



(Will Be Shown Soon in Picture Form at El Portal)

WHAT HAS GONE BEFORE:

Jonathan Blake, wealthy young member of Lloyds of London insurance association, and protégé of John Angerstein, one of its oldest members, finds himself deeply in love with beautiful Lady Elizabeth Stacy, whose dissolute husband, Lord Everett Stacy, attempts to blackmail Jonathan under pain of filing false divorce charges against lady Elizabeth, naming Jonathan. Balked in this, Stacy agrees to a divorce on Lady Elizabeth's terms if she will turn over to him a considerable portion of her inherited fortune, for which he married her in the first place. Jonathan is about to propose marriage to her when he finds himself practically bankrupt as a result of the sinking of several ships by Napoleon's fleet, which has eluded the British squadron under command of Jonathan's boyhood friend, Lord Nelson. With heavy heart, Jonathan goes to visit Lady Elizabeth with the bad tidings.

CHAPTER SIXTEEN

Elizabeth Stacy received Jonathan in her drawing room, but declined to go driving with him, on the ground that it would be most impolitic. She told him of her arrangement to divorce Lord Stacy peaceably; she stated that Jonathan must not expect her to be seen in public with him at this time, because of the impending divorce. So full of her plans was she, so delighted at the vision of a happy future stretching ahead, that she failed to note the strained look on his face, or the apathy with which he listened to her recital.

"Elizabeth," he said finally, "if you had told me this yesterday I should instantly have proposed marriage to you as soon as you had received your decree from your detestable spouse. Today, it's different. I have very good reason to believe myself, if not actually a bankrupt, then potentially one." And he told her of the scene but an hour before enacted at Lloyd's.

"I'm glad, Jonathan that you came to me in your hour of distress."

"I felt the need of you, my darling. And I wanted to get away from Lloyds until the first wild excitement had simmered down and sanity should replace panic. I left before the members of my syndicate could charge their losses up to me, the real motivating spirit of the John Angerstein syndicate. Dear old John, the heaviest loser, would have nothing but kind words for me; he would never blame me for suggesting a policy in which he had willingly concurred. But the little fellows—the smallest investors in the syndicate—I saw half a dozen of them glaring at me with eyes like balls of fire. I knew they were saying: "You, Jonathan Blake, you let

us in for this loss! Yes, you, Blake, the gambler. Lucky Blake—unlucky at last. Scoundrel. Swindler."

She put her arms around his neck, drew his head to her and kissed him tenderly. "You'll never be a bankrupt while I possess a shilling," she assured him. "Until very recently I did not know how huge a fortune my father had left me. It was well invested and has been accumulating rapidly until now it is the largest fortune in England. My father, as you perhaps know, was not of the nobility. He was engaged in vulgar trade—the proprietor of textile mills in Manchester. He wanted me to marry a title—he insisted. Well, here we are, my dear, and thank God, you shall not be adjudged a bankrupt—no, nor your syndicate, either. I shall be happy to make the syndicate a loan to tide it over this crisis; in the years to come the loan can be repaid with adequate interest."

He had nothing to say to that, for the reason that her generosity touched him so deeply he was, for the moment beyond speech. Impulsively he strained her to his heart and took a hasty departure—back to Lloyds to face there the charges and counter charges of the minor members of his syndicate, the "Didn't I tell you this would happen" fellows.

It was three days before Lloyds reopened for business as usual. An audit of the risks assumed by the Angerstein syndicate, when compared with a summary of the resources of the syndicate, plus the private resources of its members, showed that the syndicate could meet all losses and still remain in business, but not on the unlimited scale of the past. Two small syndicates proved to the satisfaction of the Adjustment Committee that they would be unable to meet their losses in full and their deficit was apportioned among the syndicates that survived. If there was the slightest disposition to use this tremendous disaster as an excuse to settle on less than twenty shillings to the pound, nobody had the hardihood to suggest it, and even in the midst of his worries and financial perplexities Jonathan felt a vast, an overweening pride in the integrity of Lloyds. Lloyds had kept the faith. It had not let England down. And business was resumed as usual, but with a difference.

In anticipation of tremendous payments to be made to policy holders when the losses among the West Indian fleet should finally be proved, the premium rates were advanced sharply, despite the protests of a minority headed by John Angerstein and Jonathan. But human nature had its limitations. Having discovered it could meet its impending obligations in full, the majority of Lloyd's underwriters now felt justified in recouping those losses as promptly as possible by taxing the insured several per cent extra when time expired policies came to be renewed. Naturally the shipowners and merchants were

not deferred to in the matter of establishing these new and very much higher rates, and, naturally, a tremendous hullabaloo went up at once from those who realized they must pay the piper or send their ships and cargoes to sea sans insurance.

The issue reached the climax the day after the new rates were announced, when a committee of shipowners and merchants called at Lloyd's with a demand that they meet with the Adjustment Committee of Lloyd's for a conference. The request was granted, and after an all day argument of crimination and recrimination, both sides were standing their ground. Having been through the battle before with their colleagues, Angerstein and Jonathan merely sat with their committee and looked on. Angerstein had finally been won over to the idea of higher rates, but was of the opinion that the rates imposed were too high and might result in driving shipowners and merchants into carrying their own insurance, or, in other words, refusing to insure against the risks of wind, wave and war. Jonathan was wholly opposed to any raise in rates, deeming those originally in force high enough; indeed, he had more than once advocated a reduction in the old rates, on the ground that what was lost by lowering the rates would be much more than compensated for by the greater number of policies that would issue under the reduced rates.

Unfortunately, he has one drawback he could not overcome. He had Youth—he was the youngest underwriter in Lloyd's, he had been for long the most successful, the most forward-looking, the most radical and now that the tide of prosperity had been halted those who previously had hailed him as a Commercial Moses leading his people into the land of milk and honey, now regarded him merely as a voice crying in the wilderness. He was of the opinion that he had not lost his head and he was equally of the opinion that John Angerstein had not lost his, although it was slightly loose at the base; he felt assured his other colleagues of Lloyd's had lost their heads and must be handled roughly before those heads could be put on again and adjusted.

Just before the meeting adjourned he drew John Angerstein aside, opened the watch the latter had given him so long ago and showed him the inscription inside the cover:

To Jonathan Blake

For His Promise

Never To Let England Down.

"Well?" the old man queried.

"I'm not going to let England down by boosting insurance rates to a prohibitive level in order to recoup losses in a hurry. This committee from the shipowners and merchants represents big business, interests that cannot be dominated or dictated to. These industries are our customers and if we quarrel with our customers we will go out of business. There is a happy medium, but it cannot be reached be-

cause of the die-hard attitude of old men. Listen":

The spokesman for the shipowners and merchants committee was speaking: "There is no sense in further argument. We have exhausted our ammunition and you underwriters haven't sustained a single casualty. To insure under your rates is to insure no profits from our enterprises. Therefore, gentlemen of Lloyd's, we abandon you to your high rates. We will get along without insurance or we will form our own insurance group and invite the public to invest with us. That is our final word. We await yours, gentlemen of Lloyd's."

The chairman of Lloyd's committee stood up. "We accept your challenge, sir," he said and sat down amidst applause from his fellows.

Jonathan leaped to his feet. "The Angerstein syndicate," he shouted, "begs to be excused from indulging in that bluff, for the reason that when the bluff is called the Angerstein syndicate intends to be found doing business at the same old stand and at the same old rates, and if Lloyd's should decide that the presence of the Angerstein syndicate is inimical to the welfare of the whole, then the Angerstein syndicate of certain members of it, hope to provide elsewhere the nucleus for a newer braver, less hidebound and sensible underwriting system than Lloyd's has produced, for all its three hundred years in business and its hitherto proud boast that it is the backbone of the British Merchant Marine, which is equivalent to stating that it is the backbone of Britain, since without an adequate merchant marine this nation which imports more than sixty per cent of its food stuff, would starve to death."

"My boy, my boy," John Angerstein murmured agitatedly, "have you lost your mind? Our syndicate cannot remain in business and continue to do business at the old rates."

Jonathan Blake put his arms around the old man. "Oh yes it can, sir," he whispered. "I can lay my hand now on up to two million pounds capital—ready cash if we require it. An indefinite loan." He continued to address the meeting: "I do not agree with my colleagues that to continue to write insurance at the old rates will bankrupt us. It would mean, simply, that our recent losses would require twice as long to recoup. Lloyd's has been in business more than a century. It must be in business many, many centuries after the present crop of underwriters has passed away. We are now assaulting our own structure, without realizing it. We are inviting competition that may grow to such proportions that it will unseat us. Will that competitor possess the sterling qualities built up in Lloyd's by more than a century of integrity, of brave square dealing? We do not know and we cannot afford the experiment in order to find out. It is our job not to