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Multinational enterprise in insurance: An historical overview

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The article traces the history of multinational enterprise (MNE) in insurance from the nineteenth century to the present, highlighting the importance of this topic. The essay breaks new ground in providing the first overall historical snapshot of MNEs in insurance. Long before the First World War, MNE insurers had substantial global interests. MNEs from the UK, the European continent, the United States and Canada in non-life and life insurance as well as in reinsurance established business around the world, obtaining substantial revenues from the operations in foreign locales. In many countries they were the innovators in the provision of this service. The article found differing patterns through time, discontinuities (exits), and a range of differences when comparing the non-life and life insurance sectors. Home and host country regulations and other government actions during war and peace always affected the historical developments and thus are not neglected in this survey. The article provides sample statistics to demonstrate the significance of MNEs in insurance. Within this article, the author seeks to identify research done and that which is in progress on the path of MNEs in insurance; it concludes that this is a topic where there is still major research to be accomplished.

Keywords: multinational enterprise; insurance history; history-international business; internationalization insurance; globalization; foreign investment

The history of multinational enterprises (MNEs) in insurance and reinsurance is an important topic, since MNEs that offered insurance services have been ubiquitous. Three short anecdotes hopefully will capture the breadth, significance and some of the implications of the subject. First, when doing research on foreign investments in the United States before 1914 I came across two direct investments by Bulgarian insurance companies. Never before had I seen a Bulgarian MNE in the United States and now I uncovered not one but two insurers. One was the Balkan National Insurance Co. of Sofia. It had a US branch in Hartford, Connecticut, and had arrived in the United States in December 1910 to do fire reinsurance business.[1] In the United States, the Bulgarian company was by 1914 licensed to do business in 22 states. It was a medium sized company, with admitted US assets of $1.9 million. *Best's Insurance Reports* indicated that it had been established in Sofia in 1895 and also did business at home in Bulgaria and in Turkey.[2] The second Bulgarian company was also in reinsurance; it was 'Bulgaria', First Bulgarian Insurance Co., Roustchouk, Bulgaria. It, too, had its US branch in Hartford. It had entered the United States early in 1912 to write fire

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reinsurance and was licensed to do business in 20 US states. It had admitted US assets of $1.3 million. It had opened for business in Bulgaria in 1891 and set up its first foreign branch in Istanbul in 1897. By 1914, it operated in Bulgaria and the United States, but also had started operations in England, Germany, Belgium, France, Holland, Spain, as well as in nearby Greece and Turkey.[3] I found this to be phenomenal – multinational Bulgarian insurance companies in the United States before World War I! Why? Only recently have partial explanations emerged.[4]

My second anecdote is about World War I. After American entry into the war in 1917, the US government took over the properties of non-resident 'enemy' investors in the United States, *but* the German insurers were temporarily exempted. Once again, I was astonished. America declared war on Germany on 2 April 1917, and immediately German properties in the United States became a target for takeovers by the US government. There were quite sizeable stakes by German multinational enterprise in America at that time. Four days after war was declared, on 6 April, President Woodrow Wilson issued a proclamation authorising the *continuance* in business in the United States of existing branches of German insurance companies, 'subject to certain limitations as to the transmission of their funds . . . and subject to state regulation'. The president was responding to a request (dated the day before, 5 April) from New York, Massachusetts and Connecticut state regulators, who had recommended that the federal government take this measure so as to protect Americans who held insurance written by the German insurance companies. The state regulators estimated that there were over two million Americans who were holders of coverage that had been provided by the Germans. The German insurers were reported to have more than 8000 agents in the United States as well as several thousand office employees, almost all of whom were American citizens.[5] The state insurance supervisors wrote that the insurance coverage provided by the Germans could not be satisfactorily absorbed by other companies in the insurance business in the United States. Such a statement in wartime created public outrage, especially since all other German businesses in the United States were being sequestered. President Wilson responded a few months later, on 13 July 1917, and forbade German insurers from continuing transactions in *marine and war risk insurance*, although still allowing them to write fire insurance. Then, after considerable insurance industry protests (in *The Standard*, the weekly insurance industry newspaper), Wilson dropped his determination to exclude the German insurers from punitive action. Finally, with the agreement of the state regulators (in November 1917), a decision was made to liquidate the enemy insurers (other than life insurers). Accordingly, in the months that followed most of the 13 German firms that had been active in the United States in insurance and reinsurance were liquidated, as were the one Austrian and two Bulgarian insurers. In addition, the Swiss National Insurance Company, Basle, which was beneficially owned by the Munich Reinsurance Co., would also be liquidated (see Wilkins, 2004, pp. 47, 50–51). What I thought was remarkable about this second anecdote was that the German insurers were seen as so important and the nation (the United States) was perceived to be helpless without them. That the illusion lasted only some months (April to July, a little over three months before the first modification, and April to November, some seven months, until the decision to crack down on the enemy firms) is not relevant. What is key is the perception, which was *not* shared by the US (and British) insurers doing business in the United States, who thought 'the representation that German fire insurance is indispensable to the protection of the American property owner is ridiculous' (Wilkins, 2004, p. 50).

My third anecdote is about World War II and relates not to the German insurers in the United States but to British ones; it concerns not US state government regulators, but *British* government officials. After World War II began in Europe in September 1939, Britain and the other allied powers turned to the United States for assistance. In 1941 the US government devised a scheme called Lend Lease, the goal of which was to avoid the debt overhang that had occurred in the wake of World War I. Yet, if Britain was to obtain Lend Lease money, Americans expected that the future recipient would also have to help itself, that is, use the proceeds from its existing US assets, its US investments. The British government had no problem in encouraging its citizens who owned American securities to sell them (and purchase British bonds). It had more hesitancy, however, when pushed by Americans to make British MNEs divest. The British government took, moreover, a very special stance apropos the significant British insurers with direct investments in the United States. These insurers managed to keep under the radar and to avoid vulnerability. Ultimately, the US assets of 82 branches and subsidiaries of British insurers were included in the collateral for a $425 million loan from the Reconstruction Finance Corporation to the British government. In 1941 when this loan was arranged, the British insurers had both branches and subsidiaries in the United States. There was no divestment required. All the business continued despite the new arrangements. A branch was a *direct extension* of the parent firm and thus could not technically be held as collateral; instead the branches of British insurers were listed on a separate schedule for the collateral for the RFC loan; the branch earnings were applied to the interest on and the paying off of the loan (Wilkins, 2004, pp. 498–500, and passim). I was struck as I read the documents on how much sway the British insurers had with the British government in the negotiations on British properties in the United States (Wilkins, 2004, pp. 50, 849–850n.275). This was new to me. I had been aware of the large British investments in the United States in insurance, but had not realised the influence of these insurers on the *British* government. A 1947 report found that about half of the British direct investment in the United States was in fire, marine and casualty insurance (US National Advisory Council, 1947, p. 58).

What do these three stories tell us? They suggest how unique MNE insurers are, how strategic they are, and how crucial is the subject of the history of insurance MNEs. And, this brings me to that very history. There is a vast amount of material available but no coherent history on MNEs in this sector, at least none that I have been able to locate. My three stories relate to foreign insurers in the United States, but the global role of insurers, not simply as relates to activities in the United States, is what is crucial. There is a splendid book to be written. In this paper, I want to provide in rough what seems to be known at this stage. This is not an easy narrative to present, for (1) over the years there have been a formidable number of home and host countries to multinational insurers (home is where the headquarters is; host is the country abroad where the company does business) and (2) the history is punctuated by discontinuities as well as continuities. These features are, however, in no way special to the history of insurance MNEs. At the same time, there are many aspects of the history of insurance MNEs that are sector specific.[6]

Before World War I

It is generally accepted that the British set the stage for MNEs among insurers. As Robin Pearson has pointed out, the British took the lead in providing insurance coverage, at home and abroad. Pearson notes that in 1880, 'the total net premiums earned by British fire offices were about three times those received by fire offices headquartered in Germany and France, and were only just short of the combined fire and marine income of US insurers' (Pearson, 2004, p. 366).[7] The British were both early as MNEs in insurance and truly excelled on the rosters of MNEs in general. In the United Kingdom, insurers could be 'great composite offices' (Trebilcock, 1998, II, p. i), yet when they operated in certain host countries, in particular in the United States, because of regulatory requirements, they often needed separate legal structures to conduct marine, fire, accident, and life insurance activities.

Where does the history of MNEs in insurance begin? Like many businesses, insurers began with writing foreign policies from the home office (that is exporting); then they wanted foreign agencies to be closer to the customer; and only subsequently did they make foreign direct investments, i.e. station individuals abroad, set up branches or affiliates in foreign countries to meet the market needs within the host country.[8] Clive Trebilcock writes of the Phoenix, founded in 1782, completing its first foreign policy in 1783 and establishing its first foreign agency in Nantes in 1786. The pattern was 'the writing of foreign policies from Lombard Street, accepting the distant risks "unsighted"; the creation of an agency system to investigate the European [and then the American] business on the spot'. The agencies were supervised by London; Phoenix officials went on missions; the agencies were referred to as 'the Company's Establishments'. Yet, large as this business became there does not seem to have been a stationing abroad of Phoenix personnel, i.e. there was no foreign direct investment (Trebilcock, 1985, I, pp. 162, 183 on early business abroad, p. 177 on pattern, p. 224 on 'Company establishments', pp. 162–331, 552–565 on no stationing of personnel abroad).

In the United States, for example, Phoenix established an agency in New York as early as 1804, which was followed by appointing agencies in other US cities. In late 1806 or early 1807, its 'sister company', the Pelican Life Insurance Co. of London opened an agency in Philadelphia (Phoenix's 'same representative' as in New York opened this agency) (Wilkins, 1989, p. 64).[9] The war of 1812, between the United States and Britain, meant a suspension of British insurers' business in the United States, but certain Phoenix agencies persisted (see Simpson, 1936, p. 29; Trebilcock, 1985, I, passim; Wilkins, 1989, p. 64).[10] In 1848, the Liverpool & London (as of 1864, the Liverpool & London & Globe) appointed a New York agent and then set up a New York branch in 1851. That year Royal Insurance started its first New York branch. Like Phoenix, both of these newcomers would have long histories in the United States and provide significant fire insurance coverage. Unlike Phoenix, however, they were setting up branches – not merely agencies. The distinction is important in a definition of MNEs. The branch represented an extension of the firm (Wilkins, 1989, p. 78).[11] Immediately after the end of the US Civil War (1865), there was a literal 'invasion' by British insurers of the American market, with more than agencies: with branches and subsidiaries (Wilkins, 1989, p. 134). There were also new entries by Canadian and German insurers, once again with more than agencies.[12]

The British insurers acquitted themselves wonderfully in the Chicago fire of October 1871 and the Boston fire of November 1872, which saw the collapse of many US firms. Their reliability proved to be good advertising and gave them access to a greater amount of American business – and smothered some of the anti-British feelings in the country (Yankees thought the British had been pro-South during the Civil War) (Wilkins, 1989, pp. 134–35). From the *pre-civil war years onward*, British companies were the models for Americans – especially in fire and marine insurance. This became more evident as all of the major British insurers that did marine and fire insurance developed sizeable US business – and other international business as well.

Take the Royal Insurance Co., Ltd., of Liverpool: by 1914, it was operating in England and its colonies, Belgium, Denmark, France, Holland, Spain, as well as Canada. By then, it was licensed to do business in every single state and territory in the United States. It did fire, marine, auto, workmen's compensation, liability, accident insurance, and so on. It owned office buildings in New York City, Chicago, San Francisco, and Philadelphia. *Best's Reports* described Royal Insurance as 'one of the largest and strongest companies operating in the United States.' It was an early participant in writing automobile insurance.

Although the leading British insurers became well established in the United States in the immediate post-civil war years, like MNEs in other sectors, it was in the late nineteenth century as steamships linked the two sides of the Atlantic, as the telegraph and cable cut distances, as immigration catapulted upward, that it became feasible to undertake truly sizeable international insurance operations. Barry Supple (1970, p. 214) writes that by the late nineteenth century, 'the characteristic British fire office' had branches or large agencies in New York, Chicago, and San Francisco, Melbourne and Sydney, Cape Town and Johannesburg, Bombay and Calcutta, Buenos Aires and Santiago, and Manila and Yokohama.[13] And Youssef Cassis (2006, p. 95) points out that between 1870 and 1914 the total amount of British fire insurance premiums rose from £4 million to £29 million, 'a growth that can be explained mainly by the expansion of British companies abroad, particularly in the United States, which alone paid 40% of the total premiums collected.' He also noted that in those same years, British life insurance premiums increased from £10 million to £29 million, but this he attributes to greater coverage within the United Kingdom rather than to a major expansion of overseas business.[14]

The British were far from alone in international business in insurance in the late nineteenth century. By the 1880s, the big US life insurance companies – Equitable, New York Life, and Mutual – were deeply involved in business over borders. New York Life by the end of the 1870s did business in Canada, England, France, Germany, Scotland, Belgium, Russia, Ireland, Switzerland, Italy and Austria (and of course in the United States). It was also writing policies in the West Indies, Mexico, British Guiana and Venezuela. In the next decade it added 40 more countries to its list of foreign nations in which it sold insurance, including Spain, China, Peru, South Africa, and Australia. By 1885, almost one-third of New York Life's business was done outside the United States and Canada – part through foreign direct investments and part through 'exports' (that is writing the business outside the home nation).

Regulatory restrictions affecting the US life insurers' business, especially in Europe, mounted in the 1880s, and by the 1890s Equitable was withdrawing from some countries (Switzerland, Austria and Germany). On the other hand, New York Life persisted – as Equitable (and Mutual) retreated. My 1970 book, *The emergence of multinational enterprise: American business abroad from the colonial era to 1914*, documents this story.[15] The US life insurance companies were probably exceptional in their mix of international products, albeit the Canadian insurers that moved over the border into the United States did a sizeable US business in life insurance.[16] In the early twentieth century, leadership in the American life insurance sector changed. Prudential, Metropolitan and John Hancock emerged. Metropolitan, which had been eighteenth in size among the US life insurance companies in 1875, became the largest US provider of life insurance by 1910. None of these new aggressive firms paid substantial attention to international business (see Krooss & Blyn, 1971, p. 111 on Metropolitan, Prudential and John Hancock).[17] I am prepared to conclude that just before World War I, on a global scale, the greatest foreign (cross-border) involvements of insurers, with the British in the lead, was not in life insurance, but in fire and marine coverage. (The last two, of course, had evolved together, with shippers needing fire insurance lest their warehouses burn.)[18]

British insurers (especially those providing fire insurance) had a disproportionate amount of business in the United States – and undoubtedly worldwide – relative to other nationalities, but firms headquartered in other countries participated in doing international business. By 1914, not only Bulgarian, German, Austrian and Canadian insurers were present in the US insurance market, but insurers from Switzerland, France, Russia, Sweden, Spain, New Zealand, China and Japan also had direct investments in that country. Most did fire and some marine insurance (the Japanese company, Tokio Marine Insurance Co., and the one Chinese company, the Yang-tsze Insurance Association, Ltd., Shanghai, were both in marine insurance).[19] Fewer handled life insurance. Some, not many, wrote polices in casualty (accident) insurance, or employer liability insurance. The largest of these was Employers' Liability Assurance Corp., London, which started US business in 1886, with a branch in Boston. But, if the British led, there was also the important Zurich General Accident and Liability Co., Ltd., Zurich, which entered US business in 1912 and established itself in Chicago.[20] And then there were the reinsurers, to which we will turn in a moment.

Before insurance companies from the European continent arrived in the United States, they usually developed foreign business outside their own country closer to home. Allianz Insurance Co., Berlin, founded in 1890, embarked on international business almost at once in France, Switzerland and Belgium, and only subsequently set up a branch in the United States.[21] The firm that became the Zurich General Accident and Liability (in 1894), for example, had been founded in 1872. Already, by 1880, merely 21% of its total premium income came from Switzerland. The largest portion of the rest came from Germany (61%) and France (10%), although the company did business elsewhere on the European continent (Lüönd, 1998, pp. 254, 69–71).[22]

It is revealing to consider some of the largest international insurers that arrived in the United States in the 1890s, long after the major British companies were well entrenched. There was, for example, the Aachen and Munich Fire Insurance Co. (US branch New York, 1895). By 1914, it operated in Germany, Belgium, Holland, Sweden, Turkey, North and South America, India, China, Japan, Africa and Australia – that is around the globe. In the United States it did fire and tornado insurance. The Prussian National Insurance Co. of Stettin, Germany, opened a US branch in Chicago in 1891. In Europe, by the time of World War I, it operated in Germany, Belgium, Denmark and Holland.[23]

And now to the reinsurers: Cologne Re, set up its US branch in New York in 1898. Within the United States, it handled mainly reinsurance coverage. Abroad, by 1913, it operated throughout Europe. So, too, its German rival, Munich Re, which already had a sizeable European business outside of Germany, started its US branch (in Hartford, CT) in 1898. By the eve of World War I, Munich Re was one of the largest foreign insurers in the United States; it provided fire reinsurance.[24] In 1899, Salamandra Insurance Co., St. Petersburg, Russia, opened a New York branch; it wrote only reinsurance policies. On 1 January 1900, the Moscow Fire Insurance Co. set up a New York branch; it wrote fire reinsurance in the United States. Also in 1900 the Skandia Insurance Co., Stockholm, Sweden, entered the United States to write reinsurance policies.

These last five German, Russian and Swedish companies in reinsurance were pioneers in America: most of the pre-World War I insurance firms that wrote reinsurance organised branches in the United States later, in the decade before war broke out in Europe; this was the case with a bevy of Russian companies in fire reinsurance.[25] Also in fire reinsurance, there were new branches in the United States of Swiss Re, Zurich (1910), the 'Union and Phenix Espanol' Insurance Co., Madrid (1910), the Fire Reassurance Co., Paris (1911), and 'La Paternelle' Fire Insurance Co. Ltd., Paris (1913).[26] Many of the largest reinsurance companies entered in the aftermath of the San Francisco earthquake (1906). It is likely that the earthquake made apparent the need for reinsurance coverage and had created new demand for this product line. The reasons for the entry of reinsurers into the US market appears to have varied considerably.[27]

How significant were MNEs in insurance before World War I? We have scattered evidence, often different when from different sources. And of course measures of the importance of foreign insurers altered through time. In China, one estimate was that in 1901, nine-tenths of the life insurance business was done by New York firms (Wilkins, 1986, p. 281).[28] In Spain (in 1912), foreign insurance companies offering life insurance accounted for 65% of the premiums in that sector (Pons Pons, 2005, pp. 473–474).[29] In Switzerland, on the eve of World War I some 50% of the life coverage was provided by branches of German firms (Lüönd, 1998, p. 108).[30] In Argentina, where 30 foreign (26 British, three German, two French, one Swiss and one Brazilian) insurance companies had representation, roughly one-third of the 1914 premium income was attributed to these foreign companies; all the foreign premiums appear to have been in fire and marine insurance (Halsey, 1918, pp. 44–45).[31] In 1911 some two-thirds of Uruguayan fire insurance was provided by foreign firms. Robin Pearson and Mikael Lönnborg (2006, p. 34, Table 1, p. 36, Table 2) offer added data for 1901–1914 for Australia, Canada, Norway, Sweden and the United States as host countries (and see Jones, 1977, p. 57 for Uruguay).[32] All the figures suggest that international business in (life and non-life) insurance in the early twentieth century was substantial, and thus worth major additional research.[33]

World War I and the inter-war years

World War I changed the scene for insurers, for some interrupting their business, and for all altering the business environment. The story of war risk insurance becomes of great importance. But the war affected every facet of the insurance industry. Neutral countries took on more significance in insurance markets. Yet in December 1916, before US entry into war, Equitable Life, continuing its withdrawal from European business, resolved to stop issuing new policies in France and Spain (Pons Pons, 2005, p. 477). There were also other exits. By contrast, in 1915 Zurich General Accident and Liability acquired Hispania Insurance Company in Spain; the latter, founded in 1902, was the first Spanish company to offer accident insurance and by the time it was taken over by the Swiss insurer it already had a large business portfolio (Lüönd, 1998, p. 96; Stadlin, 2005, p. 3).

After the war was over, with some key exceptions, international business in the insurance sector continued, or resumed – at least this was the case with the activities of foreign insurers *within the United States*. To be sure the Bulgarian insurers never came back into business in America. The Russian insurers were out as *Russian-based*. The German return was far more modest than before World War I (Wilkins, 2004, passim; and see pp. 92–93 on the Russian insurers).[34] All of these phenomena were reflected in global business. Thus, as a result of the post-war collapse of the German mark, branches of German life insurance companies in Switzerland could not meet their Swiss franc denominated obligations. The German companies were forced to abandon their Swiss business. Swiss insurers Winterthur Insurance and Zurich General Accident filled in (Lüönd, 1998, p. 108). Globally, German insurers were in retreat as a consequence of World War I. Thus, for example, in Malaya, the war 'effectively eliminated the German position' (Yacob, 2008, pp. 24–25). By contrast, there was an enormous expansion of Scandinavian insurers during the war years, which sorted itself out in the post-war years (Wilkins, 2004, pp. 165, 268–272).

Foreign insurers in the United States represented a smaller proportion of the total insurance coverage in the United States. For example, more than two-thirds of the marine insurance policies in the United States *on American vessels* before World War I were issued by foreign insurers; after the war this share was sharply reduced (see Stafford, 1978, pp. 231–232, including the impact of US government intervention).[35] During the 1920s, however, foreign direct investment in the United States in insurance became a greater portion of the total *British* direct investments in that nation. British insurers' coverage also became larger relative to other foreign insurers in the United States. In 1913, British fire and marine insurers had represented less than half the *total number of foreign insurers in the United States* in fire and marine coverage; in 1918 their share was 57% and in 1929 it was 67%. Figures on net premiums collected and admitted assets reflected the same trend. British insurers' business expanded, with offerings of more insurance products, more non-life products. In the 1930s, within the United States, the position of British insurers remained strong. A 1937 US government report indicated, 'British insurance companies [were] the first to enter the United States, and their position has been at all times a dominant one among foreign-controlled insurance enterprises' (US Department of Commerce, 1937, p. 43; and for the inter-war story, see Wilkins, 2004, pp. 92–93, 162–166 on foreign insurers in United States in 1919–1923; pp. 268–272 on 1924–1929 and the more prominent role of British companies; pp. 342–343, 424–425 on foreign insurers in the US in 1929–1939). Most, but not all, foreign insurers stayed on, often but not always in a constrained manner (see Wilkins, 2005, pp. 212–214, for the experience of a Dutch insurer).[36]

On 29 July 1918, before World War I was over, the *Wall Street Journal* announced the formation by 19 US marine and fire insurance companies of the American Foreign Insurance Association (AFIA) for the development of American insurance in Argentina and Brazil (*Wall Street Journal*, 29 July 1918). The Insurance Company of North America (INA), one of nation's oldest insurers (formed in 1792 in Philadelphia, it was the first marine insurance company in the United States), participated. In earlier years INA had been involved in modest foreign business and had in 1887 appointed agents for the United Kingdom, Europe, and South America (located in London, Vienna and Buenos Aires respectively). In 1897 INA had designated the Yang-tsze Insurance Association, Ltd., as its agent in Shanghai (note that Yang-tsze Insurance Association would subsequently, in 1907, set up a US branch in New York to write marine insurance).[37] How much of INA's pre-World War I international business carried over to the post-World War I years is not clear; probably it was not extensive.[38] AFIA, however, started out ambitiously in 1918; member companies opened offices not only in South America, but in Japan, Thailand, Indonesia, Singapore, Korea, the Philippines, New Zealand, India, Europe and the Near East. In eight of these markets, INA represented AFIA. Yet, when the 1921 recession hit and when American shipping went into decline, INA withdrew from AFIA.[39]

The AFIA persisted, with 16 insurance company participants in 1923, when the Japanese earthquake occurred. Only two US companies wrote fire insurance in Japan, the Home Insurance Company and Continental Insurance Company; they were represented by AFIA in Japan (whatever liabilities occurred were prorated among the latter's 16 members). The US firms' losses were not great (*New York Times*, 5 September 1923).[40] During the 1920s, AFIA, writing fire and marine insurance, maintained business abroad. In many markets, it not only represented American companies, but British ones as well.[41] AFIA was, for example, listed as a corporate member of the American Chamber of Commerce, Shanghai, in 1928. It developed branches in China.[42]

Other insurers with membership in the American Chamber of Commerce, Shanghai, that year included: American Asiatic Underwriters, Fed. Inc. USA, Asia Life Insurance Co., and West Coast Life Insurance Co. (Wilkins, 1986, pp. 289–292). American Asiatic Underwriters (AAU) – which much later would be considered as the original company in what was in 2008 the world's largest insurer, the American International Group (AIG) – was founded in 1919 in Shanghai (with no American operating parent) by the California born and educated entrepreneur Cornelius Vander Starr. It became a so-called China Trade Corporation, incorporated under American law. In 1921, Starr had formed Asia Life Insurance Co. in Shanghai. In time, Asia Life Insurance would start up branches in other Chinese cities, as well as in the Philippines (Manila), Malaysia and Indo-China. Seven years after Starr had begun writing insurance in the Far East, in 1926 the entrepreneur opened his first New York office, setting up American International Underwriters (AIU) to write insurance on risks outside the United States. By then his original Shanghai company AAU was acting on behalf of a dozen major US and European insurance companies in China.[43]

If some foreign insurers expanded in the United States and some American insurers did business abroad, so too the international business of European, Canadian (and other insurers) was also maintained and some cases increased during the inter-war years, with once again different storylines depending on the particular company.[44] Corporate histories of insurers trace the highs and lows of the global business. I do not know enough to generalise with confidence on the global distributions of the insurers, much less the most profitable markets. I will, however, attempt to draw some conclusions, recognising that they may well be reversed or revised after further research.

In the inter-war period, the principal international business in insurance worldwide appears to have been in the non-life sector, related to fire and marine coverage, with casualty, accident, automobile and other non-life insurance coverage expanding as well (albeit with sharp ups and downs). By contrast, a clear trend seems to have emerged in the life sector, which became more and more national in the inter-war period. Regulatory regimes seem in large part responsible. The major US life insurance companies that had been involved in international business before World War I were convinced by 1919 that the time had come to rid themselves of all foreign (except Canadian) business. They took steps to transfer and to reinsure the outstanding insurance (Wilkins, 1974, p. 44).[45] Swiss life insurance coverage at home became more national, as the Swiss insurers took over foreign ones operating there (the German and French life insurers). Spanish life insurance companies took on more significance, as British companies offering life policies, as well as American ones, exited (Lüönd, 1998, p. 108; Pons Pons, 2005, pp. 477–478, on *British* as well as US pullouts from offering life insurance in Spain).[46]

Although I believe that life insurance was playing a declining role in the overall international business picture in the inter-war years, there were exceptions. Canadian business in China was virtually all in life insurance and seems to have expanded in the 1930s, with customers that were both expatriates and Chinese nationals.[47] In Europe, Zurich General Accident and Liability's new life insurance subsidiary (founded in 1922) extended into Belgium, Germany, Holland, Spain and France, providing in these markets old-age benefits and other innovative products, not merely traditional life insurance (Lüönd, 1998, pp. 110, 255). In life insurance, one of the leading foreign insurance companies in the United States was Sun Life Assurance Co. of Canada. While it did business in the Far East, the Caribbean and South America, its main foreign business was in the United States. In 1927, its president was writing the Canadian superintendent of insurance:

> Our business in the United States is growing so rapidly that our Canadian business, large though it is, will soon be less than ten per cent of the total .... The Company's profits are being earned by Canadian brains and Canadian enterprise, but not from Canadian premiums. (Wilkins, 2004, p. 272)[48]

These and some other exceptions notwithstanding, globally it seems *non-life* insurance and reinsurance continued as the principal aspects of what appears to have been ongoing international business. To repeat, there seem to have been quite different storylines by individual companies. Thus, the historian of Zurich General Accident writes that in the inter-war years that the firm 'despite currency crashes and economic crises ... continued its powerful expansion throughout Europe. Step by step the old agencies and representative offices were replaced by branches.' Acquisitions of foreign companies became the norm, in Austria, Germany, Sweden, England, and France (Lüönd, 1998, p. 107). So, too, on a global scale, British insurers continued to do business overseas.[49]

We need many more studies of the impact of exchange rate fluctuations, taxation, and new regulatory regimes on the non-life as well as the life sector. We need studies of the consequences stemming from the economic crisis of 1929–1933 on the international business of insurers. Was the timing for example of Confederation Life's establishment of a direct investment in China (in 1932) linked with the British going off gold? Perhaps. Or, it might have been associated with the new Chinese insurance law of 1929 (Kirby, 1995, pp. 51–52; also see Dung & Chang, 1932, pp. 229–234).

I have written very little about the role of foreign insurers in Latin America. When in 1932, the Starr group of companies (the precursors of AIG) made their first forays into Latin America – as noted they had started up in the Far East – one historian writes that 'Latin America's insurance markets were ruled by insurers from ... Italy, Germany, and, running a distant third, England.' AFIA had a Latin American presence, as well, and the Starr group saw it as their chief US competitor abroad (Shelp, 2006, p. 51; see also obituary for Starr, *New York Times*, 21 December 1968; on AFIA in Argentina, Shelp, 2006, p. 50).[50] Both the Starr group and AFIA continued active in the Far East.[51]

We need to be very 'time conscious'. The experiences during World War I and the inter-war years were not straightforward. Multinational enterprise in insurance was affected by changes in the world economy and the period witnessed times of prosperity, and times of downturn. The early 1920s have to be distinguished from the late 1920s, just as the years 1929–1933 must be separated out from the 1933–1939 years. The insurance business is all about risk and how risk was handled evolved during World War I and the inter-war years.[52] During the 1930s, for example, Sun Life Assurance of Canada opened no new offices in the United States and closed 13. It withdrew from writing life insurance in Chile, Colombia, El Salvador, Dutch Guiana (Surinam), French Guiana, Honduras, Mexico, Nicaragua and Peru, parts of the Near East, and in 1938 withdrew entirely from Japan. On the other hand, it opened new offices in South Africa in 1931, stayed in India and China, and by 1938 had a small increase in business in the United Kingdom (Schull, 1971, p. 78).

Herein, it is impossible to cover the complexities of the international business experiences in non-life (and life) coverage globally in the inter-war period; we have no space, but we also have great gaps in our knowledge. One interesting question is whether in the inter-war period international business going into the United States increased relative to US outward international business in the insurance sector? It seems likely, but the evidence is lean.[53] We need far more information on the global business of European and Canadian multinationals in the insurance sector in the inter-war years. It is clear that the international role of many participants continued and in the German case there was some resumption of the international business that had been torn asunder during World War I.[54] Foreign participation in the insurance sector at the end of 1935 in Poland was 65% of all enterprises, 52% in Yugoslavia, 30% in Bulgaria, and 26% in Czechoslovakia. These are impressive figures and cry out for analysis (Nötel, 1986, p. 272; the percentages refer to the share of capital of joint stock companies). We do not know whether these were life or non-life insurance companies, nor do we know the nationalities of the foreign ownership.

World War II and the decades thereafter

During World War II, the ranks of foreign insurers in the United States were, as I have written elsewhere,

> only slightly depleted with the OAPC [Office of the Alien Property Custodian] takeover of Pilot Reinsurance, the only major German, or for that matter "enemy" investment in insurance [in the United States] .... British insurers prospered. So, too, Swiss reinsurance companies came to play an ever larger and more important role. (Wilkins, 2004, p. 552)[55]

By 1943 the overseas business of British insurance companies represented about 60% of their total business, with the largest share of the business abroad done in the United States (Raynes, 1959, p. 263).[56] It was little wonder that the British government was nervous when the US government pushed the British to liquidate all assets in the United States (our third introductory story – at the start of this paper). I know of no study on the impact of World War II on the general role of MNEs in the insurance sector.[57]

When the war was over, when journalists and scholars studied the surge of post-war MNEs, they concentrated their attention on US *manufacturing* companies that made investments abroad. That dramatic development obscured the activities of all other MNEs. In the early 1970s, I wrote of American business abroad in the post-war years, 'Some [US] insurance firms have looked to foreign business, although the relative scale of their international plans seems minimal when compared with the turn-of-the-century activities of the then big three in American [life] insurance' (Wilkins, 1974, p. 394). I was not alone in my disregard of what was taking place in the insurance sector. In general, little notice was given to the internationalisation of insurance in the first quarter of the century after World War II, yet attention should have been paid.

When writing on US business abroad, I did not include the efforts of the Insurance Company of North America to resume its international business: in 1946, it had established an international department to coordinate underwriting and services in Europe, Asia, Africa, the Near East and Central America (CIGNA website, accessed 20 September 2006). Likewise, I failed to include the attempt by the Starr companies, the precursors of AIG, to resume international business in China and elsewhere in Asia, to pursue insurance business in Latin America, and then in Europe, the Middle East, the Caribbean and Africa. So, too, AFIA expanded its pre-war activities.[58]

While most academic (and non-academic) attention in the 1950s and 1960s was paid to American business abroad, after European recovery and as Japan began to show spectacular growth rates, European and subsequently Japanese multinational enterprise in insurance interested certain observers. In 1974, the US Department of Commerce conducted a major study on foreign direct investment in the United States (a nine-volume report was the result). The insurance sector received, however, a scant three pages in the first overview volume but a respectable 26 pages (plus 55 pages of notes) in the seventh volume on legal restraints on foreign direct investment in insurance imposed by the various states within the United States (US Department of Commerce, 1976, I, pp. 92–95, VII, pp. K-205–231, K-367–422). The study was oddly imbalanced; three general pages and then a sizeable section on restrictions that would not be important, unless foreign direct investment in the United States was of consequence.

This report identified (but did not name) 170 foreign owned insurance companies in the United States – mostly operating in the United States through branches – out of more than 4800 insurance companies operating within the country. Despite the small number vis-à-vis the total, the report did indicate that two British companies were among the top 20 property and liability insurers in the United States. The section on legal considerations spelled out state rules on 'direct entry of alien insurers into the United States and the indirect entry by means of domestication, forming a domestic subsidiary, acquiring an existing insurer and merging an existing insurer'. Within the category of 'direct entry' there were separate discussions on the legal requirements for 'authorised' insurers, surplus lines, and reinsurers (US Department of Commerce, 1976, VII, p. K-206). The report contained little information on individual insurers in the context of these rules (US Department of Commerce, 1976, I, pp. 92–93 – the two British property and liability insurers were not specified, but probably were Royal Insurance and Commercial Union).

The long-established European (including British) insurers remained MNEs and in the post-war years gradually resurrected their pre-war activities and interconnections. There were mergers and acquisitions among insurers, but most were domestic in nature.[59] Not until the early 1970s was there a sizeable resumption of internationalisation in the insurance sector, in some cases but not all, building on the long-established networks. Studies of the growth of internationalisation of insurance since the 1970s and more recently have often failed to consider the historical connections, neglecting the continuities. In the mounting international activities since the 1970s, as in years past, the United States became a highly significant target (market) for expanding activities. Certain US companies have also continued to be internationally active. Some of the 'new' insurance activities involved a restructuring of the forms of doing business, to meet ongoing regulatory requirements.[60]

A study of international business in insurance by John Goodman found that the insurers with the 'broadest international networks' in 1988 included Zurich and Winterthur (based in Switzerland), Royal (based in Britain), AIG and CIGNA (headquartered in the United States), and Nationale Nederlanden (based in Holland). All these except Nationale Nederlanden (NN, as it was called) specialised in non-life coverage (Goodman, 1993, p. 401; this study, published in 1993, used 1988 data). When Goodman looked at 'World Insurance' (in terms of gross premium volumes) for 1988, Japan ranked second to the United States (Goodman, 1993, p. 389, with \$70.5 billion in non-life and \$214.1 billion in life).

Zurich had a long history in the United States (and in other international business). Winterthur opened its first branch in New York in 1936, but had over the years been involved in international business within Europe; in the post-World War II decades, it had greatly augmented its business over borders.[61] Royal (along with the many British companies with which it merged over the years) was a longstanding participant in international business.[62] AIG was especially active in Latin America (United Nations Centre on Transnational Corporations, 1988, p. 554).[63] CIGNA was the 1982 combination of Connecticut General Corporation and INA Corporation (the latter, formed in 1967, was the successor to Insurance Company of North America, organised in 1792). At the end of 1983 CIGNA announced that it would acquire the American Foreign Insurance Association, 'because of anticipated growth in insurance underwriting overseas' (*New York Times*, 21 December 1983; also see Krooss & Blyn, 1971, pp. 36–37 on its early history). CIGNA's website gives historical information on that company. By 1986, CIGNA had 98 foreign affiliates, 38 of which were in Western Europe and 38 in Latin America; the rest were spread around the globe (United Nations Centre on Transnational Corporations, 1988, p. 554). The company NN was a 1963 merger of Netherlands Insurance Co., est. 1845, with the National Life Insurance Bank; the former had been in the United States for decades in fire, property, and casualty insurance. NN had continued to expand in these sectors, and then, in 1975, it had embarked on a spree of buying up US life insurance companies. By 1989, this Dutch firm was deeply committed to international business, announcing that it planned to have one-third of its global operations in the United States (Wilkins, 2005, pp. 254–255; and pp. 199–201, 212–214, 230–231 for the uneven course of its history in the United States). During the 1980s, many observers assumed Japanese insurers, thus far proceeding with caution, would soon rank high in international business (Goodman, 1993, p. 409; four Japanese life insurance companies ranked in the top ten worldwide in 1986 – United Nations Centre on Transnational Corporations, 1988, p. 554). It never happened, even though such non-life insurers as Sumitomo Marine & Fire and Tokio Marine &

Fire did participate in overseas business (on the former's post-World War II international business, see Japan Business History Unit, 1993, pp. 232–241; see also Goodman, 1993, p. 402, on how little business these companies had outside Japan as of 1987). As for reinsurers, which also had the international networks, the top five worldwide, identified by Goodman (measured by premiums), were in 1988 Munich Re, Swiss Re, General Re, Skandia International, and Cologne Re. General Re (a US company) excluded, all the others had long and important histories in international business (United Nations Centre on Transnational Corporations, 1988, p. 393).[64]

From the late 1980s, mergers and acquisitions in the insurance sector became the norm worldwide. Some were very large. Some were across borders and some within a particular country but involving firms already taking part in international business. The result was a dramatic change in international business in insurance.[65] Thus, when for example in 2000 ING purchased Aetna Financial Services and Aetna International, these US acquisitions not only heightened the Dutch firm's position in the American market but also raised its role in Latin America and the Asia/Pacific region. By the start of the twenty-first century, ING had branches in 60 countries and was active in insurance, but also in banking, securities, and asset management.[66] Frequently, in insurance, mergers and acquisitions were followed by spin-offs and restructuring.

From the 1980s, the international insurance industry experimented with various industrial and banking linkages. Two prominent 'industrial connections' were those by the UK-based BAT Industries and the US-headquartered General Electric. BAT (once called British American Tobacco) was a global business from its origins. By the 1980s, it was worried lest the antagonism to tobacco reduce its revenues and thus it resolved to diversify into financial services. From 1984 onward, it made major acquisitions in insurance. BAT lacked experience in insurance, and in 1997 Zurich and BAT merged their activities in the insurance and financial services sector to form Zurich Financial Services, which became a world leader in risk hedging and asset management, particularly in Switzerland, Great Britain and the United States. In the 1970s, 1980s, and 1990s, Zurich had expanded globally in a formidable manner in insurance and financial services. It had the knowledge capabilities to move forward with its acquisition (Stopford, 1992, pp. 142–143; for background on BAT, see Cox, 2000; on Zurich Financial Services, Lüönd, 1998, pp. 256–257).

Like BAT's management, General Electric's Jack Welch had diversification plans that included insurance and other financial services. GE also started this move in the late 1980s. In 2005 GE was the world's fifth largest reinsurer. Yet it did not have the expertise, and in November 2005 Swiss Re announced that it would acquire most of GE's insurance services. Swiss Re – which had grown globally all through the post-war years but particularly in the last decades of the twentieth century – was well equipped to handle this business. With the acquisition in June 2006, Swiss Re pushed past Munich Re as the top reinsurer worldwide (Stopford, 1992, pp. 537–540; *Economist*, 26 Nov. 2005).[67]

Meanwhile, there were a number of attempts to combine banking and insurance services. In 1997, for example, the longstanding Swiss insurer, Winterthur became part of the Credit Suisse Group (Winterthur Group website, accessed 8 November 2006). In 1999, the US Congress passed legislation repealing the rules that had long prohibited such combinations in the United States. Citigroup, under Sanford Weill, had arranged a 1998 $70 billion merger with the Travelers Insurance Group, which created the world's largest financial services company. The Federal Reserve approved the merger, insisting on divestment of the insurance underwriting business unless Congress passed a law allowing this (which it did). Nonetheless, in 2005, Citigroup sold the Citigroup's Travelers to MetLife for $11.5 billion. Overnight MetLife increased the size of its retirement savings business by 60%, passing the two Dutch insurers/financial services groups, Aegon and ING (*Miami Herald*, 1 February 2005; for background on AEGON and ING in the United States, see Wilkins, 2005). In the twenty-first century, both Aegon and ING were combining the offering of insurance and banking services. ING advertised 'Banking-Investment-Life Insurance-Retirement Services' (*Economist*, 5 July 2008). In France, Italy, and Spain banks have played a major role in the sale of insurance products (in these countries in 2004 more than half of all life insurance products were distributed through banks) (*World Investment Report 2004*, p. 129). In the first decade of the twenty-first century the combination of banking and insurance – into general financial services – offerings was still in the process of maturation.

In the internationalisation of insurance, by 2008 only one US insurance company stood out with a lengthy consecutive history in international business. In 2006, the *Economist* described AIG as the world's largest insurer. It was involved in general insurance, life insurance and retirement services, financial services and asset management. That year a unit of the insurer, AIG Global Investment, purchased from DP World its American port assets, which the Dubai company had been forced to divest. Commentators noted that AIG Global Investments had little experience with port operations. In its *Annual Report 2005*, AIG discussed the importance of the history of American International Underwriters – see above – in building up its market position over 'the past 86 years'. So, too, and separately AIG had developed a global life insurance business. AIG's business became vast, as it diversified into an ever wider range of new activities and it would become extremely vulnerable in the financial crisis of 2008 (*Economist*, 16 December 2006; AIG, *Annual Report 2005* and Press Release, 10 December 2006, on the purchase from DP World (on the AIG website); most important, see Shelp, 2006, passim; Press reports, autumn 2008).[68]

It is impossible in this essay to capture all the complexities and new product offerings, or consider such major participants as the French AXA group, the new Aviva PLC (a combination of British insurers that came into existence in 2002), the German Allianz, or the Italian Assicurazioni Generali.[69] So, too, it is not possible to document all the changes in reinsurance and particularly the significant roles of Swiss Re and Munich Re. In 1994, General Re and Cologne Re formed an alliance, and when in 1998 Berkshire Hathaway acquired General Re, it soon acquired a controlling interest in Cologne Re; together these two reinsurance companies operated around the world with a network of branch offices and subsidiaries under the name General Re.[70]

The *World Investment Report 2004*, which was devoted to multinationals in service sectors, noted that the trend among the largest MNEs in insurance was to move from non-life to life insurance and from life insurance into financial services (*World Investment Report 2004*, p. 129).[71] It could have added that many (but not all) the large insurers were becoming more and more committed to diversified international business, with however a strong trend toward new business in Europe and the United States. The life insurance segment has also been greatly enlarged to include the expanding areas of retirement services and health insurance.

Some commentators have associated the rising tide of internationalisation of insurance with deregulation, privatisation, and liberalisation within the global economy (see, for example, Pearson & Lönnborg, 2006, p. 1). This has undoubtedly opened many doors and been responsible for numerous new involvements as well as the new dynamics, but the identification short-changes the very long, earlier history wherein many of the largest insurers survived and made adjustments within a formidable array of regulatory regimes. What the freeing of markets did was stimulate a huge variety of financial products that are now offered by a range of interrelated businesses, all of which broadened their strategic thinking. So, too, much of enlarged worldwide insurance coverage would seem to relate to the changing demographics, the longer lives of individuals. Economic historian Robert Fogel, the Nobel Prize winner, has been studying the extraordinary historical changes in health and life-span characterising recent times. This has had immense impact on the insurance sector.

As we look specifically at the twenty-first century, it has been very hard on insurers with the 9/11 catastrophe, and then the 2005 (and to a lesser extent 2008) devastating natural disasters; so, too, as I am writing this essay, the financial crisis of the autumn of 2008 is having major deleterious consequences. The diversification of insurers into high risk products (such as credit default swaps) has proved perilous. Nonetheless, overall, at the time of writing, there does not seem to be any let-up in the globalisation of insurance, although as in every sector within the international economy, and in insurers' past experience, there are times of intense activities and then temporary lulls (and even partial exits). Thus, while AIG may be retreating from some of its international life insurance business, it seems likely to keep its international business in property and fire insurance. And, at the same time, other insurers are enlarging their international business.[72] Strategies change. Core competencies in this sector have come to be recognised.[73] The nature and characteristics of multinational strategies have altered, but insurers and reinsurers have (taken as a whole) not retreated *as MNEs* and indeed in many cases have greatly enhanced their global reach.

To conclude this brief historical overview (which is particularly unsatisfactory for the post-World War II decades), I want to encourage more comprehensive historical studies on MNEs in insurance.[74] Peter Borscheid and Robin Pearson's edited volume, *Internationalisation and globalisation of the insurance industry in the 19th and 20th centuries* was a start in stimulating such research (Borscheid & Pearson, 2007). Pearson and Mikael Lönnborg (2006, 2008) have looked at some of the regulatory experiences of multinational insurers before World War I; Pearson has written and will be doing more on foreign insurers in the United States (e.g. Pearson, 1997). There are a sizeable number of recent articles on various facets of MNEs and insurance; numerous insurance company histories exist; websites contain abundant information on corporate histories; trade journals are accessible; and insurance directories are chock full of individual insurers' stories (see, for instance, Bonin & Baruh, 2008). H.A.L. Cockerell and Edwin Green (1974) have a guide to British insurance records. Guildhall Library has a good set of British insurance company records. There are corporate archives, including ones at Swiss Re and at Zurich Financial Services. There are some French bank records available that provide insights into international insurance. Ben Gales and Gerarda Westerhuis have used Dutch insurers' records, while Borscheid and the late Gerald Feldman have used German ones. Jerònica Pons Pons has tapped key Spanish sources. Martin Ivanov has Bulgarian sources. There are records on Canadian life insurance companies business abroad, some of which have been used by Stephen Salmon. A session on insurance history is scheduled for the 2009 Utrecht meetings of the World Economic History Congress, which will cover some aspects of MNE history. So, too, the forthcoming Swiss Re corporate history will take giant steps in filling many gaps in the history of international business in insurance. There continues to be, however, a huge amount that we do not yet understand about the course of MNEs in insurance and reinsurance over the past two centuries. What we do know is that there is a very important story still to be told.

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Notes

1. Its entry was the same year that Swiss Re opened its first US branch in New York, also in fire reinsurance. That the Balkan National Insurance Co., Sofia, chose Hartford, CT rather than New York City for its US head office was not odd. Hartford by this time was a US centre for insurance companies (see Hammack, 1996, p. 32).
2. The 22 states were Arkansas, Colorado, Connecticut, Delaware, Illinois, Indiana, Iowa, Louisiana, Massachusetts, Michigan, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Utah and West Virginia. (The United States in 1914 had 48 states.) I did not investigate the reason why some states were included and others excluded. For the states and background on the Balkan National Insurance Co., see *Best's Insurance Reports (Fire and Marine) 1914*, p. 47. In order to do business in insurance in any state in the United States, an insurer had to be licensed by that individual state. Firms would typically open a branch (and/or form or acquire a subsidiary) in a particular state and then subsequently obtain licences in other states. For the variations in US state regulatory requirements at the time of Balkan National Insurance Co.'s entry, see Pearson, 1997, pp. 442–444, which helps explain why the insurer did not get licences in Kansas, Wisconsin, and a number of states in the south and west.
3. With the exception of Delaware and Utah, the American states in which it operated were the same ones as the other Bulgarian company, Balkan National, Sofia. See *Best's Insurance Reports (Fire and Marine) 1914*, p. 59. By way of comparison, Swiss Re's New York branch in 1914 had admitted assets of $986,000, less than either of the Bulgarian reinsurers. By 1914, Swiss Re was authorised to do business in 19 American states. Compared with the Sofia company's 22, its 19 did include Kansas, but excluded Connecticut, Delaware, Indiana and Utah (Ibid., p. 355). For the Bulgarian Insurance Company's international business, see ibid., p. 59, and *50 Years – 'Bulgaria', First Bulgarian Insurance Company*, 1941, pp. 91–94 (I am indebted to Martin Ivanov for this source and the translation from Bulgarian). Roustchouk (called Rousse today) is a city on the Danube River.
4. In their article in the *Journal of Economic History*, Martin Ivanov and Adam Tooze (2007, p. 690) suggest a story of 'extensive growth as the most likely scenario for Bulgarian economic development prior to 1914.' The expansion abroad by the Bulgarian multinational enterprises and particularly 'Bulgaria', First Bulgarian Insurance Company seems to be associated with (and taking the lead in) the fastest growing sector within the Bulgarian economy in the pre-World War I years, that is, insurance (see Ivanov & Tooze, 2007, pp. 690, 685, 900, for background on Bulgarian economic growth in these years). Ivanov, of the History Institute, Bulgarian Academy of Science, has in process a multi-volume history of the largest and most influential Bulgarian financial group, which emerged based on the success of the Bulgarian Insurance Company.

This insurer developed core competencies in providing fire insurance, first at home in Bulgaria and then in nearby European Turkey and Greece, then farther afield (within Europe), and finally in the United States. Very quickly its foreign premiums exceeded its domestic ones, which encouraged further business abroad. Ivanov's history will tell this remarkable story.

5. As Robin Pearson has pointed out, when insurers established branches, these would typically supervise (Pearson uses the word 'control') agents in the states where the foreign firm was licensed to do business (Pearson, 1997, p. 444). The agents were usually independent American businesses; however, foreign insurers often did combine independent 'general agents' with 'direct agencies of their own' (ibid., p. 445).
6. I debated as to whether I should introduce a section on the theory (or theories) of MNE and where the insurers fit. Initially, MNE theory had a strong goods manufacturing bias. That is no longer true as many excellent studies exist of service sector MNEs, banks and trading companies, for example. I see no problems in applying existing theories of MNEs to the insurance sector, but in the interest of saving space, I will not devote a special section to doing so herein. I have, however, as will be evident, been guided by theory in my presentation and on occasion, I will reference specific insights from theory (on recent comprehensive summaries of existing theories of MNEs, see, for example, Caves, 2007; Dunning & Lundan, 2008; Jones, 2005; Buckley, 2009).
7. It is not specified whether these total net premiums always, sometimes, or never included those by British, German, French and US fire offices outside of their national markets; the British, German and French data definitely did exclude premiums earned by foreign fire insurers in those markets, but it is unclear whether the aggregates for the US insurers included the premiums of foreign fire insurers within that national market. Clarification from Robin Pearson, 25 January 2007. Some British figures, cited later in my paper (from Youssef Cassis), explicitly included premiums from British business abroad. This is important, for many British premiums were earned from exports, from agencies, and from affiliates overseas. So too whether the US figures included those of foreign firms within the United States is likewise important, since in 1880 a sizeable portion (an estimated 11.6% of the marine and 35.3% of the fire) premiums went to foreign, especially British, insurers operating within the United States (these last percentages are given in Pearson & Lönnborg, 2006, Table 2, p. 36). However, my point in citing these figures is merely to emphasise the importance of the British fire offices' activities, which seems evident, irrespective of exactly what is or is not included.
8. All students of MNEs (no matter what the sector) differentiate between exports and foreign direct investments. MNEs make foreign direct investments, that is they establish branches and set up or acquire affiliates in countries abroad (outside the home country). If a company sends its goods and services abroad from a home base, that is an export as distinct from a direct investment. In insurance, often a home office would provide insurance coverage abroad (an export of a service). If, on the other hand, there was a branch or affiliated company abroad, if the parent company operated within a foreign country, that was a foreign direct investment. In insurance, as in practically all other sectors, there were both exports and foreign direct investments. Typically, students of the MNE define the firm as making foreign direct investments, that is doing more than export. Sometimes the foreign direct investment substitutes for the export and sometimes it is complementary to it. This again is true in general, including insurance. I have found that often in the insurance literature this distinction between exports and foreign direct investment is not made (see Pearson & Lönnborg, 2006, p. 11); Pearson and I have had useful discussion on this subject – see also Pearson and Lönnborg (2008, pp. 68–73), who claim there was no linear sequence from 'export' to foreign direct investment, but throughout coexistence of the procedures and often simultaneous use. I do not doubt the retention of export along with foreign direct investment, but I do discern a rough sequence over time, a process that usually (but not always) involves increasing internalisation of the business done abroad; that is, over time there tend to be more extensions of the firm, branches and subsidiaries, i.e. foreign direct investments. For an example of this process from the general literature, see Nicholas (1983), which provides an analysis of the transition from agents to branch selling by British manufacturing MNEs pre-1939.

9. Trebilcock names the 'representative', Isaac Whelan. If this representation began as a direct investment, it certainly did not continue as such. Whelan is only mentioned once in Trebilcock's study (1985, I, p. 561).
10. Although there was organisational survival after the war of 1812, and the formation of new agencies after the war's end, by the 1840s and 1850s Phoenix's US business was in clear decline (Trebilcock, 1985, I, esp. pp. 305–307).
11. Pearson has expressed reservations about the line between agency and branch (e-mail to Wilkins, 25 January 2007). I admit to some ambiguities, but still strongly believe that the extension of the firm, with a branch or subsidiary, represents the foreign direct investment, while in most (to be sure not all) cases, the agency did not; the extension of the firm provided a more lasting linkage and a MNE presence. Conceptually, it is crucial in understanding MNE behaviour.
12. The German entries included General Marine Insurance Co., Dresden, marine insurance only, and the Hamburg Bremen Fire Insurance Co. (Wilkins, 1989, p. 134). According to *Best's Insurance Reports (Fire and Marine) 1914*, p. 170, Hamburg Bremen Fire Insurance Co. 'began business' in the United States in 1858 and set up its New York branch ('entered New York') in 1873.
13. The material on Royal Insurance Co. is from *Best's Insurance Reports (Fire and Marine) 1914*, pp. 318–320. Supple (1970) does not mention the European continent. If Royal Insurance (Royal Insurance and Royal Exchange were different firms) is any guide, cities on the continent should have been included.
14. Trebilcock (1985, I, pp. 163–164) takes exception to the dating by many authors of the post-1860 (or late nineteenth century) activities, arguing the British overseas business was much earlier, yet he fails to make the important distinction between agencies and extension of the firm per se, a distinction that I believe is critical to the understanding of MNE.
15. In the 1880s, American life insurance companies were experiencing 'phenomenal growth', domestically as well as internationally. By 1890, these three US insurance companies had more life insurance in force than the next 22 companies (Krooss & Blyn, 1971, p. 109; Wilkins, 1970, pp. 64–65, 103–107; see also Pons Pons, 2005, pp. 467–481). Wilkins (1970) has nothing on Spain. New York Life opened in Madrid in 1881 (Pons Pons, 2005, pp. 469–470). The withdrawals from Europe, begun in the 1890s because of European regulatory restrictions, continued in the early twentieth century. They accelerated after the 1905 Armstrong investigation of the principal US insurers (Wilkins, 1970, p. 106). For Equitable's aggressive activities in the early 1890s in Malaya, see Yacob (2008, p. 28).
16. Pons Pons (2005, p. 473) shows that foreign companies other than those from the United States did play a role in life insurance coverage in Spain, and her 'Multinational enterprises and institutional regulation in the life-insurance market' (2008, pp. 87–114), indicates clearly the participation in Spain of French, British and other life insurers as well as US investors. Nonetheless, I still think (although more evidence is needed) that non-life, principally fire, insurance played the greatest role in the international business product mix before World War I. As Wilkins (1989, p. 903n.52) and Raynes (1959, p. 271), point out, life insurance was never a large part of British insurers' coverage in the United States. With the important exception of Canadian insurers, Wilkins (1989) found that life insurance was not a significant portion of the insurance coverage provided in the United States by foreign firms. Yet in Spain and perhaps elsewhere in Europe, life insurance does seem to have been a significant portion of the insurance coverage offered by the international businesses. The ratio of foreign fire and marine versus life insurance coverage in the rest of the world is not known.
17. Prudential Insurance Company of America (founded in 1874, name changed to Prudential Insurance 1877) was modelled after Prudential Assurance Company of Great Britain but there is no evidence that the giant British insurer 'financed or in any way "controlled"' its cross-the-Atlantic namesake (see Wilkins, 1989, p. 904n.68). From the start of the twentieth century, Prudential Assurance Company of Great Britain controlled more than 50% of the UK life insurance market (Cassis, 2006, p. 95). Part of the absence of international direct investments by the US newcomers in life insurance was a result of the growing regulatory restrictions in foreign markets. Metropolitan had been strong in 'industrial' insurance and then moved into ordinary life insurance.

18. I come to this conclusion with some hesitancy. The weight given to fire and marine versus life insurance in overall international participation in the early twentieth century requires far better documentation. Yet, with the early twentieth century retreats of US life insurance companies from their involvements and the continued provision internationally of fire and other non-life products, I think that this generalisation is correct for 1913/14. It also appears that marine insurance required agents abroad (in some cases), but not substantial cross-border direct representation; by contrast, from the late nineteenth century fire insurance firms' cross-border extension beyond the independent agent seems to have evolved rapidly.
19. *Best's Insurance Reports (Fire and Marine) 1914* has data on the fire and marine insurers. The Spanish entry was 'Union and Phenix Espanol' Insurance Co., which had a New York branch (opened in 1910); it provided fire reinsurance. On the Dutch presence in the United States in insurance before World War I, see Wilkins (2005, pp. 199–201).
20. On the foreign companies in casualty insurance in 1913, see *Best's Insurance Reports (Casualty and Miscellaneous) 1918/19*. In 1913, Employers' Liability Assurance Corp. had assets of $7.3 million and premiums of $6.2 million, while Zurich General Accident and Liability had US assets of $1.4 million and premiums of $900,000 that year. Other insurers providing casualty coverage in 1913 came from England, Scotland, Germany and Canada.
21. On the pre-World War I international business of Allianz (and experiences with the San Francisco earthquake of 1906), see Feldman (2001, pp. 2–3) and Borscheid (1990). See also *Best's Insurance Reports (Fire and Marine) 1914*, p. 27 (Allianz's New York branch, opened in 1911, was for marine business only).
22. It got licences to conduct business in Austria, Prussia and other German states, Denmark, Sweden and Norway in 1875; it opened general agencies in Paris and Antwerp in 1877 (the latter became a branch, located in Brussels, in 1885). It opened a general agency in Holland (1878), a branch in Spain (1879), expanded its business from Berlin into Russia (1880), and founded a branch in Italy (1882) (Lüönd, 1998, p. 254). Thus, long before it was established in the United States, it was heavily involved as an insurer in many countries on the European continent.
23. Based on data in *Best's Insurance Reports* (*Fire and Marine*) *1914*.
24. The date of the Munich Re US branch is given in Pearson (1997, p. 446). Munich Re was far more important in US business than Allianz Insurance (a 'daughter' company of Munich Re). Munich Re's US branch in 1913 had 'admitted assets' of $6.4 million compared with the meagre year-end 1913 assets of Allianz's NY branch ($508,000) (*Best's Insurance Reports (Fire and Marine) 1914*, pp. 238, 27). For Munich Re's large losses as a result of the San Francisco earthquake, see Feldman (2001, p. 3).
25. The Rossia [*sic*] Insurance Co., St. Petersburg (1904), the First Russian Insurance Co., St. Petersburg (1907), the Jakor Insurance Co., Moscow (1908), the Northern Insurance Co., Moscow (1910) and Second Russian Insurance Co., St. Petersburg (1913). Once again I am focusing on the extension of the firm in the form of a branch or affiliate. Reinsurance 'as an export' had long been undertaken by British firms, see Trebilcock (1985, I, passim).
26. Pearson and Lönnborg (2006, p. 13) indicate that there were 25 foreign reinsurance offices in Paris by 1878. This is very early compared with the foreign entries into the United States in reinsurance. It confirms that before reinsurers as well as direct insurers from the European continent crossed the Atlantic, they did business closer to home, on that continent.
27. Pearson and Lönnborg (2008, pp. 70–71) write that Skandia of Sweden opened in New York in 1900 as a reinsurer for Royal [Insurance] of Liverpool, while Swiss Re came to America to serve the Phoenix of London. Regulatory restrictions in Russia had encouraged the use of reinsurance, so that by 1871 some 54% of the sums insured by all Russian stock companies was reinsured. Research on MNEs suggests that if there is a large market at home for a product or firm-specific experience at home in developing a particular business, domestic companies often emerge with an advantage in that activity. This could explain the rise of the strong domestic Russian reinsurance sector, which in turn and in time made sizeable direct investments in the United States. (The key Bulgarian insurer, which invested abroad did not have a large market at home, but did

develop expertise at home – in the domestic market – that could be effectively used internationally.)

28. The source for this was US Department of the Treasury, Bureau of Statistics, *Monthly Summary of Commerce and Finance,* 1901, p. 2919. This high market penetration did not last and by the time C.V. Starr started Asia Life Insurance in 1921 in Shanghai (see later in this article), the big New York firms were no longer selling insurance in China.
29. Pearson and Lönnborg (2006, p. 34, Table 1) give a 1914–1915 figure for 'all branches [of insurance]' as 63%.
30. Pearson and Lönnborg (2006, p. 34, Table 1) give a 1912 figure for all (not only German) foreign life coverage in Switzerland of 45%.
31. The premium income of foreign insurance companies in 1914 in Argentina was $11,787,757 m/n (paper pesos worth about $.47 in US dollars) out of $34,616,192 m/n. The share may have been larger at the start of the twentieth century. Ortega (1932, p. 221) writes that until the end of the nineteenth century, when changes began to occur, 'foreign insurance companies carried the larger portion of the business in Argentina, Brazil, and Chile.'
32. Pearson and Lönnborg (2008, p. 64) present a table covering 'foreign company shares of national insurance markets', including fire, marine, non-life or all branches of insurance ('as the sources allow'). Their calculations were based on foreign insurers' premiums as a percentage of total premiums. They do not separate the premiums booked by foreign direct investors and those premiums that originated from policies written in the home country of the foreign insurer. According to their carefully developed list, those host countries with high 'import' penetration (foreign companies' premiums over 30%) included Canada, Finland, Italy, Netherlands, Norway, Spain and Switzerland. See ibid., p. 65, for US fire and marine data, which was in the range of 24% to 35%, 1872–1910.
33. Pearson and Lönnborg (2008) give a good overview of international business in fire insurance, pre-1914. I have benefited from this and their earlier paper (Pearson & Lönnborg, 2006). In considering pre-1914 MNEs in insurance, I have written little on the role of marine insurance, and Lloyd's (which did international business *from* the United Kingdom) is not even mentioned. Areas for further investigation should include discussions on how and why branches, subsidiaries, general agencies, agents and brokers interacted in different markets. How deep did the extension of the firm to locales abroad have to be in order to gain new business and to oversee the inspection of the properties to be insured. We need much more on accounting versus organisational and monitoring differences in MNE insurers' behaviour. National stories are different. I have not elaborated sufficiently on the differing markets for different insurance products and how reinsurance companies differed from direct insurers. There is little on the learning experiences of insurers from their international business and the development and impact of core competencies. My article has inadequate treatment of risk considerations and experiences with disasters. There is nothing on the pricing of insurance products. Multinational insurers were significant financial intermediaries, and I have not looked specifically at their role in this respect. Most critical, I have barely touched on the numerous regulatory constraints and their consequences; the late nineteenth–early twentieth century saw a proliferation of new regulations in the United States, Europe, Latin America and Asia. Regulatory regimes affected all providers of insurance services. Pearson and Lönnborg (2008) offer a substantial amount on regulatory practices relating to fire insurers (many of which were applicable to life insurers as well). Hopefully, there will be many more studies of MNE insurers (in non-life, life, and reinsurance products) in the pre-1914 years that will fill the notable lacunae.
34. The experiences of German multinationals in general and in the electrical industry in particular during and after World War I are documented in Hausman, Hertner, and Wilkins (2008); the same problems documented therein applied more generally. On the other hand, if the Bulgarian insurers did not return to the United States, 'Bulgaria', First Bulgarian continued all during and after World War I, until 1931, to collect far larger premiums from its international than from its home business. Data from Martin Ivanov's research, furnished M. Wilkins, 31 October 2008.
35. Robin Pearson has been working on a history of foreign investment in the US fire insurance sector; his timeframe is 1850 to 1920, seeing the immediate post-World War I period as linked with the past.

36. For detailed information on particular firms, see *Best's Insurance Reports* and corporate histories. The experiences of foreign companies differed sharply. Zurich General Accident, which from the start offered individual, liability, workers' compensation and burglary and theft insurance, from 1919 to 1929 tripled its US premium volume, primarily due to automobile liability insurance. The downturn of 1929–1933 had a negative impact with premiums dropping sharply. Its profits fluctuated, with periods of red ink. But it was from 1933 very successful in the United States (Lüönd, 1998, pp. 147, 150–151, 157).
37. Company History, CIGNA website, accessed 10 September 2006, boasts that INA was 'the first American insurance company to write insurance in China'; that may have been true of marine insurance but was not true in general; New York Life Insurance had started to do business in China in 1884 (see Wilkins, 1986, p. 281; *Best's Insurance Reports (Fire and Marine) 1914*, p. 389, on Yang-tsze Insurance Association in New York). It seems likely that the agencies referred to in the history exposition on the CIGNA website were independent agencies and not foreign direct investments of INA.
38. James (1942) throws no light on this. The suggestion is that the extensive marine insurance business was done from the United States; the company had to learn about war risk insurance during World War I. Foreign direct investments – i.e. the extension of the firm abroad – seem to have been virtually non-existent, at least that is the impression from this history of Insurance Company of North America.
39. Company History, CIGNA website, accessed 10 September 2006; on US shipping decline, see De la Pedraja (1992). There is nothing on this in the James volume.
40. According to Trebilcock (1998, II, p. 802), London-headquartered Phoenix had a large business in Japan, but it did not insure against earthquake risk. See ibid. on its Japanese experience. Shelp (2006, p. 59) writes that so disenchanted were the Japanese by the payment record of foreign insurers after the 1923 earthquake that the Japanese government barred new foreign insurance ventures in general insurance, a ban that was not lifted until 1951!
41. Fifteen of the 16 US insurance companies that AFIA involved in the group are listed in V.R. Smith to C.S. Macdonald, 19 November 1931, Confederation Life Insurance Company, MG 28 III 126, vol. 5, file 16, National Archives of Canada (copy of letter sent to me by Stephen Salmon of the National Archives of Canada). Salmon located an agreement between AFIA and Royal Exchange Assurance related to Chinese business dated 1924 (in the papers of the Confederation Life Insurance Company, vol. 154, file 3). E-mail Salmon to Mira Wilkins, 18 March 2008.
42. See membership list in Wilkins (1986, p. 289). On AFIA's branches throughout China, see report of the suicide of 49-year-old Frederick E. Vincent, marine manager of the AFIA, who was in poor health after service in China and the Philippines 'that brought privations as a result of the Japanese entry into that area'. Vincent had been employed by AFIA since 1921 and was 'for many years . . . manager of all branches of the organization in China' (*New York Times*, 6 February 1948). Data in the papers of Confederation Life Insurance Company, MG 28 III 126, National Archives of Canada contain considerable information on the AFIA in China (and in other markets as well).
43. On AAU, Asia Life, and Starr, see http://nyjobsource.com/aig.html, accessed 23 September 2006; obituary for Starr in *New York Times*, 21 December 1968; Wilkins, 1986, p. 279 (on China Trade Corporations); and Shelp, 2006, pp. 17–39. Thus, two of the insurers in the Shanghai Chamber of Commerce were part of Starr's group of companies. The West Coast Life Insurance Co. was a San Francisco-based insurance company.
44. Recent concerns about insurance payments to Holocaust survivors has resulted in the opening up of archives and a recognition of insurance coverage over borders within Europe. These records, used by historians, ought to tell us a great deal about the extent and nature of international business within Europe in the inter-war period and in earlier years as well. In addition, Stephen Salmon (National Archives of Canada) has brought to my attention the availability of considerable material on Canadian life insurance abroad – which was more extensive than I had realised (it was in the Far East, the Caribbean, Latin America, as well as in the United States).

45. See also US Department of Commerce (1936, p. 21): 'The business of United States life-insurance companies in foreign countries other than Canada probably reached its peak before 1919 and possibly before 1914. Their foreign operations extended at one time into every continent and into more than a score of countries.'
46. Gales (2007, pp. 86–87, 97) concludes that Dutch life insurers were less international in the inter-war period than they had been before 1914 and that the 'invasion of foreign life insurance companies' into the Netherlands had no counterpart after the war.
47. There are available wonderful records on Canadian life insurers in China, particularly Confederation Life Association, but also Sun Life and Manufacturers Life. Confederation Life established itself in Shanghai in 1932, while Sun Life entered in 1894 and Manufacturers Life in 1897 (in the last two cases using UK firms as agents; it is not clear when Sun Life and Manulife made their first direct investments; they certainly had such direct investments by the 1920s). Salmon has used archives of all three companies and I am indebted to him for information on and from these archives. See his 'The Great Institution of Life Insurance: Canadian Life Insurance Companies in China, 1892–1894' (2008; this paper has an excellent bibliography on sources). Salmon is editing the wartime diaries (8 December 1941 to 1942) of P.R.M. Wallis, Confederation Life's newly-appointed (in 1932) manager for China. Salmon's research indicates that by the 1930s Canadian companies controlled the life insurance market in China (E-mail Salmon to Wilkins, 24 September 2008). In addition, in China, Asia Life, West Coast Life and Occidental Life Insurance Co. were writing life insurance policies, see above, and obituary for Paul M. Anderson, *New York Times*, 27 February 1966.
48. Other Canadian life insurance companies in the United States (in 1930) were Canada Life, Confederation Life, and Great-Western Life. *Best's Insurance Reports (Life), 1930*, pp. 1152, 170, 251, 442.
49. This is based on corporate histories. On British insurers in China, for example, see Remer (1933, pp. 400–401), who cites Lieu (1929, pp. 81–82). The Chinese market was small, but by 1938, 'the international insurance community in Shanghai divided into 75 British offices, 22 American, seven German, seven Japanese, five Swiss, four Dutch, two Italian and two French; but, alongside these, there were 20 Chinese insurance ventures'. The British dominated the Chinese insurance and reinsurance business (Trebilcock, 1998, II, p. 780). Canadian companies in China appear at times to be classified under the rubric 'British'.
50. I am a bit dubious about the British falling so far behind; this may have been true of particular countries in Latin America, but as an overall generalisation, it needs further verification. On AFIA's presence in Latin America see data in the archives of Confederation Life, National Archives of Canada.
51. Thus a listing of US firms in Malaya in 1931–1939 included American Asiatic Underwriters (AAU) – the Starr firm – along with American Foreign Insurance Association (AFIA). AFIA served as 'agents for a number of U.S. providers of fire, marine and car insurance' (Yacob, 2008, pp. 166, 46).
52. Stephen Salmon has uncovered marvellous material on the different currencies in which Chinese insurance policies were written, depending on the particular circumstances.
53. On the American companies abroad, the Starr companies (the precursors to AIG) and AFIA seemed to stand out. Insurance Company of North America, according to the CIGNA history chronology, resumed international growth in the 1930s (CIGNA website, accessed 10 September 2006). On Starr's international business in the 1930s, see Shelp (2006, pp. 39–52). See also obituary for Starr, *New York Times*, 21 December 1968. None of this material is very rich or satisfactory. On the sizeable foreign business in insurance *in* the United States in the inter-war years, see Wilkins (2004). Benjamin Rush, president of Insurance Company of North America from 1916 to 1939 and then chairman of the board, was a sophisticated individual who was frequently in London and who in January 1939 told a gathering of special agents in Chicago: 'I have had several large assured in the United States come to me and ask for one policy covering all their liability wherever it might be in the world – certain parts in whole, certain parts on high excess – and I have been obliged to tell them it is impossible for us to give them such a policy although I thought they were entitled to it, and that they could get it if they applied to a good broker in touch with the London market. That is not a condition of

things which I can look at with equanimity. We should be able to do for our assured here what has been done abroad successfully for many years' (James, 1942, p. 334).

54. This was certainly true of European insurers in the United States. On the resumption of the German business in the United States, on Munich Re and Pilot Re, see Wilkins (2004, pp. 269, 343, 425, 525). Shelp (2006, p. 49) writes that on the eve of World War II, German insurers (with Munich Re in the lead) had 45% of the worldwide reinsurance business.
55. The one Italian investment in insurance in the United States was relatively small. As for the Japanese stakes, concerned about the possibility of war with the United States, in September 1940, the US affiliates of Tokio Marine and Fire Insurance Co. and Meiji Fire Insurance Co. stopped writing all but marine policies, reinsured their liabilities with other insurers, and remitted sizeable sums to Japan. On 17 May 1941, Aetna Insurance Company purchased Tokio Marine's US branch (Miller, 2007, pp. 68, 169–170).
56. Regrettably, Robin Pearson, who is writing on foreign fire insurers in the United States, takes his research only up to 1920.
57. There is no absence of material, albeit it is in scattered locales. Thus, for example, of great interest is a forthcoming edited (by Stephen Salmon) wartime diary of P.R.M. Wallis, the Confederation Life representative in China. The diary covers 8 December 1941 to November 1942 (when Wallis returned to Toronto).
58. See obituary for Starr, *New York Times*, 21 December 1968, and Shelp (2006). Like Coca Cola, so too the Starr companies made their first post-war inroads in Germany and Japan by serving US military personnel (material on the Coca Cola Co., based on data directly from the company; on the Starr companies, Shelp, 2006, p. 53). Shelp (2006, p. 120) described AFIA as 'our principal competitor overseas', the same phrase Shelp had used for the 1930s (ibid., p. 50). (Shelp joined AIG in 1973 and worked for the firm a dozen years, hence the 'our'.) On the other hand, and more typical, writing in 1947, on the giant Metropolitan Life Insurance Company, its historian Marquis James (1947, p. 4) very explicitly indicated that 'Metropolitan does no business, or next to none, outside the United States and Canada.'
59. For example, Wilkins (2005, p. 254) for the Dutch experience. Corporate histories document the experiences of British firms. Once again, all was not expansion. In India, for example, in 1955 about half the non-life premiums came from foreign (principally British) firms operating there; the percentages had been sharply reduced, even before general insurance was nationalised in 1973. Between 1955 and 1973 there had been some growth of foreign firms' premiums but very slow relative to that of Indian firms. When nationalisation occurred in 1973, there were 43 foreign firms operating in India. All were non-life (life insurance had been nationalised in 1956) (Wasow, 1986, pp. 228–231). In other countries (Egypt, for example) nationalisation also meant exits of foreign MNEs in insurance. Frequently decolonisation closed off prior activities of insurers from the imperial power (French insurers had had business in French colonies, for example).
60. The Starr companies (the AIG group) continued to expand at home and abroad. See Shelp (2006, pp. 53–60, 80–81) on the Chinese communists' takeover of the business, the global expansion, and the problems in Latin America in the 1950s, 1960s, and 1970s. In an article I published in 2005, I quoted a passage from an insurance manual: 'The Netherlands Insurance Company was domesticated in 1979 as the successor to the former U.S. Branch, New York.' I called the formulation awkward (Wilkins, 2005, p. 255). Little did I realise that the phrase was commonly used in the insurance sector. Thus, in the 1976 Commerce Department report there is the passage that at least six US states permitted 'alien insurers to domesticate in the state *as an alternative to direct entry*' (emphasis added). Domestication meant forming a subsidiary within the state, which relieved the alien insurer of the frequently higher deposit requirements imposed on the alien insurer (US Department of Commerce, 1976, VII, p. K-218). See also the citation in the text above from US Department of Commerce (1976, VII, p. K-206). This forming of subsidiaries within the United States was a routine matter for foreign companies in manufacturing, for example. As for US insurers abroad, as late as in a 1986 publication, one writer could state that 'very few insurers in the United States have overseas affiliates, and those that do [undoubtedly a reference to AIG and AFIA] generally are not the ones that have important market share in the United States' (Shelp, 1986, p. 21).

61. On Zurich's history, see Lüönd (1998), which also contains some information on Winterthur. So, too, the website of the Winterthur Group (accessed 8 November 2006) is useful on the history of the international business of this Swiss insurer.
62. In 1976, Royal had 59 affiliates outside of the UK; 10 years later, in 1986, that number was up to 101 (United Nations Centre on Transnational Corporations, 1988, p. 556). As an indication of its long history, Robin Pearson has 483 spreadsheet files from three manuscript volumes at the Liverpool Record Office, on Royal's Results of Foreign Business, 1870–1923. E-mail Robin Pearson to Mira Wilkins, 25 January 2007.
63. In 1986, the American International Group (AIG) – had 16 affiliates in Latin America, 12 in Asia and 6 in western Europe (Shelp, 2006, pp. 52, 113–115 on Latin America). This is the best source on AIG, which emerged from the Starr companies. Starr himself died in 1968; he was followed by Maurice R. 'Hank' Greenberg, under whose administration (1968–2005) AIG's global (and US domestic) operations grew dramatically.
64. Goodman notes that 95% of Swiss Re's premium income came from foreign business compared with merely 7% for General Re. General Re did have an international history. It was established on 21 March 1921 when two Norwegian companies (Norwegian Globe and Norwegian Assurance) merged and the result was General Casualty and Surety Reinsurance Corporation, which when acquired by US investors in 1923, changed its name to General Reinsurance Corporation. Website of General Re, accessed 10 January 2007.
65. For 34 separate corporate takeovers by European insurers, 1989–1990, see Goodman (1993, p. 416); for cross-border mergers and acquisitions 1991–2005, see various issues of the *World Investment Report*. Included among the over $2 billion cross-border investments in the United States from the late 1980s to the twenty-first century were (acquirer/target): in 1988: BAT (UK)/Farmers Group, $5.2b; 1990: Allianz (Ger.)/Fireman's Fund, $3.3b; 1991: Altus Finance (Fr.)/Executive Life, $3.5b; 1996: Munich Re (Ger.)/American Re, $4b; Aegon (Dut.)/Providian, $3.5b; Zurich (Sw.)/Kemper Corp., $2b; 1997: Zurich (Sw.)/Scudder, Stevens & Clark, $2.4b; ING (Dut.)/Equitable of Iowa, $2.2b; 1999: Aegon (Dut.)/TransAmerica, $10.8b; Fortis (Bel./Dut.)/American Bankers Group $2.6b; 2000: ING (Dut.)/ReliaStar Financial, $6.1; ING (Dut.)/Aetna's financial services and international business, $5.1b; 2001: AXA-UAP (Fr.)/Axa Financial Inc., $11.2b; Allianz (Ger.)/Nicholas-Applegate Capt. Mgmt, $2.2b; Swiss Re (Sw.)/Lincoln Re, $2.2b; 2004: Manulife Financial Corp. (Can.)/John Hancock financial, $11.1b; 2005: Swiss Re/GE insurance, $6.8b; 2006: Aviva (UK)/AmerUS (Iowa), $10b (Wilkins, in process).
66. Tzeng (2002, p. 468) makes the point on ING's changed business. The ING Group resulted from a 1991 merger between the Dutch insurance company Nationale Nederlanden and the Dutch NMB Postbank Group (which was in turn was a merger of NMB Bank and Postbank). By early in the twenty-first century, ING was Taiwan's largest insurance company (Tzeng, 2002, pp. 468, 463). In 1995, ING 'rescued' the British merchant bank, Barings, and brought it into the fold. Aetna for years had been a domestically focused company within the United States. By 1986, Aetna Life was the sixth largest insurer in the world. Between 1980 and 1986, it had doubled its revenues; in 1980 it had 14 foreign affiliates; in 1986, it had 67 foreign affiliates (United Nations Centre on Transnational Corporations, 1988, p. 554). For its 1960 plus international business see Aetna website, history of the company, accessed 15 January 2007.
67. Back in 1996, Swiss Re had acquired the UK-based Mercantile & General Re from Prudential Corp. of Great Britain. Mercantile & General Re (which Swiss Re had owned from 1916 to 1968) had a large US business, and with this British acquisition, Swiss Re's position in the US market had substantially increased (*Financial Times*, 28 August 1996, and data from Swiss Re and its website). In 2004 Swiss Re published a short booklet, *Capitalising on change: How Swiss Re has built a global firm*. It is a very valuable look at Swiss Re history from the mid-1980s to 2003, arguing that in those two decades Swiss Re 'has undertaken as much change ... as it did in the previous 120 [years], since its foundation in 1863' (p. 3). The booklet chronicles Swiss Re as a global firm on its 'journey into a diverse range of insurance activities and risk management services' and how it returned to its roots, focusing on reinsurance. On Swiss Re's edging out Munich

Re to become the top ranking reinsurance company worldwide, see *Best's Review*, 1 August 2007.

68. Shelp (2006, pp.144–146) points out that toward the end of the twentieth century, AIG began increasingly to diversify into domestic business. It did not, however, neglect international business (see *Financial Times*, 17 September 2008, for a splendid graphic on AIG's extensive worldwide operations). By 2006, in overseas business Metlife was a new participant, as was the Bermuda-based ACE (Shelp, 2006, p. 146). ACE was formed in 1985 by some 34 'Fortune 500 companies'; it rapidly became a large international business, acquiring in 1999, the global property and casualty business of CIGNA for $3.45 billion. ACE History on the website of ACE, accessed 11 January 2007. According to Shelp (2006, p. 146), New York Life also re-entered international business. On ACE's birth and the 'US liability insurance capacity crisis of the mid 1980s', see Swiss Re, *Capitalising on Change*, p. 7. AIG's expansion in the early twenty-first century took it into the insurance of mortgage-backed securities along with other high risk endeavours. In September 2008, fears escalated that should AIG be unable to meet its obligations, the impact would be a global meltdown. The US Federal Reserve came to its rescue and on 16 September 2008 provided AIG with an $85 billion emergency loan and took over control of AIG. (Details are in Associated Press and Bloomberg Reports online, 18 September 2008). AIG made plans to divest at least some of its business, possibly part of its international insurance group's life insurance assets. (*Financial Times*, 6 October 2008; for those assets, see graphic in *Financial Times*, 17 September 2008; see also story on CNNMoney.com, 7 November 2008, accessed that day).
69. On AXA which merged in 1996 with Union des Assurances de Paris (UAP) to become the leading French insurance company, see its website, accessed 10 July 2008. On the newly named Aviva and its history see its website, accessed 15 July 2006.
70. Thus, from a subsidiary of two Norwegian companies to a narrowly domestic company General Re became (under the new umbrella of Berkshire Hathaway) a major international company. Based on information from General Re's website, accessed 12 January 2007.
71. Interestingly, figures on US outward foreign direct investment abroad in insurance (2005, $104.8b) compared with the larger inward foreign direct investment in insurance in the United States (2005, $132.0b) show that for the former the level of the non-life coverage exceeded that of life coverage abroad, whereas for the latter life coverage exceeded that of non-life coverage for the first time in 2004 and 2005 (*Survey of Current Business*, September 2006, p. 127 (level of US outward FDI in insurance), p. 83 (level of inward into the US FDI in insurance)).
72. On the very same day, 6 October 2008, as AIG was reported to be considering the divestment of some or all of its international life insurance business, the giant German insurer Allianz announced that it intended to invest $2.5 billion in the Hartford Financial Services Group, an important well established and itself international US insurance and financial services company. (See CNNMoney.com, 6 October 2008, accessed that day, for details on how the Allianz investment was to be structured; the Hartford firm had a long history; it had been a subsidiary of ITT from 1969 to 1995, and took the name Hartford Financial Services Group in 1996. See Hoover's Company Information, accessed online 11 October 2008.)
73. In some cases this has meant a move away from certain diversifications and a re-focus on what an insurer or reinsurer perceives as its basic strengths. Thus, Swiss Re, which over many years had enlarged its offerings, 'radically changed its strategic direction in 1994. The company exited direct insurance and insurance services [and] focused on bolstering its life and health reinsurance business' (Swiss Re, *Capitalising on change*, p. 3). By contrast, General Re (in 1988) sold its life operations. General Re website, accessed 12 January 2007.
74. It is unsatisfactory because I would have liked to discuss changing attitudes toward risk assessment, put into an international framework. I would have liked to consider the impact of exchange rate fluctuations, financial crises, the great increase of global GNP, the disparity between wealth and poverty, and other features of the world economy that have had profound impact on insurers. It would have been appropriate to spend more

time exploring (and evaluating) the relationship between insurance and banking products, between the role of insurers in cooperation with and separate from banks in providing financial services. Since insurance is one of the world's most regulated industries, I would have liked to consider regulatory structures (and state ownership) in an international context, the varying purposes of regulation, and why there is nothing (to my knowledge) comparable to the Basle accords in the insurance sector. Insurance and banking have in the past been separately regulated; the impact of this on the convergence of the two needs to be explored in an international context. I have said nothing on real estate (or subprime mortgages) and the role of international insurers, which seems to me extremely significant. So, too, there needs to be more discussion on homes and hosts for insurance MNEs (and the particular products). Thus, the fall of the Berlin Wall, the break-up of the Soviet Union, the re-opening of the China market are all topics that had profound impact on the insurance industry. I have not discussed premiums versus investment income and the composition thereof. Nor have I written about pricing. In May 2006 at a conference on the 'Dynamics of insurance markets', held at Wharton, Dario Focarelli and Alberto Franco Pozzolo presented a paper: 'Cross-border M&As in the financial sector: Is banking different from insurance?' (2006). They answered their question, 'no'. Both follow their clients. Yet I wonder whether this is true historically, for insurance (and for banking). I have spent no time on marketing and branding of insurance products, yet a full study of the history obviously should include this. The discussion needs a far broader geographical focus. There is, moreover, no consideration of the role of Bermuda in the facilitation of global insurance activities. My coverage of French MNE insurers seems very deficient. So, too, I would like to have paid more attention to Warren Buffett and Berkshire Hathaway – and their role internationally. But, most important, I have completely excluded the overall impact on world economic growth of the globalisation of financial, including insurance, services; this seems to me a major flaw. So, too, I would like to have put the story of MNE and insurance in the context of de Soto (2000), but that and all the other gaps will have to wait for another or many other essays.

Notes on contributor

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