

JULIUS BUBOLZ FOUNDS AN INSURANCE COMPANY: A STUDY IN RURAL LEADERSHIP AND RESPONSIBILITY *

Walter F. Peterson
Lawrence University

On April 7, 1956, Julius Bubolz turned to his son and said, "Gordon, how is the business coming in from the new territory?"¹ Two days later at the age of 93 years and seven months the founder of the Home Mutual Insurance Company was dead.² Alert and active in the business to the very end, Julius Bubolz was born August 22, 1862, in Germany and at the age of seven emigrated to the United States, settling with his parents on a farm in Winnebago County. He attended public and parochial schools completing all the courses offered at that time. In fact, he took the eighth grade course twice as nothing was available beyond it. After clerking in a store for an uncle he worked briefly on the railroad before buying an 80-acre farm for \$1,500 in 1882.³

This farm near Seymour, Wisconsin—a stake in a developing society—provided a basic orientation for Julius Bubolz as he began carving a livelihood out of the Wisconsin wilderness. Above all he developed a respect for the land. Neighbors sold their timber to lumber companies and thus stripped their land. Bubolz desperately needed the money to help pay the mortgage but he had a sense of ecology and conservation generally lacking in the late 19th century. Trees on hilly portions of the farm were never cut so they could protect the land from erosion. Flowers, animals, and birds only added to the enjoyment of a family walk through the woods. The farm eventually encompassed 242 acres.⁴

* The author was given unrestricted permission to use the files and records of the Home Mutual Insurance Company. For the complete cooperation of the officers and staff, the author is also most appreciative.

¹ On August 24, 1965, all living children of Julius and Emelia Bubolz but two, together with two grandchildren, were brought together at the Home Mutual Insurance Company where they were interviewed in depth by Professor Walter Ebling, University of Wisconsin. The author is indebted to Dr. Ebling and the Bubolz family for this extended and perceptive interview which was recorded on tape. Ebling-Bubolz Tape; Gordon, p. 30.

² *Appleton Post-Crescent*, April 10, 1956.

³ *Ibid.* Also, *Capital University Bulletin*, February, 1943, p. 3. Ebling-Bubolz Tape; Gordon, p. 3, Amelia, p. 4. Card from Esther, September 12, 1965, in Home Mutual Files.

⁴ Half of the land was described as "level, well drained, and suited for intensive cultivation;" About one-third of the land was good cropland but had "quite a few problems that will require good conservation practice;" and the remainder was "not suited for cultivation, but . . . for grass or trees." Letter from Vernon G. Geiger, Outagamie County Soil Conservationist, April 4, 1967. Ebling-Bubolz Tape; Gordon, p. 30-31.

Save for the purchase of the farm in 1882, 1884 was the key year in providing the basic orientation for Julius Bubolz. Civic interest led him into a variety of public offices. His first official position was that of town clerk—a post he filled for 19 years. Careers of 27 years as justice of the peace and 28 years as school clerk also began in 1884. The next year he was appointed census enumerator for the Town of Cicero.⁵ These positions developed the variety of his contacts and his experience in administration and public responsibility.

Bubolz was keenly aware of the importance of appearance. Only 21 and anxious to appear older, he grew a beard. He was enormously pleased that he was chosen town clerk in preference to a clean shaven man 10 years his senior. The beard accomplished its purpose. It helped him appear older when that was needed and 25 years later when he found it desirable to look younger, he shaved it off.⁶

Emelia Jeske became Mrs. Julius Bubolz one month after Julius was appointed town clerk. Emelia was distressed when he grew the beard and equally distressed when he shaved it off a quarter century later. She converted a Wisconsin homestead into a comfortable and happy home. A warm and vital person, Emelia's pleasant exterior concealed a remarkable capacity for hard work, managerial ability, drive, and determination. Fifteen children provided the extra hands so useful on a Wisconsin farm.⁷

Shortly after their marriage Emelia said, "There is no blessing on the community without a church, a place to worship our God." Julius solicited the support of 21 neighbors to found Emanuel Lutheran Church of Cicero. As the guiding force Julius was elected secretary of the congregation, a position he held for the next 61 years.⁸ A firm faith in God was coupled with a deep and abiding faith in his fellow man. The church was, as many other pioneer projects, a community venture. The farmers in the Seymour-Cicero area built the roads and helped each other build barns and harvest crops as well as build the church. Cooperation was essential for progress—it was a way of life and it worked.

Faith, cooperation, and work might have sufficed in those pioneer days had it not been for the periodic windstorms that ripped their way through the area. Cooperation could rebuild a farmstead destroyed by fire but when their fields were devastated along with barns and homes these pioneers obviously needed more than storm cellars. Moreover, the pioneer community was a debtor community.

⁵ *Appleton Post Crescent*, April 10, 1956. *Capital University Bulletin*, p. 3. Card from Esther, September 12, 1965.

⁶ Ebling-Bubolz Tape; Esther, Gertrude and Gordon, p. 5.

⁷ *Ibid.*; Amelia, p. 27, Amelia, Esther and Gordon, pp. 35-36.

⁸ *Ibid.*; Gordon, pp. 5-6. Also, *Capital University Bulletin*, p. 3.

Mortgages were not cancelled by a tornado and it was a very long year between harvests. In 1883 an August tornado destroyed Julius Bubolz' first crop when he had the grain cut and in shocks. The Cicero area survived another tornado in 1888.⁹ News of the great cyclone that struck New Richmond, Wisconsin, on the evening of June 12, 1899, filled the Cicero residents with dread. 115 people were killed, 500 injured, 100 homes completely destroyed, and property damage was well above \$750,000.¹⁰ Julius Bubolz knew that something could be done to spread the risk. He didn't know just how, but he would find out.

The answer was found in mutual insurance but there were no mutual windstorm companies operating in this part of rural Wisconsin—only mutual fire insurance companies. Windstorm insurance was unheard of in the Cicero community and many farmers wondered whether such a company could operate successfully. Mutual insurance simply means that it is owned by the policyholders of the company. In this democratic arrangement the policyholders elect directors who, in turn, elect officers who manage the business, collect small sums as premiums, and pay the losses of policyholders who have agreed to mutual protection. Management includes setting up reserves for safe operation and then returning what is left over as dividends to the policyholders. The mutual handles insurance at cost, it is a cooperative project. Mutual insurance was not a new idea having been put into practice in London in 1696. Benjamin Franklin brought the idea to America and established the "Philadelphia Contributorship" in 1752. For the next century the idea grew slowly but by 1900 over 1,100 mutual companies had been formed. With such rapid growth many mistakes were made and poor management resulted in many failures. It was the task of Julius Bubolz to determine the principles for sound management to insure survival.¹¹

Through reading, inquiry, and some experience Julius Bubolz was able to translate his thoughts into action. His stature as a church and civic leader stood him in good stead for here was one man in the Cicero community who could be trusted for honesty and judgment. Early in 1900 he invited a group of his neighbors

⁹ *50th Anniversary Bulletin*, p. 3. In 1883 Julius Bubolz almost lost his farm as a result of crop loss to wind. He was able to keep it only because he took a 12 per cent second mortgage with the farm as security. This experience left an indelible impression on his mind. Ebling-Bubolz Tape; Gordon, pp. 20-21.

¹⁰ *The Milwaukee Journal*, June 13, 1899. The headline followed by decks of sub-heads read: "A TORNADO KILLS AND MAIMS HUNDREDS OF WISCONSIN PEOPLE: Hundreds of Dead, Dying and Injured; Tornado Strikes New Richmond and Fire Completes Work of Destruction; Men, Women and Children Crushed to Death by Flying Debris Without a Second's Warning."

¹¹ John Bainbridge, *Biography of an Idea; The Story of Mutual Fire and Casualty Insurance*, (New York, 1952), pp. 20-21, 28. Also, *Semi-Centennial History of the Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin, 1859-1908*, (Milwaukee, 1908), pp. 25-29.

to his home and explained his plan to them. Based on this interest others were canvassed during the next 60 days until 135 members comprised the original charter group. The plan of operation was simple. Each member had an equal voice in the management. Each promised to assume his share of the losses and expenses. These men took care of themselves by helping each other. After the fashion of the day, the original name was Farmers Home Mutual Hail, Tornado and Cyclone Insurance Company of Seymour, Wisconsin—since Seymour was the nearest town. The first policies were not the multi-claused documents of today but merely simple memoranda with most of the contract written between the lines. The company that was to be the Home Mutual Insurance Company was chartered March 1, 1900.¹²

Charles Ploeger, the largest dairy farmer in the county, was the first president and held that office until 1916.¹³ The president, however, was little more than a figurehead whose sole responsibility was to preside over meetings. As stipulated in the by-laws the real power and responsibility resided in the secretary, Julius Bubolz, who

“shall keep a record of proceedings of all meetings of the members and Board of Directors of the Company, preserve all Applications for Insurance, draw and countersign all orders on the Treasurer and prepare and keep all proper books for the business of the Company, under the supervision of the Board of Directors, and all Applications, Policy Registers and other Books, Contracts and other Instruments as are required to be kept at the home office and in his custody. He shall prepare and countersign all Policies of Insurance, Contracts of Agencies, answer all business communications of the Company, prepare and render a statement of the affairs of the Company for its annual meetings, and such other purposes as may be required by law, to collect all dues and premiums or advance assessments, pay all moneys belonging to the Company to its Treasurer and take his receipt therefore, and perform all other duties usually pertaining to the office of Secretary in similar corporations.”¹⁴

However great his powers Secretary Bubolz did not have much to exercise them on. At the end of the first year the premium income was only \$235.24.¹⁵ Company growth was slow as it involved only one line of insurance and was initially sold only to farmers in the immediate area. By December 1902, assets came to only \$316.92 with cash from premiums at \$544.42 for a total of \$861.34.¹⁶

Growth continued, however, because Bubolz' management was based on integrity rooted in his faith, his close knit family, and

¹² 50th Anniversary Bulletin, p. 3. *Capital University Bulletin*, pp. 3, 15.

¹³ Data in Home Mutual Files.

¹⁴ Section 3, *By-Laws of the Farmers' Home Mutual Hail, Tornado and Cyclone Insurance Company of Seymour, Wisconsin*, March 1, 1900.

¹⁵ 50th Anniversary Bulletin, p. 13.

¹⁶ *Fourth Annual Report*.

his interest in his fellowman. The company earned a reputation for fair and honest dealing, the proof of this being found in the settlement of losses. During 1902, seven farmers whose barns were damaged by cyclones in Outagamie and Shawano counties had settlements of from \$2 to \$69 for a total of \$163. These losses and claims paid as stated in the report, were "scaled down and compromised."¹⁷ Severe hailstorms in 1905 resulted in a small special assessment of \$79 on policyholders.¹⁸ But the frugal secretary found that the annual expense of \$20 for examination of the company by the Insurance Commissioner would be waived if he brought the books to Madison. In the future he did just that.¹⁹

During 1906, 401 policies were written or renewed increasing the total to 1,800 covering \$1,593,901 in risks.²⁰ Since there were only 13 losses the financial picture improved. By the close of 1914 the total number of policies in force had increased to 4,007. Risks had increased to \$7,666,443 and assets of \$6,251.93.²¹ By the close of 1919 the policies numbered 6,398 with 147 "losses and claims paid and scaled down and compromised during the year."²² After 20 years the company had paid out \$42,192.88 in losses. Secretary Bubolz had run it with such frugality that since 1900 the company had never made a cyclone assessment and only three assessments because of hail. In this respect it had the best record of all mutual companies in Wisconsin and proudly boasted that it was "a company of the people, by the people, and for the people."²³ In an interview in 1943 Julius Bubolz candidly ascribed his success to a combination of morality and practicality when he said, "Aside from the ethics involved, it always pays more than it costs to be honest."²⁴

If the integrity of Julius Bubolz provided the basis for public recognition and more business, it was the managerial and social skills of Emelia Bubolz that made much of this success possible. Emelia became the manager of the farm and together with the children virtually ran it so that Julius could devote more time to the growing business for he solicited applications, kept the records, and issued the policies. When this became too great a burden he

¹⁷ *Ibid.* In 1911 Julius Bubolz was elected Secretary-Treasurer. *50th Anniversary Bulletin*, p. 5.

¹⁸ *Sixth Annual Report*. The discrepancy between the *Fourth Annual Report* rendered in December of 1902 and the *Sixth Annual Report* in 1905 was resolved in the period 1903 and 1904. Continuity was maintained from the *Sixth Annual Report* on.

¹⁹ Julius Bubolz, "Address Commemorating the 40th Anniversary of This Company," MS in Home Mutual Files.

²⁰ *Seventh Annual Report*.

²¹ *Fifteenth Annual Report*.

²² *Twentieth Annual Report*.

²³ Julius Bubolz, "Address Commemorating the 40th Anniversary of This Company," MS in Home Mutual Files.

²⁴ *Capital University Bulletin*, p. 15. Also, *40 Years of Service, 1900-1940; Convention Program and Life Story of the Progressive 'Home Mutual'*, p. 6.

drafted the children into the enterprise. Esther later recalled how diligently she had to practice her penmanship so that she could write well enough to help write policies.²⁵ It wasn't until 1914 under pressure of increased sales and extraordinary losses that the secretary employed two office girls at \$5.00 a week plus board. The two day annual meetings were gala events.²⁶ Although the formal meetings were held in the Seymour Hotel the directors ate and slept in the large Bubolz farm home for reasons of economy and because they enjoyed the gracious hospitality of the hostess. It might also have been because of the small director's fee for they received only \$2.00 for attending a meeting plus train fare until 1924 when they were voted \$3.00 per meeting.²⁷

Economy was the watchword. For the first twenty years the company made no contribution toward the rent, fuel, or light in the Bubolz home. Then the directors allowed \$50.00 a year until 1926 when it was raised to \$100.00.²⁸ Such economies in operation saved the company enough money so that for the first 25 years the premium charges were only 25¢ per \$100 for five years. When the State Insurance Department required larger reserves the company raised its rate to 30¢ per \$100. However, this was not sufficient to take care of the large wind and hail losses of the late 20's and also build up a surplus so the rate was raised to 50¢ per \$100 for five years in 1930. This rate was sufficient to meet all losses, build a substantial surplus and make the company the largest and strongest of its kind in Wisconsin. Through economy of operation and strength of purpose Julius Bubolz served the interests of his fellow farmers in Wisconsin.²⁹

The decade of the 20's was the heyday of big business. In this period when men thought only in terms of profits and the key to success was the stock market, the virtues of cooperation that were part of the pioneer society and basic to mutual insurance came under heavy attack. Reports of the annual meetings cast light on this as Julius Bubolz and others briefed the agents on how to handle attacks on the company. A rumor was circulated that the company was in debt and ready to collapse. A careful review of the financial report provided adequate rebuttal.³⁰ Stock insurance companies disseminated the report that mutual insurance companies across the country were failing. Charts were presented to

²⁵ *50th Anniversary Bulletin*, p. 4. Ebling-Bubolz Tape; Esther, p. 8.

²⁶ *40 Years of Service*, p. 4.

²⁷ *Ibid.* *50th Anniversary Bulletin*, p. 5. Ebling-Bubolz Tape; Esther and Amelia, pp. 36-37.

²⁸ *40 Years of Service*, p. 4.

²⁹ *Ibid.* Ebling-Bubolz Tape; Gordon, pp. 13-14.

³⁰ Julius Bubolz, "Secretary's Annual Message," *Thirtieth Anniversary Bulletin*, p. 17.

indicate that the rate of failure for stock and mutual companies was approximately the same.³¹

The primary criticism of mutual companies during the period was that of socialism as the stock companies wrapped themselves in the American flag and stood on a platform of capitalism. At the annual meeting which celebrated the 30th anniversary of Home Mutual, Henry Straight of Grand Rapids, Michigan, appealed to history to vindicate mutual insurance. He pointed out that Ben Franklin brought the mutual insurance concept to America and that Thomas Jefferson and John Marshall had stock in mutual companies—these the founding fathers. "Talk about socialism!" said Straight. "Why, if this is socialism let us have a little more of it."³²

To have more of it was distinctly possible, Straight added. The mutual companies had a built-in advantage—they paid no dividends to stockholders. Their stockholders were the mutual policyholders. From 1919 to 1924, 19 stock companies paid \$93,036,096 in dividends to their stockholders.³³ In mutual companies this would have gone to policyholders. All that was needed was a sound company, leadership, and able, hard working agents. By 1930 the company had developed a number of agents of this caliber. Anton Matheson of Manitowoc County, for example, wrote 400 policies in 1929 totalling \$2.25 million.³⁴

Nineteen thirty-one marked the end of an era for the company and opened new horizons. It shed the vestiges of its pioneer beginning when in 1931 it moved its headquarters from the Bubolz farm to modern offices in the Zuelke Building in Appleton.³⁵ Constantly increasing business and the desire to give all agents and assureds the most rapid service possible made this move imperative. A change of name was in keeping with the spirit of the time. "The Farmers' Home Mutual Hail, Tornado and Cyclone Insurance Company of Seymour, Wisconsin" had shortened its name in 1926 to "Home Mutual Hail-Tornado Insurance Company." In 1932 it was streamlined to its present form "Home Mutual Insurance Company." Perhaps the greatest tribute to the company's record of safety, service and low cost insurance protection occurred at this time when four smaller windstorm companies in Wisconsin after thorough investigation voted to join with Home Mutual rather than one of the 17 other Wisconsin mutual

³¹ Henry Straight, "Comparative Strength of Mutual and Stock Insurance," *Thirtieth Anniversary Bulletin*, p. 28.

³² *Ibid.*, p. 31.

³³ *Ibid.*

³⁴ *Ibid.*, p. 9.

³⁵ *The Story of Home Mutual*, 1933, p. 2.

windstorm companies.³⁶ The accent on change was also seen in personnel. Gordon Bubolz, son of the founder and a recent graduate of law school, became assistant secretary on September 10, 1926.³⁷ A new generation was now on the scene to cope with a new era of history which saw the U.S. plunged into depression and world war.

At the annual meeting celebrating the 30th anniversary, Julius Bubolz said, "This year the Home Mutual will be 30 years young. I say it will be 30 years young because I believe the company has not yet reached maturity, it has not reached the point where it will no longer progress. To the contrary, I believe the Home Mutual has reached a point where it has successfully gone through the most dangerous period of its life, which is the period of infancy. The Home Mutual has reached a point where it may anticipate a great era of expansion."³⁸

He was absolutely correct. The assets in 1930 were \$150,902 and in 1967, \$9,334,778. The surplus in 1930 was \$19,645 and in 1967, \$1,884,346. At the end of three decades Home Mutual offered one insurance line (windstorm and hail coverage) in one state (Wisconsin). In 1967 it wrote nine lines of insurance and was licensed in 17 states.³⁹

Extensive and intensive studies have been made of Carnegie, Rockefeller, and Morgan. There is no question but that they deserve such attention for they helped build urban, industrial America. In insurance we have the Bulkeley family, sole owners of Aetna Life Insurance Company which, at the end of its Centennial Year, 1953, had admitted assets of \$2,370,717,579.⁴⁰ But these leaders of American industry and finance did not have a personal or direct effect on Cicero and Seymour in the period 1882-1930. Julius Bubolz did. As a leader in his community he played an important role in the development of rural Wisconsin. In recognizing the need for hail and windstorm insurance and acting to fill that need, he exercised responsibility of the highest order. His ambition was not wealth or fame but service to his fellow man. We have here a study in rural leadership and responsibility.

³⁶ *Ibid.*, p. 8. The companies were the Wrightstown Morrison Mutual Cyclone Insurance Co. of Greenleaf, Wisconsin, the North Wisconsin Farmers Mutual Cyclone Insurance Company of Poskin, Wisconsin, the Buffalo County Mutual Storm and Cyclone Insurance Company and the Windstorm branch of the Price County Farmers' Fire Insurance Company. Also, *40 Years of Service*, p. 8.

³⁷ *50th Anniversary Bulletin*, p. 7. Also, *Who's Who in Insurance*, (New York), 1968, pp. 104-105. *Who's Who in the Midwest*, vol. 10, (Chicago, 1966), p. 143.

³⁸ *Thirtieth Anniversary Bulletin*, p. 16.

³⁹ Data supplied by Albin Bevers, Vice President, Home Mutual Insurance Company, April 23, 1968. The foundation was laid. The Home Mutual Group by 1968 was capable of handling a customer's complete financial plan—his fire and casualty insurance, life insurance and his investment program.

⁴⁰ Richard Hooker, *Aetna Life Insurance Company; Its First Hundred Years*, (Hartford, 1956), p. 224.