

RAMSEY COUNTY HISTORY

Ramsey County Historical Society

The Fire and Marine: Facts, Fancies, Legends
The First 100 Years of Minnesota's
Oldest Business Corporation

Volume 23
Number 2



Ramsey County History

Published by the
RAMSEY COUNTY HISTORICAL SOCIETY
Editor: Virginia Brainard Kunz

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ISBN 0-934294-55-0

Ramsey County History is published several times a year and copyrighted 1988 by the Ramsey County Historical Society, 323 Landmark Center, 75 West Fifth Street, St. Paul, Minnesota 55102. Membership in the Society carries with it a subscription to Ramsey County History. Single issues sell for \$3. Correspondence concerning contributions should be addressed to the editor. The Society assumes no responsibility for statements made by contributors. Manuscripts and other editorial material are welcomed. All articles and other editorial material submitted will be carefully read and published, if accepted, as space permits.

ON THE COVER: San Francisco was severely damaged by the fire that followed the earthquake of April 18, 1906. It was the greatest single fire insurance loss on record and some companies never recovered. As the plaque (small photograph) proclaims, Fire and Marine entered the auto insurance business around 1900, perhaps the second United States insurer to do so.

ACKNOWLEDGEMENTS: All photographs used with the article on St. Paul Fire and Marine Insurance Company are from the archives of The St. Paul Companies. The photograph on page 21 of soldiers harvesting ice at Fort Snelling is from the audio-visual library of the Minnesota Historical Society.



A late 1880's steam pumper, part of the City of St. Paul's firefighting equipment.

The Fire and Marine: Facts, Fancies, Legends

The First 100 Years of Minnesota's Oldest Business Corporation

By Ronald M. Hubbs

In 1853 St. Paul was a small town of about 3,000 people. It wasn't yet an incorporated city. Its streets were impossible and laid out in a frustrating fashion. There were no pretentious buildings or a fire department or a water system. In typically frontier fashion, the Ojibway and the Dakotah Indians held a gun fight on Jackson Street in the heart of downtown St. Paul, and citizens weren't too sure of their own security among the white settlers, either.

St. Paul historian J. Fletcher Williams would write later of the 1850's that "The rush of immigration and the fast habits induced by the speculative era brought to our city numbers of thieves, gamblers and other abandoned characters. For several weeks during the

summer, crime was rampant."

With that knowledge, who in the world would want to start a property insurance company? The answer: political figures, businessmen and entrepreneurs—all leaders in the community. Thus came about St. Paul Fire and Marine Insurance Company.

What follows is not a complete history of the company's first 100 years. It is instead, a collection of selected events and incidents from that history gathered from several sources and, in large measure, from the histories published by the company itself through the years.

The founding fathers of the Fire and Marine (the name used most frequently for more than a century) must have been omniscient. St. Paul was ripe with opportunity. Historian Virginia Brainard Kunz reports in her book, *The Mississippi and St. Paul*, that steamboat arrivals reached 1,068 in 1858. Author Frank Bliss writes that no less than 25,000 immigrants to Minnesota arrived in St. Paul in 1856 by steamboat. He adds that in May, 1857, "...twenty-four steamboats were lying at the levee, all crowded with passengers and their baggage."

With the oncoming immigration, new buildings—

ABOUT THE AUTHOR: Ronald M. Hubbs is retired chairman of the board and former president of The St. Paul Companies. A native of Oregon, he joined Fire and Marine in 1936 as field supervisor in the Pacific Northwest. When he came to St. Paul in 1948 as assistant to Fire and Marine's president, he was in a sense returning home. His grandmother arrived in Minnesota in 1856 and taught school in Waseca County; his grandfather fought with the Le Sueur Tigers in the Battle of New Ulm in 1862; his father farmed near Dawson and his mother taught near Olivia. He is the author of a number of articles on the company's history, and on its first president.

many of them frame firetraps—were evident everywhere. Following St. Paul's first fire in 1850, that phenomenon became increasingly serious. Add to this an inadequate number of insurers (and these domiciled far to the East), plus inadequate fire defenses and the heavy river traffic with its cargo—surely all this dictated the need for a local insurance company, and a risky undertaking it was, too. However, these incorporators were entrepreneurs in one way or another, and the prospect of eventually profiting from this enterprise must not have been absent from their minds.

Farrington building, once owned by John Farrington, at what is now Kellogg Boulevard and Exchange Street. Because Alexander Wilkin had his office here, this became Fire and Marine's first established home.



The Legislature Charters the Company and Creates Some Confusion

The company attained its corporate status from a bill passed by the Fourth Territorial Legislature and signed by Governor Ramsey on March 5, 1853. It wasn't easily had. The legislature was intensely political. It took sixty-four ballots to elect a speaker acceptable to both the Whigs and the Democrats. That struggle may have had an impact on the vote to incorporate the Fire and Marine. The decision in the legislature's Council was 9 to 8, but the oldest business corporation in Minnesota had been launched.

For the first twelve years of its life, however, there was confusion over its name. George W. Farrington offered a bill to incorporate the "St. Paul Mutual Insurance Company." Later it was amended to substitute the name "St. Paul Fire and Marine Insurance Company" in the bill's title. In all the proceedings that followed, as well as in the governor's message, this was the name used. However, a correction needed in the body of the bill was overlooked by the famous Joseph R. Brown, chief clerk of the legislature's House of Representatives—chosen because he apparently had a better knowledge of legislative proceedings than anyone else. Brown was a man of many vocations, among which were drummer boy, soldier, newspaper publisher, territorial printer, fur trader, farmer, lumberman, justice of the peace, and legislator.

As can be seen in the legislative Act Chapter 62, Private Acts 1853, the title includes the words, "An Act to Incorporate the St. Paul Fire and Marine Insurance Company," but in the body of the Act the following words appear "...by the name of the St. Paul Mutual Insurance Company." The original bill uses a capitalized "The," spells out "Saint" and ignores the "and" between Fire and Marine. It must have been one of Joe Brown's difficult days. What is more, Governor Ramsey stated in a letter to the legislature's Council that he had "examined and approved" the Act. Fortunately, the Joint Committee on Enrolled Bills found this act "correctly enrolled" and so it was as to title. Perhaps Brown's defense for the uncorrected name in the body of the bill was that he was directed to change only the title.

On the same day, an amendment to the bill was passed adding more directors and providing for capital stock. This time the title read "Saint" but in the bill it was "St." and no mention of "Mutual." In 1853 all the company ads and news stories stuck to the name "St. Paul Fire and Marine Insurance Company," but after that, and until 1865, when the company made a fresh start, the title, "St. Paul Mutual

Insurance Company," was used.

It is interesting to note that this early charter only permitted property to be insured against loss or damage by fire. Mutual liability for losses was written into the charter but the company also was authorized to issue stock policies for those not wishing to participate directly in the underwriting profit or losses—if any.

Finally, in 1865, to set everything right, the state legislature struck out the word "Mutual" from the original Act of March 5, 1853, substituted "Fire and Marine" and made the venture a stock company only. Although subsequent amendments by the legislature in 1865, 1869 and 1872 used "St." and "Saint" interchangeably, the uncertainty was brought to an end in 1878 when "St. Paul" appeared thereafter.

The Seventeen Entrepreneurs

The dominating reasons that brought each of the incorporators and founders of Fire and Marine to Minnesota were two: opportunity and adventure. Failure or success for these intrepid risk-takers were constant companions in all of their ventures, and all but one held public office during their careers.

When the Mexican War began in 1846, a young man from New York state, **Alexander Wilkin**, sensed a drama unfolding that would bring him closer to

Alexander Wilkin



Late 19th century sign showing Fire and Marine's first home office building at Third and Jackson streets. Built in 1869, it cost \$66,000.

his desire for a military career. This physically small man — five feet and one inch in height and weighing not much more than a hundred pounds — was ready to test his courage and his ability to lead. General C. C. Andrews would later say of him that he was "without any showy manners and pretensions, and absolutely without personal fear."

During the winter of 1846-47, Wilkin recruited in his native Orange and adjoining Sullivan County a company of volunteers for duty in the Mexican War. He was commissioned a captain in the Tenth United States Infantry and was sent to Mexico with his regiment, a part of General Zachary Taylor's command.

When the war ended, Wilkin decided to come to Minnesota. In the year when the cry of "gold" was hurrying adventurers to California, this young lawyer and war veteran had decided on St. Paul instead. In June of 1849, Wilkin stepped ashore at what is now Lambert Landing at the foot of Jackson Street.

Wilkin came from Goshen, New York, the son of a prominent family there. After graduating from Yale University, he became a lawyer. His brother, Wescott, later became a distinguished judge in St. Paul. In 1853, Alexander Wilkin was the leader in organizing the Fire and Marine, and he became its first presi-

dent. But this was not all that occupied his time. He was the secretary of the Territory of Minnesota by appointment from President Fillmore. He also was a federal marshal, publisher, and land developer. He reportedly owned half of St. Paul at one time. He recruited and was captain of the first company of the First Regiment of Minnesota Volunteers, the first in the North to be volunteered for service of the Union at the outbreak of the Civil War.

He distinguished himself at the battles of Bull Run, Mill Springs, and Brice's Crossroads. A colonel, he was the highest ranking officer from Minnesota to lose his life in the war. He was killed in 1864 while commanding a brigade at Tupelo, Mississippi, in the successful engagement against Confederate General Nathan Bedford Forrest.

One of the most prominent of Fire and Marine's incorporators was **Alexander Ramsey** who came to Minnesota in 1849 to carry out his commission from President Zachary Taylor as the first governor of Minnesota Territory. The Ramseys first made their home in Mendota until a house could be found for them in St. Paul. The home he built later, in 1874 in the historic Irvine Park neighborhood of St. Paul, has since become one of the most important and popular historical sites in the capital city.

Ramsey had been orphaned at the age of 10. He made his way by clerking and carpentry. Finally, he took up law and was admitted to the bar. He served in Congress as a representative from Pennsylvania and shortly after that he was appointed territorial governor of Minnesota. Subsequently, his political career was extended by his election to the United States Senate from Minnesota. He was secretary of war in President Hayes' cabinet and at one time served as mayor of St. Paul.

In addition to all of these achievements, he was active in business. He was a director of Fire and Marine for a total of twenty years, a period of service exceeding that of any other incorporator. He also was involved in several community organizations, including the St. Paul Public Library and the Minnesota Historical Society.

Henry M. Rice arrived at Fort Snelling in 1839. He was many things: an attorney, Indian agent, sutler, fur trader, treaty negotiator, one of the first United States senators from Minnesota, and donor of Rice Park to the city of St. Paul. He, too, was in the land business. It is possible that no one among the early traders knew northern Minnesota better than he because, as one writer noted, "He has traveled over every portion of it." He was said to have once owned all of the land from Seven Corners to St. Peter Street in downtown St. Paul.



James C. Burbank

Rice not only dealt in land, but he was a builder as well, erecting warehouses, hotels and business structures. Perhaps no one at that time was more energetic in making St. Paul the center of trade and the capital of Minnesota than Rice. He gave property to religious and philanthropic organizations for the long term benefit of the city-to-be. He was instrumental in promoting an educational convention and he was one of the aggressive advocates of territorial status for Minnesota.

John Farrington was one of the most active directors of the company, serving as secretary. It was his responsibility to "attend to the office" and deal with paperwork, and he took part in the reorganization of the company in 1865. Farrington had been a dealer in furs and real estate. There is a story that he acquired property extending from Jackson to Broadway streets, paying \$500 for it. Thirty-five years later it was worth \$2 million. Because Alexander Wilkin had his office in a building owned by Farrington on what is now Kellogg Boulevard, this became the first established home of Fire and Marine.

There was another **Farrington** incorporator: John's brother, **George**, who was a banker, a dealer in real estate, a hotel operator, and publisher of a newspaper that was the predecessor of the *St. Paul Pioneer Press-Dispatch*.

Auguste Louis Larpenteur, who arrived in St. Paul in 1843, has better reasons to be remembered than by the street bearing his name. There is a tradition that his grandfather and friends believed that the

great emperor and general, Napoleon Bonaparte, had escaped to America, hence they came here to find him. His grandson, Auguste, became a dry goods merchant; a deputy postmaster, in which capacity he invented a unique mail bag; and operator of a hotel, which he built. He held several posts in the government of St. Paul and Ramsey County.

William G. LeDuc's career was a vast fanfare of activity: brevet brigadier general during the Civil War; operator of businesses ranging from raising buffaloes to selling books and stationery—the latter acquainting him personally with famous Jenny Lind. When LeDuc learned that the Swedish singer was coming to St. Paul to perform, he persuaded her to bring with her some of her country's fine stationery plus several books. Presumably these items were for sale, or at least display, in the bookstore LeDuc operated. He was a writer and publisher, a railroad president, a United States commissioner of agriculture and Minnesota's representative at the New York World's Fair in 1853. He lived to be 90.

John Irvine came to St. Paul in 1843, bringing as his capital a load of groceries. The money that this brought put him in the real estate business as owner of one of the largest tracts of land in the community. Irvine Park was his gift to the city. He owned a lumber mill and was a builder of warehouses along the river at the Upper Landing at the foot of Chestnut Street.

Also on the list of incorporators was **Lorenzo Babcock**, the territory's first attorney general. Lawyers seemed to thrive in early Minnesota. One of these was **William Pitt Murray** who arrived in style by wagon. His range of interests and influence as a legislator and citizen included schools, railroads, charitable institutions, the town of St. Paul's first charter, extension of the city limits, the Fire and Marine, and the Minnesota Historical Society. He served as mayor of St. Paul and president of the state's constitutional convention.

Among other incorporators were **William Ames**, an agriculturist and an especially renowned cattle raiser, who was active in politics and an early organizer of the St. Paul Chamber of Commerce; **Socrates Nelson** of Stillwater, owner of a trading post, lumberman, politically active and one of the original petitioners to Congress to organize Minnesota as a territory; **Charles Fillmore**, a half-brother of President Fillmore and owner of a grocery store; and **Levi Sloan**, another grocer and also an owner of a trading post in Crow Wing County.

Charles W.W. Borup, an incorporator with interesting credentials, had a degree in medicine but became a fur trader when he arrived in America from his native Denmark. He was better known in St. Paul



Amherst H. Wilder, left, and Captain Peter Berkey, right, company directors, with Charles H. Bigelow, president, in the company's first home office building in 1894. This was the building with a steam gauge and speaking tubes.

as a banker. **Isaac Atwater** was a versatile founder: historian, legislator (as were so many of the incorporators), one of the first two insurance agents of the company, associate justice of the Minnesota Supreme Court, a newspaper publisher, college trustee, and a University of Minnesota regent. **David Loomis** was also in the lumber business and served in the legislature and as a captain in the Second Minnesota Infantry Regiment during the Civil War.

Open for Business

On February 1, 1854, the company opened its cash book, ready for business at Alexander Wilkin's office on present-day Kellogg Boulevard and Exchange. (Fifty-five years later the company was located permanently just two blocks away on Fifth and Washington streets on property, by coincidence, once owned by Wilkin.)

Ten members of the board then presented their notes for \$5,000 each to satisfy the requirement that the company show \$50,000 in capital stock on its books. At the same time they received notes in lieu of cash to pay for insurance premiums on policies written on other than a mutual basis. Also, ten members



The great Chicago Fire of 1871 and the testimony, right, certifying "payment in full for losses..."

each subscribed to \$10,000 in insurance on their property—evidently excessive for the property owned, but no doubt done to comply with the charter's requirement that \$100,000 in applications be received, although there was no requirement that the applications become insurance policies.

After business commenced, all applications were rejected and new requests at insurable amounts took their place. Underwriting requirements at the time specified that one could buy five-year policies but the insurance rate per \$100 might range from 3/4 percent to 3 percent or more. In any event, no one could for any term insure for more than two-thirds of the value of a building. Risk taking was circumscribed by other limitations and requirements, as well.

The first mutual policy issued was to R. A. Smith, the territorial librarian and Governor Willis A. Gorman's secretary. It was in the amount of \$800, and it covered his dwelling and furniture. The first stock policy was issued to Governor Gorman who insured the territorial capital, its furniture and government goods, for \$2,000. Other policyholders in those early days were Central Presbyterian Church, Alexander Ramsey, E. S. Goodrich, John S. Prince, Alexander Wilkin, Judge Moses Sherbourne, Franklin Steele, A. M. Fridley, Otto Ferber, and other renowned pioneers. Later on, Richard Ireland, father of Archbishop John Ireland, would be added to the list.

The company's first fire loss came in April, 1855, when St. Anthony Bakers and its adjacent property became total losses in the sum of \$3,000. The company's first agents were appointed on January 28,

Chicago, Ill. Dec. 15th, 1871.

We, the undersigned, hereby certify that we have received from the St. Paul Fire and Marine Insurance Company of St. Paul, Minn. payment in full for losses incurred in the Great Fire, under policies issued by this Company for the amounts placed opposite our Names.

Names	Amounts	Names	Amounts
Deacon Hunt Winlow	\$ 5000	McCormick & Co	\$ 5000
Finlo Kestrony	5000	Rice & Thompson	1500
Schwab & Quaid	2500	Rich Durbaum	5000
Budley B. Bell	10000	Marlin Hatchers & Co	2500
W. W. H. Co.	3341.00	Doggett Bassett Hill	2000
Waltman & Conkoff	3000	Thompson & Palmer	5000
W. Bassett & Co.	5000	Wm. S. Putwin	2000

1854, and included Isaac Atwater of St. Anthony (later Minneapolis) and S. J. R. McMillan of Stillwater. When Charles E. Flandrau, the defender of New Ulm during the Dakota Conflict in 1862 and a member of the Minnesota Supreme Court, was appointed an agent on February 28, 1854, the company letter to him describes the responsibilities of an agent: "He must be ready at all times to give a prompt, distinct and intelligent answer to the many enquiries which he must know will be propounded to him by the members of the farming community to whom our system is particularly addressed."

George Farrington was a busy man. Not only was he secretary of the company, but at the same address he was taking orders for "McCormick reapers at manufacturers prices." He did take time to compose an ad for the *St. Paul Financial Real Estate and Railroad Advertiser* for February 15, 1856, which said:

"MARINE INSURANCE-Persons going East or South to purchase goods will find it to their interest to call at this office and procure an Open Policy before they leave home."

City Council on the Hot Seat

In spite of the growing fire menace in St. Paul, it apparently was difficult to get the City Council to put any money into a well-organized fire department.

After much public pressure, newspaper editorials, private donations and loans from individuals and companies, including Fire and Marine, the Pioneer Hook and Ladder Company was organized in November, 1854. However, in spite of several heroic performances and the saving of threatened property, it was still seriously short on equipment. The Council generously gave up \$200.

Finally, in June, 1856, the City Council authorized a \$3,000 bond issue to purchase a fire engine. It also instructed the city surveyor to estimate the cost and practicability of installing three reservoirs within the city. Not satisfied, the *Saint Paul Advertiser* of June 7, 1856, demanded three fire engines and twenty reservoirs. It assailed the City Council with this language:

"We make no pretensions to the gift of prophecy, at all, and do not give it as a prediction, but purely as a calculation founded on the doctrine of chances — that there is a terrible combustion just ahead of us — waiting with lurid jaws distended and forked tongue, and the hot hiss of ruin, to gulp down our city at a single meal. Everything portends it. Two large fires — involving a loss of some \$60,000 — have already written the terrible warning in black embers upon the heart of our city. Every wooden rook and casement — every one of the hundred shanties which start up every morning like thin ribbed ghosts from the vacant lots of our thickening streets — every match and candle is a pregnant omen, increasing the chances of that imminent peril. Gentlemen councilors, prythee, look to it."

The First Year

Fire and Marine's first year of operation was tolerably good; \$1,170.08 in fire and marine premiums were taken in. By autumn of 1856, 209 insurance policies had been recorded, but now there was financial tension in the community. Holders of real property were gloating and boasting about their profits—often on paper only— and newspaper editorials were assailing the greed of some merchants and real estate dealers.

Robert Orr Baker once described how Charles Parker, treasurer of the company, came to St. Paul

in 1853 and opened an office in the lower floor of the Farrington building near Seven Corners. In his advertisement of March 30, 1854, Parker held himself out to be a banker and exchange broker and a real estate agent. On April 23, 1855, Parker suspended payment and made assignment of his property to the benefit of his creditors. The editor of the *St. Paul Daily Pioneer* in which this notice appeared, sought to explain Parker's predicament:

"According to the representation of the assignee, Mr. Parker has been guilty of no particular dereliction beyond that pursued by many western bankers—that of using funds of the depositors for the purpose of speculation. We are aware that in this Mr. Parker has had illustrious precedents!"

In respect to C.H. Parker and George Farrington, it should be noted that the *Company Day Book* states that on January 1, 1856, the company made a settlement with Parker. Farrington would pay off Parker's debt by monthly payments at 12 percent interest "until the whole of his indebtedness shall be paid." On August 7, 1856, the record says that, "George Farrington has this date paid the balance in full of the account of the late treasurer Chs. H. Parker." This was good news.

In consequence of the treasurer's failure and most possibly other signs of the times, Fire and Marine's president and directors decided on November 10, 1856, "not to issue any more policies for the present." As a result of this decision, accounts were settled, stockholders relieved of their notes, and the office furniture sold for \$103.50, thus making it possible to terminate this episode in the company's history with a net profit and a balance of \$83.47. The books of the company were then closed for this period of its history.

Necessity and perhaps good judgment in sensing the economy of the time caused the company to escape the trauma of the Panic of 1857. As J. Fletcher Williams observed, "This mad, crazy reckless spirit of speculation which characterized those times, was appalling... Perhaps in no city of America was the real estate mania, and reckless trading, and speculation, so wild and extravagant as in St. Paul. It could not last, and must soon bring its own punishment in general ruin. Indeed, the storm was near at hand."

The failure of the Ohio Life Insurance and Trust Company of New York on August 24, 1857, gave rise to the memorable financial revulsion of that year. Williams wrote:

"To St. Paul this pricking of the bubble of speculation was more ruinous and dire in its consequence than perhaps to any other city in the West. Everything

had been so inflated and unreal—values purely fictitious, all classes in debt, with but little real wealth, honest industry neglected and everything speculative and feverish—that the blow fell with ruinous force. Business was paralyzed, real estate actually valueless and couldn't be sold at any price, and but little good money in circulation. Ruin stared all classes in the face. The notes secured by mortgages must be paid, but all values were destroyed. No device would raise money, for no one had any to lend. Everybody was struggling to save himself. The banking houses closed their doors—nearly all the mercantile firms suspended or made assignments. All works of improvement ceased and general gloom and despondency settled down on the community. In a few days, from the top wave of prosperity, it was plunged into the slough of despond and now the 'hard times' commenced in earnest. No description of this terrible and gloomy period will convey any idea of it..."

"...not one in five businesses or firms weathered the storm despite the most desperate struggles. The population of the city fell off almost 50 percent."

A New Beginning

In 1865 the War Between the States was over. Fire and Marine's charter was intact. Some of the founders and others decided this was the time for a fresh start. On March 2, 1865, the legislature amended the Act of 1853 which created the company. Explicit corrections eliminated confusion over the firm's name, established it finally as St. Paul Fire and Marine Insurance Company, increased its capital stock to a permissible \$800,000, and established it as a stock company only. Next came the need for new directors to replace those who had resigned or were no longer living. Most certainly a new president was needed to take the place of Colonel Alexander Wilkin.

The *St. Paul Press* on May 10, 1865, assured readers that Fire and Marine was "undoubtedly destined to become one of our prominent institutions.... By the list of stockholders and directors...it will be seen that the best men in the city are engaged in it, and their names are a guarantee that the business will be conducted in a straight forward and honorable manner."

A New President is Elected

The man selected to be the new president was James Crawford Burbank, one of the most incredible persons of this signal period in Minnesota history. Burbank arrived in St. Paul as a lumberjack in 1849, but he was attracted to the express business. Starting out in 1851 with no capital, he carried express

messages in his pockets and traveled by foot in the winter to Galena, Illinois. In the summers he used the Mississippi, working his way as a clerk aboard ship to pay for his fare and the cost to haul his express packages.

When Burbank was awarded a contract to haul mail from St. Paul to Prairie Du Chien, Wisconsin, a St. Paul newspaper observed that, "Under Mr. Burbank's charge, next winter our citizens can visit the East with legs, arms and collar bones unbroken."

Later Burbank bought a wharf boat which he moored at the Upper Landing and converted into a market center. The growth of his express business brought him into the passenger business. This in turn involved him in repairing roads. He inaugurated a city transportation line that included operating special conveyances for theater and church-goers. He became the first president of the St. Paul Chamber of Commerce and president of the Minnesota Telegraph Company. It was largely his capital that started the St. Paul and Sioux City Railroad. And it might be noteworthy to say that in February, 1853, at his express office he first introduced fresh oysters to Minnesota.

In a lecture on Burbank, Robert Orr Baker quoted a May, 1869, St. Paul newspaper as stating that, "On the first day of June, a new era will open for St. Paul and the Northwest. On that day will commence the regular trips of Burbank & Company's express coach, wagon and steamboat lines between St. Paul and Fort Garry in the Hudson Bay territory.... Thus has the successful enterprise of one man produced an entire change in the channels of communication between England and the vast Hudson Bay possessions east of the Rocky Mountains.... Henceforth, the whole Hudson Bay country will look to St. Paul as their commercial port..."

From a small beginning Burbank developed connections with the American Express Company, especially at Galena, that gave him access to New York and points between. Along the way he merged with other forwarding companies in the territory that resulted in 1,700 miles of staging in addition to 300 miles of pony routes, 700 horses and 200 men employed to operate the various services, including the hauling of mail.

To the north, Burbank kept trade flowing with the famous Red River or Pembina ox carts, 500 in number, carrying large cargos and traveling in big convoys whose groaning and squeaking wheels could be heard for miles. These carts carried goods that had come from what is now Manitoba on Red River steamers, barges, and boats owned by Burbank's enterprises. In time, 74 million pounds of freight



The company's second home office building, above, opened in 1909 at the corner of Fifth and Washington streets, a site once owned by Alexander Wilkin. In 1961 the company's headquarters were completely rebuilt on the same site. Both are viewed here from Rice Park.

would be carried in a year. Trade flourished and brought economic benefits to St. Paul. With furs arriving through the Red River system, the city became one of the largest fur trading centers in the United States, perhaps second only to St. Louis.

A triumph for Burbank and his associates must have been what historian Williams reports as "...the contracts with Sir George Simpson, Governor of the Hudson Bay Company, to transport their goods for the Red River settlement...from Montreal or New York, through the states making Saint Paul the headquarters, which had previously been done via York Factory, in Hudson's Bay." Prior to this time there was "...the opposition and even the prosecution of the Hudson's Bay Company, which was enraged at seeing its monopoly interfered with..."

To firm up Burbank's success, the British army was supplied with furs which he had shipped through New York and not Montreal. Truly he had upset the British monopoly on trade channels to this area.

As second president of Fire and Marine, Burbank took office in 1865 and remained its president until his death in 1876. Williams said it this way: "His career presents a striking instance of what energy and integrity will accomplish—starting life a poor boy, and at present one of the wealthiest and most honored men in our state."

Burbank saw his company survive the great disaster



of the Chicago Fire of 1871. He expanded company operations into twenty-nine states and Canada. Meanwhile, his annual salary was increased from \$1,000 to \$3,000. During Burbank's tenure the company erected its first home office building in 1869 for \$66,000 at Third and Jackson streets. Upon its completion the *St. Paul Daily Press* commented that, "...in addition to its elegant fittings it contains a steam gauge and speaking tubes which enable the president to have the operations of the steam heating machinery in the

basement as much under his eyes as though he were the actual engineer."

Father and Son

The careers of Charles and Frederick Bigelow as leaders of Fire and Marine stretched over seventy-six years. Charles H. Bigelow, who joined the company in 1871, became president in 1876 after the death of J. C. Burbank. His son, Frederick R. Bigelow, became president in 1911 upon his father's death, giving up his office of chief executive in 1938 to Charles F. Codere but remaining as chairman until his own death in 1946.

The addition in 1876 of ocean marine insurance to the company's underwriting capabilities stemmed naturally from its knowledge of Minnesota's early dependence on the waterways for its economic existence. During F. R. Bigelow's presidency the company extended its capabilities to twenty-four lines, in addition to the five normally offered at that time. It was then that the company began to offer "all risk" protection for the valuable and the unusual, and that fact helped to create its international reputation. In 1926 the company also created St. Paul Mercury Indemnity Company to put it into the liability and surety fields. Meanwhile, Fire and Marine was growing financially in its domestic as well as its worldwide business.

Chicago Burns

It may be true that Mrs. O'Leary has been unjustly accused. Some historians now claim that her cow did not kick over a lantern, thus starting the famous Chicago Fire of October 8, 1871. (Mrs. O'Leary's home was said to have been left intact and that the story of the cow was made up by Michael Ahern, a newspaper reporter.) Be that as it may, no one denies that the fire was a terrible conflagration that began in or near her barn, destroying over 17,000 buildings, costing nearly \$200 million and killing more than 275 people.

One mishap after another haunted this tragedy. The summer had been very hot and with limited rain. When the fire was spotted in its early stages, the alarm was sent to the wrong station, while a nearby engine company never moved. The wind came up and much of the city burned down. There was panic in the streets and death in the burning buildings. The insurance losses fell on more than 200 insurance companies. Some eighty companies paid only four cents on the dollar and fifty other companies failed completely.

Fire and Marine's directors resolved that the company would pay its losses promptly, although this grave incident tested the company to its utmost. After paying the \$142,000 in losses in full, the company



Frederick R. Bigelow

had about \$170,000 left in assets. This dilemma suggested reorganization and an urgent need for new money. Fortunately, additional capital was tendered and the liquid assets reached \$400,000, enough to give the go-ahead signal to continue in business.

Forty leading Chicago business firms expressed their "appreciation for settlements being made so promptly and satisfactorily by Fire and Marine." It is interesting to note that Charles Bigelow took charge of the loss adjustments in Chicago and was instrumental in raising additional funds to keep the company in business. The company could not afford a dividend that year, but it was paid in the following year and has not been missed for 116 years.

San Francisco Shakes and Burns

San Franciscans speak about the great San Francisco Fire of April 18, 1906, agreeing that an earthquake caused it, but that the great destroyer of the city was the fire. No one has been able to determine in dollars the damage caused separately by either, and no one, in fact, could do more than guess at the total. Estimates run as high as \$1 billion dollars. Destroyed were 28,000 buildings.

This was the greatest single fire insurance loss on record. Some insurance companies never recovered. An irony in all of this was a statement made in October, 1905, by the National Board of Fire Underwriters that "San Francisco has violated all underwriting traditions and precedents by not burning up."

Seven months later the penalty was paid. The fire

insurance loss was \$164 million. Because of the heroic efforts of two company employees, Ed Prunk and Phil Heuer, the company's records were saved, making it possible to adjust and pay losses. The two men arrived early the morning of the earthquake, retrieved many of the company's records and maps, moved them three times to avoid the enormous fire, then learned the building they were in was to be dynamited. Heuer, at considerable risk to himself, once again saved the records. Two more moves and three days later, the records arrived in Oakland where company employees set up tables and made payment on the spot. Policies of most insureds had been destroyed, but if their names, addresses and their locations on the company's fire maps and records agreed, losses were immediately settled.

Fire and Marine was known as one of the "dollar for dollar" companies because it advocated full payment and refused to discount its losses by 25 percent — as did many companies — on the assumption that policies were voided or reduced by reason of uninsured earthquake damage. It had taken thirty-five years, from 1871 — the year of the Chicago Fire — to 1906, for Fire and Marine to build up a surplus of approximately a million dollars. It required practically all of this money to meet promptly its obligations. Agents of the company were told that its estimated loss would be about a million dollars, leaving \$300,000 with which to operate. In fact, Fire and Marine's losses totaled \$1,267,000. Thanks to an otherwise good year, the company did not have to raise additional capital.

Early Insurance Policies, Requirements and Advice

Because sitting at home and reading insurance policies—old or new—is not a popular indoor sport, most people are only vaguely aware that there has been an evolution in this arcane art. This writer once wrote about it this way: "If your hobby was arson or dabbling in pyrotechnics, you would have done better to carry on your work in some open field, because your policy excluded fire loss if you kept without the company's permission any quantity of fireworks, phosphorus, saltpeter, turpentine, spirit gas, crude coal or earth oils or petroleum. That's what a Fire and Marine policy would tell you. For good measure, later policies excluded junk!

"Mrs. O'Leary would have done well to have read the company's policy No. 13 which just wouldn't countenance use of open lights in barns.

"The company's Hail Policy issued in 1903 provided that in event of a loss requiring appraisers... 'the assured shall select one who shall not be a neighbor

Automobile Insurance

*St. Paul Fire and Marine
Insurance Co.
St. Paul, Minn.*

Capital and Net Surplus, Jan. 1, 1913: Over \$3,300,000.00



Auto insurance brochure. Fire and Marine is believed to have been the second company in the country to begin offering automobile insurance around 1900.

having hail insurance...? Apparently that was not the time or place for sentimental decisions. A farm policy of 1887 insisted in event of loss that the assured deliver sworn proof, affidavits of 'two disinterested and respectable men', certificate of the nearest magistrate and a swearing all around that the assured had been without 'evil practice.'

"Apparently at one time there were expeditious ways to get electric current—just tap the trolley wires running by the door. This practice resulted in a company circular to agents dated September, 1894: 'The use of current from trolley wires or street railway rails is the source of numerous fires, and where it shall come to your knowledge that electricity is so used in any risk insured in this company, we will ask you to promptly advance the rate on both building and contents, not less than one percent...'



C.F. Codere

"In 1898 the company was not unmindful of a serious cause of fires—smoking. In four sentences it made known its opinion: 'We are advised after inspection, that Messrs. ___ permit their employees to smoke in their store during business hours. We cannot permit this. The danger from cigar stubs and pipes is very great. A number of disastrous fires have been traced to that cause and we will thank you to advise the gentlemen that that practice must be entirely prohibited.'

"Seventy years ago a man with a mortgage was well scrutinized. In fact, instructions to agents in 1881 said, 'When property is in any way encumbered, a detailed statement of it in every particular must be given.'

"The early automobile found an insurer in the Fire and Marine. The company was not unmindful of the fire hazard, however, and in 1913 passed on this advice to motorists: 'Perhaps the greatest number of losses are caused by fire. Whenever a vehicle is actuated by its own power, this danger is ever present. If the machine is an electric, it may be ignited by a short circuit; if gasoline propelled, it is subject to all the hazards arising from the use of gasoline. These are perils not always to be avoided, even by the most careful driving.'

"An early circular on automobile insurance presented cogent reasons why insurance was needed. Here they are: 'BECAUSE--Most of the perils to which an automobile is subject are NOT under the control of the owner no matter how careful he may be.'

'He cannot prevent—Back-firing—a most prolific

cause of disaster, Explosions in muffler or of acetylene generator, Sparks from magneto and friction of brakes, Sparks from passing locomotive, Fire from nearby automobile, Gasoline vapor igniting under hood, All the dangers of the use and handling of gasoline. The carelessness and viciousness of other people, To say nothing of lightning, collisions and the perils of transportation.'

"One last word—this is on the letters of underwriters in the company's early history. It was common to display stuffy, stilted prose as typical of correspondence at the turn of the century. That shortcoming seldom was to be found in the important underwriting letters of Fire and Marine. In most part constructive and forward-looking, these letters reflected the desire of the company to insure wherever it could. There were times, however, when the weary underwriter could no longer say 'yes'—and the writer of the letter below needed no lesson in clarity and brevity when he said: 'Replying to yours of the 3rd instant, we would answer your first inquiry—No,—and this is a complete answer to the rest of them'."

World War I Aces Point the Way

The air age was dawning as World War I ended. During those early days of aviation, Minnesota's Charles Lindbergh thrilled Americans with his solo flight to Paris and planes of all types were being manufactured. The future was bright for passenger and freight haulers. There was one drawback: insurance availability. War aces David Beebe and Reed Chambers, decided to overcome that deficiency by creating an insurance pool made up by the larger insurance companies. The two men organized the United States Aircraft Insurance Group, (USAIG). Beebe had received the Distinguished Service Cross for gallantry in action in World War I. Chambers had flown with Captain Eddie Rickenbacker's "Hat in the Ring Squadron," earning the Distinguished Service Cross with three Oak Leaf Clusters, the French Legion of Honor and the Croix de Guerre. He had enough "kills" to qualify as an ace.

F. R. Bigelow early learned of their effort. Fire and Marine joined the pool in 1929, and has supported the effort to this day. The pool method was believed best because there were serious losses in those early days. The mutual interests of Fire and Marine and USAIG contributed materially to the success of this market.

C.F. Codere and A.B. Jackson

C. F. Codere, who had commenced his career as an errand boy in 1883, followed F. R. Bigelow as president in 1938. He had joined the company in

Canada and for many years managed its affairs there. Although the investment function was one of his primary responsibilities when he came to the home office in St. Paul in 1920, he was especially charged with guiding the company through the Depression of the 1930s. In spite of the grave problems during that period, the company lowered no salaries nor did it lay off any of its employees.

The other major event that absorbed much of Codere's attention was World War II. During this time the company assisted the United States government in managing the War Damage Corporation formed to help the government deal with its war risk problems. Because of his ability to cope with investment problems, Codere had a familiar rejoinder for those who consulted him about an investment Codere had confidence in but which seemed to have a few problems. It was, "Ride 'em, cowboy!"

In 1948 A. B. Jackson, who had started as a clerk in 1922, became president and he was the chief executive officer when the company celebrated its 100th anniversary in 1953. Jackson presided over the events marking that natal year. Included in the pro-

gram was an old-fashioned vaudeville show held in the St. Paul auditorium and theater. The guests were employees of the company, some coming from coast-to-coast and border-to-border.

Jackson was a great-grandson of one of the early directors, John Nichols, and Jackson's grandfather and an uncle were also directors. During his presidency he became chairman of the American Insurance Association which represented many of the leading insurance companies and served as a forum for chief executive officers of the member companies. He was instrumental in appointing a committee, on which he served, that was charged with finding means of insuring against the industrial nuclear hazard. A solution evolved, but it was a trying task because of the vast amounts of property and liability insurance required.

During the years he was Fire and Marine's chief executive officer, one of Jackson's goals was to buy out some of the general agents (middlemen) who represented the company. In addition to increasing

Interior of Fire and Marine's headquarters in 1909.



premium volume, this move placed Fire and Marine closer to many of its agents.

He was also an important support to his associates and subordinates in starting the Minnesota Insurance Information Center—still thriving today—whose mission was to answer queries from the public about property and liability insurance matters.

The staggering catastrophic disasters of the 1940s and 1950s were the frequent deadly hurricanes that struck along the eastern seaboard and the Gulf of Mexico. It became questionable if insurance companies could continue paying the colossal losses. In 1955 a group of chief executives, including Jackson, decided to employ Dr. Hurd Willet, professor of meteorology at the Massachusetts Institute of Technology, to study the problem. Dr. Willet did so and reported his conviction that hurricanes shortly would begin to taper off in numbers and intensity on the western Atlantic. That is exactly what happened.

During this period the company began to organize emergency teams of trained personnel who would go directly and immediately to disaster areas—wind, fire, or whatever the insured hazard—to settle claims promptly. During this period, also, Fire and Marine became the first property/liability company to contract for a large scale computer. It witnessed the formation of management training schools and the acquisition of Western Life Insurance Company.

Over the Ocean Waves

An international future was cast for Fire and Marine, perhaps before it was fully aware of it. The charter of 1853 authorized the company "To make insurance on all description of boats and vessels, the cargoes and freights thereof...against the perils of marine and inland navigation..." The cargoes of the riverboats and Great Lakes vessels were often world-wide in source or destination. Since the company's history as an ocean marine insurer dated back to 1876, it was already involved in international trade.

Marine insurance is the most ancient of all. The Chinese and the Rhodesians knew about it thousands of years ago. Inland marine coverage initially applied to the rivers, harbors and lakes but now it is into many variations and unusual policies not connected solely with marine hazards. When a company underwriter once was asked what was insured under "marine," he answered, "Anything that moves." By 1883 the company was active in river marine insurance, especially in its natural market, the Mississippi River.

World War I brought chaos to ocean marine insurance. The demand was greater than the capacity to supply it. Rates on an individual vessel and its cargo would fluctuate until it sailed. Though normality

returned to the seas between wars, marine insurance was tested to its limit when this country entered the next war.

In World War I Fire and Marine lost \$4 million on ships sunk by German U-boats but was successful in securing a judgement against that country for \$3.4 million. For many years thereafter payments were made to the company in small amounts by the Alien Property Custodian from German assets seized in this country.

World War II in its early days was a disaster for those on the sea. In the spring of 1942 the United States lost most of its tanker fleet, plus other vessels. Insurance underwriters' losses reportedly were running a million dollars a day, and moved up to one-and-a-half million dollars per day.

This wrought havoc in the insurance market which was being destroyed. In spite of it, C. F. Codere, then the president of the company, answered a question by declaring that "we shall continue writing war risks, and if necessary the Fire and Marine will take a larger line." His statement quieted the panic. Later on the government took over the war risk on the hulls, leaving the normal coverages to be handled by the insurance companies. Ocean marine insurance continues to be an important part of the company's international business. Fire and Marine has been one of the largest United States writers of this class of business.

Around the World

One of the company's early acts in the foreign field was its entry into Canada in 1866, only a year after the company's reorganization and the Civil War. Canada was not then a unified nation and the company's agent was located at the Red River settlement in Prince Rupert's Land, now translated as Winnipeg, Manitoba. Agent R. C. Burdick posted this notice in the Hudson Bay Company store at Fort Garry: "This is a bona fide company, the Directors and Stockholders of which are many of them personally known to the settlers and businessmen of the Red River, as men of first class business capacity, and well known integrity, who would not willingly or knowingly embark in any fictitious or humbug enterprise."

The settlement had no police, lawyers, bank, railroad, or telegraph, but there was one doctor. Travel to the Red River settlement required a journey by covered wagon to western Minnesota and a steamboat trip down the Red River of the North.

Seventy years ago Fire and Marine joined with a small but strong group of companies to write property and liability insurance on foreign risks. Eventually this coverage was extended into more than eighty coun-



A company agent surveying damage caused by one of the catastrophies of the post-World War II era, a deadly hurricane.

tries. Those who tour the world today often will see the name St. Paul Fire and Marine Insurance Company posted on buildings or offices. The company now conducts its foreign-originated business through its own subsidiaries based in London, England.

When World War I began, London was threatened by bombing from German Zeppelins. No other insurer, with one British exception, would take on that risk so Fire and Marine was the market for several days until the British government assumed the risk. Fortunately, there were no losses for the company.

In World War II the enemy had control over a large segment of North Africa. In Morocco, insurance could not be written in any company owned by the Allies. However, at the conclusion of the war, a Casablanca agent wrote the Paris office asking to whom he should send the money he had accumulated during the war. He had been writing policies, collecting premiums and paying losses—all without the enemy's knowledge, and there was money left over.

Exotic—Unusual—Far-Out!

From its early years, Fire and Marine acquired an international reputation for pioneering new coverages and broader protection, and for insuring novel situations. In 1883 the company became the first stock insurer in the country to profitably write hail insurance

and, later, turkey insurance. With the advent of the automobile near the opening of the 20th century, the company was one of the first to take on the insuring of this exciting but strange machine. And now coverage is available for "antique" automobiles.

The so-called "all risk" contracts early on were not unusual for the company. The "Jewelers Block" policy is an example of early all-perils contracts. In 1935 the company's experience with this policy brought it the insurance on the famous Jonker diamond, valued at a million dollars. It was then the greatest amount of insurance ever placed on a diamond. When cut, the stone was worth \$2 million.

Legend has it that heavy security was arranged for the Jonker diamond when it arrived in New York, but that even so, the arrival date and place were a well-known "secret." Nothing happened. All of this was a sham. The real jewel arrived on the steamship "Roosevelt" in a shoe box-size container stuffed with cotton and insured by Fire and Marine. There was no excitement. Just an ordinary parcel delivered to the waiting addressee.

In 1926, Fire and Marine became one of the few companies to write bankers blanket bonds which covered banks against hazards created by crime. Historical accounts frequently mentioned the dangers attending the presence of gangster mobs headed by



The author, left, with A.B. Jackson at the company's 100th anniversary celebration in 1953.

such characters as Dillinger, Karpis, Barker, Bonnie and Clyde, and their forays against banks. Such insurance at that time was considered a very risky business.

The company also was a pioneer in and often the originator of such contracts as the personal property, fur and personal jewelry floater policies (meaning the property could be almost anywhere and covered against most causes of loss). To this list could be added package and multiple peril policies with property and liability insurance against many hazards. A package policy used extensively in World War II by the Army was an achievement that was a pacemaker for other companies. Fire and Marine also was the first to provide hospital liability insurance and protection for real estate and insurance agents.

There is some levity in the insurance business. Here are few undertakings by Fire and Marine that might seem a little odd:

At the premier of the film, "The Egg and I," in Atlanta, Georgia, the theater placed a live chicken in its lobby, attended by a large sign reading, "This chicken insured for \$1,000." To make their claim honest, they insured the bird with one of Fire and Marine's subsidiaries. The peril insured against was death by lion bite.

King Edward VII's race horses—ten of them—were insured by Fire and Marine while in transit to and from England and during their three-month stay in Canada and the United States. Insuring horses is no novelty today but the date of this transaction was July 17, 1906, eighty-two years ago.

Insuring animals used in stunts also was not unusual. In 1942 students at Oberlin College rented two elephants for a mock political convention and in-

sured them for \$2,500 each. The company once insured the rider of an ostrich. He fell off and collected. In a more serious venture, four elephants, two gibbons, fifty-two Mynah birds, one bear, five lemurs, 300 monkeys and eleven pythons were insured in transit between Bangkok and San Francisco.

Then there was the "Million Dollar Dinner" which was sponsored by jewelers as a promotion. All the items on the menu were made of jewels. With the silver service, this lavish arrangement was insured for a million dollars. Small wonder that the *New York Times* commented that the company was "The foremost American company in writing special risk insurance." It has been, on balance, an interesting century and more for Fire and Marine and its parent, The St. Paul Companies, celebrating this year the company's 135th anniversary.

Acknowledgements

To many I am indebted for their prior research and writings about the St. Paul Fire and Marine Insurance Company. The list includes several historians who coached me in absentia on the early history of Minnesota: William Watts Folwell, dean of them all with his *History of Minnesota*, (1912); J. Fletcher Williams for his valuable history of Saint Paul, (1876); Frank C. Bliss who wrote *St. Paul: Its Past and Present*, (1888); Theodore G. Blegen, former dean of the University of Minnesota Graduate School, superintendent of the Minnesota Historical Society, author of many books, and fellow Sherlockian, who gave us *Minnesota: A History of the State* (1964); and Virginia Brainard Kunz, historian, author, editor and executive director of the Ramsey County Historical Society.

Then there are those researchers and writers who were employees of the company and produced four (1953, 1974, 1980, 1988) excellent versions of the company's history. Also helpful were President Jackson's comments when the company celebrated its 100-year birthday. It is their work that has often been used as a basis or summarized for this article. Especially am I indebted to Robert Orr Baker, former officer of the company, historian, soldier, deacon, author and epicurean, particularly in this instance, for his monograph, "History of the Incorporation of the St. Paul Fire and Marine Insurance Co.," which disposes of myths about this event. I am grateful for his learned lecture on J. C. Burbank.

To Kent Shamblin and Dave McDonell goes my appreciation for their highly useful 1974 history of the company. And to Bonnie Barnak—my many thanks for keeping me off the shoals and reefs with her critiques and assistance. I appreciated having access to the company's archives to check out uncertainties about stories told. I borrowed from some of my own recollections and articles, especially the story, "Alexander Wilkin and the Civil War," published in *Minnesota History* and an article in the company's history issued in 1953. —R.M.H.

San Francisco after the fire and earthquake of 1906. See page 12.



Alexander Wilkin, first president of St. Paul Fire and Marine Insurance Company. See page 5.

Ramsey County History
published by
the Ramsey County Historical Society
323 Landmark Center
75 West Fifth Street
St. Paul, Minn. 55102



Ice Harvesting about 1890. See page 19.



Fire and Marine's second headquarters, 1909. See page 11.

The Gibbs Farm Museum, owned by the Ramsey County Historical Society, at Cleveland and Larpenteur in Falcon Heights.



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