A Concise Study of Insurance in Europe and North America from the Sixteenth Century to the Present Day

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Abstract

The issue of insurance has for a long time been raging and warmly debated by a number of scholars who were unable to find suitable solutions to spread a wholesome, worldwide, and comprehensive insurance system, from the sixteenth century till nowadays. Briefly, this article reveals the importance of the industry of insurance since time immemorial, and how this sector has been indispensable for the general social welfare throughout that era (16^{th} c_ present). It has evolved across time and place to make people less selfish and more altruistic because to care about the others is a way to respect them as persons and not as mere means. Moreover, insurance is perceived as a security for all people, and that in life, marine and fire insurance at first place, as stated in the Golden Rule "do unto others what you would have them do unto you." Yet, people have the tendency to ask themselves multiple questions as for example: who manages and structuralizes this huge and risky investment? In other words; from a financial perspective, who backs up the multiple and worldwide public and private insurance companies? Is it under a public or state ruling? Moreover, who beneficiates from this business? Finally, has this socio-economic investment remained in both Europe and the Americas, or crossed the Atlantic Ocean to settle in areas where the principle of insurance was a generous means to undo the rest of the world's quarter from the chain of socio-economic servitude, ever? In brief, this case study examines an overall view of how the insurance industry was and keeps being a turning point in the history of Europe as well as North American, for it emerged from Europe to take its full dimension throughout the rest of world. Finally, insurance policy portrays how a multitude of debates and bundle of compromises came to establish an essence of cooperation for both government and citizens' world's affairs.

***Key words:** insurance, coverage, insurance industry, insurance types, insurance companies.*

1- History of Insurance in Europe

1-1. Introduction

Insurance is both an industry and a business. It is above all a rational solidarity, an enterprise that should be globalized and not limited. Western might _in all aspects_ has for a long time, been at the forefront in the dominion of world's affairs by means of colonialism, imperialism or industrialism. A multi-economic and cultural basis forged through history and continents, helped transform completely but gradually the stream of the insurance system.

Moreover, insurance has been one of the revolutionary concepts which set up first in Europe, then crossed the ocean to be deeply-rooted in the United States and Canada. Those countries have portrayed, through time, which this insurance, in addition to being a mutual sharing of risks and losses, has been creating via governmental steps; modern commercialization and cooperative spirit. It thus, gradually witnessed an overall globalization of its system. However, the extent of its process was low but successful through both the goodwill of the European immigrants and of the insurance companies. Of course, all financial projects do face troubles and obstacles either at home or in foreign countries' markets. In Europe, the historical insurance turmoil as well as its success began in England.

1-1-1. The United Kingdom

History has always shaped events whatever they are and whatever they represent, mainly in case of insurance that was the outcome of both English economic and political hegemony. The seventeenth century, for example, was the era wherein insurance was modernized and industrialised thanks to England. Apparently one may say why England and not another country? The only answer to that question would be because Englandused its military, political and economic might to colonize many countries among them North America and India. Thanks to that colonial web, European immigrants succeeded to transfer their cultural, geopolitical as well as economic ideologies there creating an intercontinental marketing, unintentionally.

However, in Europe in general and England in particular, traditional cooperative structures were the basis on which modern insurance had been built to face multiple hazards as fire, marine and life. The launching of this profitable investment helped enhance the spirit of collectivism giving all segments of society mutual aid for needy persons. The private fire insurance companies, for instance ensured that underwriting[i] spread from England to the rest of the world fuelled by the development of risk and industrialization. In another sector, most marines could not expect the occupational hazards actually independent from their own actions as: shipwreck, storms or pirates and to ensure them was a human obligation based on a business nature. Moreover, from the nineteenth century on, European invested substantial amounts in healthcare systems and distributed the financial risk of the illness of individuals among bigger communities by means of insurance policies. Always in England, the insurance industry carried on being the starting point to such an extent that the kingdom managed to shape different elements using for the first time a risky system of insurance such as traders, migrants, scientists...etc, basing on three crucial powers: commercial, demographic, as well as cultural. Moreover, thanks to mathematics and statistics, the insurance market had been opening up the door to different scientific associations either national or international giving free access to the sector of insurance.

British entrepreneurs for instance, cooperated in doubling if not quadrupling the maritime transport capacities, as well as increasing in the value of its exports during the nineteenth century. Maritime insurance was predominantly the concern of the kingdom. Edward Lloyd's coffee house in the City of London was a mere association however, the official starting point of the emergence of underwriters. The might of the British trade increased during the American colonisation. Most of their shipping was insured from America to Asia. Lloyd's spirit of competitiveness was self-assured about shipping investment. As a matter of fact, there used to be a competition, challenging Lloyd's members with two chartered monopolies The Royal Exchange Assurance and The London Assurance. Lloyd's association had no choice but to benefit from and co-exist with them, though both companies offered privileges to the customer; whereas, Lloyd's underwriters proposed lower costs as well as flexible prices. The company_ later on converted _ took the opportunity during theAmerican Civil Warto thrive taking back the American marine business to Britain. Consequently the members enjoyed a successful ocean marine insurance in both England and New England.

In time of urbanization and industrialization, i.e. during the eighteenth and nineteenth centuries, Lloyd's insurance was at the peak of its glory. It covered almost all sectors encompassing all risks policies against: accident losses, smallpox, earthquake, railway accidents and steam boiler explosions. Later on, the company proved to be able to venture to ensure updated communication means like: telephone and telegraph. Its extensiveness was undoubtedly immeasurable, since

> *There had been twenty three firms specialising in various types of accident insurance in the UK in 1861. By 1900 there were 241 (Borscheid Peter and Niels Viggo Haueter, 2012: 69). Now*, as stated beforehand, *Britain was a pioneer in the business of insuring property against fire. Initially, the latter developed in the wake of the Great Fire of 1666 which destroyed 13.000 houses in the City of London (Ibid, 69, Trebilock, 1985, table 113).*

Shortly afterwards, several joint stock enterprises began to take shape, as new fire insurance offices during the fifteenth and sixteenth centuries. And by the eighteenth century, the industry of fire insurance spread out of London to the rest of the UK regions. This industry witnessed international dimensions, for instance; The Phoenix Fire Office, the Globe, the Imperial, and the Atlas were all pioneers in venture exportations. They risked their lives and money to have a name and be the first world foreign sales network for fire insurance.

In the nineteenth century, they had their basis in Europe, North America, and the West Indies besides the Cape. Underwriting and reinsurance were all financial means used by British fire insurers, benefiting from actuarial potentials in many overseas markets. It was the only business that was expanding slowly but safely to India, China, the Malay Peninsula, Australia, New Zealand, South Africa, Asia, Latin America, the Middle East, Spain, the Balkans, and Eastern Europe.Namely, further fire insurance companies were growing during the 1850's, among them: the Liverpool London Globe, originally the Liverpool Fire Insurance Office. This latter was known as the largest fire insurance company in the world seeing that, most of its premiums[ii] quadrupled. Unfortunately, the market began to decline home and abroad during the twentieth century particularly _in the First World War_ on account of the gradual increasing foreign fire insurance companies that entered the UK, as:the Aziendaof Trieste and *the* Svea of Gothenburg companies.

At the outbreak of World War One, both British and French governments annulled all insurance contracts with policy holders from enemy countries like; Germany and Austria which lost their insurance cover on the London market. The politico-economic ideology following the Second World War split the world into two strategic poles. As a consequence, divided the world's insurance industry into two distinct systems; put an end to the uprising national economy as well as, to the division of the labour in and outsideEurope. In brief, it shook the worldwide insurance net widening the gap between the Eastern Russian and Western European including the American hemispheres. Insurance industry was disconnected till 1945, besides business could not be achieved until the end of the Two World Wars. The main reason of this disconnection was the growing spirit of nationalism in most of the colonized countries. However, insurance decreased because most worlds' governments gave much more importance to social matters than economic ones. The world was getting poorer now because of the wars.

In England as in Europe, insurance was losing ground; contrary to the century before when the principle of insurance was being protected against risks and losses. For instance, *In 1922 corporate marine insurance premiums in the UK were £21 million. By 1930's they had fallen to just £ 11 million. Losses absorbed well over 90 per cent of this premium income for most of the 1920's, and not much less in the following decade (Ibid 77, Supple, 1970: 437).*

But still, Lloyd's underwriting syndicates were growing in number, extending their services through multiple lines becoming, however non-single-line companies.

Now, during the first half of the twentieth century, England's economy experienced a spirit of competition never performed before as the growth of motor vehicles, house-building, new industries, and electricity invention. All those elements gave birth to a high rate of unemployment, plus short time working and low wages. Consequently, premiums income[iii] fell but claims[iv] rose especially; accident insurance including mostly motor vehicle insurance because of the growing speed on roads. Independently from the other insurance markets, motor vehicle insurance market grew rapidly thanks to falling car prices and increasing hire purchase that's why; one could say that a great deal of British owned a motor car. The automobile industry was then flourishing and competing, since insurance was being offered to every point of vehicle, repair or sale.

Companies were taking advantage from advertising campaigns to the extent that as home motor insurance market, foreign insurance market was expending as well; even insurers were operating freely and energetically. For instance, the AOA (Accident Offices Association) tariff of the UK market enlarged their share from the mid 20's to the mid 30's. Abroad, the income from overseas was more profitable than that home, as accident premiums from abroad rose to almost 100%.

Another insurance sector gained ground during the nineteenth century contrary to the eighteenth century which was the UK life insurance. From the Victorian age on, British middle class embraced an expansion in the insurance industry. Most doctors, university teachers, farmers, lawyers clergymen favoured life insurance out of the rest of the types of insurance. Many nascent companies invested in this type of insurance saving thus the British lives. *More than 100% British during the nineteenth century had life insurance and by 1914, there were 39 million industrial assurance policy holders in the UK. (Ibid, Borscheid Peter and Viggo Haueter Niels, 2012: 82).* During the second half of the twentieth century, fire, life and marine insurance had been incorporated into the general insurance including *Lloyd*'s organization. *The post-war (1939-1945)* period knew a real economic boom. *By 1967 there were 220 foreign companies from forty-nine countries* *represented in London, over four times the number that had operated in 1924 (Ibid 85, the Revue 1967).*

At the beginning, all types of insurances were limited to the area of UK, but from the mid twentieth century on the insurance industry had been largely globalized.

> *Between 1940 and 1960 the exports of North America, Western Europe and Japan more than doubled. With the post-war revival in global trade and world shipping, UK marine insurance expanded rapidly....By 1956 Lloyd's accounted for over 60 per cent of all marine business transacted in the UK, and a similar share*[v] *of the smaller market in aviation insurance....Thus, developed the so-called London market, a term that refers to the marine, aviation and transport insurance and reinsurance*[vi] *and the direct insurance of over-seas risks (the Revue, 1957: 85-86).*

As the world developed,got more industrialized and technologically more advanced, UK customers were looking for more insurance coverage for the risks they underwent frequently. As a result, brokers, insurers and other services developed like: actuaries[vii], commercial lawyers as well as accountants. *The number of Lloyd's recruits rose to a peak of 32.400 in 1988 (Ibid, 86, Swiss Re, 2002).* Unfortunately and fairly speaking, not all Lloyd's underwriters were honest in their transactions; most of them took part in so-called (London Market Excess of Loss/ LMX), since the process was reinsuring suspicious risks cheaply. Behaving that way could expose the insurance market into a real collapse. Consequently, customers' claims raised from earthquakes, storms, hurricane...etc.

> *Over $8 billion was lost in the years 1988 to 1992 alone...The number of syndicates fell by half some 10.000 members of syndicates was ruined. From 1996 there were further heavy losses, culminating in the $2 billion net expose from the attack on the World Trade Center on 11 September2001 (Ibid, 87, Lloyd's Exposure: Swiss Re, 2001). Lloyd's membership collapsed to bellow 2,500. In 1982 there had been over 4000 underwriting syndicates. By 2002 were just 86 (Ibid, Borscheid Peter and Viggo Haueter Niels: 2012, 87).*

The mismanagement of Lloyd's underwriters led to a radical reform, limited liability with corporate members replaced unlimited liability with just individual members. Even General insurance grew during the two decades 1990 and 2010. *Between 1900 and 1970 the British home market had accounted for a steady 35_40 per cent of the non-life* *premium income of UK insurers. By 2006 the figure had risen further to 78 per cent (Ibid, Carter and Falush, 2009: 90).*

Life insurancewas more profitable than all the other types of insurance. It provided British customers with premiums thanks to rising life expectancy. The pension insurance market also grew home and overseas by 25 per cent.

> *By 1981 pension funds[viii] and insurance companies together owned over 40 per cent of the capital of the UK public companies. Ten years later, fixed interest securities[ix] represented just 12 per cent of the £357 billion total insurance company assets[x] in the UK (Ibid, Scott: 2002, 55, Baker and Collins: 2003, 137-64, Cockerell and Green: 1994, Bowden: 2002, 44, Supple, 1970: 92).*

To sum up, during the nineteenth century, the UK was one of the nations that favoured domestic, public and local companies; and from the mid twentieth century on, encouraged international insurance industry. By acting so, the UK was the major player in global insurance till the end of the twentieth century.

1-1-2. Germany

Contrary to the United Kingdom insurance industry which took place quite earlier, the German one embarked on this business during the mid nineteenth century. Nonetheless, before that period, some pioneering insurance institutions were operating abroad more than home. German centred their insurance business on the three major types already elaborated by the British which were fire, marine and life insurance. They were cleaver enough to get their experience from foreign experts looking to simply transfer the underwriting practices from foreign industries to their own ones.

For instance, *the Hamburgische Allgemeine Versorgungsanstalt of 1778 was the first German's life insurer*,and in 1806 Wilhem Benecke, a German insurer in Humburg *(Ibid, 99)* who sought to initiate the British insurance model founded the first German life insurance and market which remained for decades. The marine insurance as well, was founded nearly in the mid eighteenth century in Humburg and Bermen; even fire insurance was brought from foreign companies. But actually, life insurance was unquestionably vital, as people flooded in the cities creating family ties, new social customs, values and cultural patterns.

In the mid nineteenth century, the insurance business became national and international as well. It included Russia, Scandinavia, the Netherlands, Switzerland, Mexico, South America and Singapore, always inspired by the British insurance model. As a matter of fact, thanks to industrialization and urban migration during the half nineteenth century; the insurance markets witnessed technical accounting practices offering a wide range of types of insurances opened to several foreign insurance models.

At the beginning of the twentieth century,

> *Premium income rose from just under 19 million to 30 million marks in life insurance...premium income grew from 28 million to 49 million marks, even some German companies enjoyed high losses and large risks (Ibid, Borscheid, 2001: 311-13, 102).*

With regard to the constitutional point of view

> *the German Insurance Supervisory Act of 1901 further drove this process of standardization introducing uniform principles, including the separation of different lines of insurance business, applicable to all insurers, pension funds, friendly societies and the smaller mutual societies operating in Germany (Ibid, Koch, 2001: 1467-9, 105).The insurance industry's relatively rapid expansion was a sign of the growing populace success of the new method of covering life risks (Ibid, Borscheid and Drees, 63-65, 105).*

Hitherto, the German insurance market should have thrived home and foreign, but notwithstanding, historical calamitous events came to divide and destroy the nascent flourishing German international industry of insurance; as well as German insurers who together with their dropping foreign network that recovered the success well after the Second World War. Those events were nothing but the result of the Two World Wars, which were in major part caused by the German Reich. For multiple reasons, the German lost their insurance markets and companies, among them; the inability of the Reich to deal with enemy nations as France, Great Britain, and United States of America, that used to have close ties with. The world now had split into eastern and western parts. Consequently, two distinct economic networks were born to make of the German Reich the greatest industrial as well as economic looser in the field of insurance at world scale. Consequently, marine insurance was the first to be affected, since it was covering a third of its risks on the London market. British fire insurance severed the links with Germanyand the USA closed their markets with the Reich, too. So, the mark value was dropping causing underinsurance. Claims were being rare, however; policyholders paid in gold marks their premiums, but this did not prevent the insurance companies' bankruptcy.

Despite The Two World Wars,Germany had still not prevented the rise of some German insurance lines. *The* Stuttgarter Verein Company in late 1920'sactually, was backed by great German accident and ability insurers, and Allianz was another company founded in the late nineteenth century that did business abroad. Almost in the mid twentieth century, the German insurance market developed and challenged foreign insurance businesses once the shadow of the Two World Wars started to vanish. Together with Anchluss_an Austrian insurance company_ German proved to be equal to their task by increasing their holdings[xi] in industrial nearby countries as Switzerland and Italy.

Still, seemingly, The Triple Alliance cancelled all insurance contracts between Germany and foreign companies, seizing all the assets and foreign exchange accounts[xii] of the German insurance business.Now, being somehow worldly isolated, the German insurance market was restricted to manage the domestic business with the half of foreign insurers. Even the Reich bonds had no longer value, because of the banning of all foreign transaction with Germany which could have been so helpful for the post-war domestic consuming demands. Germans now, could count only on primary insurers' resource.

Now, the world was stepping the pace in the field of insurance, which left Germany well behind the times for years. Actually, to catch up the delay, they had to first payback the debts they accumulated during the wars under *The German Insurance Association*, according to the *1953 London Dept Agreement*. Once the job done, the German insurance industry could invest home thanks to motor and life insurance businesses. A great demand for motor vehicles appealed to a growth of engine manufacturing in the 70's. *Between 1955 and 1974 life insurer's premium income increased tenfold (Ibid, Borscheid, 1993: 86-8, 112).* Unfortunately for the German, all the marketing expertise, industrial engineering as well as foreign economic organizations was therefore under the entire control of the American ideology.

Starting from the 1980's, changes were being about to take a great turning point, but still slow. Nevertheless, employees knew a rise in payroll costs and the domestic economy reached its apogee. So, insurance companies started to invest abroad, among them Allianz, Gerling and Colonia. Some companies ventured and risked their business by trying to use retail insurance or pay high prices to get richer. But still, their business was not beneficial to the point that their investment shrunk to 3.6 per cent, and in life and health premiums 0.1 per cent.

Dating from the 90's, a globalization of the insurance system was born. A liberalization of the market in the European Union enhanced the position of German insurers' capital. The unification of Germany and their opening to the world in all fields _starting mainly from the mid 90's, both home and foreign extension_ led to a new state monopoly insurance changing to stock companies. Their share base allowed them to improve their capital and purchases abroad. During the 90's Allianzpossessed eleven leading foreign companies, including the French (AGF),the Swiss Elvia,the US property manager, as well as Fireman's Fund (USA).Allianz now is the world's leader in damage and accident insurance, and the fifth all over the world in life and health insurance.

The twenty first century witnessed an international wave of insurance market including German insurers investing in foreign assets. The German insurance industry is now interrelated with the rest of the world, which was not the case almost one century ago.

1-1-3. France

France, Switzerland, Italy, Spain and Russia encompassed the remaining European countries that embraced the gradual but sure development of the insurance industry and network. They progressively expanded that business via financial networks. These countries came to domestic and globalize this investment which brought them success more than failure. But as the other countries, they encountered many obstacles. France and other European countries needed the experimental support of the UK in the domain of insurance, in the fields of marine, fire, life and the rest. They travelled, welcome, observed and got extensive training concerning financial accounts as well as insurance strategies. The first marine insurance company came in the half of the seventeenth century, thanks to the colonial maritime predominance.

The French Revolution was to be the starting point of the industrial insurance. The society reshaped the concept of revolutionary idealism. According to the French new ideal, people should run their own affairs following the liberal and individualistic ethos. They aimed at renewing their old methods of social mutualism and associative spirit, towards a society based on both individual and public interests, looking for a quick return of the state to rescue the social sphere. Marine and life insurance flourished at the beginning of the nineteenth century. For instance, they created La Companie d'Assurances Générales Contre l'Incendie, and Union-Vie. Renown bankers as Clavière and Perier brothers, Jacques Laffitte, Benedict Fould...etc, had the total support of their government to found all types of insurances, but with the rise of the Industrial Revolution, more accidents were happening in the work place, in particular, because of and thanks to industrialisation. So, occupational hazards grew and employees were the first to take advantage of the extraordinary risk process nationally and internationally. French also fostered their international insurance industry, they established in Great Britain, Austria-Hungary, Germany, Belgium, Egypt, Spain, Greece, the Netherlands, Italy, Luxembourg, Portugal, Russia, Turkey, Sweden, Norway and Morocco. L'Unionwas the only French company that dared to cross the Atlantic aiming at creating agencies in South America, at the end of the nineteenth century. However, a real disagreement _in the twentieth century_ rose between French insurance companies and their concurring companies; mostly the British ones. During the post-First World War, French economy was weak; since many foreign insurance companies that used to invest in France left it, but yet the French mutual increased slightly. Nonetheless, after the Second World War,insurance business grew thanks to technological development and motor manufacture, even improvements in the standard of living; new insurable risks emerging among them creating the *Social Security System.* Most of the sectors whether in the domain of economy, politics or social had been nationalized. By doing so, the state wanted to secure the financial sector of economy controlling the insurance companies. After

> *the Second World War, foreign activities accounted for 20 per cent of all their business in 1950, this stagnated after 1963 and accounted for no more than 7, 3 per cent in 1966. French insurers aimed at dealing with countries of The Union Française, such as Algeria, Morocco, Tunisia, Congo, the Ivory Coast, Senegal...etc (Ibid, Borscheid, 2012: 133).*

Their premium income rose higher, but after their independence everything reduced.

The French insurance industry had been internationalized in the mid 80's, after the privatisation process in all domains; among them the financial one including at first place the banks.

> *Its sales abroad rise from an average of 17 billion francs for 1984_87 to 215 billion in 1993, 273 billion in 1998, and 319 billion in 1999... In the Year 2000, French insurers collected almost 60 billion euro abroad... Growth subsequently resumed with sales abroad reaching 93 billion euro in 2007, 94 billion in 2008 and 99 billion in 2009... French insurers' foreign business had established its importance, making France the third largest insurance exporter in the world (Ibid, 2012: 137-8).*

The first business to develop home and abroad was life insurance, because of the increase in health care costs and the demand for pension products. However, the updated financial European crisis could not put an end to the insurance market process.

1-1-4. Switzerland

Admittedly, the sixth rank is the position attributed to the Swiss insurance industry worldwide. However, though the Swiss market was almost absent prior to the eighteenth century; it started to take shape during the twentieth century just after theFirst World War. Swiss people used the traditional as well as rapid method of mutual aid without a profit motive and that in all fields. Contrary to the United Kingdom _ which first insurance was marine_ Switzerland focused on fire insurance, in the nineteenth century. The process was the collection of funds benefited by the government to reconstruct buildings damaged by fire. Indeed, once launched; the Swiss insurance did not go backward. Still contrary to _the UK, France, as well as Germany_ Switzerland had stepped in a rapid and short way to industrialization and globalization. Even between the Two World Wars, international and home business insurance also saw an expansion, for instance; the share of foreign business had two thirds of total premium income. After the Second World War, the Swiss market was the great beneficiary of both economic and social growth as property, accident, fire and transport insurance benefited largely from the evolution. This flourishing business moved to India, East India, Australia, South America and Africa. Though all previous insurance types were public, the only type that took a private turn was that of health insurance, till 1996, even life insurance found new roads to health insurance and among the insurance companies that were overwhelmingly present, used to be; Zurich Financial Services and Swiss Re.Their reputation of risk and technical insurance skill together with the extraordinary commercial infrastructure helped them go through in both national and international insurance markets till nowadays.

1-1-5. Italy

The Industrial Revolution had a strong impact on all the European countries; however, prior to the nineteenth century, it did not seem to have any impact on the Italian insurance industry which was somehow stagnant and financially limited. It was no longer stepping in the same footing as the rest of the European countries. Actually, after the nineteenth century, the insurance market started gradually to spread home and abroad. But the real boost was after the First World War, when Italian found it necessary to be socially insured. The first insurance companies settled in Milan, Turin and Trieste,besides most of them were private. The increase of income and the extension of risk cover helped significantly in the improvement of insurance in Italy, encouraging competition between private and public insurance sectors. Moreover, many economic policy decisions offered _via various insurance agencies_ social security[xiii] as well as insurance to private and public transport companies' employees. Thus, the Italian government started to take a set of decisions involving social insurance. Italian workers could now receive their pension via their retirement schemes and funds; even health insurance scheme was set for private sector workers.

Insurance companies spread between the Two World Wars, and more rapidly after the Second World War, swelling its economic level which accumulated a growth of domestic productivity as well as per capital income[xiv]. Foreign companies also prospered thanks to the limited regulation, till the 70's. But still, Italy was not yet enough familiar with the concept of insurance. Yet, in comparison with the mid eighteenth century, Italy was being opened to the private world sector, especially in the field of insurance. Health and pension schemes were the first steps to further other schemes in the private sector and banks were strategic to the insurance policies. Later on, the Italian financial system included unquestionably the insurance sector, thanks to the world process of liberalization, mergers, privatisation, and liberalization; besides the single European market that helped the business of insurance to thrive slowly but surely.

1-1-6. Spain

Unlike Italian and English insurance, Spain did not embrace a total insurance system because of domestic problems. As the rest of the European countries, Spain was a colonizing nation and thus needed to export its insurance system to those colonies; namely, South America. But at home, the opportunity to found an insurance market was premature because of a set of reasons. Indeed, most of the Spanish population did not enjoy the status of a high ranked society, they were in fact, poor, low, and predominantly illiterate till the onset of the twentieth century that's why the Spanish authorities did not feel it necessary to officially set an insurance system. However, the few companies that were created could not pit their strength against them even if the insurance sectors were limited to the fire and marine ones followed later on by life insurance. It is almost around the end of the nineteenth century that Spanish insurance market embraced modernity as well as innovation thanks_ for the most part_ to French and English insurance companies. Those latter had willingly invested in railway and banks in *Spain* itself. Madrid, Bilbao, Barcelona and other Spanish towns enjoyed the settlement of nearly twenty of foreign companies since home competition was still weak. Still, the rising nationalism limited the establishment of foreign insurance companies offering further opportunities to domestic ones.

The Spanish Civil War (1936-1939) also brought within its population a sentiment of social, economic and political collectivism, especially in the field of insurance. It _insurance_ soon after the Civil and Two World Warsrepresented a great interest in covering the war losses as well as in reconstructing its financial capital. As the United States system of isolation, Spain adopted the same system backed by a self-sufficient economic rule calling for a limitation of foreign capital entry. During the sixties, the growing industrialization and tourism called for a high demand for insurance which however, decreased during the seventies and the eighties because of the economic crisis. It once again, increased in the mid nineties thanks to the coming European single market favouring international markets as well as, much competition accompanied by information technology. Fortunately, this process carried on taking place till the outset of the twenty first century.

1-1-7. Russia

Russia is a country known for its governmental support which distinguishes its insurance system from the other European and western classical systems, however; not without the help of foreign insurance companies. And compared with the other nations, Russiawas not so different from them since its first insurance was the marine one. But, contrary to the other nations too, Russia was the only country that did not have its own navy it exclusively depended on the Dutch merchants' navy. In other words, foreign companies were mostly operating via their agents throughout the Russian marine insurance market starting from the eighteenth century. Fire insurance also came into being in the first half of the eighteenth century, as the Russian Fire Insurance Companyand other companies followed. Now, thanks to the abolition of serfdom in 1860's, the insurance market was engaged in a national free competition thanks to industrialization, railway routes constructions, communication networks (telephone, telegraph)...etc. From the nineteenth century on, both national and foreign joint-stock companies[xv] spread through the Russian insurance market.

At the beginning of the twentieth century, within more than two hundred Russian cities, several mutual insurance societies were operating, even in rural areas, the insurance industry was now being industrialized by the soviet government. The abolition of the private insurance companies gave total free control to the state monopoly. Everything was now under the control of the government especially after the Russian Revolution of 1917, adopting a communist ideology, setting away the European and western ties. Their policy was primarily to centralize the financial system and strengthen the public institutions. With regard to policies, Russia did not enjoy the same prerogatives as its fellow neighbouring countries,

> *in 1989,... as policies were written in Russia, that is less than one policy per person as Russian' s population at the time numbered 148 million people. This index is relatively low, given the fact that in countries with a developed insurance system one person had five to six policies (Ibid, Strakhovanie, Shakhov, 1997: 153, 228).*

On the onset of the nineties, the Russian insurance system knew liberal ideology, no more state monopoly on insurance. The market was now opened to many foreign insurance companies operating freely throughout the Russian territory till the twenty first century. Indeed, Russia moved from a public insurance system to an insurance market opened to the rest of the world's markets.

2- Conclusion

To conclude, the Europeans insurance system moved gradually but conventionally, for in spite of the fact that their countries were not all alike in wealth and power _some because of war, others because of social status_ nevertheless, they remained equal in the politico-economic process of the insurance system. But the great credit goes back to the early British involvement in this field. Thanks to the royal efforts to expand its financial talent beyond its territories, the other European nations were encouraged to magnify both their national and international economic relations. Indeed, they embarked in a risky but profitable venture which brought them political tranquillity and social stability at home. Moreover, Europeans succeeded to spread their venture of insurance across the seas to settle and flourish in the new continents.

3- History of Insurance in Northern America

3-1. Introduction

Among the countries that were influenced by the Britishinsurance system _during the last century_ were Canada and the United States of America. Indeed, England kept having close relationships with those countries that later on seemed to influence Europe. Admittedly, the migrant _mostly British_ used to be the first intermediate of the eastern insurance system towards the western sphere. They overwhelmingly carried their cultural heritage, economic strength as well as social prestige to unknown territories risking their life and money, making of the new continent their home land. The new territories were full of raw material, natural resources and enjoyed a strategic geographical site divided into two parts: northern and southern spheres. With regard to the northern sphere_ named north America_ the area and the climate were both nice, which attracted the attention of thousands of immigrants mostly British, German and Spanish. The richness of its resources, whether cultivation, manufacturing or even gold mines; added further interest and much commercial manifestation. However, that goes without saying that those elements caused inevitably work hazards that appealed to a financial protection against the risk they underwent every day, and insurance was the only means that guaranteed their venture. Some even came to invest all their money and capital projects, so the need to be insured was now of a crucial importance in both Canada and the United States.

3-1-1. Canada

As migrants exported their own insurance system in the new continent, life, marine and fire insurance as usual were the three first elements to control the Canadian insurance market. The new inhabitants came to set their own insurance companies adopting their own underwriting system. During the colonial period, both French and English colonists often traded with European countries in the field of insurance, particularly with England dating from the seventeen century. In this respect, the domestic and foreign insurance markets coexisted but the foreign industry was predominant. Seemingly, apart from fire and marine insurance, life insurance held a special interest for Canadians helped by some financial institutions increasing their capital market. It came to control over 60% of the insurance force, thanks to the domestic providers and that till the half of the twentieth century, for instance, Sun Lifewas the first life insurance company that exercised home and abroad. Actually, every measure was highly shaped and controlled by the Canadian governmental policies offering regulatory regimes by passing a set of insurance acts and laws. Again, to illustrate with, in the twentieth century, the Canadian federal government's attention was based on healthcare adopting an act that offered universal healthcare for all Canadians.

From the second half of the twentieth century on, the Canadian insurance industry witnessed a restructuration as well as a globalization of its system in response to the world's evolution. Up to date, the recent financial and economic world crisis did not seem to affect the Canadian insurance business. On the contrary, life insurance has never been as healthy as during this period and now is being among the most dominant firms worldwide after the United States.

3-1-2. United States of America

Historically speaking,the United States of America was the only nation among a great deal of other nations that came in a short span of time to brilliantly build and shape its economic, social and political areas. Obviously, not being made of a single ethnic group _mostly Europeans_ the USA's nation was the cradle of a bundle of races and systems; some homemade and others imported from their original countries. As a matter of fact, they are known to be cosmopolitan nations that traditions and customs were mostly European.

Geographically speaking, that nascent nation and more precisely, the northern sphere of the American continent is well known for its climatic disturbances causing earthquakes, hurricanes, storms...etc which automatically leads the authorities to cover their citizens. So, the colonists _later on, the American citizens_ needed an urgent provision in coverage for the big losses they underwent as losing their homes, plantations and cars, in short; all their assets needed to be assured. Now, socially speaking, in the field of regulation, the Americaninsurance market was often a dual system; that's to say, controlled by both federal and state enterprises. And the rules governing the insurance market have always been set by state, federal and common laws; often under the form of a self-regulation.

The early American insurance started outside America, it was indeed largely dominated by the British maritime insurance which acted as an intermediate between the American colonies then. With regard to the American insurance market _whether foreign or home_ it developed at a quick pace, under the form of mutual and joint-stock companies operating in almost all the states after the Civil War. Even the British firm *phoenix* expanded its agents with the approval of the US insurance companies. Before the eighteenth century and under the form of associations, Americans paid with their lives and money to save their family welfare providing life insurance for all. But during the nineteenth century, those associations became companies financially invested by both state and federal governments.

Industrialization and modernization were crucial factors for insurance investment. The risk rate at work place and the price of modernity pushed the American middle class to fervently adopt all the types of the insurance systems among them healthcare insurance. For instance, with regard to funds, there used to be on the onset of the twentieth century a gender dilemma favouring males. As a matter of fact,

> *Men were the predominant beneficiaries of sickness fund membership. Some funds included a substantial share of female members, but very few funds offered benefits to wives or children of members. These exclusions may strike*

the present-day observer as unfair or sexist (Murray John, 2007: 7).

Additionally, the Great Depression (1928-1932) _an economic crisis that marked the American historical turn_ slowed down the process of this kind of insurance but could not stop it. RooseveltNew Deal Program was of a great help, but could cover only the American working class. After theTwo World Wars, healthcare insurance industry; for instance, witnessed a new era of an unprecedented liberalism and economic stability. The American health insurance companies came even to challenge most of the foreign companies whether home or abroad. Strongly boosted by governmental as well as corporate agencies, the American health insurance business was opened to opportunities never experienced till now, as health annuities[xvi] for instance rose to tenfold.

Still, the American insurance business fostered and keeps fostering the access of all the American citizens to beneficiate from an unalienable right that could not go unnoticed.

3-2. Conclusion

As a matter of fact, the insurance industry did not only involve the European and northern American countries, indeed, this modernized practice crossed the geo-economic and social frontiers to settle in Asia, Africa, Australia and South Americaoffering new social, economic and political perspectives to the local inhabitants. Of course, the degree of involvement was not as quick and successful as in Europe and North America, but at least it allowed people to get the minimum of insurance including regular treatments, affordable health care prices, and governmental legislations with regard to healthcare for instance_ covering the majority. In addition, those populations did not enjoy the same social status as their Europeans or Americans counterparts. They tried to survive in an environment where the right to insurance became their prime requirement. Yet, little alternative would be possible for them to reach a comprehensive insurance system despite the efforts made by either private or public companies. But fortunately, through time and space, the echo of the insurance market was now being spread to all aspects of worldwide life up to the present day.

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Notes

[i] **Underwriting** is the process an insurer uses to determine if and on what basis it will accept applicants. It basically involves the selection and classification of insured's into groups or classes....Each class consists of individuals who pose the same or comparable levels of risk. All members of a class pay the same premium. In this way, insurers assure that premiums are appropriate to risks and that all those with the same level of risk pay the same premiums.

__ Nu Nu Htay Sheila et al. "Shariah Scholars' View Point on the Practice of Underwriting and Risk Rating for Family Takaful Model."Published by Canadian Center of Science and Education. Asian Social Science; Vol. 9, No. 9; June 29, 2013.P.281.

[ii] **Premium** is the amount or installment (to be) regularly paid for an insurance policy. Or, an additional payment, e.g. one added to wages or interest payments; bonus.

__ Crowther Jonathan. "Oxford Advanced Learner's Encyclopedic Dictionary." Oxford University Press. Walton Street, Oxford, England. 1989, 1992. P.706.

[iii] **Income** is the money received through a certain period, asp as payment for work or as interest on investments.

__ Ibid, P.457.

[iv] **Claim**is to demand for a sum of money (as insurance, compensation, a wage increase, etc).

__ Ibid, P.161.

[v] **Share** is a part or a portion of a larger amount which is divided among several or many people, or to which several or many people contribute; e.g.: *everyone who helped gets a share in the profit.*

__Ibid, P.834.

[vi] **Reinsurance** is that one should treat any contract whereby an insurer transfers part of the risk it assumed to a reinsurer...as a contract for indemnity.

__ Brook Nigel. "Insurance & Reinsurance." Sweet & Maxwell, First Edition, London, United Kingdom. 2012. P.134.

[vii] **Actuary** is an expert who calculates insurance risks and premiums (by studying rates of mortality and frequency of accident, fires, thefts, etc).

__ Crowther Jonathan. Op. Cit., P.9.

[viii] **Securities** are documents or certificates showing who owns stock, bonds, shares, etc: *government securities,* i.e. for money lent to a government.

__ Ibid, P.820.

[ix] **Asset** is all resources (e.g. property, machinery, cash, etc) owned by a person, company, etc that have value.

__ Ibid, P.49.

[x] **Holdings** often refers to things owned, such as land, stocks, shares, etc; personal property: *she has a 40% holding (i.e. share) in the company.*

__ Ibid, P.431.

[xi] **Account** is an arrangement made with a bank, firm, etc allowing credit for financial or commercial transactions (used especially as in the expressions shown): *have an account at/with that bank,* keep money there and use its facilities.

__ Ibid, P.6.

[xii] **Social Security** is (*US* welfare) government payments to people who are unemployed, ill, disabled, in the USA, is limited mainly to the provisions of pensions and Medicare for the retired and elderly…at the age of 65 he or she is entitled to full pension. Whereas in Britain, the National Health Service (NHS) it provides free treatment for people under pension age as well.

__ Ibid. PP.865-66.

[xiii] **Joint-Stock Company** is a business company, a commercial organization, the equity of which is split into a certain number of shares certifying the responsible right of shareholders in relation to the Company.

__ Republic of Armenia Law On Joint-Stock Companies. "Chapter I. General Provisions: Article 2. "Legal Status of a Joint-Stock Company." Yerevan 2001. P.2.

[xvi] **Annuities** are fixed sum of money paid to somebody yearly, usually for the remaining part of his lifetime. Or, form of insurance that provides such a regular income.

__ Crowther Jonathan. Op. Cit., P.32

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