

# Businesses that Stand the Test of Time

By Barb Albert

To attempt to predict the likelihood of success for insurance companies, many studies of analysis and valuation have been done to establish the factors that drive profitability. These studies chart the elements that predict a company's viability from a wide range of variables.

A look at companies whose incorporation dates reach back before the United States declared independence from British rule provides a clue to principles of longevity that may not fit neatly in current business analysis, but have proven successful nonetheless. Principles that just make sense.

From talking to three insurance companies celebrating incorporation dates over 100 years ago this quarter, a handful of principles of success stand out.

## Identify your niche, and stick with what you know

"I think the biggest reason our company has lasted is that we've been able to identify our niche," said Michael Yeager, President and CEO of Lehigh Mutual Insurance Company in Allentown, Pennsylvania. "We are not out there competing with every other insurance company. We're licensed in the entire state of Pennsylvania, but we certainly do not write from border to border. We're backyard underwriters. We target our niche. We understand we can't be everything to everybody."

Yeager said the company, incorporated in 1848 as a mutual fire insurance company, stays active in much the same community as it did when it first served as a farm mutual. He stated that the company to this day does not write automobile or workers' comp coverage, but does very well with their area of specialty.

"This is a large state for insurance, and we've been able to survive because in our particular area there is a need for a company to write the kind of business that we write," Yeager said.

## Be able to make changes when needed

A commonly held assumption that century-old companies are old-fashioned is absolutely not true, states Tod Carmony, Chairman, CEO, and President of Wayne Mutual Insurance, in Wooster, Ohio. Although the company was incorporated in 1910, one of the companies acquired in 2009 by Wayne Mutual dated back to 1881.

"You can't say we're going to stay the same and let the world change around us," Carmony said. "If you want to

be around 100 years, you have to evolve as the society and the financial insurance environment changes."

Carmony explained that the company first changed from a mutual insurance company to an advanced premium company in 1962, when they recognized that it was the preferred way to do business. By 1974, automobile coverage was added, despite the fact that many smaller insurance companies find auto a daunting line of business.

## Know your market, and pay attention to the basics

Timothy D. Burback, Chief Investment Officer of Madison Mutual Insurance Company in Chittenango, New York cited this principle as important to the company. "We're in upstate New York, right around the central part. We're familiar with the economic, social, and cultural fabric of our marketing territory, so we've had a unique perspective as to what works and what doesn't work in our own little microcosm of the world," he said.

Burback said that commitment from the people who work for Madison Mutual help keep connected to people. "In our office, a live person answers the phone," he said. "There's not prompts or anything. And everybody's cross-trained, so that makes support for people. I think policy holders like it, too."

Carmony agreed that commitment to people is a key basic. "There's always somebody who tries to get you to



Secretary/treasurer Ralph H. Gresser and Board Vice President A. Louise McCoy view a photo of Bullet, chosen as a new logo for Wayne Mutual in 1963, to symbolize reliable authority.

sell the business,” he said. “You have to have people committed to the community, to the organization, and to providing a good environment. When you do that, a lot of good things happen from that.”

### **Be well qualified to do the job**

For Yeager, as with many leaders of small companies, his position requires being a jack-of-all-trades and well-versed in all aspects of the business. “The biggest challenge is the ongoing requirements of overall compliance, whether it be at the federal level or the state level,” Yeager said. “It’s the fact of just how onerous it can be, especially for a very small organization. As president and CEO, I can’t look to one of my vice presidents and say take care of this. Everything lands on my desk. The way I like to put things into perspective is that I run the entire investment portfolio, I oversee all the underwriting and the claims, and I also put the garbage out and change the bottle on the water cooler. I continue in this job because its ever-evolving, and I like that.”

At Madison Mutual, Burback stresses stringent criteria for qualified directors in the company. He said that they look for those who are free from any form of nepotism or any self-serving agendas, and those without a conflict of interest. He’s found it easier to work with well-rounded individuals coming from a general business background, but keeps the workforce balanced by an emphasis on continuing education.

“We’re one of the few companies that have a continuing education program, not only for our employees, but mandatory for our directors,” Burback said. “We’ve teamed up with NAMIC (National Association of Mutual Insurance Companies) for a special farm mutual director certification. We expect 100% certification. We found this to be very key for everyone to know what their responsibilities are.”

### **Take the long view**

Burback also said that every decision needs to be made through a lens of long-term benefits, not just short-term gain. “We have always closely examined the long-term effects of decisions and changes that we have made. We have purposely avoided any looking at the short-term benefits as what the benefit of this quarter is, but looking at things for the year and into the future years. That’s taking the long view.”

For Carmony at Wayne Mutual, the long view has been instituted by continuity in leadership. He stated that Ralph Gresser took over the organization in the ‘60s and



A photo of the Wayne Insurance Association offices, circa 1958.

created a good company, with good benefits, and a good work environment, and that framework created a stability that could stand the long haul. “I basically fell in to Mr. Gresser’s attitudes and values,” Carmony said. “Part of it is just not messing up the heritage.”

### **Be known for your value system**

In small businesses that are often on first-name basis with their customers, the concepts that enable “family” and “community” to be meaningful create the last principle of many long-standing companies.

“We have to have a reputation for our value system,” Burback emphasized. “These aren’t just words when it comes to ethical, moral, and legal values. We want to be a positive example—actually through our words and actions display honor and integrity like ‘your word is your bond.’”

### **Final thoughts**

Carmony summed up the principles that he believes have kept Wayne Mutual in business for over a century. “I’m sure there’s some luck involved,” he said. “This is a business like any other where you don’t know the cost of your product until years after you’ve sold it. That can get you in trouble. That’s why folks need a good capital base.

“If you have good people, and steady leadership at the top, you can change when you need to, you stick with what you know, and just stay steady when things are crashing around you, I think you’ll be all right.” 🌐



# A Chronology of Deep-Rooted Insurance Companies

1767	<i>English Parliament passes tax on imports (including tea) to colonists</i>	1850	United States Life Insurance Company in the City of New York	1877	<i>First telephone line</i>
1768	Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, Inc.	1851	<i>Great Flood of 1851, Des Moines destroyed</i>		Centre County Mutual Fire Insurance Company
1776	<i>US declares independence</i>		Farmers Mutual Fire Insurance Company of Salem County		Delaware Grange Mutual Insurance Company
1789	<i>Washington president</i>		Indiana Insurance Company		Farmers and Mechanics Mutual Insurance Company of West Virginia
1794	Baltimore Equitable Society		Protection Mutual Insurance Company		Grange Mutual Fire Insurance Company
1799	Providence Washington Insurance Company		Quincy Mutual Fire Insurance Company		Ontario Insurance Company
1809	<i>Madison president</i>	1852	Addison Insurance Company		Patrons Mutual Fire Insurance Company
	Bucks County Contributionship	1853	Continental Insurance Company		Stone Valley Mutual Fire Insurance Company
1823	<i>Monroe Doctrine presented</i>	1855	Dorchester Mutual Insurance Company		United Frontier Mutual Insurance Company
	Harleysville Worcester Insurance Company	1856	<i>Last Island Hurricane destroys Last Island, LA, breaks island into smaller islands</i>		Wayne Cooperative Insurance Company
1825	<i>Erie Canal completed</i>		Farmers Insurance Company of Flemington	1878	<i>Yellow fever in Mississippi Valley kills over 13,000</i>
	Norfolk & Dedham Mutual Fire Insurance Company		Lebanon Valley Insurance Company		Ashland Mutual Fire Insurance Company of Pennsylvania
1826	<i>American Temperance Society founded</i>	1857	Claverack Cooperative Insurance Company		Friends Cove Mutual Insurance Company
	Cincinnati Equitable Insurance Company		Northwestern Mutual Life Insurance Company		Oswego County Mutual Insurance Company
	Hingham Mutual Fire Insurance Company	1858	<i>Lincoln comes to national attention in Lincoln-Douglas debates</i>		Sauquoit Valley Insurance Company
	Middlesex Insurance Company		Hamilton Mutual Insurance Company		West Branch Mutual Insurance Company
1828	<i>Baltimore &amp; Ohio RR begun</i>		Transamerica Premier Life Insurance Company	1879	<i>Deadwood, SD fire leaves 2,000 homeless, \$3M in property losses</i>
	Merrimack Mutual Fire Insurance Company		Washington County Co-op Insurance Company		<i>Edison invents the light bulb</i>
	Vermont Mutual Insurance Company	1859	Sonnenberg Mutual Insurance Company		Bankers Life and Casualty Company
1830	<i>Process of classifying insurance risks begins</i>	1860	<i>Lincoln elected President</i>		Buckeye State Mutual Insurance Company
1833	<i>City of Chicago established</i>		Hannahstown Mutual Insurance Company		Hay Creek Mutual Insurance Company
	Barnstable County Mutual Insurance Company		Pymatuning Mutual Fire Insurance Company		Locust Mutual Fire Insurance Company
	Cambridge Mutual Fire Insurance Company	1861	<i>Civil War begins</i>		Midstate Mutual Insurance Company
1836	<i>Texas declares independence from Mexico</i>	1863	<i>Battle of Gettysburg</i>	1881	Farmers Mutual Fire Insurance Company of Marble, Pennsylvania
1837	Firemen's Insurance Company of Washington, D.C.		Farmers Mutual Fire Insurance Company of Branch County	1882	<i>US adopts standard time</i>
1838	<i>Samuel Morse gives public demonstration of the telegraph</i>	1865	<i>Slavery abolished by 13th Amendment to the Constitution</i>		<i>Jesse James killed</i>
1840	<i>First American life insurance association established</i>		Sun Life Assurance Company of Canada (US Branch)		Baltimore Life Insurance Company
1842	Harford Mutual Insurance Company	1866	21st Century Premier Insurance Company		Columbian Mutual Life Insurance Company
1843	Hanover Fire and Casualty Insurance Company		Berkshire Hathaway Specialty Insurance Company		Sunderland Marine Insurance Company Limited
	Holyoke Mutual Insurance Company in Salem	1867	<i>US acquires Alaska from Russia</i>	1883	Central Co-operative Insurance Company
1844	<i>University of Notre Dame receives its charter from Indiana</i>		Hartford Steam Boiler Inspection and Insurance Company		Commercial Travelers Mutual Insurance Company
	<i>First telegraph message sent</i>	1867	<i>US acquires Alaska from Russia</i>		IMT Insurance Company
	Commonwealth Mutual Insurance Company		Metropolitan Life Insurance Company		Spring Valley Mutual Insurance Company
	Cumberland Insurance Company, Inc.	1868	Pacific Life Insurance Company	1884	Mound Prairie Mutual Insurance Company
	Cumberland Mutual Fire Insurance Company	1869	<i>Ulysses S. Grant elected President</i>	1886	<i>Statue of Liberty dedicated</i>
	Elizabethtown Insurance Company		Northwestern National Insurance Company of Milwaukee		<i>Strike in US wins 8 hour workday</i>
	First Allmerica Financial Life Insurance Company		Westminster American Insurance Company		American European Insurance Company
	Mercer Insurance Company	1871	<i>Great Chicago Fire</i>		Phenix Mutual Fire Insurance Company
	Windsor Mount Joy Mutual Insurance Company		Genworth Life and Annuity Insurance Company		Security Mutual Life Insurance Company of New York
1845	<i>US annexes Texas</i>	1872	<i>Yellowstone established as first National Park</i>	1887	<i>US National Institute of Health founded</i>
1846	<i>Mexican American War begins</i>		Great American Insurance Company		Badger Mutual Insurance Company
	American Insurance Company		Old Elizabeth Mutual Fire Insurance Company		Bloomfield Mutual Insurance Company
1847	Fitchburg Mutual Insurance Company		Wilson Mutual Insurance Company		New England Mutual Insurance Company
	Penn Mutual Life Insurance Company	1875	Erie and Niagara Insurance Association		Patrons Mutual Insurance Company of Connecticut
	Southern Mutual Insurance Company	1875	Farmers & Mechanics Mutual Insurance Association of Cecil County, Inc.		Penn Millers Insurance Company
1848	<i>Mexican American War ends</i>	1876	<i>Battle of Little Big Horn</i>		Security Mutual Insurance Company
	Montgomery Mutual Insurance Company		Finger Lakes Fire and Casualty Company		Senior Health Insurance Company of Pennsylvania
	Mutual Insurance Company of Lehigh County			1888	<i>Washington Monument opens to public</i>
	National Life Insurance Company				Bremen Farmers Mutual Insurance Company
	Ohio Farmers Insurance Company				
	Pawtucket Insurance Company				
1849	<i>Gold Rush begins</i>				
	Loudoun Mutual Insurance Company				
	Salem County Mutual Fire Insurance Company, Inc.				

# With Incorporation Dates and Highlights of History

	Mount Carroll Mutual Insurance Company		Federal Insurance Company		Jewelers Mutual Insurance Company
	Western and Southern Life Insurance Company		Le Mars Insurance Company		Trustmark Insurance Company
1889	<i>Johnstown Flood kills 2,209 people, \$17M in property losses</i>		National Union Fire Insurance Company of Pittsburgh, PA.	1914	<i>First scheduled airline flight in Florida</i>
	Fairmont Farmers Mutual Insurance Company		Ohio Mutual Insurance Company		<i>Henry Ford introduces assembly line for Model T</i>
	Marysville Mutual Insurance Company		Peerless Insurance Company		California Casualty Indemnity Exchange
1890	<i>Battle of Wounded Knee</i>		Texas Life Insurance Company		Interboro Insurance Company
	Millers Capital Insurance Company	1902	Physicians Mutual Insurance Company		State Compensation Insurance Fund
	State Mutual Insurance Company	1903	<i>US acquires Panama Canal</i>		Utica Mutual Insurance Company
1891	Boston Mutual Life Insurance Company		<i>Wright Brother's first flight</i>	1915	National Fire and Indemnity Exchange
1892	<i>Ellis Island becomes chief immigration station</i>		Travelers Indemnity Company		West Coast Life Insurance Company
	Alamance Farmers' Mutual Insurance Company	1905	American National Insurance Company	1917	<i>US enters WWI</i>
	Security Benefit Life Insurance Company		Great American Assurance Company	1939	<i>WWII starts in Europe</i>
1893	Farmers Mutual Hail Insurance Company of Iowa		Lumbermen's Underwriting Alliance	1940	<i>Roosevelt elected, Selective Service begins</i>
	Madison Mutual Insurance Company		Mennonite Mutual Insurance Company		Noridian Mutual Insurance Company
1894	<i>Coca Cola sold in bottles for the first time</i>	1906	<i>San Francisco earthquake</i>	1955	<i>Martin Luther King, Jr. leads first march of the Civil Rights Movement</i>
	USA Life One Insurance Company of Indiana		American Fire and Casualty Company		<i>First McDonald's opens in Des Plaines, IL</i>
	York Insurance Company of Maine		Homesteaders Life Company		<i>Hurricane Diane hits NE US, \$1B in damage, 200 dead</i>
1895	National Insurance Company of Wisconsin		Lightning Rod Mutual Insurance Company		Alfa Insurance Corporation
	Pennsylvania Lumbermens Mutual Insurance Company		Merced Property & Casualty Company		Central Security Life Insurance Company
	Sterling Insurance Company		Ohio State Life Insurance Company		Hyundai Marine & Fire Insurance Company, Ltd.
1896	<i>Costliest &amp; third deadliest tornado levels downtown St Louis, MO</i>	1907	Standard Insurance Company		Kaiser Foundation Health Plan, Inc. Hawaii Region
	Apollo Mutual Fire Insurance Company		Amica Mutual Insurance Company		Life Insurance Company of the Southwest
	Athene Annuity and Life Company	1908	Great-West Life & Annuity Insurance Company		Life Protection Insurance Company
	Battle Creek Mutual Insurance Company		<i>Bureau of Investigation (FBI) formed</i>		Ohio Bar Title Insurance Company
	Fidelity Life Association, A Legal Reserve Life Insurance Company		<i>Model T Ford introduced</i>		Pioneer Security Life Insurance Company
	Northern Neck Insurance Company	1909	First National Life Insurance Company of the U.S.A.		Presidential Life Insurance Company
	Preferred Mutual Insurance Company		HumanaDental Insurance Company		Select Insurance Company
	United States Fidelity and Guaranty Company		<i>President Taft's wife has cherry trees planted along Potomac River</i>		Tower Life Insurance Company
1897	Church Mutual Insurance Company		Bedford Grange Mutual Insurance Company		Wilton Reassurance Life Company of New York
	National Continental Insurance Company		Farmland Mutual Insurance Company	1964	<i>US enters Vietnam War</i>
	Northwest G.F. Mutual Insurance Company		Great Southern Life Insurance Company	1965	<i>Gemini 4 astronaut, Edward Higgins White, makes first US space walk</i>
	Otsego Mutual Fire Insurance Company		Mutual of Omaha Insurance Company		<i>Medicare &amp; Medicaid established</i>
1898	<i>US Annexes Hawaii</i>		Physicians' Benefits Trust Life Insurance Company		American Family Home Insurance Company
	<i>Spanish American War</i>		West Virginia Farmers Mutual Insurance Association		American Modern Home Insurance Company
	Maryland Casualty Company	1910	<i>Great Fire of 1910 burns 3 million acres in NW US</i>		California Insurance Company
	Mutual of Enumclaw Insurance Company		<i>First air delivery of commercial goods by Wright Brothers</i>		Citizens Security Life Insurance Company
	New England Guaranty Insurance Co., Inc.		DSM USA Insurance Company, Inc.		Delta Fire & Casualty Insurance Company
	Pan Handle Farmers Mutual Insurance Company of West Virginia		Farmers New World Life Insurance Company		Equity Insurance Company
1899	American Home Assurance Company		Gem State Insurance Company		Guarantee Insurance Company
	Farmers Mutual Fire Insurance Company		Municipal Mutual Insurance Company of West Virginia		Horace Mann Property & Casualty Insurance Company
	Motorists Commercial Mutual Insurance Company		Time Insurance Company		Intramerica Life Insurance Company
	North Carolina Mutual Life Insurance Company		Union Security Insurance Company		Lexington Insurance Company
1900	<i>Galveston hurricane kills 6000-8000</i>	1911	Wayne Mutual Insurance Company		Longevity Insurance Company
	<i>US Currency placed on Gold Standard</i>		<i>Triangle Factory Fire in NYC kills 146 people</i>		Mid-West National Life Insurance Company of Tennessee
	Columbia Casualty Company		Pan-American Life Insurance Company		National Trust Insurance Company
	Iowa Mutual Insurance Company		Safe Insurance Company		North Coast Life Insurance Company
	Sanilac Mutual Insurance Company	1912	TIG Insurance Company		Southern Pioneer Life Insurance Company
	SECURA Insurance, A Mutual Company		Financial Assurance Life Insurance Company		Vision Benefits of America Inc.
1901	<i>First car insured at Lloyd's covered by a marine policy</i>	1913	Liberty Mutual Insurance Company		
			<i>Federal Reserve started</i>		

*\*Company incorporation dates from first quarter used and names listed alphabetically for each year.*