



The Early Years

...Fire insurance in the colonies did not develop until the eighteenth century. Widely scattered and mostly agrarian, the colonists assisted each other in repairing fire damages and replacing losses. In Boston, New York, Philadelphia, and other enterprising cities, authorities mandated elementary safety measures. As early as 1632, Boston prohibited thatched and wooden roofs.

... By the mid-1700s, there were more than 2,000 houses in and around Philadelphia — none insured for fire — probably reflecting the difficulty of arranging London-based coverage. The challenge of long-distance communications made it inevitable that local competition would be preferable.

... American initiatives often were based on British formats. For example, in 1752, Ben Franklin and others founded the Philadelphia Contributionship for the Insurance of Houses from Loss by Fire. It came to be known as Hand-in-Hand and issued policies for seven-year terms. ... The company became America's first successful fire insurance firm and continued as the only one for thirty-two years. (Incorporated in 1768, the Hand-in-Hand is still going strong and offers perpetual insurance for brick and stone buildings in Philadelphia and its surrounding area.)

...During the industry's formative years in the nineteenth century, banking, insurance, and occasionally other services were sometimes offered by the same company, particularly in New York State. In 1799, The Manhattan Company began with the purpose of providing a city water system. However, it was chartered with a proviso prepared by Aaron Burr, a member of the New York State legislature and subsequently a vice president of the United States. Burr's goal was to form a bank led by men connected to the Democratic Party that would rival the city's two Federalist-controlled banks. The Manhattan Company was allowed to use surplus funds for any lawful purpose connected with finance or operations. A bank was immediately formed, and for a time it also offered life insurance. Today, this institution is J.P. Morgan Chase & Co., the nation's largest bank.

...Another development occurred in the city during the early 1800s. "Out-of-door underwriters" (brokers) set up street-corner offices; shaving insurance rates, they placed business with insurers who were willing to accept their lower prices. Their remuneration came through commissions, similar to what insurance agents received.