

RAMSEY COUNTY
History
A Publication of the Ramsey County Historical Society

Minnesota Gardens:
An Illustrated History
...And More Books

Page 33

Fall, 1996

Volume 31, Number 3

Fires, Hurricanes, Diamonds, Elephants
St. Paul Companies' Colorful History

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Shadowed by an approaching thunderstorm, this is the pioneer community of St. Paul as it looked in 1853. The painting is a portion of the St. Paul Companies' panorama that has been reproduced for the insert in this issue. Designed for the company's entrance hall by Twin Cities artist Ken Moylan and painted by muralist Mike Bolen, it was photographed for Ramsey County History by George Heinrich. For a new history of the company, see page 3.

RAMSEY COUNTY HISTORY

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RAMSEY COUNTY History

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A Message from the Editorial Board

Thanks to the suggestion of Ramsey County Historical Society board member Thomond O'Brien, this issue of *Ramsey County History* carries a most unusual feature: a full-color fold-out reproduction of the mural in the entrance hall of The St. Paul Companies. This mural depicts St. Paul and the surrounding area in 1853, the year when the St. Paul Fire and Marine Insurance Company opened for business.

The panoramic reproduction accompanies a fascinating history of The St. Paul Companies from its origins in 1853 to the present day, which has been written by Virginia Brainard Kunz. This history shows the complex interaction between the people who led The St. Paul Companies, the local community, and the wider world of American business over the past 140 some years.

With the Fall issue we hope our readers will not only enjoy learning more about St. Paul's oldest business corporation, but also tear out the mural from the center of this magazine and display it as a keepsake of an earlier time in our local history. In November RCHS will open a photo exhibit tracing The St. Paul Companies' history in our exhibit area on the first floor of Landmark Center.

John M. Lindley, Chair, Editorial Board

Fires, Hurricanes, Diamonds, Elephants

The Colorful History of St. Paul Companies — Minnesota's Oldest Business Corporation

Virginia Brainard Kunz

MINNESOTA TERRITORY was barely three months old, its capital a "little hamlet of bark-roofed cabins" straggling along a magnificent eighty-foot bluff arising from the Mississippi, when Alexander Wilkin stepped off a steamboat that docked at St. Paul in June, 1849.

Four years later he would found, with sixteen other far-sighted entrepreneurs, the St. Paul Fire and Marine Insurance Company, Minnesota's oldest business corporation, and become its first president. It was a bold move. Minnesota in those years was on the near edge of a frontier that spread to the Pacific. Its cli-

mate was universally believed to be semi-arctic a large part of the year; its population little more than 1,000; and the land west of the Mississippi, not yet open to settlement, was inhabited by bands of Dakota, Winnebago, and Ojibwe.

With the passage of the law creating the Territory of Minnesota in the spring of 1849, settlers poured into St. Paul as soon as the ice was out of the river. The boom was on. Steamboat after steamboat disgorged the newcomers at the levee at the foot of Jackson Street. Food and lodging were scarcely to be found. The *Minnesota Pioneer*, the Territory's first

newspaper, advised settlers to "bring along tents and bedding . . . as it is utterly impossible to hire a building in any part of the village, although builders are at work in every direction completing houses." Indeed, by April piles of lumber and building materials were lying about the streets "everywhere in admirable confusion." Houses and hotels went up in a few days' time. (The quality of construction was something else again. Many were firetraps.)

Such chaos naturally generated its own problems. Law and order were a sometime thing. As historian J. Fletcher



St. Paul in 1857, four years after the St. Paul Fire and Marine Insurance Company was founded. This shows the Catholic School on Market Street (far left); the long, low Market House beyond it; the Territorial and first state Capitol, with its dome and four columns (center, back), and Central Presbyterian Church to the right of the Capitol. B. S. Upton photo from the Minnesota Historical Society.



Alexander Wilkin

Williams wrote, "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." There was at least one shoot-out in the streets.

On the other hand, a wide-open territory on the verge of settlement beckoned enterprising men, and sometimes women, too. As Williams also noted, "the 'elements of empire here were plastic yet and warm,' and needed only the right men to mould them into a prosperous State." Wilkin was one of those men. He was almost thirty years old when he arrived in St. Paul. He was born into a prominent family in Goshen, New York, graduated from Yale University, and became a lawyer. When the Mexican War broke out in 1846, a military career beckoned. His grandfather, James Wilkin, had enlisted in the Revolutionary Army at the age of sixteen and was a general in the War of 1812. Alexander Wilkin apparently yearned to test his own courage and ability to lead. He was fearless, although he was so small physically—five feet one inch in height and weighing around 100 pounds—that he had trouble drawing his sword.

Wilkin recruited a company of volunteers from the counties around Goshen. Commissioned a captain in the Tenth

United States Infantry, he was sent with his regiment to Mexico where they became part of General Zachary Taylor's command.

After war ended, Wilkin resisted the lure of the California gold fields and decided on the newly-minted Territory of Minnesota instead. Prudently, he paved the way by lining up support for an appointment as secretary of the Territory. Letters on his behalf went to President Taylor's vice president, Millard Fillmore, and to Thomas Ewing, secretary of what is now the Department of the Interior. Fillmore appointed him to the position in 1851 when he became president after Taylor died in office. Wilkin's brother, Wescott, also settled in Minnesota and became a distinguished St. Paul judge.

Alexander Wilkin apparently plunged wholeheartedly into the life of his new community. Like many of those other intrepid entrepreneurs who saw opportunity written across the face of the new Territory, he wore several hats. He was a

The records are silent as to what drew Wilkin and his fellow risk-takers to the insurance business, but it is likely that common sense suggested a favorable juncture of circumstances. The community's first fire, in 1850, burned down the small frame chapel, known as the First Presbyterian Church, that faced Rice Park. In the next several years, Territorial newspapers were laced with accounts of increasingly serious fires, as well as reports that many of the buildings were not insured.

Settlers who did have insurance bought it through local representatives of eastern companies, but there was a problem with communication. When stagecoaches and steamboats ran only during the warm months and the river was frozen over all winter, a hapless property owner could wait months to settle a claim. Over and above all that was the undeniable fact that eastern companies—"foreign" companies, in effect—drained money from the Territory.

Wilkin, who was practicing law in St.

They were energetic men with imagination and vitality: merchants, bankers, fur traders, lumbermen, dealers in real estate. Six of them were lawyers . . .

federal marshal, a publisher, and a land developer. He reportedly at one time owned half of what is now downtown St. Paul. Known as the "Little Captain," he was gregarious, a popular bachelor, and he loved parties. He never married but, judging from his private letters, he must have been something of a "ladies man."

In 1856 he organized the Pioneer Guards, the first militia company to be formed in the Territory, and their drills and parades and military balls, often with military bands and officers from Fort Snelling, became part of the social fabric of the pioneer village. When the Civil War broke out in 1861, the Guards, under Wilkin's leadership, became Company A of the famous First Minnesota Infantry Regiment that would fight so gallantly two years later at Gettysburg.

Paul in addition to his various other enterprises, saw the need for a local insurance company. He joined with his fellow businessmen to become the incorporators in 1853 of the St. Paul Fire and Marine Insurance Company.

The list of those incorporators rings with the names of the city's pioneer leaders. While some were in at the dawn of white settlement, most arrived with the creation of the Territory. They were energetic men with imagination and vitality: merchants, bankers, fur traders, lumbermen, dealers in real estate. Six of them were lawyers, and nearly all were at one time or another Territorial officers or legislators or city councilmen.

Alexander Ramsey is perhaps the best remembered, and certainly served the longest of any of the company's in-

corporators. A Pennsylvania lawyer who was appointed the first governor of the Territory by President Taylor, he came to Minnesota in 1849 to embark upon a distinguished career. He would serve as the state's second governor, mayor of St. Paul, United States senator, and Secretary of War under President Rutherford B. Hayes. He led the organization of the Republican party in St. Paul in 1855. As Minnesota's governor, he was in Washington on April 13, 1861, when word arrived of the surrender of Fort Sumter. He was the first state officer to offer troops for the defense of the Union—the First Minnesota Regiment, the regiment Wilkin would join with his Pioneer Guards.

Henry M. Rice was the earliest of the incorporators to arrive in the Minnesota region. He landed at Fort Snelling in 1839, at a time when the handful of cabins at the site of the future St. Paul was known as Pig's Eye, so-named for the infamous whiskey seller, Pierre "Pig's Eye" Parrant, who had established a saloon there. Rice rose rapidly from sutler at the Fort to the American Fur Company's agent in charge of trade with the Winnebago and Ojibwe bands, and he helped negotiate the treaties by which the Native Americans of the region ceded land to the federal government. He was the Territory's second delegate to Congress and the state's first United States senator. His statue representing Minnesota stands in Statuary Hall in the national Capitol. He once owned the land on which the future St. Paul Companies' Home Office now stands, and he donated to the city the square that became Rice Park.

Charles D. Fillmore was President Fillmore's younger half-brother. He arrived in St. Paul in 1852 and, with Charles H. Parker, opened a land office in Parker's banking office in the Farrington building near Seven Corners. Advertising that their office was "for the prosecution of all business in any manner growing out of transactions in real estate in the Territory of Minnesota," they signaled that they were in fact real estate speculators at a time when the Territory was on the brink of the great real estate boom of the 1850s. Unfortunately, Fillmore died an untimely death from an un-



Third Street (now Kellogg Boulevard), looking west from Cedar around 1865-1874. Fire and Marine built its first headquarters at Third and Jackson in 1870 at a cost of \$66,000. W. H. Illingworth photo from the Minnesota Historical Society.

known cause in 1854. He was only thirty-two. He had lived just long enough to see his brother arrive in St. Paul with the Great Railroad Excursion of 1854 that commemorated the completion of the Chicago and Rock Island Railroad's line to the Mississippi.

Levi Sloan also died that year. He, too, was only thirty-two. Sloan was a grocer who settled in St. Paul in 1849 and maintained a trading post in Crow Wing County. He was elected to the Territorial legislature in 1853 and served through 1854, the year the legislature met for the first time in the new Capitol.

William G. Le Duc, another lawyer, was as famous in his day as Governor Ramsey. One of the most enterprising of the company's organizers, he opened a stationery and book store and, honing his promotional skills, asked the famous singer, Jenny Lind, to bring him a supply of fine stationery and books when she came to St. Paul for a concert. He im-

ported buffalo for resale, a venture that was less than profitable. Far more successful was the popular yearbook he wrote and published in 1852. He was Minnesota's representative to the 1853 World's Fair in New York and he took with him a display of grains, minerals, and furs. He became a brevet brigadier general during the Civil War. In 1877 he was appointed United States Commissioner of Agriculture in the Hayes administration.

William L. Ames shared Le Duc's interest in agriculture. His father was the manufacturer of the Ames shovel and his brothers helped build the Union Pacific Railroad. Ames himself owned a 300-acre farm near Lake Phalen where he raised prize-winning shorthorn cattle. Many Minnesota cattle today are descendants of his herd. Ames was president of the short-lived Home Insurance Company, an organizer of the St. Paul Chamber of Commerce, and an incorporator of



The Farrington building at Third and Exchange Streets where Alexander Wilkin had his rooms. Fire and Marine's incorporators first met here. Unless otherwise noted, photographs for this article are from the archives of The St. Paul Companies.

the St. Paul and Pacific Railroad that James J. Hill would one day build into the Great Northern.

A romantic legend surrounds the name of **Auguste L. Larpenteur**, another early arrival. The story is that Larpenteur's grandfather had been a friend and admirer of Napoleon Bonaparte and he and other Frenchmen, not knowing their "beloved hero" was in exile on St. Helena, had come to America in search of him. Be that as it may, Auguste Larpenteur arrived in St. Paul in 1843 to find only five families in the frontier hamlet. Undaunted, he opened a dry goods store which in the course of time became Freeman, Larpenteur and Company. He drove the first spike when the town was surveyed and was present at the first town meeting. In 1846 he acted as the settlement's deputy postmaster, designing a small leather case with sixteen pigeon holes for the mail. He

built a hotel, then a home in the countryside beyond "St. Paul Proper." He was treasurer of Ramsey County and a member of the City Council.

William Pitt Murray was a lawyer who, lured to Minnesota by an article in an eastern newspaper, celebrated his arrival in St. Paul after an arduous journey westward by boiling a buzzard for two days, then eating it, pretending it was turkey. He immediately began to practice law, and he entered politics. He served throughout eleven Territorial and state legislative sessions; he helped lay the foundation for Minnesota's public school system; and he wrote the first City Charter. He was a city attorney and a United States district attorney. Peering into the future, he was instrumental in extending St. Paul's city limits to enfold its rapidly expanding population.

Charles W. W. Borup, physician, fur trader, and banker, established the first Scandinavian consulate in Minnesota. Born into a prominent Danish family in Copenhagen, he was chief agent for the American Fur Company at LaPointe on Madeline Island during the 1830s. He came to St. Paul in 1848 and built an elegant country villa in Lowertown that became a social center for the elite of the city. A fine musician, he and his violin, accompanied by his family on two grand pianos, led musical soirees. In 1852 he and his brother-in-law, Charles H. Oakes, established Borup and Oakes, St. Paul's first legitimate banking house.

Isaac Atwater was another lawyer. He graduated from Yale in 1844, then came to Minnesota for reasons of health. That he lived to the age of seventy-four was indeed fortunate, but might be a misleading commentary on Minnesota's not-very-well-founded reputation as a haven for sufferers from many ills. Atwater served in the Territorial legislature, became an associate justice of the state Supreme Court and one of the first regents of the University of Minnesota. He was editor of the *St. Anthony Express* and is remembered today for his history of Minneapolis, which he wrote near the end of his life.

The **Farrington brothers, John and George W.**, were Irish immigrants who dealt in real estate, a major preoccupation

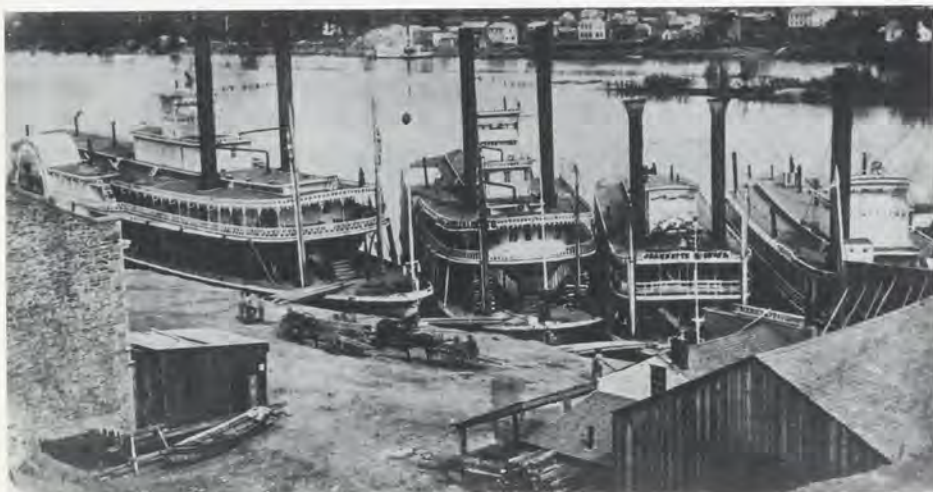
for the Territory's speculators. John Farrington, who also was a fur trader, built the first brick store in St. Paul, a building at Third and Exchange Streets where Fire and Marine's incorporators first met. George Farrington was a banker and a silent partner in the *St. Paul Daily News*. Both men were active in civic affairs, George as a representative to the Territorial legislature and a member of the City Council, and John as a member of the Board of Public Works and United States deputy collector for the area.

John R. Irvine was another early arrival in St. Paul, but at first not to stay. In the winter of 1843, he packed a sleigh with groceries and headed upriver from Prairie du Chien to St. Paul to look over a region a friend had described as the "Eldorado of the Northwest." He sold his goods, bought some land, returned home, packed up his family, and came north to stay. A blacksmith, a banker, and a storekeeper, he prospered first by logging off the centuries-old trees on his claim at Seven Corners and selling the lumber to the rapidly growing populace, then by shrewd real estate ventures. He built mills and warehouses along the river. Like other company incorporators, he was a Territorial legislator and he gave a parcel of land to the city that is now Irvine Park.

Socrates Nelson was a fur trader, lumberman, and Stillwater merchant. He was a member of the committee that drafted the original petition to Congress calling for the organization of Minnesota as a Territory. Later on he served two years as a state senator. Much of Stillwater today stands on land Nelson once purchased from the government. Nelson, Wisconsin, across the Mississippi from Reed's Landing, is named for him and the trading post he once located there.

David B. Loomis was also a lumberman and Nelson's partner in a Bayport sawmill. He owned a logging business in St. Croix Falls and a sawmill at Arcola. At one time he was in charge of the St. Croix boom.* He once had to fight off a mob attacking a warehouse where he was working, then watch through the night be-

* A line of floating timbers and the sawlogs the timbers enclosed.



Steamboats docked at the Lower Landing (now Lambert's Landing) in 1859. In 1855, St. Paul Fire and Marine took in \$80.47 in marine insurance premiums on cargo; later the company began insuring the boats themselves. When an Iowa agent once asked what "Marine" meant in the company's name, he was told "anything that moved." Minnesota Historical Society photo.

side the body of the warehouse owner. He was president of the Territorial council and a member of the Territorial and state legislatures. He served during the Civil War as a lieutenant, then captain, in the Second Minnesota Infantry Regiment.

Lorenzo A. Babcock, yet another lawyer, was the Territory's first attorney general. He practiced law in a log cabin in St. Paul in 1849 and 1850. As a Territorial legislator, he represented Ramsey County in 1852; later he lived for a time in Sauk Rapids before moving back to St. Paul in 1857. He was secretary of the Constitutional Convention as Minnesota prepared for statehood.

The incorporators met throughout the winter of 1853 in rooms Wilkin occupied above Charles Fillmore's store in John Farrington's building. Wilkin, then in his third term as secretary of the Territory, was unanimously elected president; Murray, vice president, and George Farrington, secretary. Parker, although not an incorporator, was named treasurer. One of the early entries in an old account book lists some meeting expenses: office stove, \$5.25; lamps, \$5; oil for lamps, \$1.25.

In the first step toward organizing Fire and Marine, William Pitt Murray wrote out a bill of incorporation (the only handwritten bill that session) and George Farrington introduced it in the 1853 session of the fourth Territorial legislature. The

bill passed and was signed by Governor Ramsey on March 5, 1853, the date on which the company attained its corporate existence. It wasn't easily won. The Territorial legislature, in those middle years of the 1850s, was ferociously partisan. Sixty-four ballots were cast to elect a speaker acceptable to both Whigs (soon to be Republicans) and Democrats. The struggle may have affected the vote to incorporate Fire and Marine. The bill barely passed, 9 to 8. Nevertheless, the state's first business corporation had been launched.

Why marine insurance by a company in a mid-continent land-locked region?

There was, however, a slight problem. The bill was so casually drafted that for the first twelve years of the corporation's life, great confusion reigned over its name. Farrington's bill listed it as the St. Paul Mutual Insurance Company, perhaps because the company originally was to operate on both a "mutual" basis, where policyholders would share in profits and losses, if any, and a "stock" basis where they would not. Besides that, in the body of the Act, "St." was spelled out as "Saint," and the "and" was missing from the company name. Later the name was amended to "St. Paul Fire and Ma-

rine Insurance Company." Ronald M. Hubbs, the retired chairman of The St. Paul Companies, noted in a short history he wrote in 1988 for *Ramsey County History* that in all subsequent proceedings that was the name used. The confusion can be laid at the door of Joseph R. Brown, chief clerk of the legislature's House of Representatives, who evidently neglected to make the needed corrections in the body of the bill. As Hubbs observed, "It must have been one of Joe Brown's difficult days."

Brown had been chosen for the post because he seemed to have a better grip on legislative proceedings than anyone else. He was, Hubbs wrote, "a man of many vocations, among which were drummer boy and soldier, newspaper publisher, Territorial printer, fur trader, farmer, lumberman, justice of the peace, and legislator."

Company ads in 1853 stuck to the name "St. Paul Fire and Marine Insurance Company" but after that, "St. Paul Mutual Insurance Company" was used. The confusion was finally cleared up with the company's reorganization nine years later.

In 1854 the company established its headquarters in Wilkin's office on Third Street near Washington Street (coincidentally, two blocks away from the present and permanent location of the company's Home Office on land Wilkin once

owned). On February 1, 1854, Fire and Marine opened its cash book and prepared for business.

To satisfy legal requirements, capital was needed and the incorporators themselves undertook to provide it. Wilkin, Ames, Irvine, Borup, Sloan, Fillmore, Atwater, Ramsey, and the Farrington brothers each took out \$10,000 policies on their property, but their spurt of optimism was premature. Most of the property wasn't worth that much, and in fact, some of the men didn't even own as much property as they were insuring. The applications were rejected and resubmitted for

a more reasonable \$5,000 each.

According to its charter, the company would insure against loss or damage by fire only. It also would insure "all descriptions of boats and vessels" and their freight and cargoes "against the perils of marine and inland navigations."

Why marine insurance by a company in a mid-continent land-locked region? The Mississippi and its tributaries formed the Territory's lifeline. Furs carried on the squealing Red River carts that rumbled into downtown St. Paul were shipped out to the East Coast and to Europe. British troops fighting in the Crimea were supplied with some of those furs and with pemmican, a high energy frontier food made of dried buffalo meat mixed with tallow and, sometimes, wild berries.

Risk-taking was circumscribed early. Among the limitations: no one could insure property for more than two-thirds of its value. Rates for five-year policies ranged from 3/4 of a percent to 3 percent and more for each \$100.

The first policy issued, on February 11, 1854, was a mutual policy purchased by Robert A. Smith, Territorial librarian and Governor Willis A. Gorman's private secretary. Smith paid \$5 in cash and offered a \$10 note for an \$800 policy covering his home and furniture. Gorman bought the company's first stock policy, insuring the newly-built Territorial Capitol, its furniture and government goods for \$2,000. Other early policyholders included Ramsey and Wilkin, but also Central Presbyterian Church and such early settlers and business leaders as E. S. Goodrich, John S. Prince, Judge Moses Sherburne, Franklin Steele, A. M. Fridley, and Otto Ferber.

Things seemed to be going well. In the first year of operation, the company took in \$300 in fire insurance and \$80.40 in marine insurance premiums. Agents were appointed: Isaac Atwater at St. Anthony; S.J.R. McMillan at Stillwater; and Charles E. Flandrau, who would become an associate justice of the Minnesota Supreme Court, at St. Peter. A letter from President Wilkin informed the men that an agent . . .

. . . 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. [He is] especially cautioned against the system of falsehood, misrepresentation and imposition, practiced by many insurance agents. Nothing of the kind will be allowed by agents of this Company.

In the meantime, St. Paul's City Council was taking a hard look at the principal cause of policy payouts—the fires that broke out with dismaying frequency in a town built essentially of flimsy frame structures. The glamorous, luxurious Sintomine Hotel, planned as a St. Paul showcase, burned down on a chilly November night in 1854, before it even had opened. In response, the Pioneer Hook and Ladder Company was organized, chiefly with money from the citizenry to pay for ladders, buckets, ropes, and axes. Fire and Marine contributed \$25; the City Council generously gave up \$200.

Seemingly reluctant to put any money into a well-organized fire department, the Council finally bowed to the inevitable and authorized a \$3,000 bond issue for the purpose of purchasing a fire engine. It also instructed the city surveyor to estimate the cost of installing three reservoirs.

The next year Fire and Marine suffered its first fire loss. A blaze that started

on April 22, 1855, in a St. Anthony bakery spread to an adjacent row of offices and destroyed everything in its path. The loss was estimated at \$3,000. In paying promptly, the company set the standard it would follow when confronted with the two great fires in American history: Chicago and San Francisco.

The *Daily Minnesotian* observed that:

In these ticklish times for insurance companies and insurers, it is gratifying to be able to note the prompt payment of any fire losses. Our readers will recollect the fire sometime since in St. Anthony . . . It was the first loss [Fire and Marine] had met with since its charter; and though sixty days is allowed by law in which to make a payment . . . the Company waived their privilege of delay and promptly paid over the amount of damage. This looks as if the Company had a substantial and healthy basis.

When the company's first year closed, \$1,170.08 had been taken in; by the autumn of 1859, 209 policies had been recorded. Start-up costs had been recouped and other bills paid, all the way from newspaper advertising to ice for the office.

Then a slow-down set in. The company had been successful thus far despite the unstable times in which it had been cast. The 1850s in America was a turbulent era, a time of great but unsettling in-



One of these buildings at the corner of Third and Jackson Streets housed the company's office after its reorganization in 1865. Minnesota Historical Society photo.

THE
SAINT PAUL
Fire and Marine Insurance Company,
OF THE CITY OF SAINT PAUL, MINN.

BY THIS POLICY OF INSURANCE,

In Consideration of Five Dollars,
 To them paid by the insured hereinafter named, the receipt whereof is hereby acknowledged, DO INSURE

AGAINST LOSS OR DAMAGE BY FIRE, TO THE AMOUNT OF

Five Hundred Dollars

*On this Book Binding Machines, Presses, Locks
 and Materials contained in the back room
 of the Second story of the two story Stone Building
 with metal roof Situate on the north side
 of 3^d Street between Cedar and Kataebaw
 Streets Saint Paul*

— Reference to Application —
 and Survey No 13 on file as forming the basis
 of this Insurance and a warranty on the part
 of the assured

Against all such Immediate Loss or Damage, as may occur by Fire to the property specified, not exceeding the sum insured, nor the interest of the insured in the property, EXCEPT as hereafter provided; from the Twentieth
 day of May Eighteen Hundred and Sixty five at 12 o'clock noon to the Twentieth
 day of May Eighteen Hundred and Sixty five at 12 o'clock noon, to be paid in sixty days after the proof
 required by this Company shall have been received at the office of the Company in Saint Paul, and the loss shall have been satisfactorily
 ascertained and proved, as required by the provisions of this policy.

1 But this Company shall not be held liable by virtue of this Policy or any renewal thereof till the actual payment of the premium, nor for loss caused by lightning, fire, explosion, riot, strike, civil commotion, military or usurped power, nor for loss caused by lightning or explosion of any kind unless fire ensues, and then for the loss or damage by fire 2
 2 only: nor for any loss or damage caused by accident to any all practicable means to save and preserve the property from damage at and after the fire: nor unless by special 3
 4 consent in writing as the Policy where sulphur, phosphorus, saltpetre, naphtha, benzole, camphene, turpentine, burning fluid, spirit gas, crude oil, or kerosene 5
 6 in all are deposited, stored or kept on the premises, without consent in writing, on this Policy: nor for loss arising from the use of open lights in barns or places where 7
 7 are made, or for fires in buildings unprovided with good and substantial stone or brick chimneys, or in consequence of any neglect or deviation from the laws or regulations 7

The earliest policy on file at the company. Dated May 20, 1865, it was issued to Ramaley and Giesen of St. Paul and provided \$500 coverage against fire loss. The premium was \$5 a year.

dustrial expansion; the areas of virgin soil farmers and planters had once found theirs for the taking were shrinking; unsurmountable conflicting interests were shaking North and South. Some of that turbulence was beginning to wash up against the outpost at the head of navigation on the upper Mississippi.

Looking back years later, J. Fletcher Williams described as appalling the "mad, crazy reckless spirit of speculation which characterized those times . . . 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."

Charles Parker, Fire and Marine's

treasurer, came to grief in 1855 when he suspended payment and assigned his property to his creditors. *The St. Paul Daily Pioneer* commented wryly:

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!

Perhaps because of this, but just as likely because they sensed the gathering economic storm, Fire and Marine's officers and directors decided, on November 10, 1856, "not to issue any more policies for the present." Despite a severe cash flow problem, accounts were settled,

some of them with money raised by selling the office furniture for \$103.50, and the books were closed. The company showed a net profit and a balance of \$83.47.

It was just in time. On August 24, 1857, the Ohio Life Insurance and Trust Company of New York failed, precipitating the memorable financial revulsion known to history as the Panic of 1857. All but three of St. Paul's banks collapsed. Mortgages were foreclosed, construction projects halted, and the money supply dried up. A barter system was established. Newspapers called for retrenchment as "an absolute necessity of the day." Panicked Easterners headed for home. Across the country, forty-seven mutual insurance companies closed, taking with them more than \$2 million of policyholders' money.

Wilkin may not have been in St. Paul when the speculation bubble burst. An inveterate traveler, he managed three trips to Europe between 1855 and 1858, and at a time when steam had barely replaced sail. A mystery surrounds his first trip. The Crimean War was raging when Wilkin left St. Paul in 1855. With his fascination with the military, he reportedly intended to visit Sebastopol for "a look at the field of war operations by the Allies." Letters home refer repeatedly to plans to travel to the Crimea, but no letter exists confirming that he actually reached the war zone. Williams was convinced that he had. Some years later, he wrote:

During the Crimean War, Captain Wilkin, incited by his taste for military life and the study of military science, visited Europe and made quite a tour of inspection among the camps of the Allied army, and also of the Russians, as well as fortifications of the latter in Sebastopol. The experience which he gained by his study of the organizations and peculiarities of the finest armies in Europe, was subsequently of great use to him and of value to his country.

Williams had the advantage of hindsight. His *History of the City of St. Paul to 1875* was written after Wilkin's illustrious Civil War record was in place. Given his interest in the military, it's not surprising that Wilkin was caught up in the great conflict. Captain of a company



The company's first Home Office building at Third and Jackson. This was the building with the steam gauge and speaking tubes. Minnesota Historical Society photo.

of the First Minnesota Infantry Regiment when he left St. Paul in 1861, soon a major in the Second Minnesota Infantry Regiment, he distinguished himself at the first Battle of Bull Run and the Battle of Mill Springs in Kentucky. Within a year he had risen to the rank of colonel of the Ninth Minnesota Infantry Regiment. After serving during the final days of the Dakota Conflict in 1862, the regiment was ordered south to eventually join General Samuel Sturgis's army on an ill-fated expedition into Mississippi. Wilkin led the regiment during a hazardous sixty-mile retreat after the Battle of Guntown in June, 1864. The following month he was in command of a brigade at the Battle of Tupelo. As he was placing two of his regiments in position against the Confederate forces, he was shot through the heart. He was the highest ranking officer from Minnesota to lose his life in the war. A statue of the "Little Captain" was placed in the rotunda of the state Capitol in 1910.

Fire and Marine's long slumber ended in 1865, a month before Lee's surrender at Appomattox. In some respects the hiatus was a natural consequence of the national upheaval. Most of Fire and Marine's founders were away from St. Paul serving in the Civil War and there was no money to speak of in the state. But although the

company had been inactive for nine years, its charter remained intact and it was time for a fresh start. Three of the original incorporators were on hand to help with a reorganization —William Pitt Murray and John and George Farrington.

On March 2, 1865, the legislature amended the incorporation Act of 1853, struck the word "Mutual" from the original Act, firmly establishing the company as the St. Paul Fire and Marine Insurance Company, and made it a stock company only. It was an auspicious year to begin again. Minnesota had been a state since 1858; there were 210 miles of railroad, and steamboats and railroads were landing immigrants by the thousands at the Lower Landing (now Lambert's Landing) at the foot of Jackson Street. They were part of two great movements in American history: the push westward by the native-born Americans and the immigration of millions of Europeans escaping from bitter conditions abroad. The state in the mid-1860s was on the verge of a thirty-year expansion during which its population would increase by more than a million.

On March 14, 1865, new directors named to fill vacancies caused by deaths or resignations adopted the legislature's amendment to the Act of 1853. Capital was set at \$800,000, at \$100 per share, but only \$15 a share was cash. The rest was

secured by notes or securities, with payment in thirty days. On April 5, 1865, the men who constituted the board of the reorganized St. Paul Fire and Marine Insurance Company met. Besides Murray and the Farrington brothers, they were David Day, John Nicols, John L. Merriam, John S. Prince, Horace Thompson, Peter Berkey, Elias F. Drake, William Lee, W. F. Davidson, and J. C. Burbank.

The directors needed a new president to take the place of Alexander Wilkin. They turned to James Crawford Burbank, one of the most colorful men in this signal period in Minnesota history. Burbank was born in Ludlow, Vermont, in 1822 and came to St. Paul in 1850. He had been a school teacher and a farmer but he thought the express business looked promising out on the frontier. Starting in 1851 with no capital whatsoever, he walked his route from St. Paul to Galena, Illinois, during the winters carrying express messages in his pockets; during the summers he traveled the Mississippi by steamboat, working his way as a clerk.

Progress was swift. He was awarded a contract to haul mail from St. Paul to Prairie du Chien, Wisconsin. He bought a wharf boat, moored it at the Upper Landing at the foot of Chestnut Street, and converted it into a general wholesale, retail, and commission store, advertising that he would handle everything from a harmonica to a steamboat engine and, eventually, a McCormick reaper. He introduced fresh oysters into Minnesota.



James Crawford Burbank in 1861. Kenneth M. Wright photo from the Minnesota Historical Society.

He organized the Northwestern Express Company, then the Minnesota Stage Company. Known by 1860 as Burbank, Blakely and Merriam, the firm monopolized the stage business in Minnesota with its 1,300 miles of staging and some 300 miles of pony routes. Burbank's transportation lines reached into Canada. He put steamboats on the Red River of the North to haul passengers and freight to Fort Garry, near what is now Winnipeg. As an agent for the Hudson Bay Company, he had the right connections to push Fire and Marine's business into a foreign country for the first time in its history. On November 3, 1866, the newspaper *The Nor'-Wester* announced the company's entrance into the Red River settlement, which at the time had neither a bank, nor a railroad, nor a telegraph office. Not even a lawyer. Even so, Burbank had sent a young man, R. C. Burdick, north to write fire insurance for that community of 300 souls. Burdick assured them through the newspaper that:

This is a bona fide company, the Directors and Stockholders of which are many of them personally known to the settlers and business men of Red River, as men of first class business capacity, and well known integrity, who would not willingly or knowingly embark in an fictitious or humbug enterprise.

Burbank was a part-time president until 1867. On July 7, 1867, the company paid its first dividend—\$1.50 a share. That year Burbank became its full-time president. His salary was \$3,000 a year. He was particularly well-connected in St. Paul to other men who played leading roles in the history Burbank helped make. His brother, H. C. Burbank, ran the Burbank enterprises in the St. Cloud region; his sister married John L. Merriam and their son, William R. Merriam, became governor of Minnesota; his cousin, Amherst H. Wilder, joined the company in 1859 and made the fortune he and his family left to charity as a major Fire and Marine stockholder, as well as a partner in Burbank's many other ventures.

Burbank threw himself into the job of building Fire and Marine. In 1869 the company spent \$22,000 for land at the corner of Jackson and Third Streets and erected its first Home Office building

there in 1870 at a cost of \$66,000. It was a massive four-story brick structure with its basement tucked into the bluff that sloped down to the river. The first three floors and basement were built of blue limestone elaborately trimmed. The fourth floor with its mansard roof was slate and iron. And it was "entirely fire proof." 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.

During his presidency, Burbank expanded company operations into twenty-nine states and Canada, beginning with Missouri in 1869. The St. Paul, as the company would be known from then on, began to insure the cargoes of river craft. In 1871 the directors approved the writing of insurance on steamboat hulls—the same year Lloyds of London was organized in its present form.

Burbank remained active until his death in 1876 at the age of fifty-four. He was the first president of the St. Paul Chamber of Commerce; he was president of the Minnesota Telegraph Company; it

was largely his capital that started the St. Paul and Sioux City Railroad. He perhaps is best-remembered as the man who in 1863 built the Italian villa on Summit Avenue that is known today as the Burbank-Livingston-Griggs House. Listed on the National Register of Historic Places, the two-story mansion with attic, basement, and stables cost Burbank \$22,000. Williams said of him:

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 still had five vital years ahead of him as president of The St. Paul when Charles H. Bigelow was elected secretary and part-time bookkeeper of the firm in 1871. Bigelow was just in time to help the struggling company face its first major crisis: massive losses stemming from the Great Chicago Fire of October 8, 1871, one of the worst fires in the history of the world.

While revisionist historians have discounted the folklore of Mrs. O'Leary and

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.

<i>Names</i>	<i>Amount</i>	<i>Names</i>	<i>Amount</i>
<i>Devenant Winslow</i>	<i>5000</i>	<i>Wheeler & Co</i>	<i>5000</i>
<i>Wilke & Co</i>	<i>5000</i>	<i>Rice & Thompson</i>	<i>1500</i>
<i>Schwab & Quaid</i>	<i>2500</i>	<i>Wiss & Co</i>	<i>5000</i>
<i>Burley & Co</i>	<i>10000</i>	<i>Martin & Co</i>	<i>2500</i>
<i>Wells & Co</i>	<i>3341.50</i>	<i>Doggett & Bassett</i>	<i>2000</i>
<i>Callaghan & Co</i>	<i>3000</i>	<i>Thompson & Co</i>	<i>5000</i>
<i>Wheeler & Co</i>	<i>5000</i>	<i>Henry & Co</i>	<i>3000</i>
<i>Butler & Co</i>	<i>2500</i>	<i>Wheeler & Co</i>	<i>1844.50</i>
<i>Danahy & Co</i>	<i>2947.50</i>	<i>John & Co</i>	<i>1200</i>
<i>H. & Co</i>	<i>2500</i>	<i>Wheeler & Co</i>	<i>1000</i>

Testimonial from grateful policyholders whose claims were paid in full after the Great Chicago Fire of 1871.

her restless cow, it's unquestionably true that Chicago was a disaster awaiting its place in history. The summer of 1871 was hot and unusually dry. By early fall the city's 340,000 residents had begun to realize the threat fire posed for their city of thousands of wood buildings, bridges, sidewalks, and streets lying parched in the sun. Twenty-seven fires broke out during the first week of October, exhausting the city's firefighters and damaging equipment.

On the evening of October 8, a fire started in a shed belonging to Patrick O'Leary and his wife, whose cow, so the story goes, had kicked over a lantern. One mishap after another haunted this tragedy. The fire was spotted early but the alarm went to the wrong station, while a nearby engine company stood idle until too late to be of much help. Within two hours, the fire had burned out of control, leaving a state of panic behind it. Entire city blocks crumbled. More than three square miles with 17,450 buildings were destroyed, 275 people died, and some 90,000 people were homeless. Damage was estimated at \$196 million.

The St. Paul had begun writing insurance in Illinois a year earlier and its losses added up to \$140,000, more than 165 percent of all premiums the company had collected the previous year. At a hurriedly called special meeting, the company's directors, perhaps mindful of the St. Anthony bakery fire in 1855, voted unanimously "to pay its losses in Chicago promptly." Burbank and Bigelow left for Chicago to personally supervise the claim settlements which were paid in full. Thus The St. Paul joined the prestigious ranks of firms known as "sound" insurance companies, with the benefits that would bring. As Burbank, with the prescience of a good businessman, explained in a letter to a shareholder:

A prompt response to these calls will enable the officers to place the St. Paul Fire and Marine in the front rank, and second to no company in the country. Many companies are bankrupt, and others will struggle along for a short time but soon be compelled to suspend, resulting to us in a largely increased business at PAYING RATES, which in a few years will return to us with

fair profits the money now called for, and make our Company a permanent and enviable reputation.

In all, 201 insurance companies and one foreign company suffered losses; some eighty paid as little as four cents on the dollar; and fifty went out of business entirely.

Fire and Marine absorbed the loss, but at the expense of a steep drop to \$167,750 in company assets. Bigelow, fearing that another reorganization loomed, took over the task of raising the money to keep the company going. Policyholders were no longer allowed to pay their premiums on the installment plan. The company needed all the money it could find. Assessments—\$10 at first, another \$5 later—were levied on every share of stock. No dividends were paid that year, for the first and only time in the company's history. These measures returned the company's cash capital to \$400,000. A little more than a year later, Fire and Marine was strong enough to pay out \$20,000 in claims after the Boston fire of 1872 wiped out some six acres of the business district. The fire broke out just two weeks after the company began selling insurance there.

The Spectator, an insurance trade publication, reported the company's assets as \$532,629, with only \$5,000 in loss liability, and commented that:

In truth, few of the large fire companies present a cleaner balance sheet or one so free from dubious features. The St. Paul is doing an active business in a legitimate, careful manner and deserves the confidence so generally accorded by the insuring public. It is a credit to the city and a very useful institution to the public at large and to perplexed property-owners in particular.

With Charles H. Bigelow's selection as Fire and Marine's third president after Burbank's death in 1876, the Bigelow era in The St. Paul's history was launched. It would span seventy-five years. Bigelow was an eminently logical choice to head Fire and Marine. Not quite thirty years old when he arrived in St. Paul in 1864, he brought with him more than ten years of solid business experience back home in New York state.



Charles H. Bigelow.

Bigelow was born in 1835 in Easton, New York, the son of Anson Bigelow, whose English forebears settled in Massachusetts in the seventeenth century, and Eliza Moores, whose first ancestor in America arrived on the "Mayflower."

"In his veins flowed the blood of the rigid Puritan and the pious Pilgrim," a memorialist would write of him on his death in 1911. When he was seventeen and unhappy with the prospect of farming as an occupation, he journeyed to nearby Troy and went to work first for dry goods merchants Gunnison and Stewart, then for Earl & Wilson, manufacturers of "E & W" shirts and collars. At the age of twenty-one, he became a partner in Maulin & Bigelow, another collar manufacturer.

Bigelow married while in Troy and, in a gesture that was typical of his time, bought a house for his bride, then remodeled and furnished it without consulting her. However, finding it awaiting her at the end of their wedding trip, Alida Bigelow found it enchanting. She described it years later:

As we came to the house we found it all lighted up, and a little Irish maid opened the door. I wish I could put into words my impressions received at that open door. The soft lights, the furniture in perfect taste, the lovely carpets, the piano, the writing desk, the lace curtains and last of all the dining



Charles H. Bigelow at his desk in 1864, with company directors Amherst H. Wilder (left) and Captain Peter Berkey (right).

room paneled in green and oak, a table spread for two and a dainty supper waiting. I had known of the house, but the extensive alterations, and of real elegance, for the times, were to me a complete surprise.

In Troy Bigelow contracted diphtheria, an illness that left him with lifelong health problems and changed his life, as did another event that hastened that change and foreshadowed his future career. A raging fire in Troy in 1862 destroyed 300 homes, including the Bigelows'. "We found only a heap of ashes, the location recognizable by the stone steps," Alida Bigelow wrote later. "Every keepsake and souvenir of my girlhood days and our earliest married life was lost."

Bigelow sold his share of his business to George O. Cluett and Brothers, a firm that eventually became Cluett and Peabody, a famous shirt manufacturing company. He had been advised to move on to "salubrious" Minnesota, the "Mecca for invalids from all parts of the country." After exploring business possibilities in the Chicago area and forming a partnership with his brother in the lumber business, Bigelow, his wife, their three-year-old Emma and their baby George pressed on to Minnesota. The journey by rail to La Crosse, then by horse-drawn

sleigh to St. Paul in the dead of winter was arduous. As Alida Bigelow described it:

The horses were changed every fifteen miles and while the change was made we could get out and stretch our tired limbs . . . It was a dark cold winter night when we entered the International Hotel (on the northeast corner of Jackson and Fourth Streets).

As did Alexander Wilkin and James C. Burbank before him, Bigelow entered fully into the life of his adopted city. With

Hail policies didn't leave any room for sentiment.

several partners, he bought out an agricultural warehouse and the agricultural department of hardware dealers Cheritree and Farwell and formed a company to sell agricultural implements. When it merged later into the St. Paul Harvester Works, he drove the first self-binder Harvester put into the field. He built a house on College Avenue, near the site today of the Minnesota History Center, where he lived until his final move, to a house he built

in 1909 at 485 Portland Avenue.

He became a director of the St. Paul and Sioux City Railroad that Egberg and Horace Thompson, J. C. and Henry Burbank, Amherst H. Wilder, John L. Merriam, Elias Drake and others were building. His daughter Emma would marry Drake's son Harry. Bigelow's first years as Fire and Marine's president were difficult. St. Paul and the country were recovering from still another frightening economic crisis, the Panic of 1873, set off by the failure of Eastern financier Jay Cooke whose company had invested heavily in Northern Pacific Railway stock. In the five-year depression that followed, 3 million were unemployed and business failures totaled \$500 million.

Early in his presidency, Bigelow gloomily surveyed the "unfavorable and demoralized" state of the insurance industry, depressed by the Chicago fire. Intense competition for business was leading to an insurance price war, he told his directors. He pointed out that the company couldn't operate profitably if it followed the industry in offering extremely low rates. On the other hand, if The St. Paul's rates were higher than those of others, it would be hard-pressed to remain in business.

Bigelow, in his careful judgment, favored the low rates; he counseled extreme caution in selection of risks, and he recommended dropping unprofitable agencies. The directors accepted his proposals, and the company survived.

Under Bigelow's guidance, The St. Paul moved into an innovative expansion of its products. The board of directors approved the writing of cyclone insurance in 1882. In a bold step in 1883, Fire and Marine became the first American stock company to offer hail insurance on growing crops, and to profit from it. Hail insurance wasn't new; profiting from it was. Bigelow's eye was caught by some German hail insurance policies an employee had brought into the office. W. J. Sonnen, who worked for the company from 1877 to 1927 and eventually became manager of the company's Chicago office, described in a memoir his own part in producing a hail policy:

It happened like this: Many letters came to [the company's] farm department written in

German. I was the only one in the small [office] force who could read, write, and translate them. About this time our special agent for Minnesota, W. C. Bredenhagen, brought to the office some hail contracts issued by the German government, and to familiarize myself with insurance terms and expressions I translated part of one policy. Mr. Bigelow saw it, became interested and had me complete it. Later, when we entered the field of hail insurance, many of the clauses and terms used in the German policies were copied verbatim.

Bigelow's interest in hail coverage led him to talk with German insurers during a trip to Europe, and when he returned home he announced that Fire and Marine would issue its own policies, the first designed just for farmers. Premiums of \$823.35 were paid during the first year, but within five years income from crop-hail insurance had jumped to more than \$150,000. Bigelow seems to have viewed this with mixed feelings, however. Looking back in 1900 he wrote:

We have pursued [the crop-hail business] for many years with indifferent success and will probably continue it. Farmers need the insurance very much, and we are willing to assume the responsibility where we can be of so much benefit to them.

Hail policies didn't allow any room for sentiment. In 1903 a policy provided that in the event of a loss requiring an appraiser ". . . the assured shall select one who shall not be a neighbor having hail insurance." The company continued to offer coverage until 1981. Known as a "percentage policy," it was the principal form of hail insurance offered throughout the country.

Sonnen left behind an interesting description of life at the office near the end of the nineteenth century. "Fifty years ago," he wrote in 1927, "the Home Office was in the old stone building on the southwest corner of Third and Jackson Streets where a part of the second floor furnished enough room for its needs."

Other tenants were a bank, offices, and on the top floor "the then famous Bryant & Stratton Business College from which I had just graduated." All policies, reports, entries, and letters were written

by hand and "everything had to be copied three times as we had no carbon paper," Sonnen recalled. "When the 'Typewriting Machine' came on it was a curiosity and at first was used only for correspondence by company officials. Similarly, the first telephone was a marvel of the time. Think of talking to anyone in the city limits who had a similar installation without leaving the office."

The office staff was small, Sonnen remembered. John McClure was the entire Marine department and R. A. Overpeck the Farm department. C. B. Gilbert, later company secretary, did the mapping—nine sheets only for the city of St. Paul. W. S. Timberlake was company treasurer and cashier, W. G. Strickland the "man on the street." As Sonnen noted,

Those were the days before electric streetcars, or even bicycles. Nearly everyone rode to the office either on horseback or in the high wheeled buggy of the time. Our President came in his carriage with coachman, which was in keeping with his position.

His own duties, Sonnen recalled, "did not seem too many, but I entered and filed all daily reports, made out all expiration notices, all the classification figures, figured the reinsurance reserve and managed to be through at the usual closing time at 5 o'clock; Saturdays at 3." Office hours began at 8:30 a.m.

There seems to have been a dress code:

During those days no professional gentleman would appear in the afternoons without a high hat, long tail coat, gloves, etc., and we of the ordinary force felt a thrill of pride when our officers came in after dinner properly appareled. At noon no gentleman was expected to go home, have dinner with his family, change his clothes, and be back in less than an hour and a half.

Bigelow was a commanding taskmaster, strong, forceful and possessed of great integrity. Carl B. Drake, Jr., his great grandson who in his time would also head the company, remembered that his family knew him as,

. . . a very precise person who lived a very precise schedule that he timed with his gold

watch. He left for his office at precisely the same time every morning; every noon he was picked up by his horse and carriage at 11:45; after a light lunch, he napped for exactly 29½ minutes before returning to the office.

In 1886 Bigelow wrote an anguished letter to his board of directors:

I have served the Company during 15 of the best years of my life for a salary which has about half supported my family. I believe that the same effort made and responsibility taken in almost any mercantile business would have brought me many times the income. During [this] time, I have had a number of offers of \$10,000 salary and also of business connections with some of the best houses in St. Paul, but my pride has been to make this Company a complete success, which I think has been done, and I have declined all offers for that reason.

He then summarized The St. Paul's growth during the past fifteen years: investments increasing to \$1 million; income up from \$113,000 in 1870 to \$755,653 in 1885, \$140,000 of that in 1885 alone; a net surplus from *nothing*, he emphasized, to \$291,711, besides 10 percent dividends; and he underlined an official ten-year report noting that *no company doing an agency business in the U. S. shows so low [a] ratio of expense to income*. Rather bleakly he explained that:

The position I hold, as such, brings no opportunity for making anything beyond my salary. I understand that \$10,000 is considered a minimum salary for [a] like position [in the East]. I cannot continue for the pay I have been getting but desire \$7,500. It will be remembered that I voluntarily reduced my salary 20 percent for a number of years (after it had been raised to \$5,000) when the results of the business seemed to require it.

Bigelow got his raise.

Policies during his time represent an arcane art, as Ronald M. Hubbs pointed out in his 1988 article for this publication. "A farm policy of 1887," he wrote, "insisted in event of loss that the assured deliver sworn proof, affidavits of 'two disinterested and respectable men', [a]

certificate of the nearest magistrate and a swearing all around that the assured had been without 'evil practice'."

A policy would exclude a fire loss "if you kept without the company's permission any quantity of fireworks, phosphorus, saltpeter, turpentine, spirit gas, crude coal or earth oils of petroleum."

As for smoking, the company made known its opinion in three sentences:

Back in St. Paul, Bigelow watched in horror as the area of disaster was mapped on a wall in the company's office.

"We are advised after inspection, that [the owners] permit their employees to smoke in their store during business hours. We cannot permit this. 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."

After electricity burst upon the city, a new hazard lay heavily upon what seems to have been a relatively innocent age. An 1894 circular warned agents that, "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 . . ."

Company correspondence sometimes yielded interesting reading. One was a lesson in brevity: "Replying to yours of the 3rd instant, we would answer for your first inquiry—No—and this is the complete answer to the rest of them."

Fire and Marine weathered difficult times again when the Panic of 1893, touched off by the failure of the Philadelphia and Reading Railroad, ushered in a four-year depression. Thousands of businesses, including a quarter of the nation's railroads, went bankrupt. There were riots in Chicago. Coxey's army of 500 desperate, jobless men marched on Washington petitioning—unsuccessfully, as it turned out—for a multi-million dollar public works pro-

gram. Nearly 100 insurance companies were forced to close their doors, but The St. Paul continued to prosper.

By the turn-of-the-century, the company's premiums were running more than \$1.8 million a year; assets were \$2.6 million. For the thirty years ending in 1901, the company had shown an interest income of 6.78 percent and an insurance underwriting profit of 4.6 per-

cent. In May, 1897, the company's charter was revised to include insurance against hail, tornado, cyclone, and wind storm losses.

Then came the great disaster that would virtually wipe out all the painstakingly acquired surplus of the past decades. On April 18, 1906, in the early hours of a calm, clear morning, residents of San Francisco were shaken out of bed by a violent tremor and a frightening roar. Damage from the earthquake itself wasn't extensive. Buildings jarred loose were poorly built to begin with, but the reality of an engineer's report months

earlier to the National Board of Fire Underwriters was brought home. Ninety percent of the city's buildings were ramshackle wooden firetraps. San Francisco, the report declared, "violated all underwriting traditions and precedents by not burning up. The Fire Department cannot be relied upon indefinitely to stave off the inevitable."

The extent of the catastrophe quickly became apparent. The quake had severed water mains; gas lines developed leaks; broken electric poles snapped lines that sparked and ignited fires. Toppled chimneys still burning from breakfast fires set off other fires. When fire fighters rushed to the scene, they found they had no water. The city was cut off from the world. No telephone, telegraph, railroad, or ferry service was operating.

As the fires spread, two heroic Fire and Marine employees, Ed Prunk and Phil Heuer, somehow kept ahead of them. Arriving early at the company's office the morning of the earthquake, they rescued vital records and maps, moving three times, each time one jump ahead of the flames, then learned that their latest sanctuary was about to be dynamited. Two more moves and three days later they reached Oakland, the records intact, and set up a table to begin processing payments.

Back in St. Paul, Bigelow watched in



San Francisco on April 23, 1906, looking east on California Street from Powell Street.

horror as the area of disaster was mapped on a wall in the company's office. Others present remembered that tears filled his eyes. With great effort he had raised the company to financial health from near ruin. It had required all of the thirty-five years since 1871, the year of the Chicago fire, to build a million-dollar surplus for the company. Nearly all of that would be needed to meet this new obligation.

The losses were so enormous that no one ever has been able to do more than guess at the total. Some estimates reached \$1 billion. Five square miles in the heart of the city, 520 city blocks, 28,000 buildings; and more than \$350 million in property were destroyed; 452 people died. Fire insurance losses alone stood at \$164 million; The St. Paul's were \$1,267,000.

Once again the company immediately determined to pay all claims promptly and in full. Only five days after the disaster, Fire and Marine sent the following letter of assurance to its agents:

We have delayed notifying you of our loss in San Francisco until definite advice was received as to the boundaries of the fire area. We are now assured that our loss will approximate One Million Dollars. It may run a little above that, but we know that our surplus, after providing for this enormous loss, will be not less than THREE HUNDRED THOUSAND DOLLARS . . . We assure you that the St. Paul will not only pay in full but will continue business with the substantial surplus above stated, and be prepared in the future as in the past to meet every claim presented promptly.

The St. Paul was standing with thirty-one other insurance companies in rejecting a proposal to pay only 75 percent of a policy's value. At that point Fire and Marine became known as a "dollar for dollar" company, and business poured in. The net surplus by the end of the year stood at \$869,000, a drop of about half-a-million.

Sometime before the San Francisco earthquake, Fire and Marine's directors had purchased land on the corner of Fifth and Washington Streets, and work began on a new Home Office building there in the fall of 1906. The \$175,000 gray gran-



The second Home Office building as it looked shortly after it was completed in 1909 at Fifth and Washington, a site the company still occupies today. "The temple," as it was sometimes affectionately labeled, stands on land once owned by Alexander Wilkin.

ite structure with its classic simplicity was as much a symbol of the new century as the ornate 1871 building had been of the old. With its marble entrance flanked by two columns, it sometimes was affectionately referred to as "the temple." The company moved in on January 5, 1909.

In June, 1906, Charles H. Bigelow underwent a serious operation and he never fully recovered. He died on July 31, 1911. His friends and employees knew him as a reserved man, more so at work than at home. Gardening was a pleasure. He once built a washing machine for his wife, and he knew how to stitch a seam. He loved travel for himself and his family. House of Hope Presbyterian Church was an important focus for his life, and he was a committed supporter.

In leading Fire and Marine through its formative years, Bigelow displayed determination and courage. He had guided it carefully and wisely through two of the great catastrophes in American history, and he built its assets from half-a-million to more than \$7 million. Premiums in 1906, his last active year, had reached \$3.6 million

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Frederic Russell Bigelow, the fourth of Charles and Alida Bigelow's six children, succeeded his father as president of Fire and Marine after his death in 1911, but he actually had been in charge of the company during his father's five declining years.

He was a forceful, compassionate, colorful, dynamic, blustery, sometimes impulsive man. A. B. Jackson, one of his successors as president, one described him as,

... one of those rugged individuals who was so typical in the development of the Northwest. He had tremendous energy, a great sense of humor under a rather blunt appearance, an interest in new things and progress, and an ability to get at the roots of a problem that was almost uncanny. [We] learned early that any material presented for his consideration had to be factual and complete. If not, he was too likely to destroy it entirely with one penetrating observation.

Always fascinated by his father's stories of marine disasters, Frederic Bigelow



The marble statue of "Mercury," purchased by Frederic Bigelow to celebrate establishment of the St. Paul Mercury Insurance Company in 1925, in the place of honor it occupied in the lobby of the old Home Office building.

apparently never considered any other career. He was born in St. Paul in 1870. An evidently spirited, boisterous child, he was responsible for a family disaster that mirrored the calamity visited upon his parents back in Troy. At the age of five he was playing with matches in a closet in the Bigelow home on College Avenue and accidentally sent clothing on fire. The house burned to the ground. While his family sheltered in temporary quarters, Charles Bigelow rebuilt it on the same site.

Frederic Bigelow joined Fire and Marine in 1891 after graduating from Williams College in Massachusetts where he was a star athlete. Like nearly all of the presidents who would succeed him, Bigelow started at the bottom. As the story goes, his father brought him to the office one day and turned him over to the chief clerk who set him to slitting open the mail. His advancement was swift. By the end of the day, he had moved on to addressing and stuffing a mailing to the company's 2,000 agents, without benefit of typewriter, carbon paper, or copying machine. He finished the job two weeks later.

He became a clerk next, then bookkeeper, later secretary in charge of the

Marine department. He roamed the territories covered by the company's agents. He became assistant secretary and vice president. When his father died, he was ready to lead the company.

Early in F. R. Bigelow's administration a pension fund was established for its 125 employees. The company had hired its first "female employee," Jane H. Perry, in 1905, when she was thirty-seven. Born in Ballemoney, Ireland, she worked for the company for the next thirty-four years, primarily as F. R. Bigelow's secretary, before retiring in 1939.

Automobile liability insurance was added to the company charter around 1900 to "insure against any loss or hazard incident to the ownership or operation of motor or other vehicles." The company, however, was mindful of the fire hazard and advised motorists that,

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 perils are not always to be avoided, even by the most careful driving.

Insurance was needed, an early circular declared, "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."

The outbreak of World War I in Europe affected Fire and Marine directly through its ocean marine insurance, even though America would not be drawn into the conflict for another three years. Between 1914 and 1918 the company made payments totaling more than \$4 million on 260 vessels damaged or destroyed in submarine warfare or other action. For one hectic week when German Zeppelins began to bomb London, the company wrote policies insuring against damage from the raids. The St. Paul was the only insurer to do so, since British companies weren't chartered to write that type of insurance. Although the British government soon stepped in with rates half those of Fire and Marine's, the company continued a modest business in London.

With the United States' entry into the war in 1917, fifty company employees volunteered or were drafted into service. At home, women coped with food shortages and signed on with the Red Cross to knit one pair of socks each week for ten weeks.

Frederic Bigelow already had experienced firsthand the perils of warfare. Carl B. Drake, Jr., his great nephew, remembered the story this forceful, dynamic,



Frederic R. Bigelow



An early ad for auto insurance. The St. Paul is thought to be the second insurer in the United States to offer such coverage.



Auto insurance brochure, published in 1913.

sometimes impetuous man told of how he extricated his family from Europe at the beginning of the war in 1914:

He had suggested before the outbreak of war that his wife and their two teen-age daughters spend a year studying languages in Italy and France. When the war started, he was concerned about their safety. He tried locating them through the state department, but he heard nothing. So he finally decided to go over to Europe, find them himself, and take them to one of the ports of exit the U. S. embassy had set up. He withdrew several thousand dollars in gold, and he described later how he put on his money belt. He was a big, heavy-set man. He found his family in France, and he bribed his way out of the country with gold pieces in that money belt. They all reached an embarkation point where he put them on a boat and brought them home. They were among the last Americans to get out of Europe. It was a hair-raising experience.

The end of the war left European insurance companies so decimated by their crushing wartime losses that a group of American insurers met to discuss expanding their overseas markets. It was a time, as A. B. Jackson once observed, when there was a strong movement to "follow the flag with shipping, banking, and insurance." The companies decided to pool their interests and form the American Foreign Insurance Association (AFIA) with a membership of twenty companies and a combined capital of \$135 million. Fire and Marine was a charter member; Frederic Bigelow served on its first board of trustees. Through this association, The St. Paul began to operate all over the world.

AFIA members soon discovered that marketing insurance in foreign countries required considerable adaptation to language and cultural differences. One manager operating in India imposed a strict American work schedule, firing every worker who came to work late. When he found himself the last man in the office, he bowed to the inevitability of adopting Indian work hours.

The end of World War I ushered in "all risk" insurance. Fire and Marine had been an ocean marine insurer since 1876,

dealing with risks on the high seas, lakes, rivers, and harbors leading to losses of life, cargo, or property. The most ancient of all forms of insurance, the Chinese and the Rhodesians knew it thousands of years ago. The Lombards of Italy dominated it in the Middle Ages, while fire insurance originated in England after the Great Fire of London in 1666.

Until the early 1920s, Fire and Marine had dealt almost exclusively in natural disaster insurance. Now the liability field was expanding. Inland marine insurance, covering risks connected with transporting goods inland, but also insuring personal property, was just starting and Bigelow immediately pushed Fire and Marine into the field.

Laws at the time prevented "fire" and "marine" companies from writing liability insurance, so Bigelow led the company into incorporating the St. Paul Mercury Insurance Company in 1925 to write both disaster and liability insurance. The next year Mercury Indemnity Company was created as Fire and Marine's liability arm. To celebrate the additions, Bigelow bought a marble statue of Mercury and installed it in the lobby of the Home Office in St. Paul.

The company's first all-risk inland marine policy was the Jewelers' Block, sold in 1925 to insure jewelry in transit. It was an opening into coverage considerably more exotic than crop-hail insurance. The St. Paul found itself insuring some of the world's most precious stones. In 1935 the company insured the fabulous 726-carat Jonker diamond, the fourth largest in the world and valued at more than \$1 million. As Hubbs wrote in 1988:

Legend has it that heavy security was arranged for the Jonker diamond when it arrived in New York, but 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.

Coverage continued while the diamond was exhibited at the Natural History Museum in New York and at jewelry stores around the country. For a "Million



Jane Perry (far left), the company's first female employee, with some of other women who had joined The St. Paul's staff by 1921 when this photograph was taken.

Dollar Dinner" sponsored by jewelers as a promotion, all items on the menu were made of jewels. Fire and Marine insured them for \$1 million. It insured one of five authentic Stradivarius violas in the United States and a sapphire carving of President Lincoln weighing 1,318 carats and valued at \$300,000.

Not all such items were as glittery. A live chicken used in a movie premier was, its sign said, "insured for \$1,000" against death by lion bite, and The St. Paul provided the policy. It did so for a shipment of four elephants, two gibbons, fifty-two Mynah birds, one bear, five lemurs, 300 monkeys, and eleven pythons enroute from Bangkok to San Francisco. Such coverage wasn't new. In 1906 Fire and Marine had insured ten of King Edward VII's race horses while in transit to and from England, and during a three-month stay in Canada and the United States. On the more serious side, The St. Paul wrote a check for \$3.8 million during World War II when the nation's largest stockpile of crude rubber was destroyed by fire.

In 1929 F.R. Bigelow pioneered in drawing Fire and Marine into insuring aircraft after attending a meeting of a new or-

ganization, the United States Aircraft Insurance Group (USAIG). Walking into the crowded meeting in February of that year, he announced, "I like you boys and I hope that you will find a place in your group for The St. Paul." That spring an agreement was reached and the company became a member, responsible for insuring part of all USAIG business.

The 1920s and 1930s were difficult decades for Fire and Marine, and everyone else. Under the infamous O'Connor System, St. Paul became a haven for gangsters who were allowed to remain in town undisturbed, provided they refrained from their usual methods of raising money. Of course the system broke down. Prohibition had become law; not wildly popular, it was therefore widely flouted and led to bootlegging and other forms of gangster-controlled lawlessness.

Still, The St. Paul was doing well. In 1927 the company's net surplus was \$13.7 million; by 1928, almost \$15.5 million. That year the board of directors authorized construction of an addition to the Home Office at Fifth and Washington. After twenty years in its "temple," the company's 430 employees needed more space. On December 5, 1929, just

weeks after the Stock Market Crash on October 29, 1929, and with Fire and Marine's net surplus at \$18.9 million, the directors announced a special stock dividend of \$1.25 and a bonus of a month's salary for each employee.

The nation's faltering economy, however, gradually made itself felt in St. Paul as the 1930s and the Great Depression gathered steam. Millions lost their jobs and couldn't meet their mortgage payments; businesses folded; villages were bankrupt; insured buildings deteriorated; fraudulent claims rose; kidnappings flourished. Bank robberies were so widespread that bankers took to keeping their empty vaults open to discourage would-be Dillingers. Early in the lawless thirties, the London market refused to continue to underwrite bank bonds, so St. Paul Mercury Indemnity stepped in and became the underwriter for almost all the banks in the Midwest. Many of those banks were looted at least once during that decade. It was, as Carl Drake, Jr., observed, typical of The St. Paul to ender markets others had abandoned.

Fire and Marine weathered the storm. No employees were laid off, no salaries were cut, and stockholders never missed a dividend. Moreover, the directors managed to contribute \$79,000 to relief funds during the depths of the depression. Bigelow served on the board of the National Citizens' Committee for Welfare and Relief Mobilization.

Some of the company's sturdiness during this intensely troubled period can be attributed to a highly successful investment policy. Instead of loading its portfolio with high-return stocks, the company poured money into Class "B" securities which were chiefly municipal and railroad bonds yielding lower but safer dividends. When the Crash came, not one of these bonds collapsed. The policy reflected the wisdom of the experienced St. Paul businessmen who served on the company's board. In 1935 they included Bigelow himself, who also was a director of First National Bank of St. Paul; S. M. Archer, president of Archer-Daniels-Midland; Charles H. Bigelow, Jr., president of Farwell, Ozman, Kirk and Company, and F. R. Bigelow's older brother; Homer P. Clark, president of

West Publishing Company; Charles Donnelly, president of Northern Pacific Railway; and Watson Davidson and H. R. Irvine, lumber and real estate men.

In 1938 Frederic Bigelow decided to retire as president and become chairman of the board. When he assumed the presidency in 1911, company assets were around \$8 million, with premiums of almost \$5.6 million; when he retired, assets had grown to \$39.6 million, premiums were over \$12 million, and capital and surplus had reached \$27 million. For another eight years he would remain actively involved with the company and his much-loved community. He died on September 8, 1946, at the age of seventy-six.

Bigelow married twice. His first wife, Alice Fraser, whom he married in 1908, was born in Canada, graduated from McGill University there and from Radcliffe College in Massachusetts. They had three children. Five years after her death in 1927, he married Virginia Dousman, who had been a childhood sweetheart. Their marriage linked the Bigelow family with the earliest history of Minnesota and the Northwest. Her grandfather was the renowned Hercules Dousman who arrived at Prairie du Chien in 1826 to establish an American Fur Company post. He married Jane Rolette, whose son from a previous marriage was Joseph Jean Rolette, the colorful figure in early St. Paul history who stole the bill that would have transferred the state capital to St. Peter. Virginia Dousman's father was Hercules Dousman II; her mother, Nina Sturgis, the daughter of General Samuel Davis Sturgis, veteran of the Mexican War, the Civil War, and the Indian campaigns of the late nineteenth century, and the same General Sturgis whom Alexander Wilkin served under during the Battle of Guntown in 1864.

Frederic Bigelow was deeply committed to the city's welfare, as were the members of his family. He was one of the organizers in 1920 of the St. Paul Community Chest (now the United Way), served on its board until his death, and was president for a time. He was chairman of the St. Paul Board of Public Welfare; president of the Amherst H. Wilder Charity and a lifelong member of its board; he was a director of the St. Paul YMCA. He was chairman for ten

years of First National Bank's board, while also serving as Fire and Marine's president, a dual role the law permitted at that time. He was a director of the Ninth District Federal Reserve Bank. In 1941 he was named to the Distribution Committee of the just-established Saint Paul Foundation.

Education was one of Bigelow's vital interests. He helped his wife Alice establish Summit School. He followed his brother Charles as president of the Macalester College board of trustees, and someone once said, "It was worth going to a boardmeeting just to listen to the Bigelow brothers argue." Strongly opposed to ending a year in deficit, he would lock the door of the board room and refuse to let anyone leave until each trustee had contributed enough money to balance the budget.

Bigelow's commitment to the welfare of St. Paul would flower in the establishment of the F. R. Bigelow Foundation after his death. Within the company he led for so many years, that commitment would reinforce a culture that had been present since J. C. Burbank's day—a concern for the stability of the community in which The St. Paul's people lived and worked and reared their families.

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Charles F. Codere succeeded F. R. Bigelow as the company's fifth president in 1938 and as chairman of the board after Bigelow's death eight years later.

The two men were scarcely alike; Bigelow bombastic and gregarious, Codere quiet and reserved, but both were brilliant men and strong leaders and their relationship flourished throughout the long years they worked together. In his last statement to the board as president, Bigelow said of his successor:

Mr. Codere and I have sat in the same room for seventeen years; during that period I have been watching him, fully conscious that some day the Company would need another executive. There is no reservation whatever in my feeling that Mr. Codere will conduct the Company with all the success the vicissitudes confronting all business these days will permit.



Charles F. Codere

Codere was a proudly self-educated man. He once said he didn't believe he even finished grade school. He was born in Montreal, Quebec, in 1886. His father was a French innkeeper; his mother's ancestry was English. When he was fifteen, he went to work as an errand boy for the Montreal insurance agency Evans and Johnson at \$100 a year, and he never left the business. He was in Edmonton, Canada—the "end of the line," he once said—working for McGeorge, McIntosh and Chauvin when Fire and Marine's secretary A. W. Perry arrived to scout out the prospects of expanding the company's Canadian connection. The Edmonton firm, with Codere in tow, became their local agents in 1908. That year Codere was named Fire and Marine's inspector of operations and chief agent for western Canada. He was twenty-two.

He liked to tell the story about how he became the company's agent in Canada. He was alone in his office when a telegram from F. R. Bigelow arrived addressed to the agency partners. Bigelow was seeking permission to talk with Codere about joining Fire and Marine and opening an office in Winnipeg. Since the partners were away, Codere wrote back granting permission for "Mr. Bigelow to talk to Mr. Codere" and signed it for the partners.

From his headquarters in Winnipeg,

he barnstormed Manitoba, Alberta, and Saskatchewan setting up agencies, sometimes before a town had been platted. He was captured by a photographer in the soon-to-be community of Kerr Robert, Saskatchewan, standing beside a tent with a "St. Paul" sign on it. In 1911 he was given western Ontario, and in 1912 the company detached British Columbia from its San Francisco office and assigned it to Codere.

His self-education began as he sat reading in hundreds of train stations and throughout endless hours criss-crossing by rail the vast reaches of his Canadian territory. He spent the long hours in hotel rooms compiling notebooks to help him analyze and understand the policies in use at the time. Now in the company archives, the notebooks contain sample policies, clipped out and pasted up, with his written explanations of the policies and their exclusions.

He sold the insurance on growing crops that was Fire and Marine's principal business in Canada then, and he hired forty or fifty school teachers for summer jobs as hail insurance adjusters at 25 cents an hour. He taught them how to estimate losses by taking handfuls of grain that had been knocked down by hail or wind to determine the amount of damage per acre.

Codere traveled constantly. Essentially a man without a home, he once was called to St. Paul by the company and put to bed in a hotel. He had been on the road for three-and-a-half months without a stop.

A cautious man in what was considered a risky business, Codere put off marrying. However, he had met Mabelle Prosser, a young stenographer and one of four working in the Home Office in St. Paul. In 1916 he married her and took her back to Winnipeg with him. They had two daughters.

In 1920 F. R. Bigelow asked him to come to St. Paul as his assistant. Perhaps buoyed by his promotion, and relying on his own financial acumen, he borrowed money to buy his first shares of Fire and Marine stock. Years later a fellow shareholder asked him "Where would you go if you wanted to market this stock?" Codere replied, "I really don't know. I've never sold a share of St. Paul stock."

He was elected to Fire and Marine's

board of directors in 1923 and in 1926 he became vice president. During those years of the "roaring Twenties," prohibition, and the widespread business failures, unemployment, and lawbreaking of the 1930s, one of Codere's primary responsibilities was the sound investment policy the company followed during the critical 1920s and 1930s. Lacking the tools of today's investment analysts, he shopped around for municipal bonds. Fire and Marine funds helped build water systems, roads and streets, schoolhouses and court-houses, all over the country. Commercial bonds financed plant development and growing industrial needs.

The depression began to evaporate at the end of the 1930s as the nation reluctantly prepared for another war many knew was coming. In 1940 Codere led Fire and Marine in offering turkey insurance. Delicate creatures and not smart enough to possess much instinct for self-preservation, turkeys had been considered uninsurable. The venture was unprofitable at first, but farming techniques improved, the dinner-table popularity of turkeys soared, and the business gradually became more lucrative.

On December 7, 1941, Howard F. Gearin, a Fire and Marine employee who had enlisted in the United States navy, spotted a suspicious object in prohibited waters off his station at Pearl Harbor, Hawaii. It was the conning tower of a Japanese submarine. He sounded the alarm. When the smoke of the Japanese attack cleared, the nation was at war.

Insurance companies were affected almost immediately. More insurance was needed by manufacturers with war contracts who operated twenty-four hours a day to meet deadlines. They bought large amounts of business-interruption insurance; they insured their vastly increased amounts of equipment and products; and they tripled their workmen's compensation coverage when their payrolls tripled.

In the dark days of Spring, 1942, submarine warfare became a nightmare for the special hull syndicates that wrote insurance on ocean-going vessels. Undersea attacks by the German "wolfpacks" intensified and losses mounted to \$1 million to 1.5 million in a single day. Some

insurers panicked. When The St. Paul was asked if it would abandon the market, Codere ran up his flag: "Why, of course we shall continue writing war risks," he said, "and, if necessary, the Fire and Marine will take a larger line." His sturdy patriotism and his confidence quieted the panic.

The Bowring Company of London, the ocean marine syndicate manager that for more than fifty years had served as The St. Paul's intermediary in that market, suffered such extensive losses that in 1939 and 1940 it owed The St. Paul some \$600,000. Bigelow waived all of Bowring's efforts at repayment, preferring instead that the money be reinvested in British war loans.

The government's War Damage Corporation soon took over the writing of

'Why of course we shall continue writing war risks, and if necessary, the Fire and Marine will take a larger line.'

war risk insurance on ships and cargoes and as an underwriting agent for the corporation, The St. Paul handled much of the detail. Almost nine million policies were written during the war years, with premiums totaling close to a quarter of a billion dollars.

To meet the wartime needs of the army post exchanges (PXs) for a vast array of insurance, the company created package policies that drew together all coverages into a single policy. After the war, as the company created similar packages for commercial risks, they became so popular that a separate department was set up to handle them.

In St. Paul the company established a blood donor center in the Home Office; gave the city a fully equipped ambulance staffed by a medic; loaned employees to

understaffed and overworked government offices; and sent typewriters off to do battle in ill-equipped bases overseas. A total of 339 men and women from The St. Paul served abroad. Not all of them came back.

C. F. Codere retired as president of Fire and Marine in 1948 and became chairman of the board. Throughout his ten years as president and the following fifteen years as chairman, he rarely missed a day at office. The St. Paul, he once said, was his life, but he had other interests as well. He was a great reader and a dedicated book collector. He assembled a fine library in his home, and he would bring books to the office for his employees to read.

He was a quiet man, a thoughtful man, and he possessed a formidable memory and a human touch. He would tell an employee with a cold to go home because "I know you'll feel better." He never lost his shyness. He agreed to chair Summit School's board of trustees as long as he didn't have to appear in public, and he never attended a graduation ceremony.

He was a director of the Pullman Company, First Bank and First Trust Company of St. Paul, Minnesota Mutual Life Insurance Company, Otter Tail Power Company, First Bank Stock Corporation, and Miller Hospital. He was chairman of the Finance Committee of the Minnesota Historical Society; a trustee of the Hill Reference Library and the Protestant Home; and president of the Minnesota Club and the Somerset Club. Hamline University awarded this self-taught executive an honorary Doctor of Laws degree in 1960.

As an executor of F. R. Bigelow's will, Codere presided in 1946 over the creation of the F. R. Bigelow Foundation, the charitable corporation to which Bigelow had bequeathed his estate. In the fifty years that have followed, the Foundation has provided millions of dollars to help support programs designed to strengthen the community and its people. Codere served as the Foundation's chairman until his death on December 11, 1963, at the age of seventy-seven.

Codere left Fire and Marine, which he had served for forty years, a special



The St. Paul's \$6 million rebuilt headquarters on its same site, Fifth and Washington, in 1961.

legacy. It was, an observer noted, "one of the greatest succession plans St. Paul has ever seen."

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A. B. (Archie) Jackson succeeded Codere as Fire and Marine's sixth president in 1948, and together they made the post-war period one of expansion and progress. They had a substantial base from which to work. During the ten years Codere was president, the company's assets more than doubled, expanding from \$41 million to \$88 million; its surplus rose from \$28 million to \$42 million.

Jackson, like Codere, was a life-long company man. His grandfather was John Nicols, one of the directors who reorganized Fire and Marine in 1865. Another grandfather, William J. Dean, also was a director, as was an uncle, W. J. Dean. Archie Jackson grew up in St. Paul, attended St. Paul Academy, and graduated from Princeton University in New Jersey in 1922.

Jackson's father, John Jackson, was a close friend of Frederic Bigelow's and he suggested to his son that he ask Bigelow

if he "had something for him." He did. Jackson reported for work at Fire and Marine right after graduation from Princeton, starting at the bottom as a clerk. He married a young woman from Minneapolis, Margaret McDonald, and they had four children. In 1929 Jackson became Codere's assistant. He moved up to vice president in 1943.



A. B. (Archie) Jackson

Jackson was a gregarious man. Known as the "great communicator," he thoroughly liked people. It would be his task to move The St. Paul into the post-war era. He placed great emphasis on improving the company's service to its policyholders. Under his direction, Fire and Marine acquired ten general agencies to work directly with its independent agents and, not incidentally, increase business. He expanded the claims staff to give more efficient service. Because many of his employees were returning from wartime service, he initiated a management training program to prepare people for growing responsibilities in the complex new world.

He became chairman of the American Insurance Association which represented many of the leading insurance companies and served as a forum for the companies' officers. He presided over the celebration of Fire and Marine's 100th anniversary in 1953 and, in an anniversary dinner address, he looked back over the company's long history:

It has been relatively easy for those of us now active in the operation of our Companies to carry on with such a firm foundation under us. Last year our three Companies wrote premiums of \$104.5 million, a figure which would have undoubtedly shocked Mr. Bigelow and would have seemed beyond his belief . . . There is scarcely an event or problem in the insurance world today which does not find the St. Paul group very much a part of it. These first 100 years have been hard but, with it all, glorious years. May our future be as bright.

In 1956 Jackson led the company into a future brightened by the dawning of the computer age. The use of computers at the time was a novelty among insurers, just as typewriters were in the nineteenth century. A growing staff of programmers was added to The St. Paul.

A grimmer innovation was forced on insurers in 1956. Recognizing the catastrophic implications of a nuclear accident, Jackson realized that no one insurance company could handle such a risk. He helped organize two industry associations to insure nuclear reactors: the Nuclear Energy Property Insurance Associ-

ation and the Nuclear Energy Liability Insurance Association.

During this period, as the company was dealing with massive losses due to deadly hurricanes buffeting the Eastern seaboard and the Gulf of Mexico, the company under Jackson's leadership developed emergency teams to go directly into disaster areas. They were trained to deal with the insured and settle claims promptly.

By this time, The St. Paul was offering every type of policy except life insurance, and life insurance was beginning to look attractive. As Codere explained it to shareholders, "Agents find it increasingly important to sell all forms of insurance protection—property, casualty and life—in order to meet the needs of their customers." Besides, he added, selling life insurance would "protect and improve" the company's competitive position in the industry.

In 1957 Jackson, Codere, and their colleagues cast about for a means of entry. Since insurance law prohibited fire and casualty companies from offering life insurance, Fire and Marine could either form a new company or acquire an existing one. They chose to acquire Western Life Insurance Company, founded in 1910 as Montana Life Insurance Company in Helena, Montana, a city not unlike St. Paul in the 1850s. Montana's state capital, Helena in 1910 was still considered an untamed western town and its occasional fistfights, shootings, and skirmishes between cattlemen and sheepherders made it a challenge to sell life insurance there. However, Western Life did more than survive. By 1955, when The St. Paul acquired it, the company was doing business in eleven western states and had nearly \$380 million of insurance-in-force, 520 workers in the field, another 145 in the Home Office, and resources totaling \$70 million, not including its \$1.4 million headquarters building. In 1964, when Western's main office moved to St. Paul, it had passed the \$1 billion mark of insurance in force.

In the meantime, Fire and Marine was taking a hard look at its own Home Office. The staff had more than doubled, from 1,800 to 3,900 employees, and while many of them were spread around

at 130 branch and field offices, the company still had outgrown its St. Paul building—again. This time The St. Paul virtually started over, completely rebuilding its headquarters on the same site at Washington and Fifth Streets and where it would remain, reinforcing the company's commitment to the vitality of downtown St. Paul.

After three years of construction, the new \$6 million facility opened for business in 1961. Some 15,000 people toured the building, and one of them noted that it had "no executive hide-aways."

When C. F. Codere signaled his wish in 1963 to retire as chairman of the board, Jackson stepped up to take his place. He would serve until 1973, but remain on the board for another year, rounding out a fifty-two year career with The St. Paul. He died on June 14, 1980, at the age of eighty-one.

The list of Archie Jackson's community and professional involvements would fill pages. He was internationally known and respected in the insurance industry and he held offices in a number of industry organizations. He was a founder of the Minnesota Insurance Information Center. He was a longtime trustee of Macalester College and its board chairman from 1967 to 1971. In 1972 he received an honorary Doctor of Laws degree from the college.



Western Life Insurance Company, founded in 1910 in Helena, Montana.

He served on the boards of the Community Chest (now United Way), the YMCA, Junior Achievement, St. Paul Arts and Science Council, the Hill Reference Library, the Amherst H. Wilder Foundation, and the F. R. Bigelow Foundation, which he chaired from 1964 to 1973. The corporate boards on which he served included such major Midwest firms as Gould, First National Bank of St. Paul and First Bank System, Northern States Power Company, the Pullman Company, and Northwestern Bell Telephone Company.

Jackson loved the out-of-doors. In the late 1920s, while camping with friends in the Quetico National Forest, he discovered a lovely wilderness area on Lake Burntside. The site eventually became the St. Paul YMCA's Camp Widjiwagan, nationally known as one of the finest north woods camps in North America.

In 1960 Jackson was one of nine business executives who bought 254 acres of land surrounding Crosby lake in the heart of St. Paul at a time when industrial expansion threatened this large urban woodland. The group held the land until the St. Paul Port Authority agreed to maintain it in its natural state for recreational purposes. It is now Crosby Park.

The Jacksons owned a farm near Stillwater where he liked to grow vegetables, and a home in Florida where he made jam from the fruit trees on his property. Longtime employees remember how he would leave little gifts, the fruits of his labor, on their desks when he visited the office after he retired.

*

When Ronald M. Hubbs was elected Fire and Marine's seventh president on November 5, 1963, he ushered in a period of decentralization, moving the company closer to its customers, and diversification, adding more companies to its mix in an expansion that gave birth to a new entity and a new name.

Hubbs was born in Silverton, Oregon, but his roots lay deep in Minnesota. His grandmother arrived in Minnesota in 1856 and taught in Waseca County, maintaining her school throughout the

frightening period of the Dakota Conflict of 1862; his grandfather fought with the Le Sueur Tigers in the Battle of New Ulm that year. His parents met at the Minnesota Normal School and Business College and married in 1900 at Olivia where his mother had begun teaching at the age of sixteen. His father farmed near Dawson.

In 1902 his parents, with their horses and cattle, moved to Oregon, riding much of the way in the train's cattle cars in order to care for their livestock. Ronald Hubbs was born there in 1908. His memories of his young years reveal him as an ingenious, inventive, adventurous youngster. At the age of twelve, he and a friend established a "magazine," hand-setting the type and printing it in an "office" in a backyard chicken coop.

When he was fifteen he joined the Citizens Military Training Camp, a move that led him into the Oregon National Guard and a spine-tingling adventure. When he was seventeen, he was among ten members of the Silverton National Guard unit who took part in a two-week search that ended in the capture of escaped convicts from the Oregon State Penitentiary at Salem.

Hubbs had decided early not to follow his father into the insurance business but nevertheless, after graduating from the University of Oregon in 1930, he went to work for a local insurance agency. He married Margaret S. Jamie in 1935 and



Ronald M. Hubbs

they had one son. After Fire and Marine's field agent in San Francisco began calling on him, Hubbs joined the company in 1936 as special agent in Oregon and Washington. He became agency superintendent of the Pacific Department, then general manager of the southern California branch in San Francisco. However, at the beginning of World War II he was called into service and an extraordinary period in his life began.

In 1942 Hubbs was an infantry captain on duty at the Pentagon when he was assigned to the Military Intelligence Training Center in Maryland. Then he was ordered to the Command and General Staff School at Fort Leavenworth, Kansas.

As an intelligence officer, he was attached to Eisenhower's Supreme Headquarters in London, and he would recall vividly some of his experiences during the critical days leading up to the D-Day landings in Normandy: the Officers Mess, known as Willow Run because its size resembled the famed Detroit bomber plant, at the Grosvenor Hotel in London where he met two of Ernest Hemingway's wives, past and future; the heart-stopping period of the Normandy invasion; his arrival in Berlin in 1945 where he took part in the official raising of the American flag over the devastated German city and helped welcome President Truman on his arrival at the Potsdam Conference. Finally, that November, there was the arduous six-week journey in boxcars that crossed Germany and France and ended at Le Havre, the embarkation point for the North Atlantic crossing to the United States. He arrived home a colonel. He was awarded the Legion of Merit for performance of outstanding service.

Hubbs returned to Fire and Marine's southern California branch in Los Angeles, but two years later Archie Jackson transferred him to St. Paul as his assistant. In those days, the two men, president and assistant, sat facing each other, their desks shoved together, front-to-front, with a single telephone between them.

Fifteen years later Hubbs succeeded Jackson as president. One of his first moves was to order a top-to-bottom analysis of all staff, janitor through chair-



Surveying the damage from Hurricane Camille at Biloxi, Mississippi, in 1969.

man, and an orienting of salaries by levels of responsibility. That the company's personnel policies were archaic wasn't surprising in an era when American corporations generally suffered from a lack of job descriptions and performance reviews and employees had only a minimal idea of what was expected of them. Over an eighteen-month period, the company's pension and benefits policies were re-examined, including early retirement and profit-sharing. Salary ranges, job classifications, and reviews were established; levels of authority were defined, and management-by-objective initiated. Underlying it all was the importance of communicating with every employee at every level.

Decentralizing Fire and Marine's operations was another major thrust during Hubbs's administration. A network that would grow to more than forty regional offices was established. It began with San Francisco and included New York, Chicago, Detroit, and Los Angeles, among other cities around the country. Called Service Centers, each was headed by a vice president and staffed with a full complement of underwriters, risk managers, marketing, field, and claims people. The new system speeded up the writ-

ing of insurance and processing of claims.

Under Hubbs, the years between 1965 and the mid-1970s were years of rapid expansion as the company became interested in other businesses. Capital was plentiful in the 1960s, particularly for insurance companies, and for Fire and Marine there was a need to find other areas of operation that would improve its earnings record. St. Paul Title Insurance Corporation was formed after acquiring several title companies, including such veterans as the Burton Abstract and Title Company, founded in 1866, and the Title Guaranty and Trust Company, established in 1901.

By 1965-1967 it was clear to Fire and Marine's management that to expand further would mean a complete reorganization of the company. Therefore, in 1968 a new entity under a new name was created as Fire and Marine became part of a general holding company called The St. Paul Companies. The name, "St. Paul Fire and Marine Insurance Company," remained with the property-liability subsidiary. Western Life Insurance Company and St. Paul Title Insurance Corporation became subsidiaries of The St. Paul Companies.

The period of intense diversification

rolled on with more additions to The St. Paul. Added in 1968: Automated Data Services, Inc., a computerized accounting service; St. Paul Leasing Company that handled auto, commercial, and industrial equipment; Form 1040, Inc., an income tax preparation service; and St. Paul Equities (later named St. Paul Advisers, Inc.), a broker-dealer in mutual funds.

The next year brought two more companies. Postal Finance Company, a sixty-four-year-old consumer loan agency in Sioux City, Iowa, and one of the first to offer loans by mail, was added, along with its \$50 million-plus in accounts receivable. And a real estate operation, later known as St. Paul Land Resources, Inc., was founded to acquire "raw" land for investment purposes.

In 1970 St. Paul Guardian Insurance Company was created to mass-market personal lines insurance for Fire and Marine. Two years later, another new company, St. Paul Investment Management Company, was formed as an investment management firm. And in 1973 St. Paul Life Insurance Company was established to market life insurance through independent agents who already were representing Fire and Marine in the property-liability business.

When Archie Jackson retired that year as chairman of the board, Ronald Hubbs succeeded him. As chairman, Hubbs also continued his active community service. He has served on any number of corporate boards. He was chairman, as were his predecessors, of the F. R. Bigelow Foundation's board of trustees, and he initiated many of the Foundation's most innovative projects. These included a series of adult literacy programs that culminated, in 1994, in the establishment of the Ronald M. Hubbs Center for Lifelong Learning on University Avenue near the state Capitol. The Center, one-of-a-kind in the United States, provides an array of programs to help adults learn to read.

Hubbs's interest in history is legendary, and he has written widely on Minnesota history and the life of Alexander Wilkin. He has been president of the Minnesota Historical Society whose Reference Room is named for him; a member of the National Historical Society, the

Twin Cities Civil War Round Table, and the Company of Military Historians. He has been a trustee of the Wilder Foundation, the James J. Hill Reference Library, and the Minneapolis Society of Fine Arts. He has received three honorary doctorates, from Carleton College, the University of St. Thomas, and William Mitchell College of Law, where he also has been a trustee. The University of St. Thomas awarded him its highest honor: the St. Thomas Aquinas Medal. In 1995 he was elected to the International Insurance Hall of Fame.

He is a member of the Sherlock Holmes Society of London and of the Norwegian Explorers, a scion society of the Baker Street Irregulars whose members know that Sherlock Holmes still lives, tending bees in Sussex County, England.

*

Carl B. Drake, Jr., succeeded Hubbs as the eighth chief executive officer of The St. Paul Companies in 1973. Drake had become Hubbs's assistant in 1963; in 1969, the year after The St. Paul Companies was formed, he was named president of St. Paul Fire and Marine. For the next few years, the route to the company's chief executive office would lie through the presidency of Fire and Marine.

Carl Drake was born in St. Paul in 1919, the son of Carl B. Drake, Sr., a physician and the grandson of railroad builder Elias Drake, and Louise Hadley, whose father was an attorney for Great Northern Railroad. He graduated from St. Paul Academy, then went off to Yale. The insurance business had begun to beckon him, but in the meantime:

I was looking for a summer job after my freshman year in college and, without telling anyone, I went down to Fire and Marine and applied. The first job I had was opening and delivering mail, like Great Uncle Frederic. I worked the 7 o'clock morning shift and I took the bus in from White Bear. I did that for most summers while I was in college. In those days there was no air conditioning. They had those giant windows open and electric fans were all over the place. It was pretty informal. There were no private of-



Carl B. Drake, Jr.

fices. Mr. Bigelow and Mr. Codere shared an office. Archie Jackson and Ron Hubbs shared another office. It was pretty unusual.

After graduating from Yale in 1941, he went to work full-time for Fire and Marine in the automobile underwriting department. The bombing of Pearl Harbor set off World War II short months later and he volunteered for a naval officer training program. Sent to Columbia University in New York City for training, he remained there as a drill officer until June, 1943, when he was assigned to a newly-commissioned destroyer. The following Christmas, after negotiating the Panama Canal, the ship arrived in Hawaii. Its nine-ship squadron was assigned to a large carrier task force that included the *Lexington* and the *Saratoga* and operated, with their night fighter groups, in the western Pacific.

In June, 1945, the squadron was sent back to San Francisco to be rebuilt. The war in Europe had ended and fighting in the Pacific was drawing to a close. Stationed again in Hawaii in July, the squadron within weeks received emergency orders to proceed on to Japan as part of the force that patrolled the entrance to Tokyo Bay during the surrender ceremonies.

At war's end, Drake held the rank of lieutenant. He rejoined Fire and Marine to work in the casualty department. A tour of duty in the company's field train-

ing program created by Archie Jackson was followed by some years as a fieldman in Chicago and outstate Illinois. By 1951 Drake was back in St. Paul helping to handle Fire and Marine's growing auto insurance business. Next he was placed in charge of the company's fledgling package insurance business, its three employees and its \$1 million in premiums. Known as Multicover, this was a new concept that grew out of the company's World War II experience in packaging insurance coverage for the army's post exchanges (PXs).

Multicover is essentially a book of insurance policies covering the physical properties of a business—its building and its contents, moving of cargo in auto and truck operations, storing it in warehouses—and other hazards such as business interruptions. To get the package business going, Drake traveled around the country talking to agents and fieldmen. Multicover proved to be a profitable enterprise.

In 1958 Drake was promoted to assistant secretary and two years later to secretary; in 1966 he became vice president; in 1968 executive vice president, but his years as Hubbs's assistant, he has said, stand out as the toughest job he ever had. It was, he recalled, far better training than any business school he might have attended. Hubbs proved to be a demanding boss who was unwilling to settle for anything less than excellence in his own performance. He expected the same dedication from his assistant, who recalled that:

We had an unusual relationship. I was his assistant for ten years before he retired and he and I see eye-to-eye on most everything. We worked together for so long that we understand each other's thinking on business. It was a great experience for me and I learned a lot.

He learned to cope with surprises, which was just as well. Six days after his election as Fire and Marine's president, he was greeted with the news that the company had a \$1.5 million insurance claim on its hands after student disruptions destroyed a university computer center in Canada. Fire and Marine, true to

company tradition, not only did not call a halt to computer insurance sales but continued to actively pursue the business.

Drake was concerned throughout his career with personnel issues, an interest that stemmed from memories of his first years with Fire and Marine when he worked in what he felt was an uncertain atmosphere with no job description, no objectives, no real training for the work he was to do. He saw that the company had a history of losing employees who, given more education and training, could have been important to its future.

A reflection of this concern was his expansion of the company's investment subsidiary in one of his first moves after becoming The St. Paul's chief executive officer. Sound investments carefully nurtured by C. F. Codere helped the company through the critical years of the 1930s depression. Forty years later, Drake saw the investment side of the company as small, isolated, with unrealistic career paths and salaries, and scant recognition for its few employees. In short, he felt that it was under-rated at a time when the investment business was booming all over the world. When the St. Paul Investment Management Company was formed in 1972 to specialize in handling investment portfolios of pension and profit sharing plans, Drake staffed it with new people who were investment specialists. One of them was Douglas W. (Doug) Leatherdale, who was hired as its executive vice president, and who two decades hence would become The St. Paul's chief executive officer.

Drake was mindful as well of the increasingly important roles women were playing in the corporate world. In 1982 the company was named the "1982 Twin Cities Corporation of the Year" by the Minnesota Women's Network for its commitment to the development of its women employees.

In 1974 Drake supervised the acquisition of John Nuveen and Company, a nation-wide investment banking firm that underwrites, trades, markets, and distributes securities. Based in Chicago, Nuveen had survived a rough beginning around 1900 when most of the city's investment banking firms failed. Nuveen had a tenuous Minnesota connection. The first

known bond issue the firm underwrote was a water bond issue for Bemidji. That year also, St. Paul Surplus Lines, provider of a broader range of insurance coverages, was added, and St. Paul Risk Services, Inc., which provided consulting and other services to self-insured institutions, was another addition in 1978.

As the 1970s began, the medical malpractice crisis erupted, with an impact on The St. Paul that has been compared with the Great Chicago Fire and the San Francisco earthquake and fire. In the five years between 1970 and 1974, the company's losses in doctors and hospital liability claims were more than \$55 million.

Medical malpractice coverage wasn't new. The company began writing hospital liability insurance when World War II erupted, and when the war ended, pursued it in earnest. From 1945 to the early 1960s, business was good. When the company began to promote individual medical liability coverage for physicians, surgeons, nurses, dentists, and other medical professionals, The St. Paul became one of the country's largest writers of medical liability insurance.

The "several bloody years" generated by the malpractice insurance crisis owed much to historic forces that were gathering during the troubled 1960s: a growing awareness by the public of their rights; a consumer movement that showed people how to satisfy complaints; medical advances that seemed to promise cures for every ailment; and a "Marcus Welby" syndrome that conferred an aura of infallibility on the medical profession at the same time as HMOs were diluting the personal relationship between doctor and patient. As more problems found solutions in the courts where juries might award large settlements, society became more litigious.

Faced with its losses, The St. Paul concluded that it had to change the way it handled medical liability risks. Within the industry nation-wide, insurance pools were created to spread heavy losses among companies, and legal action prevented insurers from completely discontinuing malpractice insurance in any state.

Unwilling to abandon malpractice in-

surance entirely, The St. Paul decided to continue coverage of its currently insured 48,000 doctors and 1,500 hospitals and to adopt an old concept newly applied—a "claims made" policy. This meant that the price of an insurance policy would be based on the history of claims against the company in a given state. It allowed the company to adjust its prices annually to meet changing conditions. In years to come, claims-made policies became the standard for the medical liability insurance industry, and it placed The St. Paul's malpractice insurance comfortably in the black.

Carl Drake retired as The St. Paul's chief executive officer in 1984. He had succeeded Hubbs as chairman of the board in 1977, and he also succeeded him as chairman of the F. R. Bigelow Foundation's board of trustees. Drake has been a trustee of Macalester College, House of Hope Presbyterian Church, and St. Paul Academy and Summit School; a director of the St. Paul United Way, the St. Paul Area Chamber of Commerce, First National Bank of St. Paul, Honeywell, Inc., and Buckbee-Mears Company. He has been president of the Minnesota Insurance Information Center, president of the Insurance Federation of Minnesota, and vice chairman of the American Insurance Association. He was married in 1943 to Frances Boynton and they had three children. After her death in 1975, he married Charlotte Hannaford, and his family now includes three stepchildren.

One of Drake's most enduring contributions to his community came in the early 1980s when he served as chairman of the board and chief fund-raiser for the glittering new Ordway Music Theatre that now graces Rice Park, across the street from The St. Paul's Home Office. The Ordway, Drake once said, "is probably the single most important development" for St. Paul in more than a century.

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Waverly G. Smith was named president of Fire and Marine in 1973, during the worst of the medical malpractice crisis, and he was one of the architects of the eventual turn-around. He once said that,



Truly gone with the wind. Damage from the 1979 tornado at Wichita Falls, Texas.

I think it was our determination to stay in that business and our attitude toward the problem that overcame a crisis for doctors, hospitals, and the industry.

He, too, had worked his way up through the company, but he originally hadn't intended to do so. He was born in Durham, North Carolina, in 1924, and he was twenty-two years old in 1946 when he completed a stint in the United States marine corps as a radar technician. He was en route to join a fighter squadron when the war ended.



Waverly G. Smith

Smith had studied engineering for a year at Duke University and he returned to Duke, but because university officials had mislaid his records and couldn't enroll him, he cast about instead for work in engineering or electronics. The search was elusive. In the meantime, an uncle who was a contractor took him to a burned-out beauty salon and asked him to estimate the damages. Smith's guess was so close to the mark that he went to work as a claims adjuster for a Durham firm. With no knowledge whatsoever of the insurance business, he learned by reading every closed claims file in the office and every auto liability case in North Carolina.

Three years later, in 1949, he joined The St. Paul as a claims adjuster in Columbia, South Carolina. Within three months he was transferred to St. Louis as claims manager of the office there. At this point, selling insurance began to appeal to him more than adjusting claims, so he asked for a transfer as a fieldman. He was sent to Fort Lauderdale, Florida. In 1957 he was brought into St. Paul as a general adjuster and head of the Fire Loss Department.

Personable, gregarious, well-liked, with a trace of a southern accent, he was handed the challenge in 1960 of developing a marketing program that introduced

the company to the world of advertising. He built and staffed a department that, under his leadership, began consumer advertising and produced materials for agents. It was his idea to promote The St. Paul as "the Quiet Company," along with a drawing of a character with wings bearing a wand capped by a dollar sign. To Smith's everlasting frustration, his logo was promptly dubbed "the St. Paul Angel."

Smith guided the company through another major campaign: its pioneering effort to translate the arcane language of insurance policies into plain English, well before it was required by law. "The clear trend in our society," he explained, "is towards the consumer expecting a reasonably complete understanding of what he or she is buying."

He moved up steadily: secretary of Fire and Marine, 1965; assistant vice president, 1967; vice president, 1968; executive vice president, 1969; then president.

In 1978 when he became president and chief operating officer of The St.

... his logo was promptly dubbed 'the St. Paul angel.'

Paul, he began to reverse course on the company's diversification thrust, a process that would continue under his successor, Robert J. Haugh. It was a time to refocus the company on its traditional identity and strength, the insurance business, but Smith wouldn't be there to guide it. Health problems intervened as he was on his way to the chief executive's chair. In 1981 he retired early at the age of fifty-seven, and he died in 1991 after a long illness. He and his wife, Kathleen, had three children.

He had served on the boards of the Saint Paul Area Chamber of Commerce, Minnesota Public Television, the Bush Foundation, Carleton College, the Minnesota Club, CHART (Center for Humanism, Awareness and Resource Training), and General Mills. He had long



Ouch! The St. Paul has been one of the largest underwriters of medical liability insurance for doctors and hospitals.

been active in a number of insurance industry organizations. And he was a three-mile-a-day outdoor jogger even in Minnesota's bitter winters.

*

Robert J. Haugh's years with The St. Paul dated back to 1948 and to Milwaukee, where he was born in 1926. After graduating from Marquette University with a law degree in 1948, he joined the company as a claims adjuster in its Milwaukee office. Four years later he became a claims manager and eight years after that he moved to the Home Office in St. Paul as a general adjuster.

Drake remembered telling Hubbs that "Bob Haugh ought to be given more to do than settle claims." Like his predecessors, Haugh's trail upward led through Fire and Marine: head of the accounting department; assistant vice president and treasurer in 1969; vice president and treasurer in 1972; senior vice president in 1976; president and chief operating officer in 1978. In 1981 he moved into The St. Paul Companies as executive vice president and the following year he was named its president and chief operating officer. In 1984 he succeeded Carl Drake

as chairman and chief executive officer.

He was a strong, forceful, driving administrator. With Drake and Smith (until his retirement), Haugh was a key member of a leadership team that guided the company through the tumultuous 1980s that saw Mount St. Helens erupt, hurricanes lash the Gulf and East Coasts and a stock market that skidded 508 points on "Black Monday" in 1987.

Haugh continued the policy of expanding insurance operations and divesting the company of non-insurance subsidiaries. By 1984 most of those acquisitions had been sold or discontinued.

The first significant development of the decade was the formation in 1981 of Atwater McMillan, a subsidiary that writes large national accounts, surplus lines coverages, and specialty risk insurance. Renamed St. Paul Specialty Underwriting in 1988, it also provided consulting services for those needing specialized insurance or self-insurance.

In January, 1982, Seaboard Surety Company, a provider of fidelity and surety bonds, became The St. Paul's first acquisition under its new insurance-oriented strategy. The Excess and Treaty Management Corporation (renamed St. Paul Reinsurance Management Corpora-

tion in 1985) followed. A year later, in 1983, the company bought Reinsurance Facilities Corporation (RFC), an international brokerage, and the Swett & Crawford Group, a leading excess and surplus brokerage based in Los Angeles. Consolidating the latter two created the largest wholesale insurance brokerage in the country.

However, there were ups during the uncertain 1980s—The St. Paul posted record operating earnings in 1981 and 1982—and there were downs. Newly deregulated and faced with growing liability claims related to liquor, pollution, trucking, even fishing and day care centers, the property-liability business was in trouble by 1983. A year later, facing a \$210 million net loss, Haugh told shareholders that "Clearly, 1984 was a terrible year."

The Medical Services Division, created in the early 1980s to pull together underwriting and marketing for the health care industry, posted a 30 percent growth, just in time to deal with another medical malpractice insurance crisis. The cause this time was the skyrocketing expense of malpractice coverage stemming from huge claim costs. Even so, The St. Paul remained the nation's largest and best-known underwriter of medical malpractice insurance, with about 14 percent



Robert J. Haugh

of the market, more than four times the share of its next largest competitor. Moreover, malpractice premiums have been the company's most profitable insurance line.

An international identity was established in 1988 when the company bought London-based Minet Holdings PLC, establishing The St. Paul as the seventh largest international insurance brokerage in the world. The company consolidated its national and international brokerage operations under Minet and formed Minet Specialty Management to handle its wholesale brokerage business in the United States. Included under Minet was J. H. Minet Reinsurance Brokers, Ltd., (Minet Re), a worldwide brokerage network. London-based St. Paul Management, Ltd., a combination of several companies, was formed the same year to manage underwriting of world-wide reinsurance and excess and surplus lines insurance in the United States, and auto insurance in the United Kingdom.

Late in that crowded year of 1988, on August 3, ground was broken for a soaring new seventeen-story, \$70 million Home Office building across the street from the headquarters the company dedicated in 1961 and an extension of the site The St. Paul has occupied since 1909. The lines of the new "north" building, topped by an aluminum "pyramid," complement two adjacent historic structures, Assumption Church and Landmark Center. The five-story 1961 building, which had been renovated in 1930, 1949, 1960, and 1981 as the company struggled to keep pace with its growth, was renovated once again and reclad in materials that match the new building. The massive project reinforced The St. Paul's commitment to downtown St. Paul.

As the 1980s drew to a close, so did Bob Haugh's years with The St. Paul. He retired at sixty-five in 1990 and died just a year later at the age of sixty-six. He had been active throughout his career in the insurance industry's leading organizations, and he had been a director of the St. Paul Chapter of the American Red Cross, the Committee for Economic Development, the Conference Board, the Minnesota Private College Council, and the Metropolitan Development Association.

He was a trustee of Marquette University, William Mitchell College of Law, and the College of St. Catherine. He and his wife, Mary Jane, had three children.

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Douglas Leatherdale was named president and chief operating officer in 1989 and succeeded Bob Haugh as chairman and chief executive officer in 1990. In being named to these posts, Leatherdale demolished some stereotypes in the way the insurance industry, and The St. Paul in particular, "grows" its executives. Like C. F. Codere, he is a Canadian, but he has maintained his Canadian citizenship (the better to manage family agricultural interests north of the border), and he works in the United States on a green card. Leatherdale says candidly that he has never sold an insurance policy, paid a claim, or underwritten a risk, that he didn't go to the "right" schools, play golf, or start at the bottom and work his way up, and that he doesn't even live in St. Paul or any of its suburbs. He lives on a farm in Medina, on the far western reaches of Hennepin County where he and his wife Louise raise Hanoverian horses and where he begins his day in boots and jeans.

Doug Leatherdale joined The St. Paul in 1972 to form its new investment management company, St. Paul Investment Management. He was its first chief executive officer. Then and now, he presents the same sort of hard-driving, decisive, creative leadership that characterized the ten men who preceded him in his post.

Leatherdale was born December 6, 1936, on an 800-acre crop and livestock farm his English grandfather homesteaded near Morden, Manitoba. He was the first member of his farming family to complete high school, not to mention college. His graduation from United College in Winnipeg in 1957 was followed later by advanced management programs at Harvard Business School and the University of California. For the next eleven years, he worked as an investment analyst for Great West Life Assurance Company in Winnipeg, establishing a career that focused on the management of investment portfolios and finance.



Douglas W. Leatherdale

In 1968 he emigrated to Minnesota to become associate executive secretary of the board of pensions for the Lutheran Church in America in Minneapolis. The cultural shock of moving into a small corporation was somewhat startling, he once said, but it was part of his plan to become his own boss in a small company and establish a track record "of something I had done alone."

In 1972, when he moved over to The St. Paul, the company was in the process of fortifying the investment side of its business. A major turning point in Leatherdale's career took place on September 30, 1974, "at 4:30 p.m." That day Carl Drake asked him to become The St. Paul Companies' chief investment officer. He was named senior vice president of finance in 1981 and executive vice president of The St. Paul Companies in 1982, before becoming president and chief operating officer seven years later. Over that period, The St. Paul had posted a succession of exemplary years. As he said when he assumed the chairmanship in 1990:

I am fortunate that I am coming into a new role at a time when the company is very strong, well positioned and has lots of opportunities ahead. We're coming off several years of very good earnings. We have a very strong balance sheet. We're in very good shape.



The St. Paul's glittering new building on Sixth and Washington Streets, across the street from the block it has occupied since 1909 in downtown St. Paul.

That cushion helped see the company through the shaky period of 1992 and 1993 when Hurricane Andrew devastated southern Florida. It allowed Leatherdale to chart a course for The St. Paul toward success in the twenty-first century.

In an industry that is fighting for growth driven by too much capital chasing too few premium dollars, Leatherdale has forged a vision that is predicated on strong underwriting philosophy, a solid financial footing and, importantly, focus on the customer. The fundamentals of a strong balance sheet and the pursuit of carefully selected specialties are points of distinction of The St. Paul with Leatherdale at the helm.

Medical liability insurance continues to be one of the largest of The St. Paul's specialties in the United States. Yet while St. Paul Fire and Marine continues its tradition of serving businesses in this country, Leatherdale sees the future for growth of the company across the seas. During his tenure, The St. Paul has expanded its international underwriting capabilities in such far flung locations as South Africa, Latin America, and The Netherlands. At the same time, The St. Paul's reinsurance operations have moved forward in the United States, Japan, and Germany.

Irrespective of the geographic locus of The St. Paul's business, certain fundamentals that were established more than a century ago continue to drive the company's business. Even today the credo that best reflects Leatherdale's leadership view is that the insurance business is built upon a promise to pay, and he views that promise as inviolate—just as the founders of The St. Paul saw their role more than 140 years ago.

At the same time, Leatherdale has paid close attention to the thousands of people who make daily contributions to the company's work. He has welcomed diversity among The St. Paul's employees (minorities make up 15 percent of the work force and women 30 percent). The

company has won national recognition for its on-site day care (he has been a single parent himself) and for its fitness centers. He has been an advocate for open and honest communication about the company, its policy, and its future. He also has been an advocate for the company's headquarters city of St. Paul. When he became chairman and chief executive in 1990, The St. Paul, with its 2,710 employees in downtown St. Paul, its majestic new building, and its participation in acquiring and restoring the elegant and historic Saint Paul Hotel nearby, was becoming more and more central to the future of downtown St. Paul.

In his own right, Leatherdale was beginning to emerge as one of St. Paul's visionary civic leaders, like those who preceded him. One of his signal achievements may well be his pioneering effort on behalf of rejuvenating a frayed downtown where his company has a \$150 million stake in real estate. Early in 1996 he formed the "Capital City Partnership," by tapping twenty-seven other Twin Cities executives for their commitment to the project and for several million dollars in seed money to get it going. At a time when the city was still smarting from West Publishing's move to Eagan, The St. Paul under Leatherdale's leadership already had demonstrated its own commitment to its historic base with its plans to move 300 employees from Bloomington into the renovated Hamm building across the plaza from the Home Office. The company also has committed millions of dollars to the development of St. Paul's riverfront and to a new building on the river for the Science Museum of Minnesota. A hockey player in high school, Leatherdale hopes that a professional hockey team can be enticed to play in a remodeled Civic Center.

In the tradition of the company, he has been active in the community. He headed the completed \$50 million endowment campaign for the Minnesota Orchestra,

and he has been instrumental in moving the company's own philanthropy toward urban neighborhoods, education, non-profit management and development, and family self-sufficiency programs. He is a director of the Minnesota Orchestral Association and the University of Minnesota Foundation; a trustee of Carleton College; and an overseer of the Carlson School of Management. He is a member of the Twin City Society of Security Analysts and the Financial Executive Institute.

Alexander Wilkin wouldn't recognize the company he and his fellow entrepreneurs set out to create 143 years ago when they saw opportunity awaiting them in the pioneer settlement of St. Paul.

SOURCES

Material for this history has been drawn from several other histories, long and short, which the St. Paul Companies has published in past years; from news clippings and reports; and from several articles Ronald M. Hubbs wrote for this publication about the company and Alexander Wilkin, its first president, in the late 1980s. The company's extensive archives also were an important resource, as was Carl B. Drake, Jr., who generously shared his memories of his family and his own years with The St. Paul.

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Virginia Brainard Kunz is editor of Ramsey County History and has written widely in the field of American, Minnesota, and Ramsey County history.



Fort Snelling in 1853, from the St. Paul Companies' panorama reproduced in this issue. The citadel on its bluff is framed by an approaching storm. See article beginning on page 3.

R.C.H.S.
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