

Insuring the Industrial Revolution: Fire Insurance in Great Britain, 1700–1850. By Robin Pearson. Aldershot, U.K.: Ashgate, 2004. xiii + 434 pp. Tables, maps, figures, appendix, bibliography, notes, index. Cloth, \$89.95. ISBN: 0-754-63363-2.

Reviewed by Timothy Alborn

Although business history as a discipline has for several generations been evolving beyond the model of single-company case studies, it remains true that an archive-based, industrywide survey is a welcome, and somewhat newsworthy, event. Robin Pearson's *Insuring the Industrial Revolution* fits this bill for British fire insurance, stretching from its roots in the early eighteenth century up to 1850, when it was on the verge of market saturation at home and (if only briefly) world domination abroad. Before this book, the history of British fire insurance mainly rested on three company histories, each longer and more magisterial than its predecessor: Clive Trebilcock's history of Phoenix Assurance (appearing in two volumes in 1985 and 1999), Barry Supple's history of the Royal Exchange (1970), and Peter Dickson's history of the Sun (1960). Pearson integrates these books' findings with a substantial amount of new archival evidence from other London companies, like the Hand-in-Hand, County, Guardian, Alliance, and Imperial; and from provincial fire offices in cities like Manchester, Newcastle, Bristol, and Leeds. This wider array of sources allows Pearson to bring to the history of fire insurance the same appreciation for regional diversity that has long marked our understanding of such British industries as textiles and coal, and, more generally, to take what he calls a "market-oriented rather than corporate-oriented approach" (p. 9).

Pearson opens with a quantitative chapter tracking premium rates, sums insured, and proportion of insured British property from 1760 through 1850. The latter category, for instance, rose to just over 34 percent from 1770 through 1790, fell during the Napoleonic Wars to under a third, then rose steadily from 1820 until it reached 56 percent in 1850. Since this growth pattern was out of sync with the pace of industrialization (which grew fastest in many sectors between 1780 and 1820), he accounts for it by referring to "supply side" explanations, including profitability

(owing to luck or skill in assessing risk), better marketing, and more efficient management, and to unquantifiable “demand side” explanations, such as increased levels of risk aversion. His numbers, in other words, lead him to focus mainly on qualitative factors, which he spends the rest of the book untangling: first in a series of chronological chapters, and then in a set of thematic chapters covering company formation, marketing, underwriting, and investment.

The take-home message in both sections is that social and economic geography, more than any other single factor, determined the pace and structure of the industry up to 1850. The eighteenth-century London offices that grew were those (starting with the Sun) that were willing and able to appoint provincial agents. The provincial companies that prospered were those in market towns (like Norwich, Exeter, and Bath), where low proportions of industrial risks allowed start-ups to underprice their big London competitors. As a result, industrial centers (like Liverpool and Manchester) were underserved for much of this period, since the only companies big enough to survive the occasional disastrous fire that occurred in those markets spent relatively little time either pursuing business or learning how to improve their underwriting there. Regional variables also figure strongly in Pearson’s discussions of company formation and marketing, which he links to regional networks of directors, shareholders, and merchants. The only thematic chapter where they do not play a role is the final one on investment, which mainly summarizes and reinforces conclusions from the Phoenix and Royal Exchange company histories.

Although Pearson is not unwilling to consider cultural explanations when his evidence pulls him in that direction, he is at heart an economic historian of rather conventional tastes. His discussion of fire underwriting primarily mounts an offensive against previous studies that have used the Sun’s policy registers as a proxy for British property values; only in passing does he treat underwriting per se as an interesting historical problem. Similarly, he pitches his discussion of company formation in terms of debates over the principal-agent problem, and he spends no time engaging (for instance) the parallel legal narrative provided in Ron Harris’s *Industrializing English Law* (2000). Although some of Pearson’s

published articles do supplement this economic focus with wider-ranging questions (for instance, his 2002 article on moral hazard published in this journal), such avenues of inquiry typically play a subordinate role in this book.

Though *Insuring the Industrial Revolution* is impressive in scope, there are inevitably gaps—some acknowledged, others more puzzling. As Pearson acknowledges in the introduction, Irish and Scottish fire offices appear only at the margins in his story, and do not benefit from the archival scrutiny that marks his discussion of their English counterparts; he similarly brackets the emerging foreign and colonial business of fire offices that appeared after 1800. There is virtually no mention of the data-processing side of the business, at the level of the work and lives of the clerks who kept fire offices' books, and little discussion of the impact of life insurance (which many insurance companies offered along with fire coverage) on marketing, investment, or capital formation. None of this, however, should detract from what this book *does* accomplish: an able and comprehensive cliometric analysis of an important economic sector, which benefits from exemplary archival research.

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