

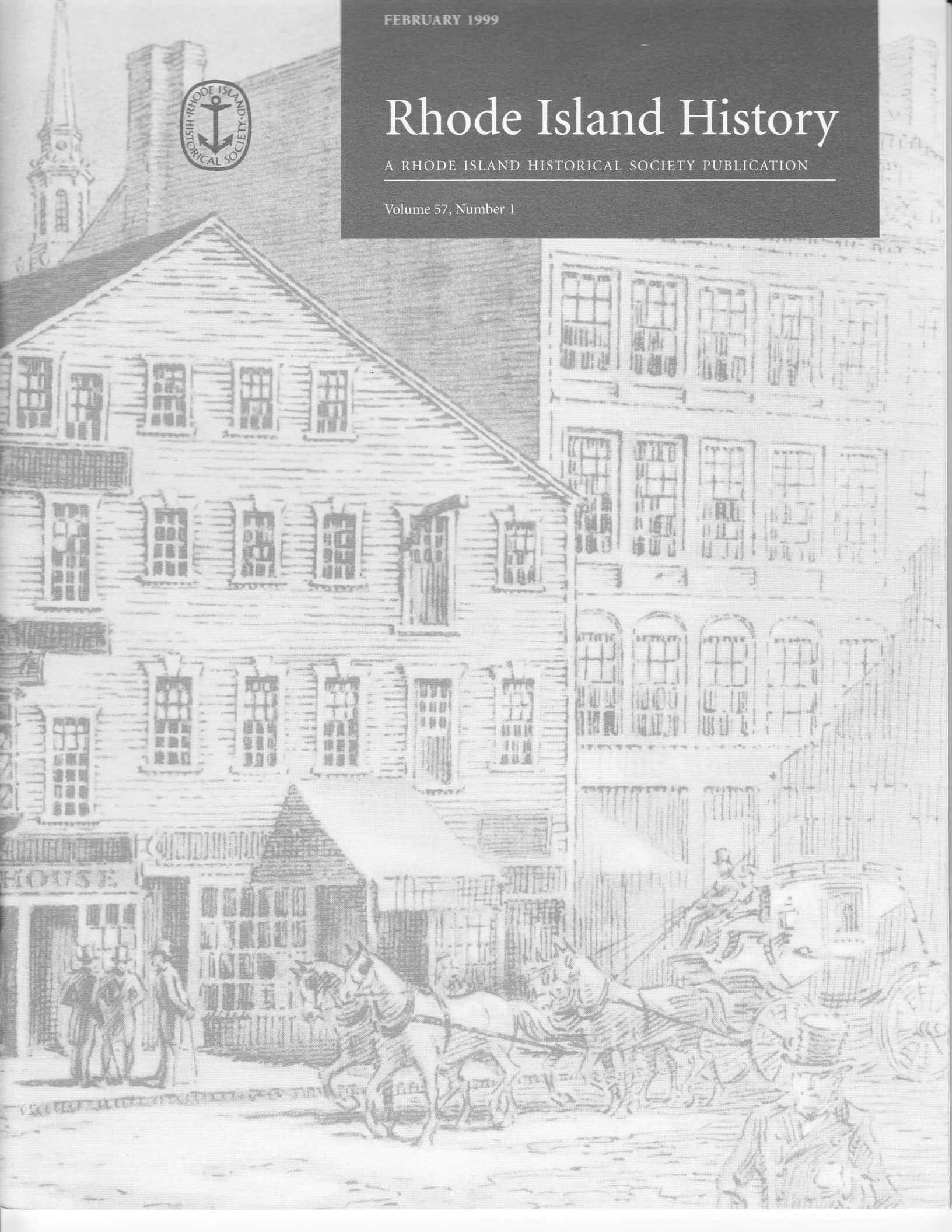
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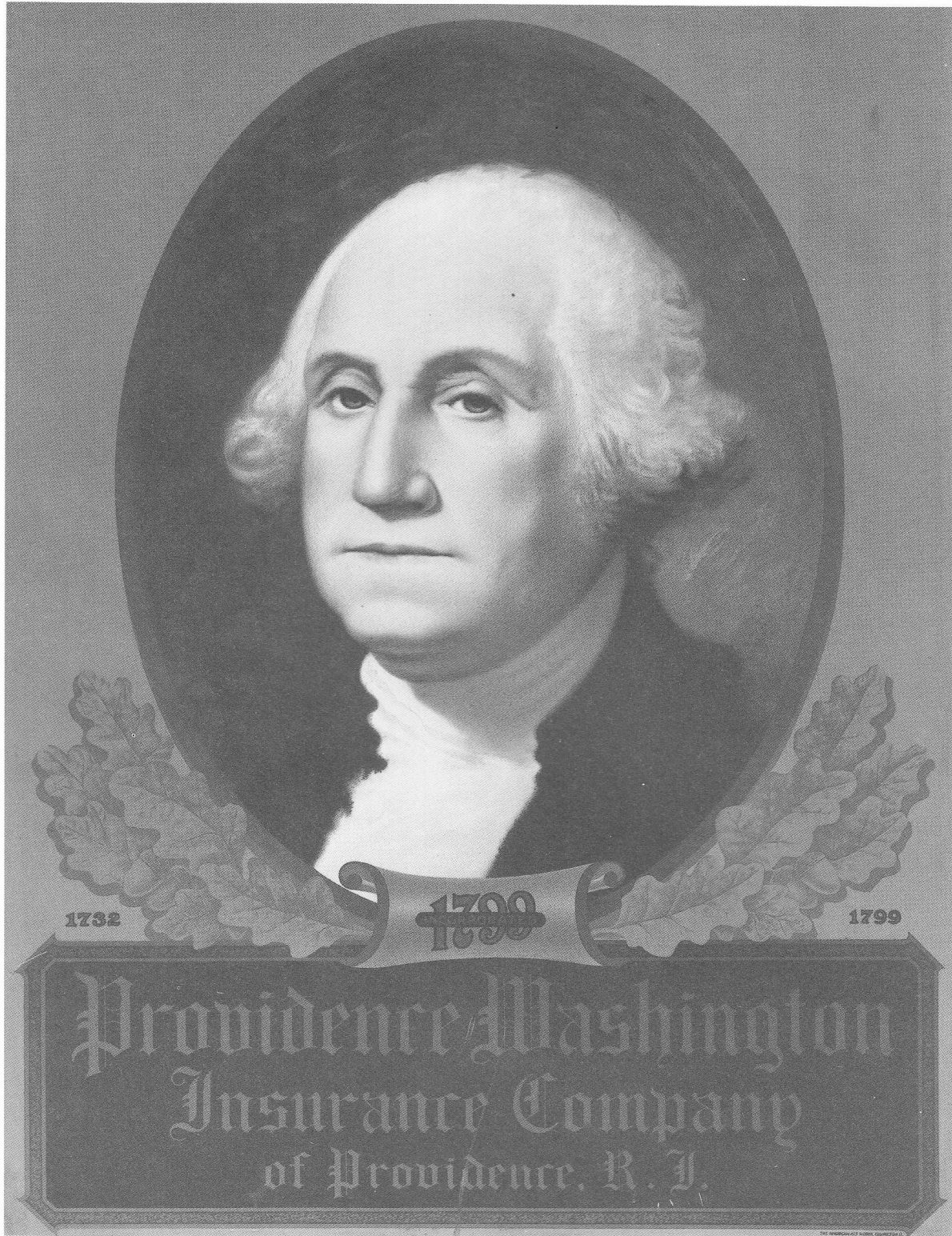
CONTENTS

The Providence Washington Insurance Company: Two Hundred Years

3

ROBERT L. SHERMAN

*The Providence Washington Insurance Company
commissioned American Art Works to produce
this new sign for the corporation in 1914. RIHS
Collection (RHi X3 9066).*



The Providence Washington Insurance Company: Two Hundred Years

ROBERT L. SHERMAN

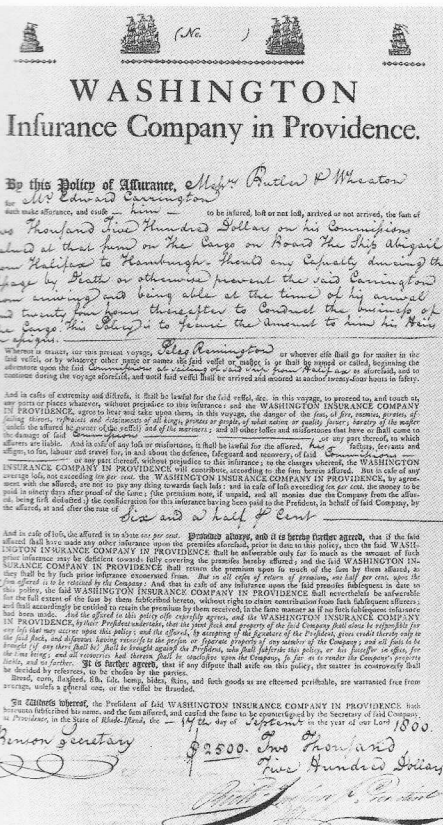
In September 1800 the Washington Insurance Company insured the cargo on board the ship Abigail for \$2,500. RIHS Collection (RH X3 9088)

Since 1799 the Providence Washington Insurance Company, in one form or another, has been a part of Providence's business life. Begun as an insurer of Providence ships and cargoes, it went on to protect the textile mills and other industries of the city and the state. As times changed and industries developed, so too did Providence Washington. Establishing offices throughout the country and weathering, both literally and figuratively, good times and bad, the company endured through its combination of sound management, foresight, and innovation. Begun at a time when Yankee merchants were known for their shrewdness and good business sense, Providence Washington has seemingly never lost those attributes.

Providence merchants began trading along the American coast and with the Caribbean sugar islands before the end of the seventeenth century. Because of the great wealth that could be made in the West Indies producing sugar, plantation owners there covered every available acre with the valuable sugar cane and held numerous slave laborers to harvest and refine it. Enterprising colonial merchants from Providence and elsewhere made great profits by selling West Indies plantation owners food for their slaves and raw materials for their buildings. In addition to products available locally, Providence merchants learned to bring together cargoes from around the colonies and find the best prices for them in the West Indies. Timber from northern New England, dried fish from the Georges Bank, beef, pork, apples, sheep, and cheese from the Narragansett Country, rice from the Carolinas, and spermaceti candles from the nascent whaling industry, as well as wooden clapboards, barrel staves, and other goods, made up the bulk of Providence's merchant shipping throughout the eighteenth century. It was at this time that great fortunes were begun by enterprising men such as Nicholas, John, Moses, and Joseph Brown, Stephen Hopkins, Joseph Nightingale, and many others.

While business was altered and curtailed in Providence by the American Revolution, it was practically destroyed in Newport. The occupation of Newport by British forces during the Revolution knocked it from its perch as the state's leading town, and Providence quickly filled the vacuum. By 1799 Providence was the major port in Rhode Island, and among the leading ports in the new United States. Over ten thousand tons of shipping were registered for the port of Providence in 1790, four thousand tons more than Newport and over half the state's total. By 1800 Providence had the largest population, and one of the fastest growing, of any town in the state. It also had three times more banking capital than Newport, and the business leadership and experience to make the most of these assets. Accompanying all this success, though, was a great deal of risk. Providence merchants had long gathered together on an ad hoc basis for insuring their shipping ventures, but with a new country and a new age of enterprise beginning, a new way of insuring vessels was called for.

While many merchants relied upon experienced ship captains and agents to protect their business, some also invested in marine insurance to guard against financial ruin. During the colonial period much of Rhode Island's marine insurance was undertaken by



Robert Sherman is a reference assistant at the Rhode Island Historical Society Library. This article is reprinted, with minor changes, from Providence Washington Insurance Companies: The First 200 Years, by permission of Providence Washington Insurance Companies.

London, and later Boston, underwriters. In Newport in 1784 sixteen merchants subscribed to a marine insurance company led by Samuel Sanford, but they accepted liability for specific voyages, individually, rather than pool their resources and equally distribute profits and losses. In December 1787 John Brown and John Francis opened the East Indies trade when they sent the first Rhode Island vessel, the ship *General Washington*, to Canton. As commerce in the new nation boomed, ships became larger, voyages longer, and costs higher, and no single broker had pockets deep enough to cover the risks the ever expanding Providence merchants were taking.

The first stock company in America to deal in insurance was the Insurance Company of North America, founded in Philadelphia in 1792. Two years later came the Insurance Company of the State of Pennsylvania. Providence merchants undoubtedly were made aware of these developments, either through business or family connections, and saw how such an enterprise could be of value to them.



On 3 January 1799 an advertisement appeared in a Providence newspaper, the *United States Chronicle*:

NOTICE.—A Subscription for forming an Insurance Company in this Town with a Capital of 150,000 Dollars in Shares of 100 Dollars each, will be opened on Saturday next at the Coffee-House, at 11 o'Clock, A.M. under the Direction and Superintendence of Messrs. Moses Lippitt, John Rogers, John Corlis, Thomas P. Ives, Amos M. Atwell and James Burrill; after the Closing of the Subscription the Company will be immediately organized.

This advertisement appeared in the United States Chronicle on 3 January 1799. Courtesy of Henry A. L. Brown. RIHS Collection (RH1 X3 9086).

NOTICE.—A Subscription for forming an Insurance Company in this Town with a Capital of 150,000 Dollars in Shares of 100 Dollars each, will be opened on Saturday next at the Coffee-House, at 11 o'Clock, A.M. under the Direction and Superintendence of Messrs. Moses Lippitt, John Rogers, John Corlis, Thomas P. Ives, Amos M. Atwell and James Burrill; after the Closing of the Subscription the Company will be immediately organized.

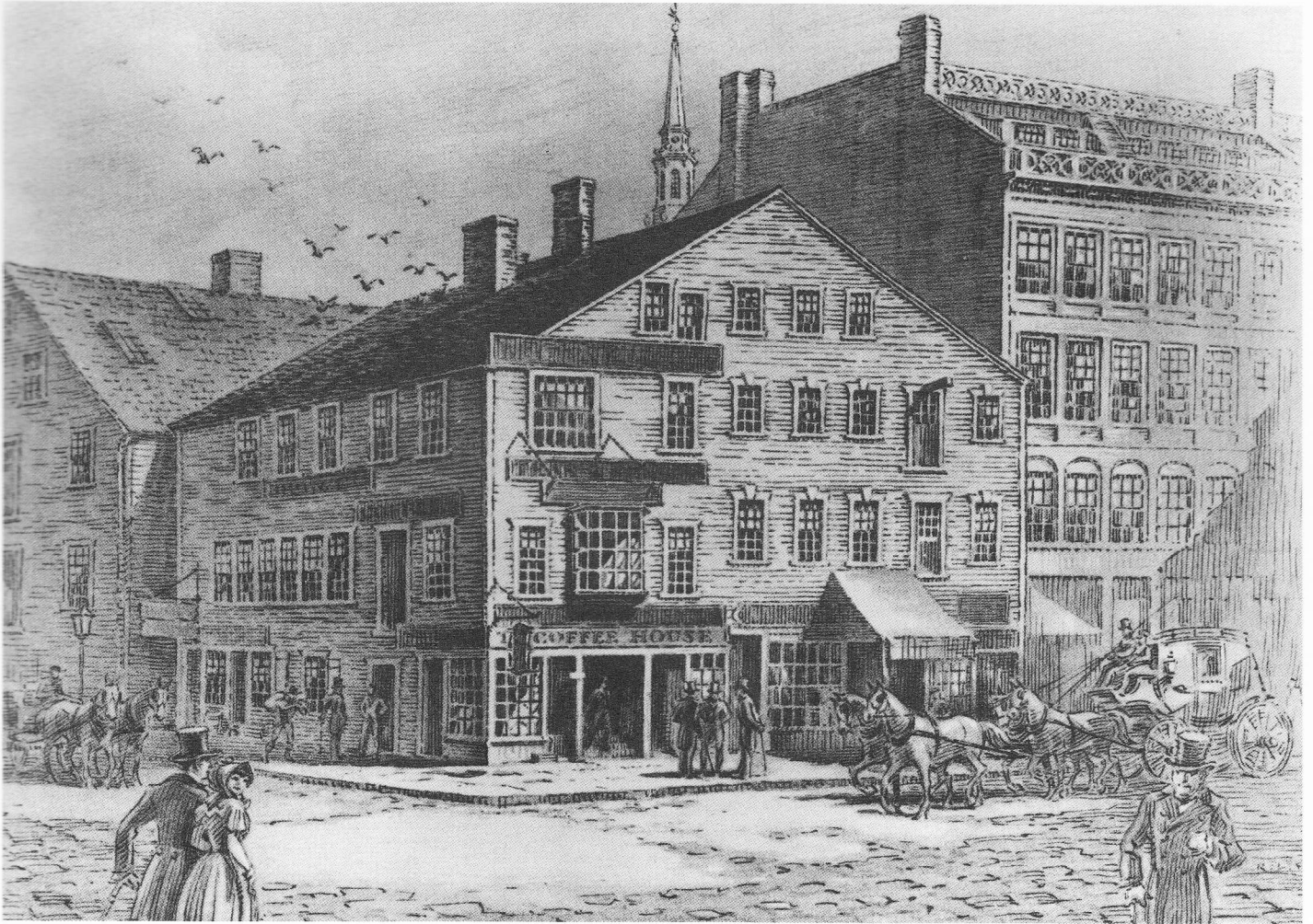
This advertisement marked the beginning of the Providence Insurance Company. Located in the Coffee House at the foot of Market Square across the street from the Market House, the company held its first meeting on 5 January 1799. John Dorrance, judge of the Court of Common Pleas, was chosen as the meeting's moderator and Amos Maine Atwell, a merchant and shipowner, as its secretary. It was decided that the capital stock of \$150,000 would be in 2,000 shares of \$75 each; but when the subscription was opened, it was found that 2,623 shares had been spoken for. This was a strong indication not only of the confidence of the subscribers but also of the interest in Providence for an enterprise of this sort. Among the most interested parties was one of the town's leading businessmen, John Brown. A letter he had written the day before was no doubt discussed at the company's first meeting:

Providence Jan'y 4th 1799

Gentlemen

The subject of a permanent Insurance Compy in this Town with an adequate Fund is Important, and I have no Doubt may be of mutual advantage to the proprietors as well as all those who may Insure their property in the office of Said Compy haveing beene Long Sence highly In favor of Such an asstablishment, but finding fue to 2d the Idea kep me back from makeing the Tryel. I am hartely Rejoiced to See so fair a Prospect of its being brot to a Point, & not haveing beene Conversant with you on the Business of Course am a Stranger to Your Plans, the subscription for which is Communicated in the Shortest & most Consise Manner possible in the Last Chronicle. . . .

When the stockholders reconvened on 7 January 1799, they elected John Mason the company's president and John's son, William Hail Mason, its secretary. A native of Swansea, Massachusetts, John Mason had lived in Killingly, Connecticut, during the Revolution, and he had begun a business that brought goods from the surrounding rural areas to Boston and Providence. When he moved to Providence to continue his business, he became involved in maritime commerce and then in marine insurance. By July 1794 he had announced in the *Providence Gazette* the opening of his insurance



The Providence Insurance Company held its first meeting on 5 January 1799 at the Coffee House in Market Square. RIHS Collection (RH1 X3 1572).

office in the Coffee House. Mason wrote policies with many of the most notable businessmen of Providence, and he was doubtless the new company's most experienced member and a driving force behind its creation.

The Providence Insurance Company's tenure as the town's only marine insurance stock company was short-lived. On 10 January 1800 a meeting was held at Alpheus Ammidon's Inn, on Benefit Street at the northeast corner of Court Street. The subject of this gathering was the creation of the Washington Insurance Company. When the Providence Insurance Company had been formed, many of the town's leading merchants had become stockholders, but many lesser merchants and shipowners had not. The group that met to form the Washington Insurance Company knew a good thing when they saw it, and they were prepared to compete in the burgeoning field of marine insurance.

The Providence Insurance Company did not welcome the competition. The pervading sentiment can be seen in a letter from the firm of Brown & Ives to John Brown:

You will have heard before this reaches you that a new Insurance Co. by Stile of Washington Insurance Company has been established in the Town Capital D. 110,000 in shares of 50 Ds this we consider a very unfortunate circumstance as it will tend to creat a party spirit it is to be feared & besides the Office in which you & ourselves are concerned could safely do three times the business that is offered there if we all became Insurers where are we to look for business.

While 142 individuals held stock in the Providence Insurance Company, the majority of the stock was controlled by the same families that controlled the Providence Bank; these included the Browns, the Iveses, the Masons, the Lippitts, and the Butlers. Providing fur-



Richard Jackson, Jr., a founder of the Washington Insurance Company, would lead the Providence Washington Insurance Company until his death in 1838. RIHS Collection (RHi X3 9054).

ther competition to the older company and its stockholders, the new Washington Insurance Company quickly set about developing its own bank—the Exchange Bank—and secured a charter for it by the end of January 1801.

The Washington Insurance Company was led, in part, by Richard Jackson, Jr., his younger brother George, their uncle Thomas Jackson, George Benson, and Amos Throop. The bulk of the company's stockholders were middle-class Providence merchants who were no less skilled and ambitious than their Providence Insurance rivals. George Benson had been a partner of Nicholas Brown, and he was still on friendly terms with Nicholas's younger brother Moses. Amos Throop, a merchant and doctor originally from Woodstock, Connecticut, had made his fortune selling valuable medicines during the Revolution. He was the first president of both the Rhode Island Medical Society and the Exchange Bank.

In 1802 the Washington Insurance Company purchased a lot of land at the west end of the Great Bridge and in May began building what the company directors' minutes called "a brick bldg for use of Co. Dimensions 21 ft. fronting on the Main street and extending back 50 ft. & 3 stories high, first story to be 10 ft., second 11 ft. & third nine feet in height with a flight of Connecticut stone steps on the East side." Construction was completed by November. The ground floor of the building was rented out, as was the upper floor, which was let to the Mount Vernon Lodge of Masons. The company occupied the middle floor. To encourage prompt attendance at the directors' meetings held there, it was voted that anyone who was more than ten minutes late had to supply the directors with a quart of porter as a fine.



Both the Providence Insurance Company and the Washington Insurance Company prospered during the early years of the nineteenth century. In 1803 the Washington Insurance Company appointed Taber & Tripp, of New London, Connecticut, its agent—an event that marked the beginning of the agency system in America. But the good times were not to last, for the specter of war was looming. By the time the Treaty of Amiens was signed in March 1802, Europe had been at war for almost a decade. During that time trade with Canton had remained safe because of Great Britain's control of the shipping lanes to and from there, but trade in the West Indies and directly with Europe had often been difficult. When war flared anew less than a year after peace had been declared, the situation for American merchants became even more dangerous: although they profited greatly by dealing with both the French and the English, they also incurred the wrath of both, and both combatants seized American cargoes and ships.

To keep America from becoming entangled in a European war, Congress enacted an embargo on American shipping in 1807. All commerce, except coastal trade between American ports, was forthwith prohibited. For the marine insurance business, this was a disaster, and it meant difficult times for both the Providence and the Washington insurance companies. After a great deal of agitation from New England merchants, Congress repealed the embargo in February 1809, but the prosperity that quickly followed was not to last. On 18 June 1812 the nation declared war against Great Britain. Because of Britain's naval superiority, the writing of marine insurance policies came to a standstill for the duration of the war. For both companies, there were years during this period when no dividend could be paid. When news of the war's end reached Providence in February 1815, it came none too soon.

As business resumed, insurance companies with names such as Hope, Peace, and Union began to proliferate. It was in this climate of expansion and increased competition that

the Providence Insurance Company and the Washington Insurance Company considered a merger. The Washington Company's minutes for 4 April 1815 note that "some of the Directors of the Providence Ins. Co. have expressed a wish to unite & incorporate this office with theirs so as to form of both one insurance company whose capital stock shall consist of one hundred thirty two thousand dollars, say—each company to furnish

\$60,000 in Bank Stock at the Original Cost, & that the Providence Ins. Co. purchase 1/2 the Real Estate of the Washington Ins. Co. at the rate of 12,000 for the whole, it would be mutually advantageous." The merger was approved by the stockholders of both companies a little more than a month later, and an agreement was drawn up and signed on 18 May 1815.

It was not until October 1816 that the companies jointly petitioned the General Assembly for the merger, and not until March 1820 that the incorporation of the Providence Washington Insurance Company was complete. As early as December 1815, however, correspondents were being told that "the Providence & Washington Ins. Companies have been joined into one Company, and at present the Insurance business is carried on in the name of the Washington Insurance Company." A last bit of old business, in the form of a forgotten bank account in the Providence Company's name, would not be taken care of until 1838.

On 23 September 1815 Providence was struck by "the Great Gale," the first of the many natural disasters the newly created Providence Washington Insurance Company would have to deal with. Today we would call it a hurricane, but by any name, it was devastating. The *Providence Gazette* made clear just how destructive it was: "A most tremendous gale has desolated our town and harbor. . . . Incalculable damage has been done to dwelling-houses, stores and shipping, and the amount of property consigned to destruction by this awful visitation is too fearful to conjecture. Our noble Great Bridge is in ruins—and almost the whole of the navigation of the port is now in one neglected heap of devastation in the cove above where the bridge recently stood." Two people were killed, and thirty-five vessels were destroyed. The Washington Company's building withstood the flood tide and the gale's massive winds well; the damage caused by ships crashing into its upper floors was the

worst it sustained. It was not until the hurricanes of 1938 and 1954 that the city, and Providence Washington, again endured so ferocious a storm. The loss to Providence was estimated at about half a million dollars, the largest in proportion to total wealth that the city has ever suffered. The company's losses, however, were not great, since it was standard practice at the time for marine insurance policies to terminate twenty-four hours after a ship had been in port.

Not only did merchants of the early nineteenth century face danger from unpredictable weather; they also had to contend with the perils of piracy. While much more common in the early eighteenth century, piracy sprang up again during the early nineteenth century, in large part because of unsettled political conditions brought on by wars of liberation in Central and South America. One incident of piracy during this time occurred

The State of Rhode
Island &c. } to the Hon^d. General Assembly,
to be holden at Providence on the last
Monday of October 1816.

Respectfully represent
The Providence Insurance Company &
The Washington Insurance Company in Providence that during the
late war they transacted little or no Business of Insurance & that
soon after the restoration of Peace they entered into an agreement,
which they thought would secure the interest of both the said Insur-
ance Companies & promote the public good, to form both said companies into
one Insurance Company by the name of the Providence Washington
Insurance Company on certain terms in said agreement particularly,
set forth. They therefore pray Your Honors to grant them a charter
or act of incorporation agreeably to the Bill herewith presented.
And they as in duty bound will ever pray, &c.

The Providence Insurance Company
&
The Washington Insurance Company in Providence

By Samuel Aborn
James Burial
Peter Johnson
Samuel N. Bridgman.

Their Committee
for this purpose
appointed

This petition for incorporating the Providence Washington Insurance Company was submitted to the General Assembly in October 1816. Courtesy of the Providence Washington Insurance Company.



The Great Gale of 1815 brought high winds and massive flooding to Providence. Painting by John Russell Bartlett. RIHS Collection (RHi X3 3078).

aboard the *Crawford*, a brig launched in 1826 and sailing primarily between Cuba, New York, and Providence. In April 1827 she carried a cargo of bread, onions, beef, potatoes, flour, and barrel hoops to Cuba, where the goods were sold and almost fifty tons of sugar and coffee were taken aboard, along with eight passengers, for the return trip. Four of the passengers were pirates. Led by a man calling himself Dr. Tardy, who posed as a physician and dentist, late on the night of 1 June the group seized the ship by murdering most of the crew and the other passengers. Only the cook, a passenger who may have been an accomplice, and the mate, Edward Dobson, who was wounded, were spared. After evidence of the bloodshed was cleaned up and forged ship's papers were substituted for the real ones, Dr. Tardy determined to sail the ship to Europe, with Dobson as its navigator. Additional provisions would be needed for the voyage, so the *Crawford*, driven north by the winds, was brought to anchor off Old Point Comfort in Virginia. As a boat was being readied to secure the necessary supplies, Dobson leapt into it and made his escape to shore. There he told officers at nearby Fortress Munroe what had

happened aboard the brig. Fearing the worst, Dr. Tardy cut his own throat before he could be captured, while his accomplices tried, unsuccessfully, to make their getaway. Safely back in Providence with the *Crawford*, Dobson received a letter of congratulations and a reward of three hundred dollars from the Providence Washington Insurance Company's directors.

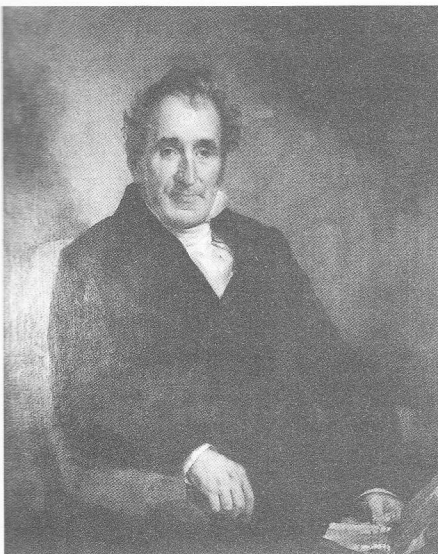
As the company expanded during these years, it remained involved in the development of Providence. In 1816 the company helped build a new bridge over the Providence River, replacing the one destroyed by the Great Gale, and in 1824 it assisted in filling part of the Great Salt Cove to the north and constructing a road around it. At the same time, it acquired more property adjacent to the building that housed its offices. It was within those offices that the Providence Institution for Savings was organized in 1819 and the Blackstone Canal Company was begun in April 1825. Too little and too late to meet the region's growing transportation needs, the canal never enjoyed much success. Shortly after it was completed, plans were made for a railroad line between Boston and Providence; by 1847, when a rail link between Providence and Worcester was completed, the Blackstone Canal Company had been liquidated.

It was during these years that Providence Washington began to move into new areas, both geographically and within the insurance industry. By 1821 several of its directors saw the need for the company to expand its business into fire insurance, especially among the textile mills that had begun to boom along the Blackstone and Pawtuxet river valleys and elsewhere. Initially a separate company, to be controlled by the Providence Washington Insurance Company, was proposed, but this plan was rejected. In December 1821 the stockholders met and decided that it was "expedient for the Directors to make Insurance on Buildings and other property against damage by fire," and they authorized the directors to "commence the Business as soon as may be in their opinion it is thought best to do so." With this new direction, the company assured itself of a place in the future.

As another measure looking to the future, in 1835 the company's secretary, Charles H. Dabney, was sent to New York State "to visit Mfg. Cos. With a view to increasing business." His lengthy trip resulted in the establishment of several Providence Washington agencies in a number of New England and New York cities over the next ten years. Soon after this expansion began, the panic of 1837 hit the country. While many speculators in western lands, living on borrowed money and borrowed time, were financially ruined, the Providence Washington Insurance Company was able to weather the panic—as it would weather several future crises—on the basis of its sound investments and sound planning. In April 1838 the company suffered another blow with the death of Richard Jackson. A founder of the Washington Insurance Company and a leader of the Providence Washington Insurance Company, he was sorely missed. For his successor, the company chose Sullivan Dorr, a man who had begun his career as a merchant in Canton, but who was destined to take the company out of the marine insurance business.

Among the first large projects that Dorr headed up was the rebuilding of the bridge across the river at the company's headquarters in 1840. To further improve its real estate, in 1843 Providence Washington decided to remove the buildings on its lot and "build new according to the plans of Tallman & Bucklin, to cover the whole lot, at not more than \$33,500." By 1846 the work was completed. This building, which stood until 1917, replaced the original Washington Insurance Company office building and the row of stores that had been built on the lot in 1831.

It was at this time also that the company took up the issue of whether or not it should stay in the marine insurance business. The topic was brought up again and again at



Sullivan Dorr, the successor to Richard Jackson, Jr., served as Providence Washington's president from 1838 to 1858. RIHS Collection (RHi X32 15).

meetings of the directors in 1843 and 1844. The fire insurance business was serving the company well, but the marine insurance business seemed to be dragging it down. A committee appointed to study the question recommended that the company either stop writing marine insurance policies or take steps to improve that part of its business. The matter remained unresolved until May 1844, when the directors came to a decision: "it appear[s] that for more than 28 years no profit has accrued to the benefit of the Company from [marine insurance]. It is therefore voted that it is inexpedient to underwrite for the present on Ships and Vessels on time and the President will discontinue to grant Policies on such risks for the future untill otherwise directed by the Board." The Providence Washington Insurance Company had left its past behind and linked its future to the fire insurance industry.

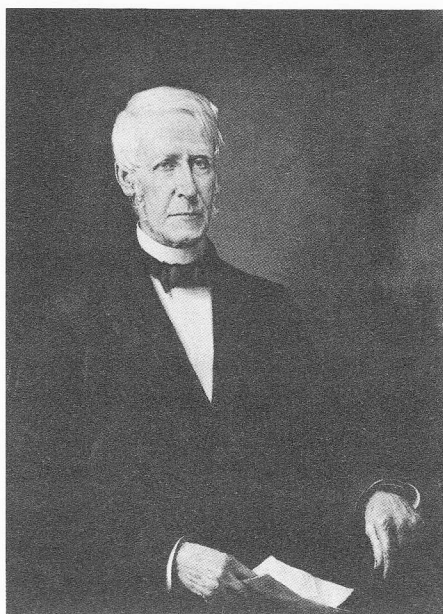


Carrying on the work that Charles Dabney had begun in 1835, the company continued to expand its network of agencies throughout New England and the Northeast. After 1844 the company moved rapidly into the middle Atlantic states, including cities such as Albany, Syracuse, Utica, Buffalo, New York, and Philadelphia. With the system of turn-pikes and canals being rapidly augmented and supplanted by the railroads, all heading west and binding the young country closer together, the Providence Washington Insurance Company was soon moving into Chicago, Detroit, and cities throughout Ohio. By 1857 it had almost six million dollars in fire risks outstanding and a little over eighty-one thousand dollars in premiums. The company suffered its first serious fire loss in July 1846, when over three hundred buildings were destroyed on Nantucket. This loss was not topped until the Great Chicago Fire of 1871.

One area of the country that the company did not expand rapidly into was the South. Providence Washington had no outstanding risks in the Confederate states when war broke out in April 1861. Largely because of its exit from marine insurance, the company suffered no ill effects from the Civil War. But although its profits continued, its losses were increasing steadily as well, in part because of the use of a new and cheaper lighting fuel—kerosene. The company now began to examine prospective risks with greater care and to increase premium rates accordingly. Though the company wrote fewer policies as a result, its profits began to increase by 1868. But only a few years later, a disaster struck that put the company through its most difficult trial ever.

In June 1871 the directors and stockholders felt that the company's condition was "very favorable in its aspect" and that there was "a handsome credit balance existing." In October 1871 all that changed. Fire broke out in Chicago, some said from the deadly combination of a cow and a kerosene lantern, on Sunday, the eighth of that month. The flames raged through Sunday and Monday until they were finally checked on Tuesday. At a meeting in Providence that day, it was decided that the company's president, John Kingsbury, and its adjuster, Stephen Fisk, should depart immediately for Chicago. Six days later Kingsbury telegraphed the news that the company's total assets would not cover the claims that would be presented. The directors felt that they now had no choice but to vote to liquidate. Mournfully resigned to the situation, in the minutes of their 21 October meeting they described the Providence Washington Insurance Company as "an office established in 1799 by many of the leading citizens of Providence and which during the whole period of its existence had maintained a high character as an Insurance Co." It was a dark day indeed for the company.

The situation proved to be somewhat less grave than it had appeared. Having assessed the damage in Chicago further, and having examined the value of the company's invest-



John Kingsbury was president of Providence Washington when it faced the crisis precipitated by the Great Chicago Fire of 1871. RIHS Collection (RHi X3 9053).

ments, longtime Providence Washington director William Goddard told stockholders at a 9 November meeting that "the directors . . . now think the assets of the company justify the hope that . . . this ancient and venerable office will make no default, and although nothing of value may remain for the stock holders they will have no cause to regret the manner in which the business of the office was brought to a close."

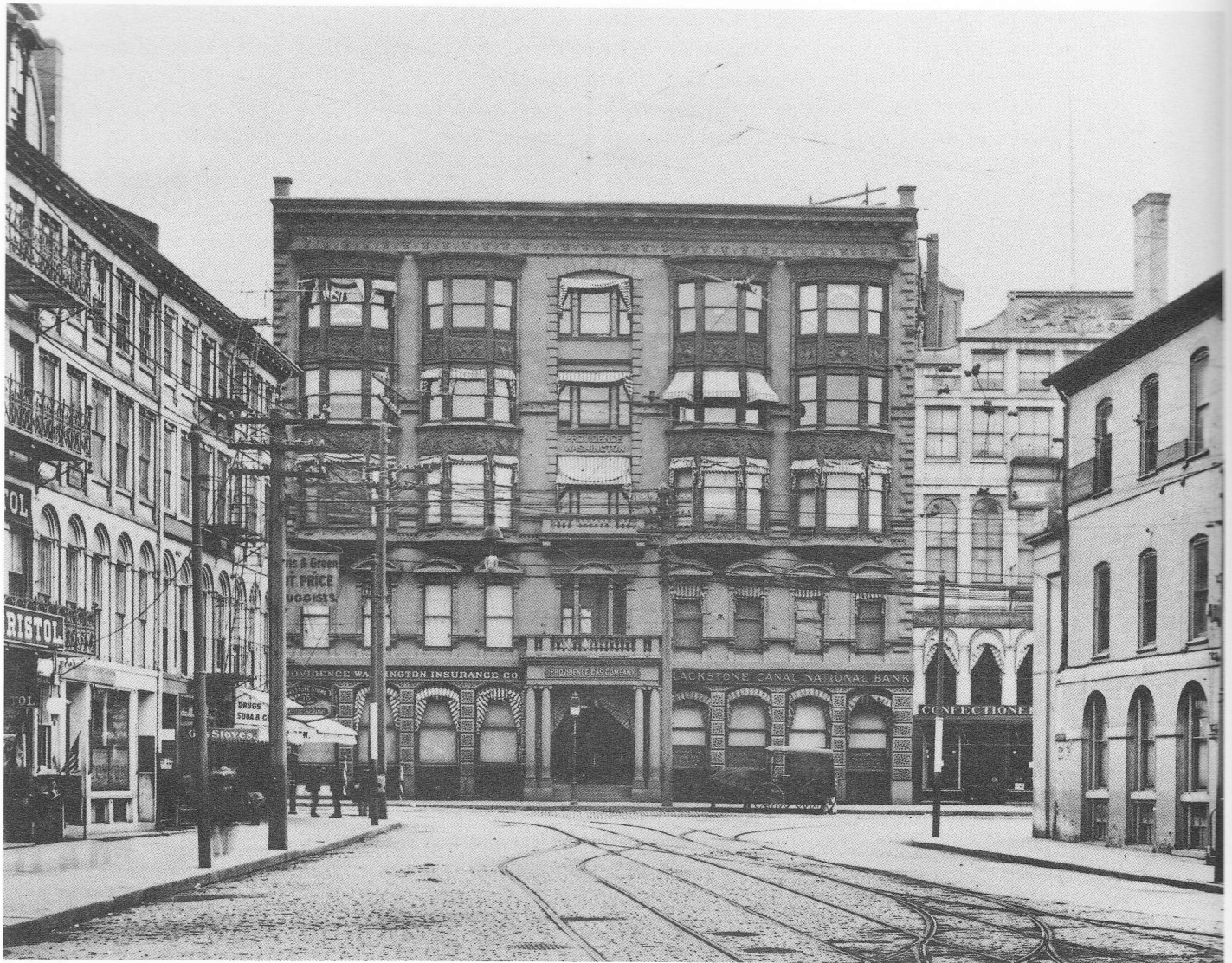
The directors did not allow the company's name to die. Instead, they purchased the charter of the inactive What Cheer Fire & Marine Insurance Company and reorganized that company under the same directorate as the one that had been serving Providence Washington. The fallout from the Chicago fire was devastating insurance companies throughout the country; of the nine local companies, five would be forced to liquidate, and thirty-six out-of-state companies would stop writing insurance in Rhode Island. Under these circumstances, the directors foresaw the need for a new company "to succeed to the reputation & business of the old Washington Office," and they knew their chances for success would be greater if that company bore the Providence Washington name "as the successor of an Office well and widely known for its extensive business and its fair & honorable record." To settle the outstanding obligations of the old company, the directors sold its building and lot, liquidated its other assets, and paid its Chicago policyholders seventy and one-half cents on the dollar.

By May 1872 the company's new charter had been amended by the Rhode Island General Assembly to bring it into line with the insurance laws of the time, the company had been recapitalized, and a decision had been made to reestablish Providence Washington agencies in sixteen eastern cities. In November 1872 the company suffered another blow when a massive fire occurred in downtown Boston, but though several directors raised a "Guaranty Fund" of \$60,000 to insure the company's continued existence, their fears proved unfounded: the money from the fund was never used. The Providence Washington Insurance Company had survived a difficult time, and it had learned some valuable lessons along the way.

Probably the greatest lesson the company learned from its brush with liquidation was that size mattered. Through the end of the nineteenth and into the twentieth century, the insurance industry, along with the rest of the nation's business and industry, passed through a great metamorphosis. Competition and the ever growing cost of business were causing smaller companies to either merge with others or go under. To deal with the growing pressures of competition, insurance companies in Providence formed an association that would keep them from turning on one other: in May 1873 the Providence Washington, Atlantic, Equitable, Merchants, and Newport insurance companies formed the Providence Insurance Association. With a board of managers composed of the five company presidents running the association, agencies were established in Chicago, Cincinnati, Cleveland, Detroit, Louisville, and St. Louis. The association led not only to cooperation among the Providence insurance companies but also to the expansion of the Providence Washington Insurance Company itself.

In December 1874 Providence Washington was presented with the opportunity to unite with the Newport Fire and Marine Insurance Company of Providence. At almost the same time, John Kingsbury, a Brown University graduate, educator, onetime state commissioner of public schools, and Providence Washington's president through sixteen of its most difficult years, died at the age of seventy-three. His death caused the negotiations between the two companies to accelerate; even in death he propelled his company forward.

The Newport Fire and Marine Insurance Company had begun its existence in 1831 as the American Insurance Company. By 1874, the year of the merger, it had become a near equal of Providence Washington. Now led by J. Halsey DeWolf, a onetime assistant sec-



The What Cheer Building, on North Main Street, housed the company's home offices from 1875 to 1949. RIHS Collection (RHi X3 9081).

retary at Providence Washington, the Newport Company had offices in the What Cheer Block on North Main Street, across from the city's Market House, a location the company had occupied since the What Cheer Block was constructed in 1850. After the merger the Providence Washington Insurance Company would move into this building, which would eventually become known as the Providence Washington Building and would house the company from 1875 until 1949.

The merger of the two companies, under the name of the Providence Washington Insurance Company, was completed by May 1875. An arrangement was made whereby the Newport Company's officers and clerks assumed those positions in the combined company, and eight of the Newport Company's directors were added to Providence Washington's board. After all the Newport's policies were rewritten under the name of the Providence Washington Insurance Company—a task that lasted all night and into the small hours of the morning on 21 May 1875—the board met and elected J. Halsey DeWolf the company's president. Providence Washington had begun its march into the next century.

After its merger with the Newport Fire and Marine Insurance Company, Providence Washington became the largest fire- and marine-insurance stock company incorporated in Rhode Island. It was during this time that many other local companies were falling

prey to increasing competition from much larger companies from outside the state. By 1875 the 6 local insurance companies writing policies in Rhode Island were competing with 107 out-of-state companies and 16 foreign companies, some with six times the capital of Providence Washington and steadily growing. Faced with such competition, the new Providence Washington leadership saw expansion as the answer. It was a dangerous choice, but events demonstrated that it was the right one.

Several times during the last quarter of the nineteenth century, the Providence Washington Insurance Company tiptoed on the edge of financial crisis. In 1884, and again in 1891 and 1893, the company reinsured parts of its business with other insurance

companies so that (as the directors' minutes stated) Providence Washington might "pass muster at the end of the year" and "the company might continue in business." The minutes also noted that "all of these companies accepted our figures without question and seemed only too glad to assist us when in trouble without much, if any, hope of profit."

Even during these uncertain times, the company—and J. Halsey DeWolf in particular—kept growth in their plans. In 1886 Providence Washington bought out the American National Bank's share in the What Cheer Block and expanded the company's offices there. By 1894, with profits resuming, the company's plans

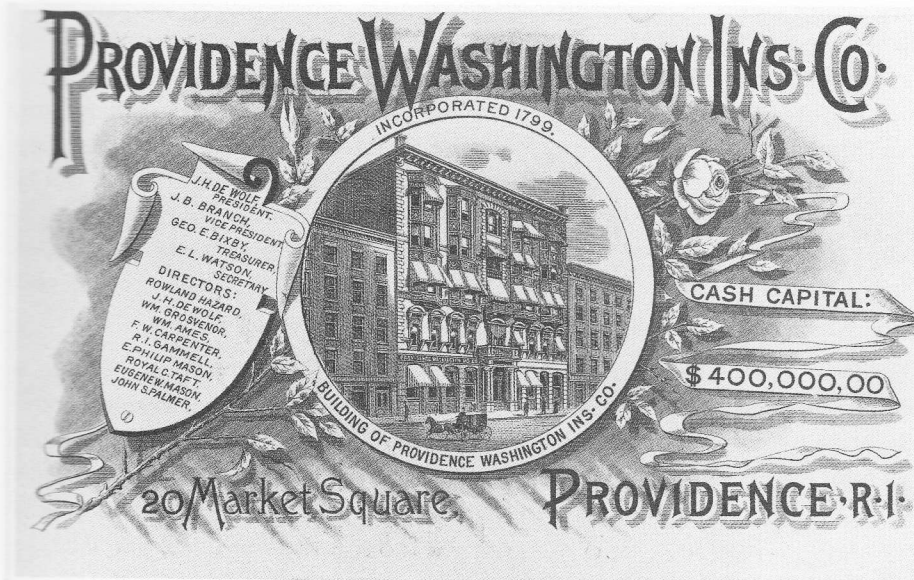
began to bear fruit. The company had weathered an economic storm no less severe in its way than the Great Gale of 1815. Growing at a time when many Rhode Island insurance companies were stagnating and withering away, by 1899 Providence Washington was able to increase its capital stock by 50 percent.



At the dawn of the twentieth century, the Providence Washington Insurance Company was stronger and more stable than either of its predecessors had been a hundred years earlier. When fire caused heavy damage in Jacksonville, Florida, in 1901, the company was able to sustain the losses with little effect on its dividends. The company again paid its policyholders without undue strain when a catastrophic fire struck Baltimore and lesser fires hit Toronto; Rochester, New York; and Yazoo City, Mississippi, all in 1904.

But all this was merely a prelude to the destruction wrought in San Francisco in 1906. On 18 April of that year a cataclysmic earthquake rocked the city, followed by a disastrous fire that raged for three days before it could be brought under control. As the smoke cleared, it was apparent that the city was devastated. While the Providence Washington Insurance Company was evaluating its possible losses, the company's president, John B. Branch, reassured its employees in a telegram that the "total amount at risk damaged district [was] eight hundred fifty thousand. Earthquake damage and other salvage should reduce loss below our surplus. Company unquestionably sound."

The company's vice president, Charles D. Dunlop, who had been manager of the western department in Chicago from 1895 to 1904, traveled to San Francisco and set up temporary offices in Oakland. After viewing some of the devastated city, he reported



Providence Washington issued this trade card as its 1897 annual report. Courtesy of the Providence Washington Insurance Company.



John Branch led Providence Washington from 1904 to 1922. RIHS Collection (RH1 X3 9052).

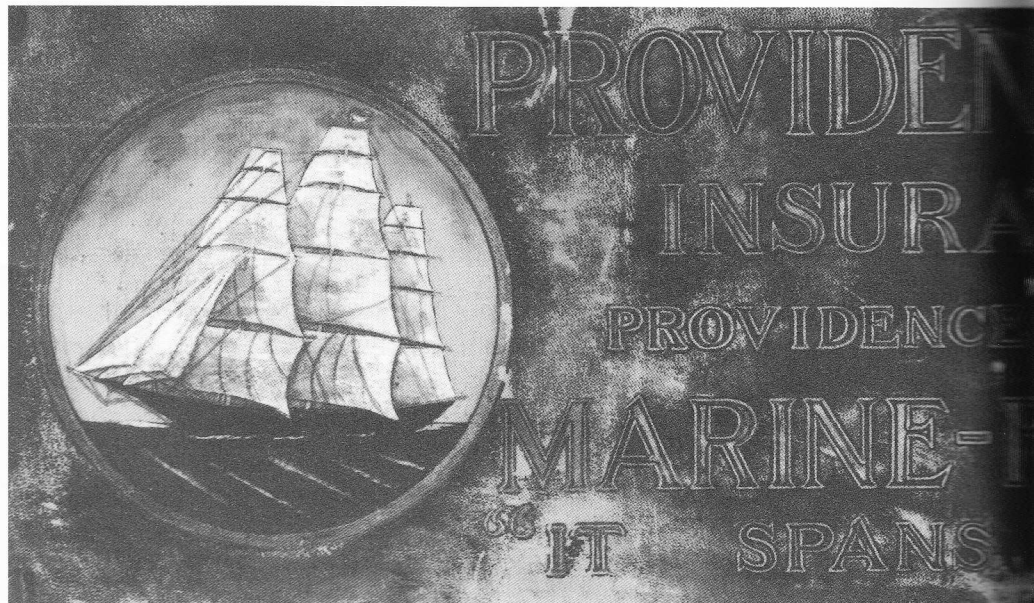
that “they estimate about eight square miles [were destroyed]. At any event it is further than you can see.” The company’s own vaults in San Francisco remained too hot to be opened until the first week of May. When the records were finally recovered, they were found to be scorched, but still legible.

Probably the greatest difficulty that the company encountered in paying out claims in San Francisco was sorting out the damage that had been done by fire from the damage that had been done by earthquake or by the dynamiting that had been carried out after the earthquake to assist firefighting efforts. If it was found that damage was caused by the earthquake or by dynamiting, the company was not liable. This led to much wrangling between insurance companies, city government, and individual policyholders. In a letter dated 4 May 1906, President Branch informed Dunlop that “whatever good settlements or proper adjustments can be made, we wish to pay as promptly as possible, obtaining of course proper discounts and compromises. . . . the sooner we can get these losses cleared up the better for us. . . . While therefore, we do not want any improper adjustments made, we are most anxious to settle all losses as promptly as is compatible with obtaining the best fair adjustments.” In settling the claims from the earthquake, the company demonstrated that it had learned the lessons of economic survival. No dividends were paid in either 1906 or 1907, but the company retained a large surplus and began to rebuild it for another rainy, or fiery, day.

Along with retaining and rebuilding its surplus, Providence Washington began to expand again into new areas of insurance. In 1911 the company began writing automobile insurance, and this branch of the business grew rapidly. In 1914 alone, premiums rose from less than \$2,000 to almost \$300,000. Although this phenomenal growth rate did not continue, the value of automobile insurance to the company did increase steadily. Other types of insurance—such as policies for baggage, registered mail, sprinkler systems, and farm crops—were also initiated.

When the First World War broke out in August 1914, marine insurance rates skyrocketed, causing consternation in much of America’s business community. At this point the United States government took the lead in reestablishing faith in the maritime transportation industry and other areas of transportation and manufacturing by creating the Bureau of War Risk Insurance. The bureau set reasonable insurance-rate levels for American

This leather sign advertised the company’s automobile insurance, which it began to issue in 1911. Courtesy of KMS Insurance, Toronto, Ontario.



ships and cargoes and calmed what was initially a very unsettled situation. Among the members of the bureau was Providence Washington's president, John B. Branch.

For much of America's business and industry, the war years were a boom time. From the beginning of the war in 1914 until America's entry into it in 1917, businesses amassed profits with little of the risk that war entailed. The Providence Washington Insurance Company was among the many businesses that flourished. In 1916 it was able to purchase, in its entirety, the What Cheer Block, thus again owning its own building for the first time since the liquidation that followed the Great Chicago Fire of 1871. It was in 1916 also that Providence Washington began a systematic pension plan for employees who had reached mandatory retirement age after twenty years with the company. In 1917 Providence Washington enjoyed its most profitable year up to that time.

The war years were not all windfall, however. One of the worst losses of the war occurred on 7 May 1915, when the liner *Lusitania* was torpedoed by a German submarine. Among the many losses that day, both human and material, was a stock of diamonds insured by Providence Washington and valued at \$13,000. In a strange twist of fate, the diamonds were recovered floating in the Irish Channel ten days after the sinking, still wrapped in paper in a cigar box. The owner of the diamonds subsequently refused their return, and Providence Washington paid him for their total loss. But the company recouped the loss shortly thereafter, when the diamonds were sold in London. After the war ended in 1918, Providence Washington drew up claims against the German government for marine losses totaling \$2,248,000.

Providence Washington became a truly modern enterprise in the early part of the twentieth century. With the widespread commercial use of such devices as the telephone, the typewriter, and the dictaphone, as well as of modern accounting practices and standardized business forms, a revolution was wrought both in business practices and in personnel. During and after the First World War, the need for office workers in organizations such as the Providence Washington Insurance Company grew at a rapid pace. In Providence, as elsewhere, many of the new positions were filled by young, single, educated women who were entering the workforce for the first time. Because of gender stereotyping, these women were largely employed as typists or in similar relatively low-status positions, but their presence in what had long been the male-dominated world



of the company office and downtown business district began to change the face of Providence.



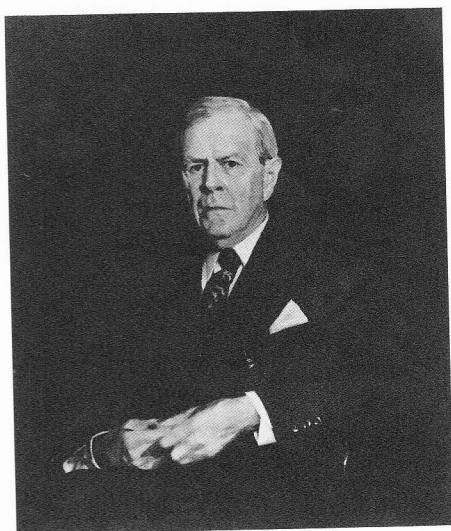
From 1919 to 1928 the Providence Washington Insurance Company grew at an unparalleled rate. The twenties began with a postwar depression that severely affected many Rhode Island manufacturing businesses, especially in the textile industry, and marked the beginning of the end for many of the state's industrial giants. For Providence Washington, however, fortunes improved as the value of securities and income from investments began to rise in 1922. In that year dividends reached 20 percent. In 1924 and 1926 the company increased its capital stock. In 1923 its yearly surplus was \$800,000; in 1927 and 1928 it stood at \$3 million. Amidst this prosperity, Providence Washington chartered the Anchor Insurance Company in 1928. This was done because of legal restrictions on the number of agencies a company could establish, and it allowed Providence Washington to spread its risks and retain a greater amount of business.

While the company was undergoing a number of changes in the first quarter of the century, so too was the city of Providence. Beginning in the 1880s and continuing until the 1920s, thousands of immigrants—predominately from Italy, Portugal, and eastern Europe—came to the city, joining the French Canadians, Irish, Swedes, Germans, and others who had preceded them. Providence became a modern, cosmopolitan city during these years, with a myriad of ethnic neighborhoods, moving picture and vaudeville theaters, diners, bustling department stores, and a mass transit system that had progressed from horse-drawn cars to full electrification. Employees of Providence Washington saw the construction of the Turk's Head Building in 1913, the Hospital Trust Building in 1918, the nineteen-story, six-hundred-room luxury Biltmore Hotel in 1922, and the 420-foot-high Industrial Trust Building—the tallest in New England at the time—in 1928.

Then, in October 1929, came the great stock market crash. While many businesses were destroyed by that catastrophic event and by the Great Depression that followed, Providence Washington never faltered. Oddly enough, 1929 was a banner year for the company. On 31 December 1929 it had assets of nearly \$23 million, a surplus—its largest ever—of \$13 million, and profits for the year of just under \$500,000, the highest in its history. The company went on to turn an underwriting profit and return a dividend every year of the Depression. In January 1932, one of the darkest years of that dark decade, company president Garry C. House was able to report to stockholders “that in a year of unprecedented depression it is gratifying to report a satisfactory operating profit. . . . Each Department has shown a profitable underwriting result.”

While carefully husbanding its resources to weather the Depression, Providence Washington also cautiously expanded its business. To increase its automobile insurance profits, it wrote joint policies with the Maryland Casualty Company of Baltimore. It also took the opportunity of purchasing two Bangor, Maine, insurance companies that had been involved with Providence Washington in reinsurance contracts, and that had now decided to liquidate. By purchasing and liquidating the Merchants Insurance Company and the Union Insurance Company, Providence Washington not only gained control of their charters but turned a profit as well.

In March 1933 the company suffered a major loss with the death of John B. Branch. Coming to Providence Washington fifty-eight years earlier when it had merged with the Newport Company, Branch had been among the Newport staff that had rewritten all of



In spite of the Great Depression, Providence Washington president Garry C. House reported profits for the company in January 1932. RIHS Collection (RH1 X3 9055).

that company's marine policies over into Providence Washington's name in a late-night session on the eve of the merger. He had been an officer of Providence Washington through the lean years of the 1880s and 1890s, when cutthroat competition had pulled other companies under, and he had been with the company during the catastrophic San Francisco earthquake of 1906, the First World War, and the boom time of the 1920s.

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ANCHOR INSURANCE COMPANY

Providence, R. I.

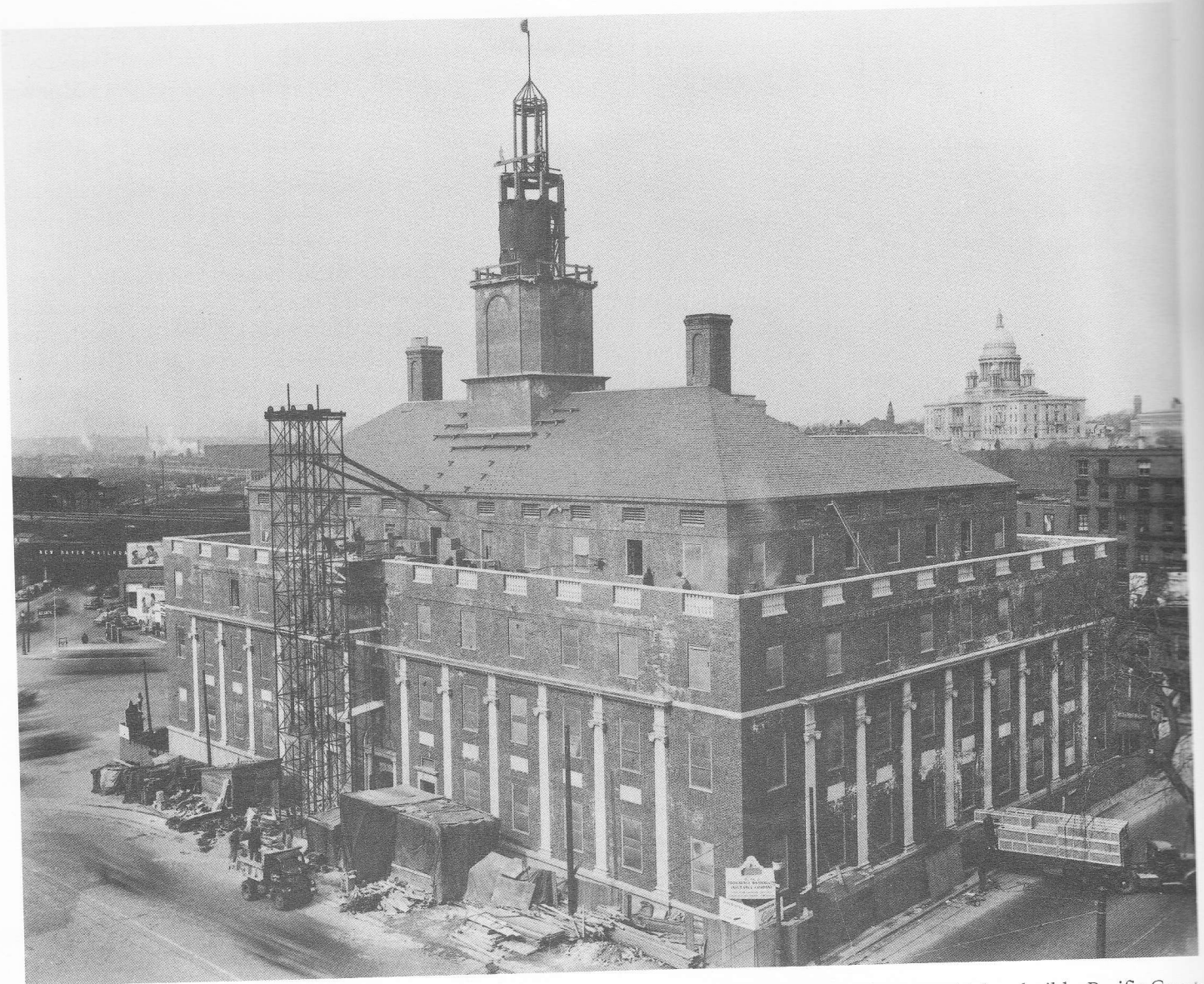
Providence Washington was not immune to the devastating hurricane of 21 September 1938. Courtesy of the Providence Washington Insurance Company.

In 1938 Rhode Island experienced what was perhaps the greatest natural disaster in its history—a hurricane that slammed into the state with overwhelming ferocity and calamitous timing. As the tides crested on the afternoon of 21 September, the fast-moving storm reached its height as well, bringing winds in excess of 120 miles an hour and a tidal wave that flooded part of downtown Providence. Because it struck so quickly, with little or no warning, the storm claimed 311 lives statewide. Property damage was estimated at about \$100 million. Policyholders of Providence Washington and the Anchor Insurance Company sustained over \$300,000 in hurricane-related property losses. For Providence Washington, the loss was exceeded only by those of the Chicago fire and the San Francisco earthquake.

Less than a year later the world was once again at war. On 1 September 1939 German forces invaded Poland, ending the fragile peace that had followed the First World War. Just two days later Providence Washington suffered its first loss of the conflict when the British ship *Athenia* was struck and sunk by a German torpedo. By war's end the company's losses would total more than \$3 million. To provide private property owners with insurance against war damage, the government established the War Damage Corporation, for which Providence Washington wrote over 45,000 policies. Not all risk during these years was war-related; Mother Nature did not take a holiday just because a world war was raging. In September 1944 another hurricane hit southern New England, and although there were no fatalities, it did produce considerable property damage.

The post-World War II years brought the Providence Washington Insurance Company both new business and a new home. In 1946 the company purchased a block of property bounded by Steeple, North Main, Waterman (now Washington Place), and Canal streets on which to build its new headquarters. Situated in the heart of Providence, as all the company's other homes had been, the new building was dedicated on 15 September 1949 before a crowd of over a thousand spectators, with dignitaries including Governor John O. Pastore and Providence mayor Dennis Roberts in attendance. Designed by Perry, Shaw & Hepburn of Boston, the building combined the old and the new: while it incorporated all the modern conveniences of the day, its colonial style made it well suited to its location near the First Baptist Church in America and other of Providence's colonial-style buildings.

Meanwhile the company was seeking new opportunities to expand its business. In 1947 it formed the Providence Washington Indemnity Company, a subsidiary to write casualty insurance. In 1950, after the lifting of restrictions on the number of agencies a company could establish, the Anchor Insurance Company was merged with the Providence Washington Insurance Company. In 1952 Providence Washington saw opportunity in

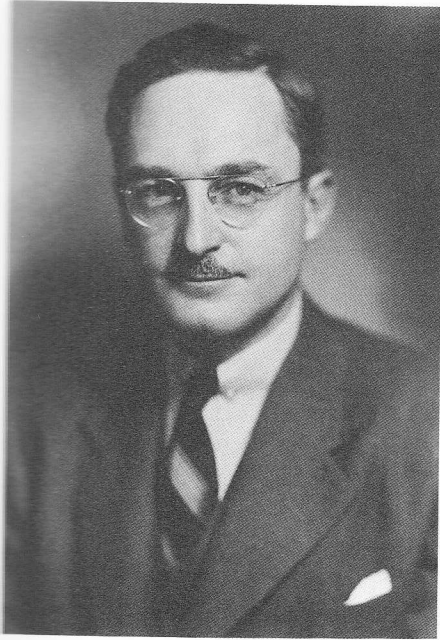


The company began construction of its new home in 1948. Courtesy of the Providence Washington Insurance Company.

the West and purchased land in San Bruno, California, on which to build a Pacific Coast office. It was also at this time that the company established a training school and hired a professional educator to help build its pool of leadership and executive talent. Long gone were the days of operating in coffeehouses over a tankard of porter.



But ominous clouds were gathering on Providence Washington's horizon during these years. Through a combination of natural disasters and too rapid an expansion of its overhead expenses, the company now began to incur heavy losses. In November 1950 a powerful storm caused a great deal of property damage in the Northeast, and this, coupled with the company's assuming the Anchor Insurance Company's \$2 million in unearned premiums, brought Providence Washington a loss of \$2.5 million that year. In 1953 a succession of tornadoes throughout the country caused more losses. One of these tornadoes—one of the worst in the country's history—struck very close to home in Worcester, Massachusetts. Among its victims was Assumption College, which was devastated. The company's underwriting losses for that year were \$1 million.



Stephen W. Carey III presided over the company from 1946 to 1954. RIHS Collection (RHi X3 9051).

It was also in 1953 that a study conducted by Frogatt and Company showed that the rapid expansion of Providence Washington's operations was part of the reason for its continuing losses. From 1947 to 1952 the number of company offices had doubled, but the expansion was not creating a commensurate amount of business; it was, in fact, costing the company money. To bring costs under control, Providence Washington began to reduce its work force. Of its 985 employees, 168 were let go in 1954. But the cuts did not affect only lower-level personnel: in February 1954 Stephen W. Carey III, who had been president since 1946, resigned his position, and in April of that same year six of the company's eighteen officers resigned as well.

While Providence Washington was attempting to get its financial house in order, Mother Nature struck again. On the morning of 31 August 1954, at high tide, Hurricane Carol blew up Narragansett Bay, and once again Providence streets resembled the streets of Venice. The new Providence Washington Building became an island in the city's downtown, but except for a trickle of water through the front door, it remained watertight. The only exits, however, were through windows along North Main Street. An emergency hurricane claims unit was set up immediately after the storm, and although there was no electricity for a week, the company handled the claims of its hometown neighbors.

Two more hurricanes affected Providence Washington's fortunes within a month and a half of Carol's assault. Hurricane Edna hit New England in September 1954, and Hurricane Hazel struck the East Coast from South Carolina to New York the following month. The total damages attributed to these storms, including Hurricane Carol, was \$272 million, with a net loss to Providence Washington of almost \$4.5 million.

Under the combined weight of storm losses and business reversals, Providence Washington's fortunes appeared to flag. The company's surplus, the value of its written premiums, and the number of its employees all decreased. In September 1957, for the first time in fifty years, the company did not pay a dividend on its stock. It was a dark time for Providence Washington.

Then the board of directors and President Roy E. Carr began to turn things around. Carr, an Annapolis graduate with a background in marine insurance, had joined Providence Washington in 1949, and he had rapidly risen to become the company's executive vice president and, in 1954, its president. Along with a board of directors that became much more involved in the affairs of the company than it had been for some time, Carr took action to curtail expenses and bring Providence Washington onto a more even keel. With the Pacific office producing a little more than 8 percent of the premiums and incurring over 30 percent of the underwriting losses in 1957, the building in San Bruno was sold. Other unprofitable offices were closed as well. By 1958, when the company again declared a dividend, these efforts were beginning to bear fruit.

As Providence Washington began to strengthen itself with profitable years in 1958 and 1959, other changes were also taking place. In 1959 came the company's first automation of business operations with the purchase and installation of an IBM 650 computer. Personal computers were still years away, but along with the rest of the business world, Providence Washington was entering into a technological revolution that continues to this day. In another innovation, in 1958 Providence Washington converted its building's elevators to automatic operation. Before then the three elevators had been run by operators and a starter, all of whom also served as receptionists.

For Providence Washington, the beginning of the 1960s seemed a time of optimism and new frontiers. When the Dallas company that Providence Washington had been writing policies through was purchased by another company in 1961, Providence Washington purchased the Western Alliance Insurance Company and its affiliate, the Texas Casualty Insurance Company, to keep these policies in force. Led by John Washington, the com-

pany's Texas operations proved to be quite profitable and contributed greatly to Providence Washington's successes in 1961 and 1962. While the company suffered some losses in 1963, that year saw the purchase of Motor Vehicle Casualty Company of Elmhurst, Illinois. Motor Vehicle had three subsidiaries: Farmers' Equitable Insurance Company, whose name was later changed to York Insurance Company; Farmers' Equitable Life Insurance Company, which was later sold and whose business was merged into that of the Providence Washington Life Insurance Company, a subsidiary of Providence Washington formed in 1965; and MV Service, a premium finance company whose name was later changed to Providence Premium Service. The acquisition of Motor Vehicle greatly increased Providence Washington's auto insurance business.

Continuing its efforts to maximize the efficiency of its operations, in 1962 the company acquired a solid-state computer system with significantly greater capacity than its older vacuum-tube computer and punch-card system. Meanwhile, as it kept pace with the technological revolution, the company also began to feel the effects of the social revolution then gaining force throughout the country. An early hint of what was to come occurred at a stockholders' meeting in February 1960, when a female stockholder asked whether a majority of the company's shares were held in women's names, and, if they were, why there were no women on the board of directors. She was told that the matter would be investigated and answers supplied at the next meeting, but as far as the minutes show, the subject was not brought up again.

While the women's movement was beginning, the civil rights movement was well under way. Initiated at lunch counters and bus stations in the South in the 1950s, the effort by African Americans to secure their full rights reached national proportions by the mid-1960s. Initially limited to nonviolent protest, the movement turned violent in 1964 with riots in New York City, Rochester, Philadelphia, Chicago, and a number of cities in New Jersey. Six days of rioting in the Watts section of Los Angeles in August 1965 left thirty-four dead and five hundred square blocks devastated. Aside from the urgent social and political issues they raised, these riots had a particular impact on the insurance industry, including Providence Washington, for they made inner-city properties virtually uninsurable. In response, the U.S. government authorized federal riot insurance, and many states enacted "Fair" (Fair Access to Insurance) plans that required carriers admitted to the plan to insure against the risks associated with rioting.

Locally, the completion of Routes 95 and 195 through Providence in the 1960s facilitated the ongoing flow of population from the city to the suburbs. Second- and third-generation descendants of immigrants were now joining the exodus, and that meant a decline in the long-standing ethnic character of a number of the city's neighborhoods. Some longtime Providence companies, including Brown & Sharpe, also left the city, and others left the state entirely. Retail business was drawn to the new malls in Warwick. Downtown Providence remained busy during the day, but in the evening it was turning bleak and lifeless.



The 1960s eventually brought radical change for Providence Washington. In 1965 the company secured a charter amendment from the legislature authorizing an increase in the number of directors from nine to eleven. Two new members—Dudley Swim, chairman of National Airlines, and John Lebor, the representative of MV Service—were then added to the board. Both were substantial stockholders. In June 1968 their stock—together making up 50 percent of the total—was sold to Gulf & Western. Three months later Associates Investment Company, a 90 percent subsidiary of Gulf & Western, tendered an offer to Providence Washington stockholders to purchase all of the company's outstanding stock for the same price per share that was paid to Swim and Lebor.



Route I-95, shown here under construction, was one of the highways that facilitated the population flow from Providence to the suburbs. RIHS Collection (RH1 X3 9104).

Through this offer, and the preceding sale to Gulf & Western, Associates Investment acquired over 95 percent of the outstanding shares, thus in effect ending Providence Washington's 169 years as an independent, publicly traded company.

Following the acquisition Providence Washington's board of directors was revamped, with several members being replaced by various officers of Associates and Gulf & Western. Clyde Cunningham of Associates was named chairman. Among the changes enacted by the new leadership were the termination of Providence Washington's memberships in the U.S. Aviation Group and the Oil Insurance Association and the closing of the company's offices in New York City and Maryland.

Providence Washington's new beginning seemed a little shaky at first, but conditions rapidly improved. To put the company on a sounder financial footing, Associates made a surplus contribution to the company to offset its increased premium writings in 1969. In the fall of 1969 Providence Washington began filings to sell personal auto and homeowners'

Employees of Providence Washington gathered for this photo at an outing to Chopmist Hill, Scituate, on 22 July 1977. RIHS Collection (RHi X3 9073).

insurance through mass merchandising—the marketing of insurance at a discount to members of a group, such as company employees or credit union members, with savings to accrue from the payment of premiums through payroll deductions or bank account authorizations. Providence Washington further proposed a direct billing procedure for this insurance. Over time this mass merchandising program did not prove particularly successful. Expanding geographically, in August 1970 the company purchased Richter-Robb, a managing general agency in Denver that offered both standard and specialty lines of insurance. Roger Richter, the CEO of Richter-Robb, became Providence Washington's regional manager.



For employees of Providence Washington, the beginning of 1971 marked the vesting of the company's pension plan and the adoption of the Associates' pension plan. Under Providence Washington's old pension plan, inaugurated in 1916, an employee had to work until age sixty-five in order to get benefits, and full benefits were not paid unless the employee had worked for the company at least twenty years. Improvements to the pension plan were made in 1975. Now employee benefits, including health care, were revised to bring them into line with those offered by Associates' other subsidiary companies.

The early 1970s brought Providence Washington financial success and a corresponding growth in business. The company purchased Aye and Stearns, a general agency in Los Angeles, in March 1972 and Preferred General Agency of Alaska in January 1973. In addi-

tion to creating regional offices in Los Angeles and Anchorage, the company also formed a new subsidiary, Providence Washington of Alaska. In 1973 operations in Texas were merged into Western Alliance, and a Texas Lloyds operation was begun as well. Becoming a truly national company with its expansion, Providence Washington was generating record earnings and record writings.

But as America's fortunes began to flag, so too did the fortunes of Providence Washington. Rising economic troubles from inflation, the energy crisis, unrest and war in the Middle East, political and social fallout from our withdrawal from South Vietnam, and the looming downfall of President Nixon all combined to cast a pallor over these years. Excessive optimism may have contributed to some of the company's disappointments, but most of its woes were linked to the downward spiral of the stock market. Because of the market's poor performance, the company's surplus was devastated by a loss of nearly \$14 million in 1973. That year the company set a goal of increasing its writings by 40 percent; at the end of the year the figure stood at 17 percent—hardly a disaster, but far short of projections. Trying times were looming for Providence Washington.

Celebrating its 175th anniversary in 1974, the company made a determined push for greater production. Whereas other companies were cutting back on their writings, Providence Washington forged ahead. In February 1975 it had writings of \$8.1 million, a new company record. But this drive to stay alive through writing more business fell flat. In May 1975 drastic and immediate steps were taken to stem the tide of unprofitability. Regional offices were closed in Los Angeles, Denver, and Atlanta, as well as branch offices in Jenkintown, Pennsylvania; Winter Park, Florida; Albuquerque; San Francisco; and Minneapolis. Providence Washington also withdrew from Connecticut, upstate New York, Pennsylvania, and Indiana. The company's Custom Rate program, operating out of Elmhurst, Illinois, was canceled.

In a change in leadership at this crucial time, George McDonnell, the former president of the Zurich Insurance Company, became chairman of both the Associates Insurance Group and Providence Washington, and he set about engineering the company's turnaround. It has been calculated that if Providence Washington had gone on writing policies as it had been doing, it would have suffered an underwriting loss of approximately \$18 million, and its history would have ended at 175 years. But there was a human cost to cutting back business: the closing of so many offices meant a reduction in staff of almost 25 percent. From May to September 1975 the number of agents affiliated with Providence Washington fell from 1,700 to 700. By year's end the bleeding had stopped, but the company had been deeply shaken.

Now the ownership and leadership of Providence Washington changed yet again. Having secured the necessary legislation, Associates bought out the impartially appraised shares of the remaining minority shareholders and became the company's sole owner. In December 1976 Associates sold Providence Washington's stock to a new holding company, Providence Capital Corporation, which was directly owned by Gulf & Western. This separated Gulf & Western's insurance operations, which were controlled through Providence Capital, from its financing operations, which were handled through Associates. With Gulf & Western deciding that there was no further need for outside directors, since Providence Washington's stock was now held internally, the position of director emeritus was created, to which Roy Carr, who had been with the company since 1949, and Claude Branch, the son of John B. Branch, were named. For all intents and purposes, this ended a tradition of 178 years during which some of Providence's most prominent and influential citizens had served as directors of the company.



William Smith became president of Providence Washington in 1977. Walt Shramek Photography, Franklin, Massachusetts.

With William Smith as its new president, in 1977 Providence Washington began to get back on its feet, attaining both an increase in its premiums and an even greater increase in its surplus. In 1978, for the first time in several years, the company was able to declare a dividend. For many of Providence Washington's employees, however, 1978 was most memorable for the severe snowstorm that struck Rhode Island in February of that year, snowing in and stranding thousands of workers throughout the city and the state.

Still another dramatic change in Providence Washington's ownership took place in 1982. In that year two of Gulf & Western's executive staff, Don Gaston and Paul Dupee, led a leveraged buyout of Providence Capital, the holding company for Providence Washington and the Capital Life Insurance Company in Colorado. Both Gaston and Dupee had experience in the insurance industry and in financial management. With Dupee as chairman of the board, Providence Washington now became a much more important part of a much smaller parent company. Shortly after the buyout Gaston and Dupee gained a measure of prominence as two of the three principal owners of the Boston Celtics.

Under its new owners Providence Washington began to experience difficulties that continued through the middle 1980s. In 1983 underwriting profits were affected by severe weather in the form of Hurricane Alicia and harsh freezes in the Midwest and Southwest. In 1984 the company experienced its first operating loss in nine years. Its troubles were exacerbated that year by a combination of the poor performance of the company's stock holdings, a \$9.2 million dividend, and a one-time early-retirement opportunity for employees between the ages of fifty-seven and sixty-one, an opportunity that a majority of eligible employees took advantage of. In 1985 the company's loss increased. President William Smith declared that that year was a time "to concentrate on the problem areas before moving forward."

For Providence Washington, moving forward meant yet another change in ownership. With the company's principal stockholders increasingly interested in moving away from the insurance business altogether, in 1986 the company was sold to AEA Investors of New York. Capital Life and other component parts of the business were also sold before AEA took control through a newly created holding company, PW Investors, in December 1986. This was a friendly takeover, with William Smith and Executive Vice President John Kane taking part as investors in the new holding company. Eight new board members were added from AEA, but otherwise Providence Washington's management and workforce remained unchanged.

Providence Washington now began to grow again. In May 1987 the Preferred General Agency of Alaska, a Providence Washington subsidiary, purchased the Alaska General Agency, one of its main competitors. The following month Providence Washington acquired the business and employees of a number of branch offices of the Seneca Insurance Company in Arizona, Delaware, Georgia, Illinois, New York, Missouri, Texas, and Virginia. This move not only increased the company's writings; it also diversified them geographically and by type. In November 1987, having decided that its ownership of the York Insurance Company in Illinois made its ownership of the Motor Vehicle Casualty Corporation superfluous, Providence Washington sold MVC to the Quantex Corporation, a New Jersey company, for \$4.5 million. The shell of MVC was transferred to Quantex, while Providence Washington assumed all of MVC's insurance and other liabilities. (Motor Vehicle Casualty—its name changed to Edison Insurance—later became insolvent and was liquidated.)

Providence Washington was to repeat this pattern of acquisition and consolidation during the next several years. It now created two new companies—PW Reinsurance

Management to consolidate its reinsurance operations and PW Development to search for new acquisition possibilities. In April 1988 Providence Washington purchased Colorado Casualty Company, which it later resold because of its lackluster performance. In August 1988 Providence Washington acquired American Concept Insurance Company of Rapid City, South Dakota. Writing mostly personal lines of insurance, this company operated in Arizona, Idaho, Nebraska, Utah, South Dakota, and North Dakota. Two managing general agencies in Pennsylvania—Maguire Associates and Baldwin Sadler—were added as well. In 1989 Providence Washington acquired Exsure, the excess and surplus brokerage operation of Travelers (assuming its operations and personnel would require several months). In April 1989 Providence Washington itself was acquired by the Baloise Company of Basel, Switzerland; it would remain a subsidiary of Baloise until late 1998, when it would be purchased by Securitas Capital, LLC.



During the 1980s real estate values in Rhode Island, as elsewhere, skyrocketed. Taking advantage of this situation, Providence Washington decided to sell its namesake home at 20 Washington Place to the Rhode Island School of Design. The \$8.2 million sale was completed in March 1988. RISD then leased the building back to the company for five years, a term that would expire in April 1993. Providence Washington was moving once again—this time to South Main Street.

In 1992 Providence Washington began the move to its new home in what was then called Old Stone Square. Constructed during the building boom of the mid-1980s, this was a very modern building with a distinctive presence among the colonial and neo-colonial buildings that surrounded it. When Old Stone Bank failed in 1993, Providence Washington purchased the building and eventually had its address changed to Providence Washington Plaza. Once again the company had a namesake home in the heart of Providence.

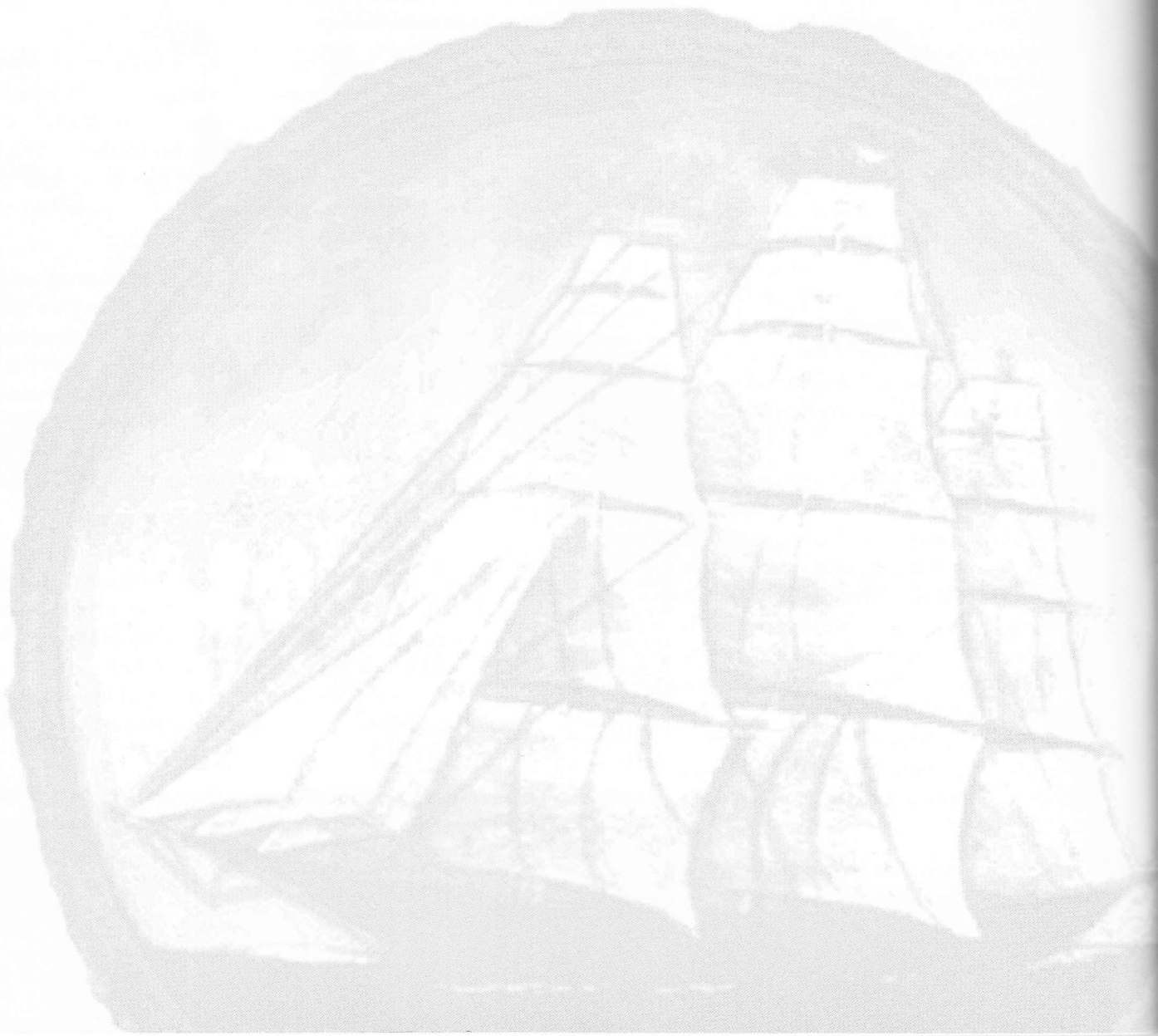
The arrival of Richard Hoag as president and CEO in 1993 energized Providence Washington anew. He and his management staff have installed the latest in technological processing systems and emphasized service to customers—the company's agents—as the key to a sound business. Providence Washington's A. M. Best rating, which had fallen to B in 1992, rose to A- ("excellent") in 1995, and the company retains that rating today. Although by 1997 the new management team had restructured Providence Washington from a broad-based countrywide insurer to a more focused regionalized property and casualty organization, the company continues to serve over a thousand independent agents in five branches and eighteen states.

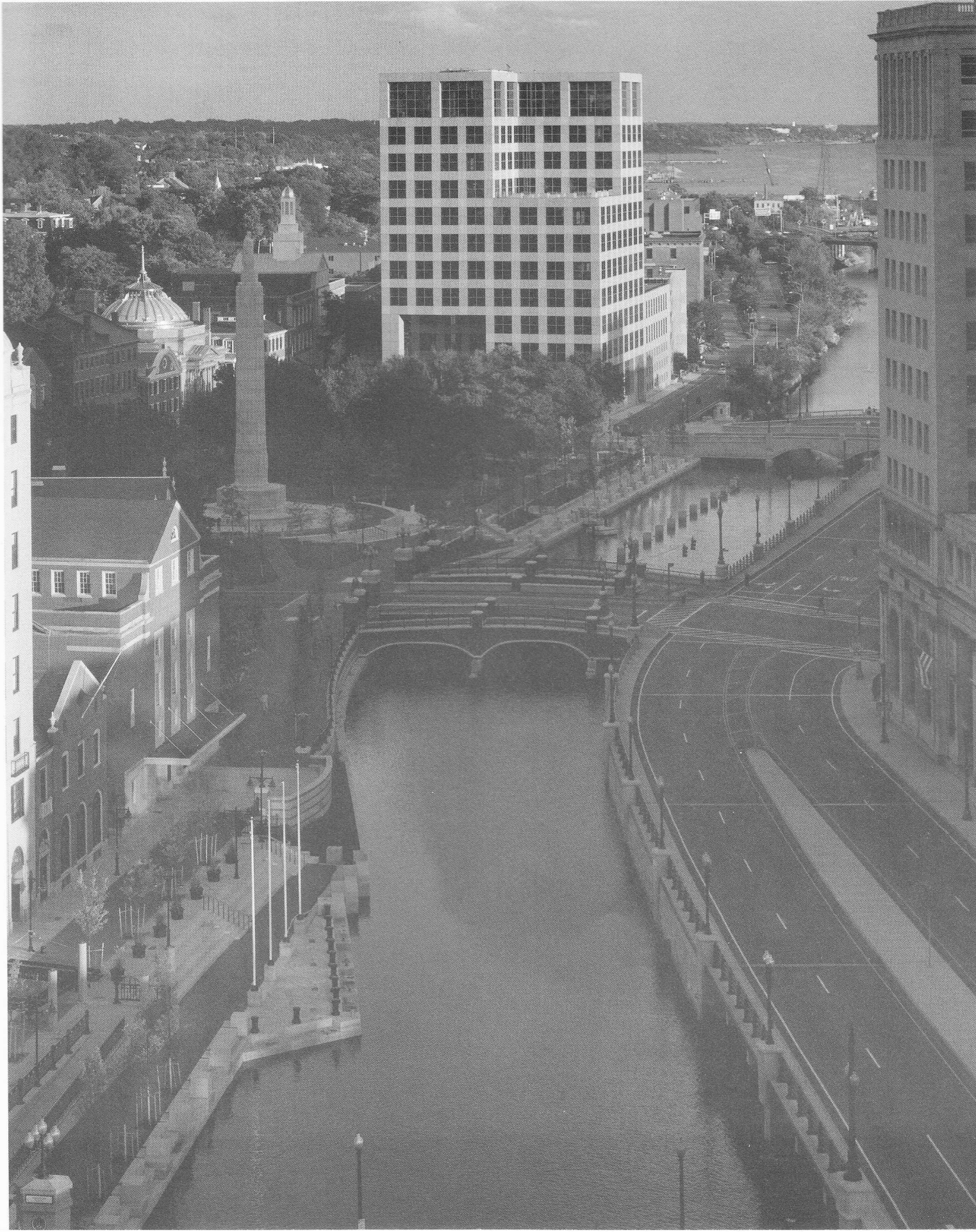
Through all the changes of recent years, Providence Washington retained its hometown connections to Providence, which was undergoing major changes as well. Where once the Providence, Moshassuck, and Woonasquatucket rivers were hidden as an unsightly embarrassment, they are now celebrated and admired. Many of these celebrations are hosted at Providence Washington Plaza. From its lunchtime concerts in adjacent Memorial Park to its pedestrian walkways encouraging visitors to stroll along the riverfront during Waterfire and other events, Providence Washington has become an important part of the city's downtown renewal.

Providence Washington has gone through many metamorphoses. Its leadership today is far different from the small group of ship captains and marine insurers who in 1799 gathered at the Coffee House near the Great Bridge to form a company that would "give encouragement [as its first charter put it] to every institution which promises to advance the interests of commerce." Led now by both men and women, the company

conducts and records its operations in ways that no one could then have foreseen. But through all the changes in leadership and technology, through the devastations of fires, floods, and hurricanes, the spark of Yankee enterprise and ingenuity that characterized the company's beginnings has never been extinguished. Having spanned three centuries since its founding, Providence Washington remains mindful of its heritage as it prepares to enter a fourth with the turn of the millennium.

Right: *Providence Washington moved to its new home—now Providence Washington Plaza—in 1992. Photo by Warren Jagger.*





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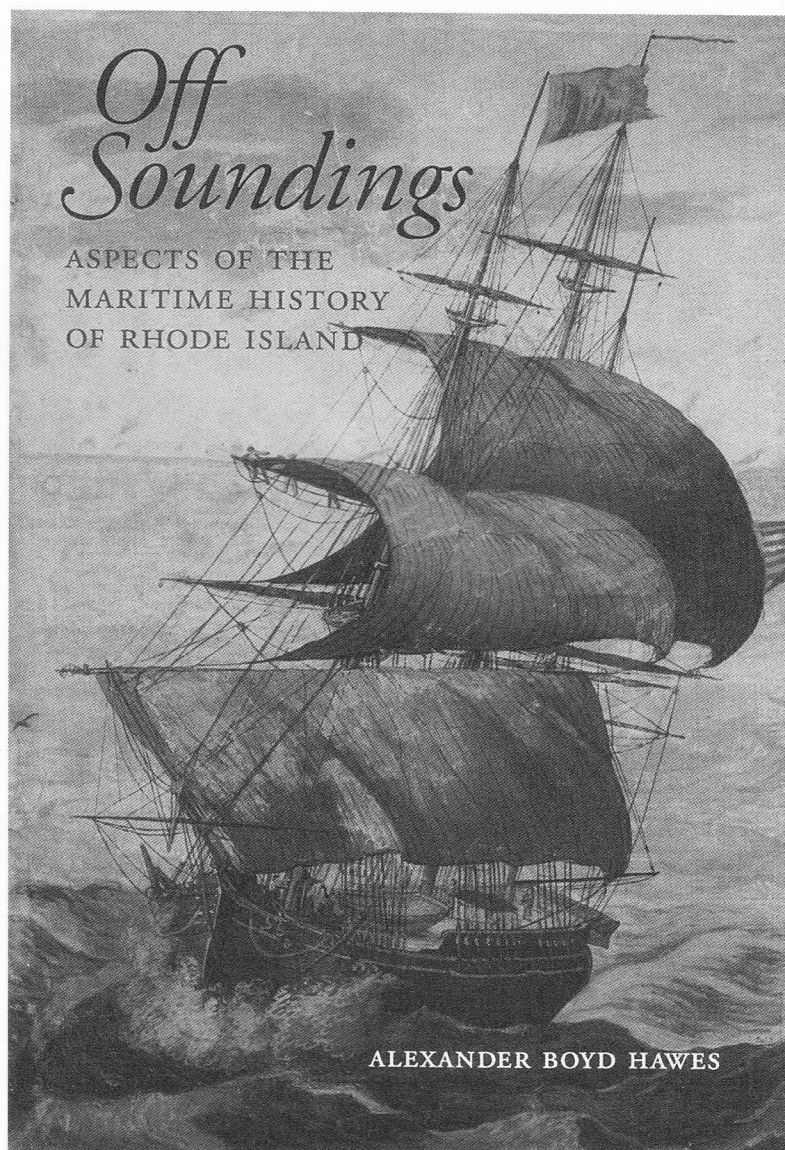
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Its scant land dominated by a great bay, Rhode Island nurtured a colony of sailors, then a state of seafarers. Boasting "the finest [harbour] in all America" before our Revolution, the colony already had been a haven for pirates, then for their legal kin, the privateers—some of whom became the new nation's first naval officers. Still others would prosper (or perish) as slavers, while their neighbors championed abolition and cousins plied rich trade routes to the fabled Orient. So it was that Rhode Island's history, perhaps more than any other state's, intimately involves its maritime past—as this volume proves.



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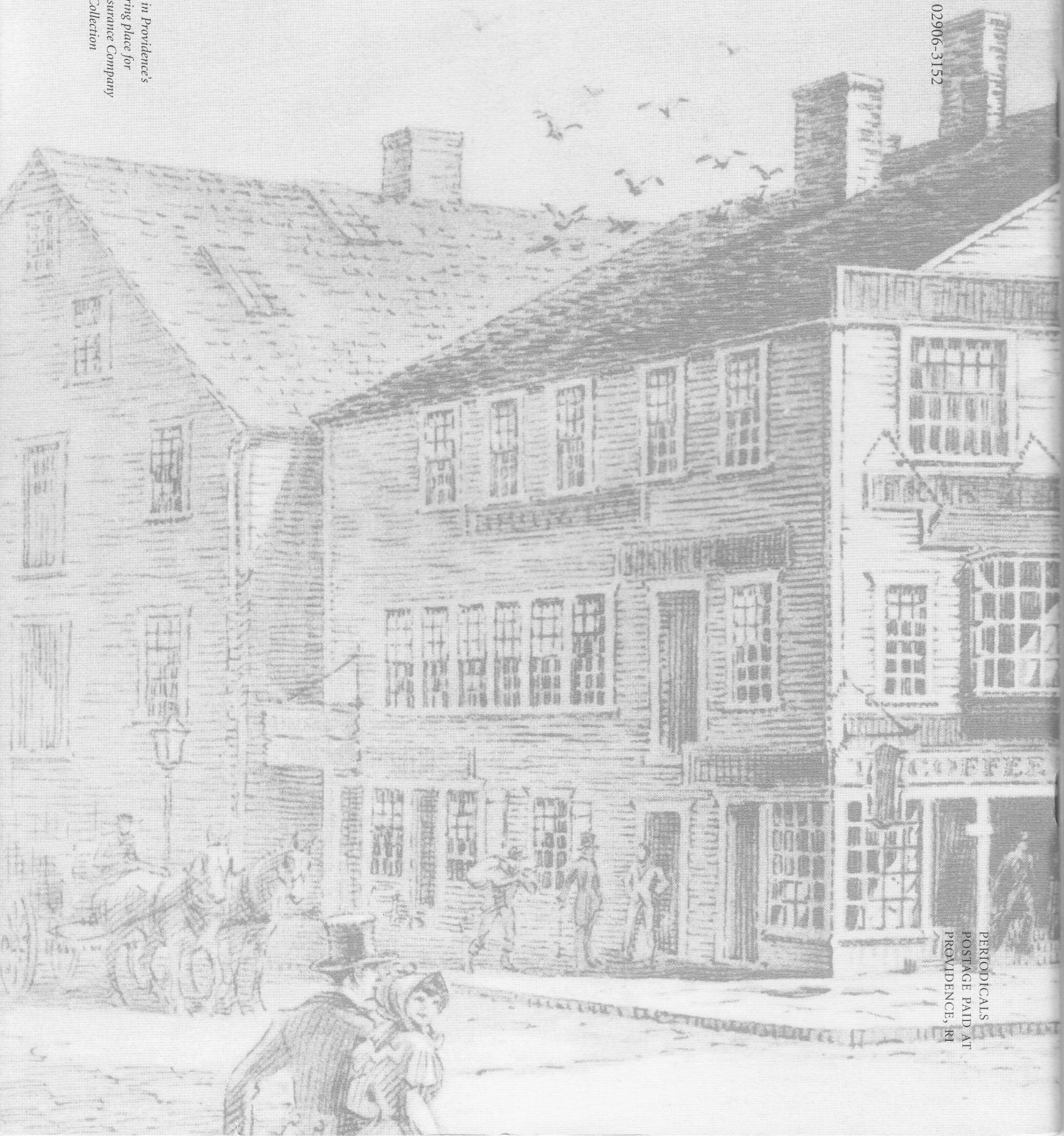
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Erected in 1792, the Coffee House in Providence's Market Square was a noted gathering place for town residents. The Providence Insurance Company was founded here in 1799. RIHS Collection (RH X3 1572).