

# History of Marine Insurance Evolution of Insurers & the Law



**Liberty**  
International  
Underwriters.  
Member of Liberty Mutual Group

## History of Marine Insurance Evolution of Insurers & the Law

The Phoenicians, early Greeks and the Romans recognised the need to protect their investments sent via sea. However, it was in the northern city states of Italy that transactions recognisable as contracts of insurance developed. These transactions recorded the transfer of risk from the cargo or ship property owner to another party in return for a non-refundable fee. This practice spread to Northern Europe and was introduced into England by Italian merchants. London developed as a centre for commerce and marine insurance in particular.

Marine insurance today is underwritten by insurers who operate through the Lloyd's market, insurance companies that operate outside of Lloyd's and by mutual insurance associations.

Edward Lloyd opened Lloyd's coffee house in Tower Street. He seemed to have specifically targeted the shipping community as his clientele and the coffee house soon developed to be the centre for shipping intelligence and commerce. The coffee shop also saw the development of the shipping newspaper "*Lloyd's List*", first published in 1734, which continues to be published till this day.

Marine insurance law originally formed part of general commercial law. Revision and transformation of English commercial law became possible upon the appointment of William Murray as Chief Justice of the King's Bench who was created a Baron thereafter. Lord Mansfield recognised the need for the law to promote commercial certainty and was prolific in reforming civil procedure.

The move to codify certain areas of commercial law came in the second half of the nineteenth century. The Marine Insurance Bill was a distillation of over 2,000 cases. The Bill went through several revisions and finally after receiving consideration by a committee comprising shipowners, average adjusters and insurers it received Royal Assent on 21 December 1906.

The UK Marine Insurance Act 1906 ("the Act") repealed all prior legislation. The Act is confined to issues addressed by previous case law relating to marine insurance contracts. However, section 91 (2) of the Act expressly allows for the application of rules of common law/equity to marine insurance contracts provided they do not conflict with any express provision of the Act.

Following the commencement of the Act, the primary focus of any dispute or uncertainty in a marine insurance contract falls to the Act if the relevant legal principles are codified in the Act. However, if the language used in the Act gives rise to doubt scholars look to pre-existing common law provisions as best evidence of the UK Parliament's intention.

### Want to Know More?

Visit our website at [www.liusingapore.com.sg](http://www.liusingapore.com.sg)