



# The Signevierist

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## PERPETUAL INSURANCE

Since Philadelphia insurers have issued perpetual or permanent insurance on properties for over two hundred years, its principles and history are synonymous with Philadelphia.

Basically the concept of “perpetual” insurance is not difficult. The following example illustrate how it works. In consideration of a deposit premium of \$20 the owner of a dwelling secures an insurance policy for \$1,000 that never expires, the policy is not reduced in the event of a partial loss, and the premium is returned in full if the insured has remained in the company over a certain number of years. Larger insurance amounts are purchased in multiples of \$20. That’s a rate of 2%. The company then invests the deposits at 5% to earn \$1 on the \$20 premium every year. The \$1 earned approximately corresponds to the annual fire rate for a brick dwelling in Philadelphia. In theory, the earnings on investments, which are backed up by the original premium deposits, should be sufficient to pay losses.

Limited to brick and stone buildings, it is only through diligent and honest management and careful underwriting that the idea will work. The Enterprise Insurance Company of Philadelphia is an example of what happens when it does not work. The company failed due to the Chicago Fire because it could not convert its securities to cash fast enough to redeem a rush of policyholders who canceled and made demands for the return of their deposits.

A number of early mutual companies, such as the Philadelphia Contributionship, (1752), the Mutual Assurance, a/k/a the Green Tree, (1784), and the Baltimore Equitable Society, (1794), offered a variation of perpetual policies as described above. Instead of the company keeping the individual premiums in one big pot as insurance companies typically do, these companies regarded the individual premiums as a deposit where the earnings and losses were pro-rated to each individual’s account. At the end of a renewal period, usually seven years, the insured could take out his earnings and leave the original deposit for another seven years of insurance or take everything and cancel the insurance.

Rather than maintaining a seven year account for each policyholder’s deposit, the deposit was placed in a big pot and the insurance was made permanent or perpetual. Future earnings from the initial deposits were distributed by annual dividend payments. In addition, should the policy be cancelled, the original premium was fully returned, with some insurers charging a small percentage service fee when the insured cancels.

The early history of perpetual insurance includes:

- The first perpetual policy in America was issued on September 10, 1801 by the Mutual Assurance Company for Insuring Houses from Loss by Fire, Green Tree.
- The Philadelphia Contributionship for the Insurance of Houses from Loss by Fire issued its first perpetual policy in April, 1810.
- The first joint- stock company to issue a perpetual policy was the American Insurance Company of Philadelphia on March 10, 1812.

•The first perpetual policy of the Fire Association of Philadelphia, who incorporated in 1820, was issued on September 23, 1818.

From the 1820s most Philadelphia insurers offered perpetual insurance, including almost all the Philadelphia companies that issued fire marks. Perpetual insurance in Philadelphia was so prevalent that the foreign insurers such as the Atlas, Commercial Union, London Assurance, London and Liverpool and Globe, and the North British and Mercantile had to write perpetual policies in order to compete for business..

The only other city where perpetual insurance was written on a fairly wide scale was Baltimore. The Baltimore Equitable Society continued to use the seven year deposit up to 1865, when it issued its first perpetual policy. Although perpetual insurance was not as prevalent in Baltimore as in Philadelphia, other Baltimore insurers such as the Central Fire Insurance Company, German Fire Insurance Company and German-American Fire Insurance Company did.

The earliest countrywide data on perpetual insurance that I found was 1900 and contains some interesting points:

- The two largest perpetual writers were the Fire Association of Philadelphia and the Franklin Fire of Philadelphia, with over \$88 million and over \$52 million in force risks, respectively.
- The 28 joint- stock companies listed had \$408,936,201 perpetual risks in force and had deposits of \$357,776 for 1900. You can get some idea of the size of perpetual business by adding to this figure all the unlisted mutual perpetual policies to these figures.

The number of perpetual risks has declined over the years with only about eleven mutual companies offering perpetual insurance on homeowner policies. Because you no longer have the initial premium deposit to invest yourself, which is many times larger than the cost of a traditional one year policy, perpetual insurance is not right for all people and should be considered a part of your overall investment strategy.

Bob Shea

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## **BULAU 506**

Bulau speculated that No. 506 is a fire mark issued by the Fame Insurance Company in Philadelphia. By change I discovered one of these plaques in "Our Backyard Museum" in Plantation, Florida. Those members who attended the FMCA Convention in West Palm Beach, FL in 2008 will remember our visit on Sunday morning to this wonderful museum of Americana. Recently Lore and I had the opportunity to visit the museum again with our local Model T Ford Club. Dr. Jancko and his wife have since expanded their Museum to display many more exhibits, including a new theater, where we enjoyed a short concert by an accomplished organ player demonstrating their Wurlitzer Organ.

In the room with the old bar, there is a Mills slot machine labeled ""The Judge" dating from the 1890s and on the lower front panel is a plaque like B.506, as seen in the two photos. The only difference is that the plaque in Bulau had two mounting holes and this one has been copper colored to match the cabinet. I searched the internet and found several similar models of "the Judge" slot machine with the same plaque and no coating, except one had copper coloring. This plaque is obviously meant to represent a judge.

In preparation of the article, Bob Shea pointed out to me that in 1978/79 Al Wills had already discovered and documented this plaque as being from "The Judge" slot machine. I had no memory of this, and in the meantime we have many new members who will not be aware of this, so I thought it would be useful to document the details again, to show that B.506 is definitely not a fire mark!

To see and read all about this fabulous Museum, go to their website: [www.ourbackyardmuseum.org](http://www.ourbackyardmuseum.org). To view "The Judge" slot machine, click on ANNEX at the top of the Home page. Click on "Bar" under "SALOON". To

see their FA fire mark, click on BARN, then on "Check the virtual tour" at the bottom of the page. Within the first couple of seconds, click on the square at the bottom of the video to make it stop so you can see the inside wall with the entrance door. To the left, mounted on the gray painted house wall, just to the left of the top of the stairs is the FA. On the occasion of the FMCA visit in 2008, we presented a UF mark to Dr. Jancko, which he mounted on a wooden plaque with a brass plate underneath to recognize the FMCA in 2008. This hangs together with other plaques on the wall of a small anti-room to the Restroom, located on the opposite side of the wall where the FA hangs, but it is not visible on their website.

Bill Evenden



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## 2019 CONVENTION - ALEXANDRIA, VA/WASHINGTON D.C.

OCTOBER 17 - 20<sup>TH</sup>

Please make sure you save the dates as this will be a once in a lifetime convention that you can't afford to miss.

We will be staying at the Embassy Suites by Hilton, Alexandria Old Town. Rates on Wednesday will be \$199 while Thursday – Sunday will be \$189 per night. A free cook to order Breakfast is included and parking is \$18/day. More information will be mailed shortly but if you would like to get a head start on booking here is website for FMCA members:

<https://embassysuites.hilton.com/en/es/groups/personalized/W/WASOTES-FMC-20191016/index.jhtml>

There is so much to do in Alexandria and I don't have to tell you the number of museums and sites to visit in Washington D.C. so it is highly recommended to extend your visit if at all possible. See [www.visitalexandriava.com](http://www.visitalexandriava.com) for more info.

Some of the highlights of our convention include:

- A short visit to the Friendship Fire Company Museum
- A private viewing of some of the Smithsonian's best fire marks!
- A private tour of the Washington D.C. Fire and EMS Museum.
- And of course, Linda has already put together an amazing selection of items for the annual auction. See the website for some items already posted.

As stated before, more information will be mailed shortly, but if you have any questions don't hesitate to contact Michael Brankowitz at [mbranko24@mac.com](mailto:mbranko24@mac.com) or 302-731-1815.

## Fire Mark *in situ*?



Thanks to the sharp eye of retired Philadelphia Fire Department firefighter Tito Gonzalez for thinking of me when he took this outstanding photo. While not a fire mark, Tito knew that I would be interested in this ornate cast iron flag pole in the shape of a Fire Association fire mark on the Southwark Station of the US Post Office in south Philadelphia. The 1938 building at 925 Dickinson St. is from the WPA era and contains a mural of an iron furnace and dock area, both of which were important to early settlers in the area.

Before the 1854 consolidation of Philadelphia, the incorporated district of Southwark was protected from fire by the Southwark Fire Company and the Southwark Hose Company and both companies belonged to the Fire Association. My guess is that the fire companies promoted the insurance offered by the Fire Association. No doubt the neighborhood had lots of FA marks on the buildings. Hence, the WPA had a special flag pole designed for the post office.

Bob Shea