# Insurance, shipping and the service economy

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## Insurance arrives with the merchants

Modern insurance came to Southeast Asia with the merchants. Peter Borscheid and Niels-Viggo Haueter have shown that it arrived through British merchants living in India and Canton, who formed insurance offices alongside their trading business. After the collapse of the Bengal agency houses, the firms established by opium traders in Macau and Hong Kong, advised by insurance experts in London, laid the foundations of the insurance industry of the Far East.[1] Until the early twentieth century these firms sought clients among Europeans and Americans living in the region and among members of the local population familiar with Western culture.

In Singapore, the agency houses were the channel through which insurance was sold. A house that acted for a London fire office or a marine insurer issued policies, collected premiums and settled claims on its principal's behalf, earning a commission. The agencies of Guthrie & Co. for a fire insurer from 1853 and for a marine insurer from 1861, and the long representation of Lloyd's by Boustead & Co.,

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show how insurance was attached to the general business of the houses. For the merchant, the advantage was convenience, since the same house could ship his goods, insure them and arrange the bill on which the exchange bank would pay him.

## Local insurers

The colony also produced insurance companies of its own. The Straits Fire Insurance Company and the Straits Marine Insurance Company, operating together as the Straits Insurance Company, outgrew their premises in d'Almeida Street in the early 1890s. They built a new office at a cost of $50,000, opened on 6 June 1893. At that time they were described as the only purely local insurance firms in the country.[2] Their independence was short. The company began winding up in August 1899, after which the building passed to the South British Insurance Company.

The episode shows the difficulty of local insurance in a small market dominated by the agencies of large British offices. A local insurer carried concentrated risks, since a single typhoon, fire or shipwreck could absorb its reserves. The London offices spread their risks across the empire and offered policies backed by larger capital. Locally owned insurance became a lasting presence only in the twentieth century, through companies connected with the Chinese banks, which Chapter III of this part examines.

## Docks and shipping

The service economy of the port included the physical infrastructure of shipping. The Tanjong Pagar Dock Company was founded in 1864 by Guthrie & Co. and the Chinese merchant Tan Kim Ching. The government expropriated it in 1905 and replaced it with the Tanjong Pagar Dock Board, which became the Singapore Harbour Board in 1913 and the Port of Singapore Authority in 1964.[3] The company stood at the junction of European and Chinese capital. Its expropriation was an early example of the colonial state taking over infrastructure that private enterprise had built but could no longer finance on the scale the port required.

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Regional shipping followed a similar pattern. The Straits Steamship Company was founded in Singapore in 1890 by the Dutchman Theodore Bogaardt with a capital of 421,000 Straits dollars. Its shares were subscribed by local residents, among them the Chinese merchants Tan Jiak Kim, Lee Cheng Yan, Lim Ho Pua and Tan Keong Saik.[4] The company carried passengers and cargo between Singapore and the ports of the Malay Peninsula, feeding the ocean liners that called at Singapore. Keppel Corporation acquired 83 per cent of it in 1983.

## The cluster of services

By the end of the nineteenth century, Singapore possessed a cluster of services around its trade: agency houses, exchange banks, insurers, dock and shipping companies, lawyers, surveyors and auctioneers. Each depended on the others. The bank would not buy a bill without a bill of lading and an insurance policy. The insurer relied on the agency house to assess the risk and the surveyor to assess the loss. The shipping line depended on the docks and on the agency house to find cargo. Merchants came to Singapore because all these services were available in one place. The services stayed because the merchants came.

This interdependence is the historical root of what economists now call agglomeration in financial centres. Chapter V of this part follows the effect of the Suez Canal and the telegraph on the cluster. Parts G and H show how the same combination of trading houses, banks, insurers, shipbrokers and lawyers supports Singapore's modern commodity trade.

# Notes

1. Borscheid and Haueter, "Institutional Transfer: The Beginnings of Insurance in Southeast Asia", *Business History Review*, vol. 89, no. 2, 2015, pp. 207–228, abstract: insurance "arrived in Southeast Asia via British merchants living in India and Canton"; the firms established by opium traders residing in Macau and Hong Kong, "advised by insurance experts in London, went on to form the foundations of the insurance industry in the Far East". ↩

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2. Wikipedia, "Straits Insurance Building" (accessed November 2026): the Straits Fire and Straits Marine companies outgrew their d'Almeida Street premises; construction cost $50,000; official opening on 6 June 1893; the companies were then the only "purely local" insurance firms; winding up from August 1899, after which the building passed to the South British Insurance Company. ↩
3. Wikipedia, "Tanjong Pagar Dock Company" (accessed November 2026): founded in 1864 by Guthrie and Company and Tan Kim Ching; expropriated by the government in 1905 and replaced by the Tanjong Pagar Dock Board; Singapore Harbour Board in 1913; Port of Singapore Authority in 1964. ↩
4. Wikipedia, "Straits Steamship Company" (accessed November 2026): founded in Singapore in 1890 by Theodore Bogaardt with initial capital of $421,000 Straits, subscribed by local individuals including Tan Jiak Kim, Lee Cheng Yan, Lim Ho Pua and Tan Keong Saik; Keppel Corporation acquired an 83 per cent share in 1983. ↩

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