

TITANIC CENTENARY



The morning of 1 June 1911. The 'Lloyd's List & Shipping Gazette' reports that Belfast witnessed the launch of the White Star leviathan Titanic, 45,000 ton sister ship to the Olympic, with philosophical calm; "At Messrs. Harland & Wolff's shipbuilding yard nothing out of the ordinary was observable. There was no big display of bunting and no commotion whatever. A rather unusual calm prevailed and this it was that indicated that something a little out of the common was going to happen".

Ten months later, a Lloyd's signal station reported that the largest and most luxurious liner ever built was in distress.

EARLY DAYS

Early in 1912, brokers Willis Faber & Co sought insurance for two of the world's largest ocean liners; the Olympic and the Titanic. The slip shows that Willis Faber, already a considerable force in the market, managed to negotiate an impressive premium rate of just 15 shillings (75p) per cent, helped by the fact the ships were universally advertised as 'unsinkable'.

Cover was for 12 months on hull and machinery, valued at £1 million for each ship. The premium amounted to £7,500 per ship, free from all average under £150,000 and insurers were to pay only on damage in excess of that sum. A risk of £1m was enormous; given that the total insured marine losses for 1912 came to £6.75m.

The slip from the broker acting for the White Star Line opened on 9 January. Different underwriters took portions of the risk ranging from £200 to £75,000 and by the end of the day over £580,000 – more than half of the largest marine risk ever – had been placed. By 11 January the slip was complete; the Olympic and the Titanic were fully insured.

But not everyone was keen. British Dominions Marine Insurance, later Eagle Star, apparently declined to insure the ship. Edward Mountain, founder of the company, reportedly said she "sat too low in the water" and that the rate being offered was too cheap.

A CHANGING MARINE MARKET

In 1912, Lloyd's remained primarily a marine insurer. Indeed, just a year before, when writing the first ever aviation policy, an underwriter, described a certain part of the new airborne machine as a 'hull' because they had no idea what else to call it.

THE SHIPPING NEWS

A pioneer in improving the safety of ships was a former Royal Artillery Officer, Sir Henry Hozier, who became Secretary of Lloyd's in 1874. He would later become Winston Churchill's father in law.

Hozier is best known for creating a network of coastal signal stations, all equipped with telegraphs. By 1891, Lloyd's had created 40 stations in the United Kingdom and 118 abroad. He was a keen technophile, determined to use the new wireless technology to improve shipping safety. He was particularly interested in the work of a young Italian, Guglielmo Marconi. By 1898, Lloyd's decided to equip all their signal stations with radio equipment, including the Lloyd's Cape Race Signal Station, Newfoundland, which would later play such a crucial part in the Titanic story.

ON A CLEAR NIGHT

At 11:40pm on Sunday, 14 April, steaming 22 knots and 350 miles off Newfoundland, the 46,000 ton ship struck the submerged spur of an iceberg. The result was a 300ft gash, 10ft above the keel which ripped open six of her 'watertight' compartments on the starboard side.

Thomas Andrews, managing director of Harland & Wolff, who built the vessel and had been a major influence in her design and construction, inspected the damage 15 minutes after the collision. He reported to Captain Edward Smith that the ship would sink in 90 minutes and advised him to lower the lifeboats. The vessel lasted longer than either of them expected, but finally at 2.20am she plunged beneath the waves.

OPEN FOR BUSINESS

On the morning of 15 April, as Lloyd's opened for business, the first news that Titanic had struck an iceberg had already arrived from Cape Race. Reinsurance rates rose sharply during the morning and reached 60% after further confirmation from Cape Race at lunchtime that the vessel was sinking. Shortly after this, a reassuring message came from the Exchange Telegraph in New York – Titanic was safely under tow for Halifax. Rates plummeted to under 25% on the news.

Reinsurance is the insurance of insurance. Today, as then, it provides a way for insurers and their clients to protect themselves. If an insurer takes on a particularly large risk, they can transfer part of it to another insurer. However, insurance companies can only transfer a portion of their liability and must always keep a share or an interest in the risk. The type of reinsurance being traded the day after Titanic was called "overdue insurance" and it allowed insurers to sell on their liability if uncertain news was received about a ship. The purpose of the Lutine Bell, which still hangs in the market today, was to inform the market when the ship arrived safely at port, or to confirm it as lost. When the bell rang, trading stopped. In the 19th century, this was how breaking news was reported, but wireless changed all that. The Exchange Telegraph report affected an estimated £50,000 worth of reinsurance. It also became the subject of heated debate about how reports from news media sources, rather than Lloyd's, were processed.

THE LOSS TO LLOYD'S

Within 30 days of the tragedy, White Star was paid in full. Lloyd's picked up a large share of the hull claim. The life cover sums were significant, however most of these were covered by American life insurance firms. Rumours spread of special parcels that were lost filled with De Beers diamonds and precious necklaces taken on board by glamorous passengers. However, the truth was a little more prosaic than the myths; among many other things, the recovered inventory recorded items such as potatoes, 800 cases of shelled walnuts, 20,000 eggs and 15,000 bottles of beer.

The Titanic left a profound legacy to maritime safety. Her loss is a reminder that no ship is unsinkable. Despite being one of the largest losses of its time, this is ultimately a human story and one that is summed up by the simple words in our loss book, dated 16 April, "The loss of life is very serious".



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LLOYD'S

no discount, was particularly low and amounted to £7,500 per ship. The slip opened on 9 January and by the end of the day brokers Willis Faber had placed over half the risk. Within 3 days the slip was complete with some 12 companies and over 50 Lloyd's syndicates participating in the risk.

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