

A sector ‘most beneficial to commerce’:  
Marine insurance companies in  
nineteenth-century Greek port cities

Athanasios (Sakis) Gekas  
Max Weber Fellow  
European University Institute

**Abstract**

This paper explores the development of a novel form of entrepreneurial activity, the marine insurance sector in the Ionian Islands during the period of British rule (1815–1864) and compares it with the insurance sector of other Greek port towns in order to provide an example of capital accumulation and investment in the nineteenth-century Greek economy. The main issues explored in the paper are: the amount of capital invested; the structural organization of the insurance companies and the novel entrepreneurial strategies adopted. The different institutional framework, business networks between ports in the case of the Patras and Ionian companies and the fluctuating international economy determined the viability and duration of the sector in each town.

**Keywords:** Marine insurance; joint-stock companies; entrepreneurship; Ionians Islands; Greek port cities; nineteenth century

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This paper explores the development of the marine insurance sector in the Ionian Islands during the period of British rule (1815–1864) and compares it with the insurance sector of other Greek port towns in order to provide an example of the process of capital accumulation in the nascent nineteenth-century Greek economy. Despite the fact that it has been acknowledged as an organic sector of capital accumulation and investment,<sup>1</sup> marine insurance is one of the least explored sectors of the Greek economy in the nineteenth century. Looking at the development of the insurance sector can also illuminate a central question of Greek economic history, the early orientation towards services, namely commerce, banking and shipping. The paper first identifies the transmission of knowledge of business organisation of the insurance companies to Greek from foreign ports, before demonstrating the process of accumulation and capital formation and the strategies adopted by investors with large capital stocks as well as by smaller investors, whose role in capitalist development has often been underestimated.<sup>2</sup> The insurance companies provide an example of institutional change in business organisation, following the introduction of a concrete legal framework in the form of Commercial Codes, in Greece since 1835 and in the Ionian Islands since 1841. This process of institutional change did not assume the same forms in all the ports compared. Identifying the differences can illuminate the reasons behind the business strategies followed by entrepreneurs in each port and explain this dynamic sector of the Greek economy around the middle of the nineteenth century in the context of growth and decline experienced by the ports in question. The main issues explored in the paper are: the amount of capital invested; the structural organization of the insurance companies and the business strategies adopted.

## The marine insurance sector of port towns

The emergence of marine insurance companies was common to all the major port town economies in nineteenth-century Ionian Islands before their incorporation to Greece and to the other Greek ports, Patras, and Ermoupoli in the island of Syros. The paper draws upon original research on the ports of Corfu and of the other Ionian Islands during the period of British rule (1815–1864) and on the existing historiography of the Greek ports of Patras and Syros.<sup>3</sup> In the area of the Ionian Islands, in particular, the proliferation of marine insur-

<sup>1</sup> C. Hadziiossif, *I Girea Selini. I Viomihania stin Elliniki Oikonomia, 1830–1940* [The Ageing Moon. Industry in the Greek Economy], Themelio, Athens 1993, p. 44.

<sup>2</sup> F. Braudel, *Civilisation and Capitalism, 15th–18th centuries, Vol. 2, The wheels of commerce*, Fontana Press, London 1982, p. 386.

<sup>3</sup> In this sense, the paper belongs to studies of asymmetrical historical comparison, which, as J. Kocka has stressed, seek to ‘investigate one case carefully while limiting themselves to mere sketch of the other cases, and thus serve as comparative points’; see, J. Kocka, ‘Asymmetrical Historical Comparison: The Case of the German Sonderweg’, *History and Theory*, Vol. 38, No. 1 (Feb. 1999), 40–50. The paper forms part of a larger research project aiming to compare the patterns of economic and social change of nineteenth-century Greek port towns and explore how the identity of these regional port towns changed amidst the project of national economic integration and changes in the international economy. The core research objectives to this comparative project are: the impact of the political developments, which determined the administrative national entity within which these port towns belonged, the impact of the fluctuations of international economy and the role of merchants and other entrepreneurs in the establishment and proliferation of commercial institutions.

ance companies during the period is an example of the creation of new forms of business organisation based on established networks, such as the ones between the Ionian Islands and the ports of Venice, Trieste and Livorno and between the Ionian Islands and the Black Sea ports such as Odessa. The joint-stock companies established in those ports attracted capital precisely due to the lucrative nature of the insurance sector. According to Katsiardi-Hering, the merchants-investors spread business risk by investing relatively small amounts in more than one companies.<sup>4</sup> In 1789 ‘Societa Greca di Assicurazione’ was the first joint-stock insurance company founded in Trieste by the initiative of Greek merchants resident there. Greek merchants either founded or contributed with significant amounts of capital to other insurance companies in Trieste at least until the mid nineteenth century.<sup>5</sup> Similar activity in the insurance sector took place among Greek merchants in Livorno, where as early as 1788 Greeks invested in insurance companies. There was also transfer of capital invested in Trieste to Livornese companies, following the rise of the Tuscan free port after the defeat of Napoleon. D. Vlami, in her study of Greek merchants in Livorno, cites the contribution of Greek merchants in the founding of an insurance company in 1817.<sup>6</sup> A few years earlier, in 1806, the first marine insurance company was founded in Odessa, with Greek-Russian investment, reflecting the rapid rise of the grain trade in the Black Sea.<sup>7</sup> In all the above mentioned ports, merchants from the Ionian Islands had been resident for long and contributed with their savings to the establishment of the marine insurance companies.

From the above secondary literature we can see the networks through which the knowledge of business organisation was transmitted to the Ionian Islands, around the 1830s–1840s. The development of the insurance sector took place in two poles largely influencing the establishment of companies in the Ionian Islands. The first pole was in the Adriatic and Livorno, and the second in the Black Sea during the period of rise of the grain trade and the increase in trips to and from the ports of the Ionian Islands, Odessa, Tangarog and the ports in the Danube.

In Ermoupoli, Syros, the development of the insurance companies coincided and followed the general growth of the port activity during the period 1829–1846. The two most important companies of the town, called ‘Ellinikon Asfalistikon Katastima’ and ‘Filemporiki’, were founded in 1829–1830. Twenty years later there were seven insurance companies in town, operating though under very adverse conditions and under fierce competition from companies in Istanbul and the Black Sea. By the late 1850s, the period of growth for the port of Ermoupolis was over, although decline lasted longer than it has been assumed.<sup>8</sup> In Patras, the development of the insurance sector is linked with the rise of the currant trade. Six companies were established between 1849 and 1858, providing

<sup>4</sup> O. Katsiardi-Hering, *I elliniki paroikia tis Tergestis* [The Greek colony of Trieste] (1751–1830), Athens, 1986, pp. 454–474.

<sup>5</sup> Ibid.

<sup>6</sup> D. Vlami, *To fiorini, to sitari kai i odos tou kipou. Ellines emporoi sto Livorno* [The forin, the wheat and the garden street. Greek merchants in Livorno, 1750–1868], Themelio, Athens 2000, p. 163.

<sup>7</sup> O. Katsiardi-Hering, ‘Ta diktya emporikis diakinisis’ [The merchant networks], in S. Asdrahas (ed), *Elliniki Oikonomiki Istoría IE’–IH’* [Greek Economy 15th–19th centuries], Katarti, 2003, p. 479.

<sup>8</sup> V. Kardasis, *Syros. Stavrodromi tis Anatolikis Mesogeiou (1832–1857)* [Syros. Crossroads of the eastern Mediterranean], MIET, Athens 1987, p. 208.

insurance against the risks from travelling at sea but also against fire.<sup>9</sup> In the Ionian Islands, the development of a vibrant insurance sector also reflects the growing shipping sector of the Ionian economy, especially in the islands of Kefalonia and Ithaki.<sup>10</sup> Between 1841 and 1863 no less than eight insurance companies were founded in the Islands of Corfu (2), Kefalonia (3), Zante (1) and Ithaca (2). The expansion of the establishment of insurance companies in the Ionian Islands coincided with the rapid rise of the grain trade and with the role of Corfu as a port for conveying goods in neighbouring markets. In the early nineteenth century merchants from Kefalonia and Ithaki decided to look for better business prospects in the Black Sea, settled in the ports and benefited from the rapid rise of the grain trade.<sup>11</sup> Ermoupoli and, to an extent Corfu, the two entrepôts, declined as a result of the general decline of Mediterranean ports, as they lost in importance as calling stations of the ships en route to the Levant and back, following the revolution of the steamer communication and the broader readjustment of world trade, which hit these peripheral ports and centres of economic activity. What were however the levels of investment in the insurance industry in each port? In an attempt to summarise and present a quantitative picture of the above, Table 1 shows the capital accumulated and invested in the insurance companies in the Ionian towns, Ermoupoli and Patras.<sup>12</sup> Marine insurance was a form of business that required considerable capital and that was the case especially in Patras where the amount of the nominal capital really stands out. Overall, however, capital investment in the insurance sector was much higher in the Ionian Islands ports than in the other two. In most companies 10% price was required in cash and in all but one company (Anatoli) more than 50% of the shares were bought at the founding of the company.

## Organisation, competition and performance

The issue of the founding of insurance companies embodies the issue of economic and social agency and illuminates the role of entrepreneurs in economic development in general and the introduction of new institutions in the form of these new types of business organisation, the joint-stock companies. These certainly formed the most advanced form of business organisation and the sources of significant capital accumulation in the port towns in question.<sup>13</sup> The Ionian

<sup>9</sup> N. Bakounakis, *Patra. Mia elliniki protevousa ton 19o aiona* [Patra, a Greek capital in the nineteenth century], Kastaniotis, Athens 1995, chapter 5.

<sup>10</sup> Ionian shipping emerged from the late eighteenth century in the island of Kefalonia in particular. Freed from Venetian interventionism and monopolistic restrictions, people from Kefalonia developed a substantial marine trade and other shipping activities, such as marine insurance.

<sup>11</sup> V. Kardasis, *Ellines Omogeneis sti Notia Rosia 1775–1861* [The Greeks in Southern Russia], Alexandria, Athens 1998.

<sup>12</sup> One will have to be careful of course, when measuring capital accumulation in this way, since the tabulation is ‘photographic’, namely concerns the capital invested only in the year of establishment of the company and not when the capital was increased, usually after five or ten years. In some cases the capital increase, at least in the Ionian Islands was a considerable one. The sources, at least for the Ionian islands companies, also allow the measurement of individual investment.

<sup>13</sup> The marine insurance industry sector also reflects the character and opportunities, often deceptive, presented to Greek entrepreneurs and small capital holders in the nineteenth century: industries promising, and often delivering, unusually high returns, perhaps too

Table 1: Marine Insurance Companies in Greek port towns. Capital accumulation, nominal and real capital and shares

No	Name	Year of Es- tablishment	Town	Share Price <sup>a</sup>	Nominal Capital <sup>a</sup>	Nominal Capital (drs)	Amount paid in cash	Real Capital (drs)	Maxi- mum shares	No of shares bought
1	EAK	1829	Ermoupoli	600drs	300,000drs	300,000	20%	60,000		512
2	Filemporiki	1830	Ermoupoli	1,000drs	300,000drs	300,000	10%	30,000		-
4	Kefalonia	1849	Kefalonia	250tal	150,000tal	900,000	10%	90,000	700	406
5	Patrai	1849	Patra	1,000drs	500,000drs	500,000	10%	50,000		?
6	Eptamisos	1850	Kerkyra	250tal	150,000tal	900,000	20%	180,000	600	266
7	Kerkyra	1852	Kerkyra	250tal	125,000tal	750,000	10%	75,000	500	343
8	Arhangelos	1854	Kefalonia	250tal	150,000tal	900,000	10%	90,000	600	325
9	Proodos	1854	Patra	1,000drs	1,000,000drs	1,000,000	10%	100,000		-
10	Anatoli	1855	Patra	1,000drs	2,000,000drs	2,000,000	10%	200,000	2,000	748
11	Omonoia	1857	Kefalonia	250tal	150,000tal	900,000	10%	90,000	600	424
12	Zakynthos	1857	Zakynthos	250tal	150,000tal	900,000	10%	90,000	600	447
13	Odyseus	1858	Ithaki	200tal	100,000tal	840,000	10%	84,000	500	393
14	Ithaki	1863	Ithaki	200tal	120,000tal	720,000	10%	72,000	600	331
Total						10,910,000		1,211,000		

<sup>a</sup> Drs = drachmas, Tal = tallers or Maria Theresa dollars. The common currency of the Ionian Islands was Spanish Pillar dollars and Imperial Maria Theresa dollars. If £1 was 20s, and \$1 was 4s 4d, then \$1 was equal to £0.22 approximately. Calculation according to Blue Books of Statistics, CO 136/1391, 'Monies', T.N.A.

Sources: Kardasis, *Syros*; Bakounakis, *Patra*; Ionian Islands Government Gazette; Vlassopoulos, *I Naftilia ton Ionion Nison*; Chatzi-  
ioannou, *Oikogeniaki Stratiotiki*.

Islands insurance companies and to a large extent companies in Patras and Syros shared a lot of common characteristics and can be seen under the same organisational framework, at least during their first years of establishment. The licence of operation was granted for five years, it was subject to renewal and the law required a number of shares to be bought before companies could commence operations. The deeds of settlement were all published in the official State newspaper. The shareholders had to pay ten or twenty per cent of the shares they bought and give promissory notes for the remaining sum.<sup>14</sup>

The business activities of these companies, in the Ionian Islands, but also in Patras and Syros included insurance against risks of marine travel, lending money for repairs and other expenses, as well as discounting bills of exchange and accepting deposits, thus performing banking operations. The administration and decision-making of these joint-stock companies entailed general meetings every six months and the election of a director and a board. Some sources enable us to see the directors' assessment of the fluctuations in the international economy and the rationale behind business strategies, as well as of course the actual performance, the rates of profit given back to investors and the names and occupations of those investors, having thus as a comprehensive account of these companies. This is more feasible for the Ionian Islands companies, where the accounts on the 'Kefallinia', the largest and oldest insurance company, were published in the official State newspaper, while we have the deeds of settlements and the shareholders for all the eight companies of the Ionian Islands.

Competition between companies in the same port town and between companies in the Greek ports and companies in Istanbul and the Adriatic was fierce and determined to a large extent the viability of the sector. The insurance companies or banks, as they were mentioned sometimes, also had to face the competition of the principal banking establishments, the note-issuing banks. In Ermoupoli, the crisis of 1849–51 and again in the mid-1850s saw the founding of the National Bank of Greece branch and signalled the penetration of the local capital market and the end of many of the insurance companies discounting bills of exchange.<sup>15</sup> In the Ionian Islands the Ionian Bank, a bank operating in the islands but based in London and funded by British capital, enjoyed the protection of the British High Commissioner and the Colonial Office and saw its note-issuing privilege renewed in 1859, despite the efforts of local capitalists involved in the insurance sector to challenge the exclusive right. Ongoing research in the documents of these companies has shown that local capitalists preferred to 'support' the Ionian companies, and not the 'foreign' (as contemporaries called it) Ionian Bank. In 1860, the National Bank of Greece attempted to establish a branch in Corfu, a plan envisaged by Scaltsouni, a Kefalonian lawyer and

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high to be sustainable. The other sector which created an investment mania was the metallurgy rush in the 1870s, a story much more widely known and with far more grave consequences for those who believed the speculation that there was gold to be found in the Lavrio mines. Among the more robust of those investors though, were one of the marine insurance companies; an indication of the spillover of capital, once new business opportunities occurred. C. Hadziiosif, *I Girea Selini*, p. 44.

<sup>14</sup> This form of organisation and the conditions present striking similarities with the insurance companies established in Ermoupoli, Syros, in the 1830s and 1840s, the period when the port of Ermoupoli really took off. See, V. Kardasis, *Syros. Stavrodromi tis Anatolikis Mesogeiou (1832–1857)* [Syros. Crossroads of the eastern Mediterranean], MIET, Athens 1987, p. 196.

<sup>15</sup> Kardasis, *Syros*, p. 208.

entrepreneur involved in marine insurance. The plan entailed the establishment of a rival bank with the support of the Greek bank, which would attract the number of merchants required by Ionian State law to subscribe the necessary capital.<sup>16</sup> While this first attempt failed, another more organised move to establish a bank in 1864, a few days before union with Greece officially took place, did get the support of more than 80 merchants and landed proprietors in Corfu. This time the agent of the National Bank of Greece in Corfu, M. Paramithiotis proved more efficient than Scaltsounis did a few years before.<sup>17</sup>

Towards the end of the 1850s we can also see some moves towards integration of the insurance sector and the emergence of a ‘national’ insurance market.<sup>18</sup> In 1857, the fate of the Ionian Islands had not been decided yet and that same year, the plan of the Colonial Office to incorporate the islands of Corfu and Paxos as colonies and cede the rest of the Ionian Islands leaked to the press and stirred the nationalists in the islands, accelerating the developments on the issue of union. That same year, the shareholders of insurance companies in Corfu were contemplating merging with insurance companies in Greece. In 1857, the Greek Consul in Corfu informed his superiors in Athens that,

‘Merchants specialising in this sector, one of the most beneficial to commerce, expressed to me their conviction that the merging of Ionian and Greek insurance banks under one company named ‘Greek Insurance’ would be a very important task. The director of one of the main Ionian insurance companies here assured me that Ionians would have no objection to that, as long as companies in Patras and elsewhere in Greece agreed on that. . . On this I would like to ask the Minister to enquire with the Chamber of Commerce whether such a union is possible and whether it will offer the expected benefits’.<sup>19</sup>

These were by no means mere speculations. In 1858 there were 71 shareholders from Corfu and 60 from Kefalonia buying shares of the Greek Steam Navigation company, based in Ermoupoli and one of the first major enterprises of the new kingdom.<sup>20</sup> Merchants-investors from Corfu and Patras also supported jointly the founding of the ‘Elliniki Atmoploioia’, a steamer company attempted in Patras, which did not go ahead however.<sup>21</sup> The concentration of capital in these companies and the geographical and business networks which coincided between the Corfu and Patras can be seen by the fact that 28 per cent

<sup>16</sup> E. Prontzas, *Trapeza I Ioniki ‘yia harin tis Ellados’* [Bank the Ionian, ‘in favour of Greece’], forthcoming.

<sup>17</sup> Paramithiotis came from Ioannina, in the mainland opposite Corfu and had migrated in the port in the early years of the protectorate. He was involved in several business activities, insurance and banking being but one of them. These activities were very profitable indeed, as his will shows; M. Paramithiotis’ will, Aspreas notary document Notaries 605 b, Istoriko Arheio Kerkyras [Corfu Historical Archive] (hereafter I.A.K.).

<sup>18</sup> It is possible but not shown in any documents that these moves towards integration were due to the competition faced by the insurance companies from the banks (Ionian and National Bank of Greece).

<sup>19</sup> Ionian Senate Documents, Royal Greek Consulate, 26, Document 2842, I.A.K.

<sup>20</sup> V. Kardasis, *Apo tou istiou eis ton atmon. Elliniki Emporiki Naftilia 1858–1914*, [From sail to steam. Greek Merchant Shipping], ETBA, Athens, 1993, p. 32.

<sup>21</sup> N. Papathanassopoulos, ‘Naftilia, Kratos kai Politiki sto 19o aiona’ [Shipping, State and Politics in the nineteenth century] in V. Kremmydas (ed), *Eisagogi sti Neoelliniki Oikonomiki Istorია 18os–20os aionas* [Introduction to Modern Greek Economic History], Typothito, Athens 1999, p. 122.

of the shareholders in these companies came from or were based in Corfu, while 65 per cent resided in Patras.<sup>22</sup> The two areas, of the Ionian Islands and Patras were economically integrated to an extent, as there was movement of capital as shown not only by the case of the marine insurance companies but also in the case of the several currant exporting firms operating from both the islands of Kefalonia and Zante, and from Patras, such as the Barff & Hancock Company.

The presence of Ionians as investors in the Greek Steam Navigation company is interesting because it indicates the overlap of business interests with national sentiments. Evidence from the Greek consul's reports sent regularly to Athens seems to corroborate this further. The same merchants, who were shareholders of the Greek Steam Navigation company, were also among the supporters of the establishment of a Greek bank under the aegis of the National Bank of Greece. Scaltsounis, mentioned earlier, in the attempt to found a branch of the NBG, was the founder of the insurance bank 'Arangelos' in 1854, one of principal shareholders of more than one companies (in 1868 he owned 100 out of 379 shares of the 'Odysseus' company) and a well-known figure in Greek economic thought, also known for his writings on commerce and industry.<sup>23</sup>

The differences in the organisation and especially in the performance of the insurance companies based in the different port towns becomes more striking once we look at the institutional organisation and framework dictating the operation of the companies. In his work on Syros, Kardasis argues that two were the determining factors concerning the operation and subsequent decline of the insurance companies in Syros: the legal framework and the attitude of Greek consuls. Both factors have been examined using primary sources from the Corfu Historical Archive for the two insurance companies operating there, 'Kerkyra' and 'Eptanisos' in order to see whether the different institutional framework did make any difference. One of the most important operations of the insurance companies was lending working capital to captains. Shipping loans were always short term and were necessary for the continuation of the trip until its final destination. The capital was used for the purchase of foodstuff and other necessities and for repairs. This working capital, together with *sermagia*, the joint raising of capital for the purchase of the cargo, was the main source of funding for coastal shipping. In her study of Greek-owned shipping Harlaftis provides a random sample of shipping loans contracted in Ermoupoli in 1846, in order to give an example of funding shipping.<sup>24</sup> A series of sea loans from the port of Corfu, presented in Table 2, has been examined for the needs of this paper and allows comparisons between the operations of the insurance sector in the two towns. In both cases of Ermoupoli and Corfu, (and undoubtedly in Patras too) we have both individual underwriters as well as companies advancing credit. While the contracts made in Syros charged monthly interest, those from Corfu had to be repaid within three days minimum, fifteen days maximum upon the arrival of the ship and had very high rate of interest. Rates charged by companies were much lower, 6 per cent, while individuals charged up to 10 or even 16 per cent and for this reason as well as for the greater availability of capital Ionian companies probably dominated the insurance market crowding out but not eliminating individual underwriters. In Corfu there were insurance

<sup>22</sup> *Ibid.*, 193.

<sup>23</sup> N. Vlassopoulos, *I Naftilia ton Ionion Nison (1700–1864)* [The Merchant Marine of the Ionian Islands], 1995.

<sup>24</sup> G. Harlaftis, *A History of Greek-owned shipping*, Routledge, London 1996, p. 138.



agents for companies based in Naples and Venice, indicating the continuation of existing commercial networks between Corfu and south and north Italy. The most important difference however was that the loans from Corfu were secured against the ship or its cargo and the copies had to be deposited by the Commercial Court.<sup>25</sup> This regulation was laid in the Commercial Code of the Ionian Islands, enacted in 1841, and regulating practically all aspects of economic life in the islands for the following decades.<sup>26</sup>

According to Kardasis, ‘the absence of legal infrastructure for the protection of the insurance companies from fraudulent sinking of ships’ was the determining factor for the shrinking of the operations of the insurance companies.<sup>27</sup> According to Harlaftis, ‘the loss of the ship took with it all contracted loans’.<sup>28</sup> The foreign insurance companies in Ermoupoli by 1840s abstained from insuring Greek ships because of the many dubious shipwrecks.<sup>29</sup> If, however the legal framework, at least until 1851 when the law on shipwrecks was enacted, was disastrous for the Ermoupoli companies, how can we explain the survival of the Patras companies, operating under the same legal system in the 1850s? The credibility of the Patras companies was maintained thanks to the firm economic base of the Gerousis merchant family who founded the ‘Anatoli’ company and several Corfu merchants who injected capital to the Patras companies and the ‘Anatoli’ in particular. The Gerousis exploited fully the experience gained from the participation of the firm to the insurance business in Trieste to diversify their business interests in Patras.<sup>30</sup>

Kardasis’ other determining factor for the decline of the Syros companies is related to the fraudulent sinking and concerns the idleness of Greek consuls abroad to investigate the circumstances of the shipwreck. Until 1851, when the legal framework changed and captains were obliged to register all shipping loans in a book, captains used to conceal previously contracted loans, sink their boats and use the compensation to pay off their debts. On the contrary, in the case of loans contracted in the Ionian Islands, in Corfu and Kefalonia for example, directors of the insurance companies could use the privileged services of the British consuls abroad, since the Ionian Islands were under British protection, and so were the interests of the islands’ inhabitants. A series of petitions submitted to the Lord High Commissioner in Corfu demonstrates the persistence of the directors of the insurance companies to investigate the circumstances of a shipwreck by asking for the intervention of the British consul in the port nearest to the sinking.<sup>31</sup> As these petitions show, the directors were confident about the preventive and punitive function of not paying compensation and bringing fraudulent captains to justice and conviction. In one case the directors co-authored and signed a petition, emphasising the need for the British High

<sup>25</sup> Emporodikeio [Commercial Court] 698, I.A.K.

<sup>26</sup> *Emporikos Kodix ton Ionion Nison*, [Commercial Code of the Ionian Islands], Government Printing Office, Corfu 1851.

<sup>27</sup> Kardasis, *Syros*, p. 200.

<sup>28</sup> Harlaftis, *op. cit.*, p. 138.

<sup>29</sup> Chatziioannou, *Oikogeneiaki Stratigiki*, p. 211.

<sup>30</sup> Bakounakis, *Patra*, p. 194 and especially for the Gerousis merchant house, Chatziioannou, *Oikogeneiaki Stratigiki*, pp. 203–11 and 253–55. The Gerousis business extended also to insurance in the Ermoupoli ‘E.A.K.’ insurance company since its founding in 1829.

<sup>31</sup> Two among many examples are: Petition No. 259, 1853, S. Inglessi, Director of Insurance Bank ‘Eptanissos’, CO 136/821, The National Archives (hereafter T.N.A.); Petition No. 209, 1853, X. Vasilas, Begs protection from a captain of a Greek vessel, CO 136/820, T.N.A.

Table 2: Sea loans and marine insurance contracts, Corfu

Insurer	Flag	Tons	Destination	Amount	Interest (%)	Terms	Date
Eptanisos	Ionian	233	open	\$500	2.5 p.m. <sup>a</sup>	1 year	14/01/1853
Paschalis	Ottoman	-	Malta	\$378	3	3 days a.a. <sup>b</sup>	25/02/1853
Fels & Co	Dutch	-	Syra	25	16	3 days a.a.	20/03/1853
Eptanisos	Ionian	-	open	\$200	2.5 p.m.	6 months	01/04/1853
Paschalis	Greek	236	Trieste	\$1146	4	3 days a.a.	15/09/1853
Kerkyra	Ottoman	125	Venice	\$112	\$16	3 days a.a.	05/10/1853
Fels & Co	Austrian	171	Trieste	\$1870	7.5	8 days a.a.	29/11/1853
Eptanisos	Austrian	32	Trieste	\$485	6	15 days a.a.	29/11/1853
Marketis & Co	Ottoman	166	Alexandria	\$70	\$18 / 25	3 days a.a.	08/03/1854
Kerkyra	Serbian	-	Marseilles	\$1980	6	3 days a.a.	22/03/1854
Kandonis, Dimas, Seremetis Co	Ionian	-	Venice/Trieste	\$1990	5	5 days a.a.	05/04/1854
Kerkyra	Austrian	104	Marseilles	\$1121	9	3 days a.a.	25/02/1855
Olivetti & Co	Denmark	106	Mesina, Malaga, Cadiz	250 / \$1200	10	3 days a.a.	28/03/1855
Seremetis	Greek	-	Trieste	\$275	3	3 days a.a.	230/9/1856
Velianitis	Ionian	72	Trieste	\$238	7	3 days a.a.	09/12/1856
Rodokanakis	Italian	-	Zante	\$443	3	3 days a.a.	28/03/1861
Eptanisos	Ionian	42	open	\$300	2% p.m.	4 months	26/06/1861

<sup>a</sup> per month<sup>b</sup> after arrival

Source: Emporodikeio 699, I.A.K. [Corfu Historical Archive]

Commissioner to protect Ionian interests.<sup>32</sup> The institutional framework, both in the form of the obligation to submit all contracts of shipping loans to the Commercial Tribunal and the guarantee provided by insuring against the ship or the cargo but also in the form of the ‘protection’ afforded by British consuls investigating shipwrecks, may provide an answer for the viability and longer survival of Ionian companies, compared to the companies of Syros or Patras. The companies of Syros in particular did not survive the 1850s with the exception of two or three companies.

Such an argument would have to be corroborated by the profits of the insurance companies. Unfortunately not much information has survived or been found to allow comparisons between the companies. While there are almost no published accounts of the operation and performance of these companies (except for the ‘Kefalinea’), the constant increase of capital and investment (at least for the Ionian companies) indicates a flourishing sector. The information on ‘Kefalinea’ shows impressive returns. Dividends fluctuated but remained high, 42 per cent of deposited capital in 1852, only 20 per cent in 1853, rising again from 1854 to 25 per cent, and 50 per cent in 1855, 40 per cent in 1856 and down to 36 per cent in 1857.<sup>33</sup> The volatile returns should be attributed to the belligerent international situation of the times (1850s), which, however, did not cripple the Ionian insurance sector, despite the suspension of practically all grain shipments from the Black Sea in the mid 1850s.

Overall, the viability of the sector depended to a large extent upon the course of development of the port towns in which the insurance companies were based. In Ermoupoli the companies followed the decline of port after the failure of the local businessmen to make the transition from sail to steam, and as they continued to construct sailboats. The insurance companies in particular, faced all the more tough competition from companies in Istanbul and the Black Sea. In Patras, the take off of the currant trade, up until the emergency landing (and crash) of the late nineteenth century, kept some of the insurance companies alive, albeit with important capital injections from companies and merchants from Corfu. In the capital of the Ionian Islands, Corfu, insurance companies became less profitable as the role of Corfu as an entrepôt for conveying goods to neighbouring markets ended soon after the end of British rule in 1864. On the contrary, the companies in the islands of Kefalonia and Ithaki, which had maintained strong ties with the Black Sea grain trade and were conducting business there and in Istanbul managed to survive. The company ‘Arhangelos’ had formed an impressive network of agents in the Mediterranean, the Black Sea and in Britain. The failure of the company in the early 1880s should be attributed to the crisis of the sailboats Greek-owned fleet at the time and to miscalculations of business risks.<sup>34</sup>

<sup>32</sup> Petition No. 41, 1855, G. Inglessi and X. Vasilas, Directors of ‘Eptanisos’ and ‘Corcyra’ Bank of Insurance, Pray for a letter of protection to HM’s consul at Cotrane, CO 136/841, T.N.A. Of course, there is always the issue of how eager were British consuls abroad to investigate the shipwrecks of Ionian-insured boats. In any case, the High Commissioners willingly forwarded the petitions to the consuls abroad.

<sup>33</sup> N. Vlassopoulos, *op. cit.*, p. 119.

<sup>34</sup> Harlaftis, *op. cit.*, pp. 106–7.

## Conclusion

The above issues discussed and the tentative conclusions on the function of the companies should not conceal the issue of the social identities of the shareholders and their role in the local societies where this form of business organisation flourished. The examination of these issues would have to be the object of a different paper and that is why they will be mentioned only in *passim*. Shipping, especially in the case of the Ionian Islands, but also in the case of Syros and to a lesser degree of Patras became one of the most significant mechanisms through which new social strata emerged. The reception by the urban societies of Corfu, Kefalonia, Patras and Syros, of the business opportunities which presented themselves after the development of shipping and commerce, signifies the advent of a new mentality. If the previous mentality was dominated by the practice of hoarding, the new mentality was characterised by investment, the calculation of risk and for the first time the measurement of value in paper (shares and not only coins). The new professions and social roles of the director, the treasurer, the annual general meetings, the publication of the profits and the performance of the company in the local newspapers, and most importantly, the publication of the names of the shareholders indicate the new social and economic practice of investment, the consequences and connotations of which signal aspects of modern economy behaviour.

The structure of the Ionian companies and the distribution of shares demonstrate the development of the companies from a form of organisation in which 'few own many' shares to 'many owning few'.<sup>35</sup> This of course does not qualify us to talk about any 'democratic' character of business organisation in the marine insurance sector. The principal merchants and companies of each town also owned significant number of shares and in more than one companies, confirming the suspicion at the beginning of this research of an oligopolistic character of capital formation and of the operation of competition-averting mechanisms for companies in the same town. Participation in the insurance companies with the purchase of any number of shares also meant securing an income not only for the principal merchant, the ship master, but also for the physician, the notary, the judge, the lawyer, as well as in some rare occasions, for the teacher and the priest. The purchase of shares demonstrates that the small shareholders responded positively to the opportunity opened by the increasing shipping activity, accumulation of capital, and legal framework; three factors which inaugurated an 'age of insurance'. The 1850s in particular, saw the initiation of a significant part of the urban societies in question to the values and worldview of the bourgeoisie that is accumulation, calculation and the readiness to take risks in order to gain. The case of the marine insurance industry shows not only the process of transmission of knowledge of business organisation and the performance of an organic sector for capital accumulation; it can equally demonstrate the process of instilling the 'capitalist spirit' —however 'micro'— in Greek urban societies under formation during the nineteenth century. Any comparison

<sup>35</sup> For a detailed account of the insurance companies of the Ionian Islands in general, and the shareholders of the companies in particular, allow me to refer to the doctoral dissertation, A. Gekas, *The Commercial Bourgeoisie of the Ionian Islands under British rule, 1815–1864. Class formation in a semi-colonial society*, Ph.D., Essex 2004. Interestingly, the opposite happened in the Gerousis-directed 'Anatoli' company in Patras, when in 1855 the capital stock increased but the shares consolidated among few holders; Chatziioannou, *Oikogeneiaki Stratigiki*, p. 255.

between the economies and societies of the Greek port towns in question would have to consider this most dynamic field of capital formation, the marine insurance sector, a site for economic and social agency, where investors of many social backgrounds grasped the new opportunities presented. The emergence of a vibrant insurance and concomitant banking sector coincided with and reflected the course of the port towns of Corfu and Ermoupolis —but not of Patras, from growth to decline, as these towns were subjected to the national economic priorities of an expanding Greek kingdom and the fluctuations of the international economy and the transition from sail to steam that bypassed these ports.

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### **Biographical information**

Athanasios (Sakis) Gekas is a Max Weber post-doctoral Fellow at the European University Institute, Florence. His research interests revolve around the economic and social history of ports in the Ionian Islands and the Eastern Mediterranean.

### **Contact information**

*(until August 2008)*  
European University Institute  
Max Weber Programme  
Via delle Fontanelle, 10  
I-50014 San Domenico  
Italy

[http://www.eui.eu/MaxWeberProgramme/FellowsBio2006\\_07/Gekas2006-2008.shtml](http://www.eui.eu/MaxWeberProgramme/FellowsBio2006_07/Gekas2006-2008.shtml)