudius Caesar, before the birth of Christ, but the exact date when it was reduced to practical business is very uncertain. The records show that a Chamber of Insurances was established in the City of Bruges, A. D. 1310. Insurance against the risk of fire was not attempted with any sort of success until about the year 1696, when the "Amicable Contributors" (whose name was changed to the "Hand in Hand" in 1698) was formed, although numerous attempts seem to have been made subsequent to the great fire of London which occurred in the year 1666. We also hear of a company for Friendly Insurance against fire, established in Edinburgh in the year 1670. This company consisted of a number of private contributors agreeing to insure each other.

In 1680, fourteen years after the great fire of London, a company named The Fire Office was formed, and some six years later the Friendly Society for insuring houses came into existence. The starting of this company so alarmed the original Fire Office that an appeal was made before King James II., the appeal being heard on the 20th January, 1687, and it was decreed that the Friendly Society be granted Letters Patent to transact business, but were prohibited from commencing writing risks for a period of one year, presumably as a sort of sop to the existing company. The official reason for the decision was that the method of the Friendly Society was more beneficial to the public than that of the Fire Office.

His Majesty also reserved the right to pay an allowance or reward to the Gunners and others belonging to the Office of the Ordnance, who should from time to time assist in extinguishing fires, said allowance to be borne by the insurance companies. The amount of assessment was later fixed at £60 per annum for each company which had or might be granted a charter.

The early underwriters were blessed with the same privileges as those of the present day, in being taxed for the benefit of the non-insurers.

The conditions of the first policies issued by the "Hand in Hand" were:—

1. The policy was for seven years, and covered houses only.
2. The premium for the first year was a rate for that year, and at the same time a deposit that furnished the rate for the remainder of the term. At the expiration of the policy the deposit was returned to the insured, with a pro rata share of earned profits.
3. All risks were assumed without the exceptional clause, as to enemies, military or usurped power, rebellion, civil commotion, riot, etc., which was subsequently introduced into their policy (1674).
4. The property was protected during the term of the policy against any number of losses, not total, without reducing the amount insured on the premises or impairing the deposit. In case of total destruction, the company had the option to pay the whole sum insured, and thus terminate the policy, or rebuild (to begin within six days after the fire happens), the policy continuing in force; and how often soever the destruction of the building by fire and the rebuilding might occur, during the term of the insurance the policy remained in force. Here we find the germ of perpetual insurance, and get some light upon the decisions of the courts upon successive losses.
5. The payment of the deposit, the acceptance of the policy, and signing the articles of association made the insured a member of the society.

6. The day of issuing and the day of termination of the policy were both included in the duration of the insurance, which illuminates the decisions of the English courts upon this subject.

7. All assignments were to be noted to the society and endorsed upon the policy within twenty-one days, subsequently changed to ninety days.

8. The business was conducted for the profit and loss of the "contributors"; and upon the termination of the policy, the insured received the deposit and his proportion of the profits. It does not appear on what basis or facts the first rates were made, nor does there appear to have been any capital or other security for losses outside of the company's own premiums, but as it was a company for mutual assurance only, the insured and insurers being embarked in one boat, it was as safe a method as could be devised in beginning an experiment. Thus was planted the seed from which the marvellous insurance tree has grown up in England and elsewhere.

In 1710 the Sun Fire Office was granted a charter, it being the first Joint Stock Company to be established. This company insured contents as well as buildings. The Union Fire Office came into existence 1714, and the Royal Exchange 1720.

"The Ordinance of Insurances and Averages" of the City of Amsterdam, 1744, issued a policy covering as follows:—

"We, the underwritten, do insure you.....  
or whom else it may concern, wholly or partly, friend or foe, viz.: Each for the sum here by us underwritten, on the structure, building, etc., called the....., standing and situated.....with the house and utensils; moreover, the household furniture, goods, wares, and merchandise, of whatsoever quality or nature, they may be, none excepted, as already are in or on the aforesaid....., or during the whole space of this insurance, shall be brought therein (and the insured shall be at liberty, at any time, to house so many goods, and to deliver them out again, as he shall please) against fire and all danger of fire; moreover, by tempest, fire, wind, own fire, negligence and fault of own servants, or of neighbours, whether those nearest or further off; all external accidents and misfortunes, thought of and not thought of, in what manner soever the damage by fire might happen; for the space of twelve months, commencing with the.....and ending the.....both at twelve of the clock at noon; valuing specially and voluntarily the said structure, building, house, etc., with all its utensils and household furniture, at the sum of.....and the goods, wares, and merchandises at the sum of.....and thus together at the sum of.....and it shall not prejudice whether all this be worth, or has cost, more or less. And the insured, or whom else it may concern, in case of damage or hurt, shall need to give no proof nor account of the value, as we know it is impossible to be done; but the producing of this policy shall suffice. And in case it should happen that the said structure, building, house, utensils, and household furniture, and the goods, wares, and merchandises, the whole or part, are burnt or suffer damage on that account, we do hereby promise punctually to pay and satisfy, without any exception, within the space of three months after the fire shall have happened, due notice having been given to us, each his whole sum underwritten, or else in proportion to the damages suffered, without deduction. Provided that, in case of a partial loss, all that shall be found to be saved and preserved shall be deducted, after the deduction of the charges paid for saving and preserving, and concerning which the insured shall be believed on his oath, without our alleging anything against it, provided there be paid to us, in ready cash, for the consideration of this insurance....."