

# Central's History

Following the Civil War, a rapid expansion began in the United States, pushing the frontier farther and farther west. Insurance protection for small Midwest communities was available from established stock companies, but only at extremely high rates, if accepted at all. People of these small communities were forced to carry their own risk, so mutual insurance associations were formed. Many of these mutual associations were short lived, victims of disastrous fires. One that survived and grew was the Van Wert County Mutual Fire Insurance Company of Van Wert, Ohio.



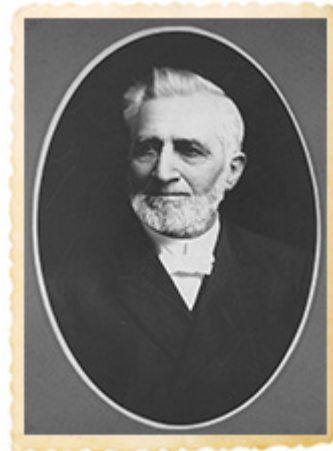
M.L. Purmort

What was to eventually become the modern day Central Insurance Companies was formally incorporated on April 17, 1876, with the signing of the charter by the Ohio Secretary of State. The capital stock was \$50,000. The company officially began doing business on October 2, 1876. Within just a few months, the new company had 235 member insureds.

For the first 50 years, Central's secretary was the general manager of the company. The first secretary, G.A. Sahlquist, died within six months of taking office. M.L. Purmort, who served for 11 years, is credited with establishing the company well beyond its original Van Wert confines, expanding operations throughout Ohio and into other states.

**Fun Fact:** The first policyholder was the Reverend James F. Mounts, a Van Wert clergyman who was issued Van Wert County Mutual Fire Insurance Company policies #1 and #2 for coverages of \$800 and \$1,200 respectively.

Central management decided that this company, unlike most others of the day, was going to operate through independent agents rather than a company salesman selling on a direct basis. The first agency was Purmort Brothers Insurance Agency located in Van Wert, Ohio. A.R. Witham Agency (Schiff-Kreidler-Shell) of Cincinnati became a Central agent in 1878, and B.C. Coleman Agency (Baldwin & Whitney, Inc.) of Dayton, Ohio, began representing Central in 1888.



Reverend James F. Mounts



Central's Office 1906-1931

Central's operation soon stretched far beyond Van Wert, first to a statewide organization, then interstate beginning in 1883. The company's name was far too limiting, so in 1884, the Van Wert County Mutual Fire Insurance Company became The Central Manufacturers' Mutual Insurance Company. It was also at this time that a permanent safety fund was established, continued today as the Policyholders' Security Fund.

Through the 1890s and into the twentieth century, the momentum of growth continued. By the time of Central's 25th anniversary in 1901, Central Manufacturers' Mutual was operating in six states and had over a half million dollars in total assets.

As soon as automobiles began to appear in appreciable numbers, Central started to insure these "motor cars and trucks" against the peril of fire and the company continued to grow. A major step came for Central Manufacturers' Mutual when, in 1906, they completed construction on a new four-story brick "mercantile and office building" at the corner of Main and Jefferson Streets in Van Wert. The structure was to have cost \$21,866.26, but a fourth story was added, increasing the cost. Exactly how much the cost increased wasn't recorded.

By 1911, Central was licensed in 13 states. This expansion led to the creation of the first Central Branch Office in Chicago, called the Western Department. James S. Kemper, a Central "inspector and special agent," was transferred from Van Wert as manager. Clyde A. L. Purmort was secretary and treasurer at this time, and it was during his years in office that the company's top post became the presidency with his election in 1929.



Clyde A.L. Purmort

By 1916, Central began expanding coverage to include protection against theft, property damage, and collision. In 1920, a separate automobile department was established. In the second decade of the 1900s, the automobile had come of age in America and Central was writing a brisk volume of auto business, as well as tornado and windstorm coverage, all in addition to fire coverage. During the ten year period from 1916 to 1926, the company wrote over \$24 million worth of auto coverages and was licensed in 26 states.



Home Office Building 1931

In 1919, the New York Branch Office was opened as the company's Eastern Department. In 1921, Central joined with 16 other companies to form Improved Risk Mutuals (IRM) offering reinsurance, engineering, and inspection services. In looking for further growth opportunities, Central turned its attention north to Canada, with Ontario being the first Canadian province to license Central Manufacturers' Mutual.

The years of the mid-to-late '20s were successful for Central, mirroring the prosperity of the country. However, by mid-November 1929, the country was at the beginning of ten years of depression. Remarkably, the management of Central Manufacturers' not only kept the company from losing ground in those years but, in contrast, showed steady growth. It was during this time that Central undertook another expansion with the purchase of 23 acres of land in Van Wert, and the construction of the current Home Office Building. The new building was three stories high and of Georgian Colonial design. The total cost upon completion in 1931 was \$429,854.23.

The completion of the Home Office building was chronicled in a publication, the *Centralizer*. The first issue of the *Centralizer*, published a year earlier in April of 1930, was "dedicated to the mutual interests of everybody associated with Central Manufacturers' Mutual Insurance Company, Agents, Office Employees, Executives, and Policyholders."



C.M. Purmort

Under the leadership of President C.M. Purmort, the mid-1930s saw both a rush of new business for Central and the establishment of several branch offices. In 1935, San Francisco was added and in 1936, Los Angeles. One year later, Toronto joined the group and a service was established in Atlanta. In 1940, Boston was added as a branch office. In spite of the depressed economy, Central Manufacturers' Mutual was growing successfully.

Central had been in business for two-thirds of a century and in 1941, passed the billion dollar mark in the amount of insurance in force. The 1941 Best Insurance Report called Central "one of the leading mutual companies in the United States," and gave it an "A+" rating. LaDoyt G. Purmort had assumed the position of president and would serve in the office for over 21 years. The upcoming war years were times of special needs. Central responded with war risk policies and cooperated with the federal government in a special war risk program, contributing \$220,000 to the cause.



L.G. Purmort

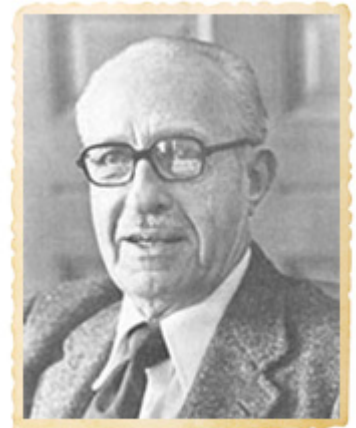
For Central, the end of the war meant a return to the pre-war growth patterns and expanded services. A new law established in 1946 allowed companies to repair, rebuild, or replace damaged property, and Central added replacement cost coverage to its lines. It was also at this time that a Dalmatian dog called "Chief" was beginning to be recognized as a company symbol. "Chief" and the Central shield which stated "Dividends to Property Owners Since 1876" were to become company symbols for over 20 years.



By Central's 75th anniversary in 1951, Central assets had multiplied more than eightfold since 1926 - from \$3 million to \$25 million. The modern day Central was becoming more clearly defined, and the name "Central Mutual Insurance Company" finally appeared. The company continued to expand its facilities and services. Dallas became a branch office in 1951, and Atlanta

was given branch office status in 1956. In 1958 a \$698,000 annex housing the accounting, advertising, and statistical departments was constructed.

Entering the '60s, Central was now a \$51 million company, and F.W. Purmort, Sr. stepped into the president's office at a time of heavy competition. In answer to the competitive pressures created by companies deviating from manual rates, a companion stock company, All America Insurance Company, was incorporated in April 1961. The Central Regional Office in Van Wert was established as an autonomous operation servicing agents throughout the Midwest states. In 1961, Central entered the workers' compensation field and started Central's training facilities by establishing a formal Home Office Training Department. One year later, Central America Finance Company (CAFCO) was developed and would serve the company's billing needs for over 30 years.



F.W. Purmort, Sr.



Internally during this period, computerized data processing was increasing the speed and efficiency of handling administrative detail and would eventually lead to the computer preparation and billing of insurance policies. In 1963, Central purchased its first computer, an IBM 1401 with 12K of main memory. The cost was approximately \$1 million.



F.W. Purmort, Jr.

F.W. Purmort, Jr. became Central's president in October 1964. The term "Centralize" was first used as the theme behind a major reorganization of Central's agency plan to increase



profitability, and the big "C" became the dominant element of the company's logo. The present day "Circle" programs began with the establishment of the "Select Circle" and the "Inner Circle" as a means of fostering better two-way communication between Central and its agents. An intracompany employee publication called the *Central Force* was established to improve communication and bring the various regional offices closer together. Central's Loss Control Department was established in 1968 to further

service and enhance Central's commercial business. At the end of the '60s, Central had grown to over \$63 million in assets.

Automation continued to have a significant impact on the company's operations. In 1964, Central implemented rating and printing of automobile policies on the computer. A second generation IBM computer (360 model 30) was installed providing 64K of main memory utilizing COBOL programming language. In 1969, Central began rating and printing homeowners policies on the computer.

Central undertook a major market expansion in 1974 with the acquisition of a controlling interest in Central United Life Insurance Company of Sioux City, Iowa. In Central's eastern operations, the New York and New England branch offices were consolidated into the Northeastern office in Waltham, Massachusetts in 1975. Also in that year, Central Mutual withdrew from the Canadian market. In automation, the elimination of paper files began with the installation of Computer Output Microfilm. Central's automation capabilities continued to expand with major investments in more powerful, faster equipment including an IBM system 370 model 145 with 256K of main memory, followed by a 370 model 148 at a cost of \$752,000.

By Central's 100th anniversary, construction was complete on a major addition to the original Home Office building, almost doubling the total size. Central's assets at the beginning of this centennial year exceeded \$150 million, and Central was well positioned for the future.



Home Office Building 1975

Central had been developing electronic data processing since the mid '60s and was now a recognized industry leader in the sophisticated area of "information handling." In 1977, Central became a charter member of the Insurance Institute for Research (IIR), a national group dedicated to more efficient agent-oriented use of computer technology. In 1979, Central designed a new, innovative, turn-around declarations page to speed up the processing of agent change requests. In 1980, Central's Automated Policy System (CAPS) was developed, shortening most personal lines policy and claims services from five days to 24-48 hours.



Because of CAPS technology, a new department called Agency Services was formed at Central's Home Office. Agency Services provided service direct to the agent, with agents communicating through mail, by phone, or by facsimile transmission. A corporate objective to become one of the "top personal lines

companies in our agent's office" initiated the introduction of the highly successful "Blue Streak" program in 1980.

The decision to consolidate Central's two California offices in 1984 reflected the need to operate lean and efficient and to respond to sudden shifts in the market place. In the competitive environment of the '80s, President F.W. Purmort, Jr. often commented, "Service isn't just a word at Central, it's a commitment." These words were backed up with the introduction of expanded service hours for Central agents in Central, Mountain, and Pacific time zones. In spite of efforts to correct the situation, underwriting losses in California continued to be consistent and severe, and Central withdrew from California in early 1989.

Two corporate milestones were reached in the '80s: Central's wholly-owned stock affiliate, All America Insurance Company, celebrated 25 years of service in 1986, and Central America Finance Company (CAFCO) celebrated 25 years in 1987. Continuing to develop new products and services to meet customer demand, a new Monthly Account Premium Service (MAPS) was made available to policyholders. Central also became a leader in the use of facsimile technology, enabling agents to take advantage of the convenience, speed, and simplicity of fax communications.

The company was positioned well for the '90s and continued to develop new service-oriented technology. Computer software for the rating of auto, homeowners, and businessowners coverage was made available to agents. The purchase of a sophisticated laser printer provided for major changes in the design, printing, and distribution of policies and eliminated the need to purchase hundreds of thousands of forms from outside sources. The sale of Central United Life Insurance Company in 1993 enabled the company to concentrate resources on the property/casualty operation. This same year saw a milestone reached with the achievement of \$100 million in personal lines premium.

On September 28, 1994, the company was shocked and saddened by the untimely death of President F.W. Purmort, Jr. Under his leadership, the company had grown from assets of \$58 million to over \$300 million. During his final eight years, Central was able to strengthen the Policyholders' Security Fund and improve the financial position of the company each year while maintaining the company's reputation for quality service and consistency. Well-respected throughout the industry, his willingness to listen to the views and suggestions of agents led to the strengthening of agent relations.



F.W. Purmort, III

F.W. Purmort III took over the reigns of Central and continued to maintain the emphasis on strong agency relationships, consistency, and stability, as well as a commitment to advancing technology. E-mail messaging through the Internet expanded the communications options between Central and its agents, and the continued development of the Internet provided the "service focused technology" to maintain Central's strong position in the industry. An important milestone was reached in 1996 when commercial lines premiums broke the \$100 million mark.



Home Office Building 2007

Another groundbreaking accomplishment was achieved at the Central Mutual Home Office, realizing the vision of current President F.W. Purmort. The final construction of this extravagant work of art was completed in October 2007. This beautiful new campus will be here to welcome the growth of this successful company for the next 25 years.

Today, Central writes over 328,000 insurance policies for policyholders in 18 states. Combined assets total over \$1 billion and the company has an **A.M. Best** rating of "A" Excellent.

Central is quite proud of the financial stability and security it offers its policyholders.

The Policyholders' Security Fund has reached a record level of \$588.9 million as of November 2013.

This commitment to excellence is reflected in the many awards Central has received. The company has been recognized by the Independent Insurance Agents & Brokers of America (IIABA) for the past seven consecutive years with the Best Practices Award of Excellence for imaginative, outstanding, and unique contributions in advocating Best Practices philosophies that enhance the independent agency system. In 2012, Central received the Company Award of Excellence from the National Association of Professional Insurance Agents (PIA). Central has also been recognized for the past six years for its commitment to improving agency-carrier communication, interface and the Real-Time movement with the ASCnet Partner Award for Dedication to Interface Partnerships. Central is often ranked among the top companies for customer satisfaction and ease of doing business in industry surveys.

