

MONEY AND FIRE: THE STORY OF THE MEN AND WOMEN WHO FIGHT FIRE AND
THOSE THAT INSURE AGAINST IT.

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Dedicated to the men and women of the Lafayette County Volunteer Fire Department, for their service and for teaching me what no book could.

ABSTRACT

John Netherland: A history of Fire Departments and Fire insurance agencies and how the problems they faced in the past relate to those in Mississippi today.

(Under the direction of Dr. Douglass Sullivan-Gonzalez)

The work is a history that used both secondary and primary sources. The bulk of the historical information on national insurance and fire service history was based on secondary sources while the local perspective is almost solely based on interviews National agencies and departments faced problems in the 1800's that are still faced by rural Mississippi institutions; however these institutions are taking steps to try and prevent the catastrophes of the mid 1800's. In doing so the fire departments are answering some of the problems of the urban volunteers of the 19th century while the Insurance companies are creating a new set of questions.

TABLE OF CONTENTS

Introduction	5
Chapter 1 Fire Insurance's Money Making Dilemma.	7
Chapter 2 From Parades to Paydays: Professionalization of The Fire Service.	24
Chapter 3 Contemporary Problems Facing Firemen and Insurance Underwriters.	34
Chapter 4 A View From the Courthouse: Insurance and Fire Services in Lafayette County.	41
Bibliography	60

Introduction

The sirens wail, like banshees in the night. Ten minutes ago the firemen were asleep in their beds. Now they are trying to control their breath as their hearts race. The driver is focused as he weaves through the dark streets and the captain is cool as he directs other units. There is a house ablaze in the city. As the men dismount they take stock of their situation. They do not know if there are any residents still inside the half burned structure nor do they know if the building will hold much longer. Yet still they enter. They break through the door dragging a hose to fight the dragon while others still search the floor and under the beds for those that could not find their way out. When it is all said and done they dust off their gear, wash the soot from their faces and crawl back into bed waiting to only be awakened again.

Their story is not a new one. It is one that has been told for ages. There is fire and it has been dealt with as long as people have realized that water can be used to extinguish it. However, there has been an evolution in the way that people deal with this force of nature. Through heart break and tribulation, lessons were learned and the idea of fire protection evolved and grew.

People formed insurance companies to protect themselves against the threat of losing everything they owned. These companies thrived, made wrong decisions, suffered the consequences and then remade themselves into professional institutions. Originally founded on solid principles and technique in America, the companies over the course of a few decades descended into something baser. They simply became organizations that wanted to make as much profit as possible without a thought as to the capital needed to actually cover the loss that they insured. As the country industrialized fire became more and more pervasive and entire cities burned. In doing so the insurance business learned time and time again the dangers of

undercutting rates to make a profit. The lesson had been so hard learned that by the beginning of the 20th century the companies were able to stand on their own feet when hit with the San Francisco earthquake and fire, the worst monetary disaster they had faced.

Like the insurance companies Fire Departments in early American history had to learn lessons of their own. Formed to deal with a problem in the early days of independence they were originally gallant all volunteer groups seen doing good for their community. By the mid 1800's however a system promoting masculinity evolved into one that reveled in alcohol and fighting. So much so to the point that public attitude shifted of the volunteer departments and a movement began to create paid firemen.

The problems of the insurance companies and firemen of the 19th century have not totally disappeared in the 21st century. The threat of fire is evolving as wild land fires become ever increasing problems and urban poverty creates a greater fire load. In Mississippi these institutions are dealing with these new problems along with those that came before while trying not to make the same mistakes as they did on a national level. Because Mississippi has seen how these problems became so detrimental in the past century, the way the firemen and insurance agents are dealing with them is unique in their own right. Volunteer systems have been set up in ways that discourage fighting and even allow members a stipend for continuing to fight fire. While insurance companies are regulated in ways to prevent rate cutting to dangerous levels. In the state some of these techniques have and a profoundly positive effect while others have again descended into the detrimental practices that the country found itself in 150 years ago.

Chapter 1: Fire Insurance's Money Making Dilemma

In the heat of a fire, when the forces of physics are eating away at the belongings and the life of an individual, it is hard to imagine how money plays into the situation. The fact remains that money spins the world around. When the smoke lifts, and the water has quenched the thirst of the fire, the damage remains. That damage costs money. People have tried to find ways to replace what has been lost. The best system that humanity has found is the insurance system. The system in America is based on a simple principle. The purchaser pays an underwriter a regular fee, and that underwriter then agrees to pay for the agreed upon damages that the purchaser may incur. Essentially, the underwriter is taking a gamble or a risk. Insurees could purchase an insurance policy and the very next day have their house struck by lightning. The underwriter would pay for it. The system of the fire insurance has evolved. It began as a toddler institution that, fueled by greed, descended into a back alley craps game. Only through self-regulation and great tragedy has fire insurance become what it is today.

Insurance as an idea has lasted through the ages, yet it didn't become a sound business until the aftermath of the Great London Fire of 1666. That following year Nicholas Barbon became the first man to begin to insure buildings against fire hazard. The idea of the "underwriter" itself isn't new one. The term actually originated from ship insurance, a much older establishment. The term stems from a popular London coffee house where people speculated on the success of ships and the values of their cargos. When a person wanted to insure a ship of choice, he wrote name under a board with the ships name. Thus the term underwriter became common place.¹

¹ Harry Brearley, *The History Of the National Board of Fire Underwriters; Fifty Years of a Civilizing Force*. (New York: Frederick Stokes Company. 1916), 7-8

The idea did not stay on the British isle for long. By 1752 the idea of insuring buildings against the risk of fire had spread to America. The colonies began to flourish, the villages and camps became cities and towns, and the risk of fire grew. With that risk so too came the opportunity for insurers to make money. The Philadelphia Contributionship for the Insurance of Houses from Loss by Fire became the first company to seize the opportunity. Benjamin Franklin founded the company while looking for a way to help his Philadelphia community regain loss after fire. The company employed the idea of mutual fire insurance. A mutual company meant that the company's operators were also policy holders, not just stock holders. In the mutual organization the policy holder essentially gained control of the company. For thirty-five years the company took sole responsibility for the fire insurance trade. The company maintained the monopoly because turmoil rocked the nation. As war ravaged, the country lacked the togetherness to foster business. The company, which mainly served the upper and upper middle class citizenry, may not have taken the most risky approach, but it still put its feet in the door first.²

The business of fire insurance faced many trials. The danger of incurring too much loss always loomed high. Essentially, if multiple clients needed to make claims then the company needed the cash on hand to pay each. Insurance is based on the principle that the "premiums" or, what they give in return for protection, are not enough to cover one hundred percent loss on all the homes or businesses under its protection. These premiums do however present enough money to cover what the insurance company would see as a reasonable number of losses to their

² John Bainbridge, *Biography of an Idea; The Story of Mutual Fire And Casualty Insurance*. (New York. Doubleday and Company. 1952), 21; Mark Tebeau, *Eating Smoke; Fire in Urban America, 1800-1950*.(Baltimore: John Hopkins University Press. 2003), 57

customers. When ten people buy insurance it is reasonably expected that only one of the ten's houses will burn down in a life time. However, if more loss occurred than the company anticipated then the premiums could not cover the loss, and the company would still be obligated to pay out of pocket.³

In these early days the nation lacked government regulation. People still needed to create a sustainable government. In a state of confusion, the nation trudged through the period of 1776 up until the last decade before the turn of the century. By the 1790s the country had been born and had even defeated the largest military in the world. The calm began and the new found prosperity brought new need for insurance. New companies were born with new ideas that would plant the seeds of change in insurance. The Insurance Company of North America formed in 1792 as a marine insurance company. It sold insurance like many others yet it refused to get involved in fire insurance for some time. The market simply lacked demand, and avoided fighting the problem of extreme loss in multiple policyholders. The company faced too much risk. Yet by 1798 the company brought something new to the table. Many companies had tried to fight the problem of risk in fire insurance but the idea had seemed below most national companies. The Insurance Company of North America, however, came up with a clever solution. The company divided buildings by their risk and offered different rates, higher rates for higher risk and lower rates for lower risk. The calculations for risk were simple wooden buildings were higher risk and when "two or more wooden buildings adjoin, a larger premium shall be required than is demanded on a single wooden building". By 1806 the idea of a defined rate settings, based on building material and hazard, became further distilled into a fire rating schedule. The schedule laid out a very scientific way of determining risk. It established four classes of

³ Robert Barbour, *The Agents Guide to Fire Insurance*. (Philadelphia: Chilton. 1949), 1

insurance coverage and made sure to include an up charge for any building found to be adjacent to a hazardous structure. The Insurance Company of North America company may not have been the first to make such an implementation, but it is an important one. The new seed of an idea would grow so that a buildings risk can be assessed and mitigated in order to save the company money and ultimately the individual policy holders.⁴

Fire insurance further developed as it began to use the agency system. In today's insurance market many cities are sold insurance by people who are acting as agents of the company and not the people who run the company. Thus, the term insurance agent came to be. However, in the late 1700's if a home owner wanted insurance you had to travel to the insurance office to purchase it. The Insurance Company of North America again adapted the system. When it wanted to expand its business into Kentucky, instead of opening a full branch it rather "appoint[ed] suitable and trusted persons at such places as [the president] shall think advisable to act as surveyors and agents to the company." Such an innovation made it possible for the companies to expand farther and farther in the pursuit of profits.⁵

These advances were important to the growth and life of insurance companies, but they had yet to take hold everywhere. Many companies lacked basic knowledge of fire safety and sought to insure only for profit. By 1830 the insurance companies of Philadelphia covered half of the total losses incurred in most major cities. Entrepreneurs began to believe that insurance could be lucrative. Where there is money people are sure to flock, because of this fact of nature "seventeen new companies were formed between 1823 and 1825." The actions of many of these

⁴ *Episodes of History ;in the Stories of the United States and the Insurance Company of North America as Bound Up Together in National Achievement.* (Chicago: Lakeside Press. 1916), 9, 14, 17, 21; Mark Tebeau, 72

⁵ *Episodes of History* 22

new companies by and large were “unscientific” at best. The vast majority of these early companies lacked knowledge of fire risk, lacked a rate setting method similar to that of the Insurance Company of North America, and covered risk at prices far too low to be able to pay out in order to generate revenue. All of these actions created an atmosphere in insurance that proved very vulnerable to disasters that required the payment of multiple losses at one time.⁶

Fire hazards grew in the 19th century. The industrial revolution began to hit its full stride. With the growing industrialization came growth in cities and an increase in fire hazards. Tenements thrown up quickly to house new residents were not made of stone but of cheap wood. Factories, in an effort to increase profit and due to lack of regulation, would not see the need to store hazardous materials away from residential areas. Dangerous practices led to dangerous situations. New York began to forecast the fate of much of the rest of the country. In 1835 conflagrations began to take their toll on the city and insurance companies. On December 16 a five-story building on the edge of the East River began to burn. Intense winds and a frozen water sources contributed to one of the worst fires in New York’s history. Fire fighters only checked the blaze when they used gunpowder from the Navy to explode buildings and thus creating a fire break. The economic loss proved devastating. The loss included 674 buildings and a monetary loss of twenty million dollars. The insurance companies could not cope. Many in the pursuit of profit, lacked the capital on hand to pay the victims that requested compensation. Eighteen companies folded in the aftermath. Yet the remaining companies did not learn any lessons from the disaster. New companies took the place of those that had lost everything and continued to lower rates and insure risky structures in order to create more profit. The cycle repeated itself again in the “Broad Street fire of 1845,” so much so that by the year 1865 seventy new

⁶ Mark Tebeau, 65, 84; Harry Brearley, 9

companies had been created.⁷

Slowly, the more conservative minds of the industry began to see the problem. Their idea to combat the problem needed time to gather steam. The idea involved organizing into a fire boards. One of the first local fire boards became established in New York. The City's recent major fires made it an optimal place. The new boards aimed to curb the "cut throat competition of the insurance market place, forcing premium rates down and agents' commissions up." The New York Board of Fire Underwrites hoped that self-regulation in the industry could accomplish its goal. The Board thought that making rates uniform though out all companies would allow be the best way to tackle the problem.⁸

By the mid-1800s the nation again found itself in a war that ravaged the land and people. During such a war few companies were able to get a firm foothold. Decimated, the South's economy would need decades until basic services would return, much less insurance companies. Elsewhere insurance companies were descending back into the chaos that punctuated insurance life prior to the war. Yet America had come out the victor and saw another rise in both fire load and insurance companies as its economy took on the weight that the south could no longer hold.⁹

These companies again acted as if they didn't learn the lessons that had been hard fought for in New York. There were many more conflagrations to come that would inflict deep wounds on the insurance business. When looking at the landscape in 1866 that thought of destruction seemed far distant. The imperceptibility of the coming storm stemmed from the formation of the

⁷ Robert S. Holzman, *The Romance of Fire Fighting*. (New York: Bonanza Books. 1956), 29-31; Harry Brearley¹⁰

⁸ A. L. Todd, *A Spark Lighted In Portland*. (New York: McGraw-Hill Book Company. 1966), 8

⁹ Harry Brearley, 4

first national insurance organization, the National Board of Fire Underwriters(NBFU). The birth of the company flowered from the ashes of a city after the Fourth of July and a simple fire cracker. The fire that ensued after the firework's early explosion destroyed half a mile swath of the city scape of Portland. Further, ten thousand Portland residents were homeless. Amid fears that the insurance companies could not pay for the disaster, companies from all over New England met with a spirit to "do something without delay." After several further meetings, the new organization met on the day of its founding, July 18, 1866. The importance of setting up the objectives of the organization that plays one of the most influential roles in the future of the insurance business proved paramount. These objectives were geared toward the idea that the foolhardy tactics of many companies of the day could be curbed. The objectives state:

1. To establish and maintain, as far as practicable, a system of uniform rates of premium;
2. To establish and maintain a uniform rate of compensation to agents and brokers;
3. To repress incendiarism and arson by combining in suitable measures for the apprehension, conviction, and punishment of criminals engaged in nefarious business;
4. To devise and give effect to measures for the protection of our common interests and the promotion of our general prosperity.

The NBFU organization would become the embodiment of progressive insurance companies, with the great strides it would make in the business. The shortcomings, however, lay in the organization's lack of ability to rope in all companies of the era.¹⁰

Though the NBFU would calm the seas in time, the insurance business remained

¹⁰ Harry Brearley, 7; A. L. Todd, 12-13

clandestine in the early 1870's. The NBFU even reached its lowest levels of adherence and power in 1870 and 1871. All the success soon changed with the abundance of fires that would soon burn the country's largest cities to dust. Chicago had grown tremendously in the decades prior to 1871, constructing nearly 7000 buildings in 1865 alone. The fire load for such expansive growth posed an enormous risk. Irresponsible risk would lead to disaster. On the night of October 7th the Chicago Fire Department struggled to battle a blaze that destroyed twenty acres and injured thirty firemen. The blaze exhausted the 185 man force. Nothing could have prepared them for the next day. On the 8th of October 1871, a cow supposedly kicked over a kerosene lamp and changed the lives of hundreds of thousands of people. The great fire danger came from the lack of rain in the city. It had not rained in almost four months. The ensuing blaze left people awestruck. Eyewitnesses who escaped told what they saw when their wooden "sidewalks were all ablaze and fire ran along them as fast as they could walk. Roofing became detached in great sheets and drove through the sky like flaming arrows." The exhausted Fire Department could not contain a blaze that would go on to kill 250 people and incurred damaged of \$168 million in the money of the time. The blaze most notably destroyed Chicago's business district and included the sites for future Chicago landmarks in the burn pattern, such as the Tribune Tower and the Sears Tower.¹¹

The very next year in 1872 Boston would burn. The fire began normally enough, however the Fire Department of Boston faced serious problems in furnishing the personnel and equipment needed to fight a blaze. In the fleet of 21 steam-powered, horse-drawn fire engines of

¹¹ Harry Brearley²⁷; Hugh Clevely, *Famous Fires; Notable Conflagrations on Land, Sea, and in the Air-None of Which Should Ever Have Happened.* (New York: The John Day Company. 1957), 170-171.

the time, only six horses could be used to haul the behemoths due to illness. Further, of the 363 men who served the city as volunteers, only 106 were accounted for to save the city. Boston's buildings infinitely accelerated the process of the blaze as well. The acceleration is largely due to the abundance of Mansard Roofs in the Boston shopping district. A mansard roof is simply multiple conjoined buildings with one large unblocked attic space. Although these roofs are aesthetically eloquent, the large open space in the apex of the building provides a perfect conduit for a fire to start in one building and then spread to an entire Block. After a day and a half, outside help arrived to finally extinguish the blaze. By that time the toll had been taken: twelve were dead and the price tag estimates ranged between 100 million and 125 million. The Insurance Company of North America alone would end up paying close to a million dollars.¹²

During the entire period of conflagrations, insurance again returned to its poor habit of too many companies and too low of rates. Throughout the country "those were the days 'when every cellar held an insurance company.'" The men of these companies were so dangerously consumed with profit that four companies might occupy the same small building, and some would not even have any capital on hand for fires. The NBFU recognized the problem in a meeting during the aftermath of the Boston fire. A member of the assembly interjected that "we are all in distress! Gentlemen, this is a life struggle. One more such conflagration will strip this country of every fire-insurance company."¹³

After these great fires and the great loss of money, insurance companies finally began to understand the problems that they had been cycling through over for the past decades. The vast majority of smaller companies had disappeared. They proved to be neither money makers nor

¹² *Episodes of History* ; 68 ; Robert S. Holzman, 112

¹³ Harry Brearley, 33-34

able to sustain losses due to fire. The larger companies that remained realized the problems that they needed to tackle and what to do to improve their business. They sought to tackle these problems through increasing knowledge about the workings of fire, fire prevention construction, and oversight of firefighting departments.¹⁴

Insurance companies thought of legislation first. If the buildings burned too easily, then the companies felt that it is the government's duty to protect people from such dangerous situations. It became more and more common to see restrictions on how and why a person could use fire within city limits. Further limits on where wooden structures could be placed became more and more prominent along with limits on the storage of hazardous materials in cities. Legislation alone however proved a tool too slow to use in some cases. Insurance companies realized the enormous power that they held in the rating schedules that they had created throughout the first half of the century. If it became economically unfeasible to build and insure a fireworks store in the middle of downtown New York, then it stands to reason that a fireworks store will not be built there. Thus the role of the rating schedule shifted from one of a profit saving tool, as it had been for the Insurance Company of North America, to one of a regulatory tool.¹⁵

Knowledge advanced the insurance business to its next level. Knowledge proved most valuable when companies came together in boards and associations. Before the 1870s, and the forming of the NFBU, fire insurance had been hugely primitive. There were many companies that had established rating schedules and tried to identify higher risk. However, the vast majority of smaller companies set rates on guesses and their greed. These companies would fall to the

¹⁴ *Episodes of History* 69; Harry Brearley, 29 ;Mark Tebeau, 84

¹⁵ *Ibid*, 64 ;Harry Brearley, 41; A. L. Todd, 27

conflagrations; the industry needed to spread the science behind insurance. By the time the NBFU came, around agents were known to talk and communicate with one another. Where one might have learned a hard lesson they could then go and tell another agent what to do in a situation. A prime example lay in a conversation between a young agent and an old one as told by Brearley. The young agent saw a tall row of buildings made of stone and thought that since they were made of stone they were a good building to insure. However, the older agent saw the Mansard roof, responsible for burning Boston and helped the younger agent to change his mind. It is these conversations that began to change insurance into a true science instead of a semi-scientific art punctuated by gambling.¹⁶

During the modernization of the fire departments, they themselves had their own colorful history. They faced the same trials and tribulations that insurance companies grappled with. It is during the departments' changes after conflagrations that the insurance companies came to the stark realization of just how tied to their profits firefighters were. They also realized that they had the ability to cause more damage than they helped. It became evident in the failures of the firemen in Boston and Chicago. When a city is burning and only one third of the fire fighting force could be summoned with only a few horses, there is a problem. Further in Chicago though the men faced exhaustion after two large fires in two days there were many reports of fire fighters being drunk during the conflagration. Many insurance companies and the NBFU saw the time ripe to step in.¹⁷

The evolution of fire companies is one that is slow and always will be. The idea is that firemen do not enjoy change. However, they always have to change to improve. The insurance

¹⁶ *Episodes of History*, 56; Mark Tebeau, 177; Harry Brearley, 33

¹⁷ Hugh Clevely, 65; Robert S. Holzman, 113

company can play a large role in encouraging change. The NFBU in particular set out to transform the fire department. The first problem lay in equipment. There could never again be a situation such as Boston's. Using the tool of rate control the NFBU convinced cities around the country to upgrade. When cities saw that rates came down with better protection, it became one of their primary policies to make sure that their fire departments were adequately equipped. In 1866 at the forming of the board, only fifteen cities had new steam powered fire engines. Ten years later nearly 275 cities could use the engines.¹⁸

After equipment had been established, cities needed people to staff it. The NFBU made a precedent to demand paid fire departments. In Chicago the organization stated simply to the city officials that if they did not provide an adequate force for fire prevention then the NFBU would not insure any building in Chicago. Effectively the board threatened to take nearly all of Chicago's fire insurance from it. Chicago promptly complied. Lastly in 1889 the NFBU made an organization to oversee these departments and to make sure that they followed up to the standard that the insurance companies wanted to see. The board's expert evaluated the "condition and the present needs of fire departments and fire facilities throughout the country." Thus with the new men, new equipment, and oversight, the insurance companies took a step toward higher integration between firemen and agents.¹⁹

The problems that insurance faced were being dealt with, yet the companies still had ever evolving problems. The world always changes, and with change the insurance companies were forced to adjust. Electricity would become one of the most significant change for the world and the insurance industry. In the late 1880s the insurance sector began to straighten out after the

¹⁸ Harry Brearley, 47

¹⁹ A. L. Todd, 34

disasters of the 1870s yet a new development caused new problems. The invention of electricity heralded the ending of the 19th century and drew the 20th century closer. But when electric power began to go into wide use, insurance claims rose at an astronomical rate. Many believed that only fraudulent arson could cause such a spike in fires and claims. One employee of the NBFU noted that “we cannot assume that the most reputable merchants have all at once become criminals. We find that our better class of risk is burning in a greater ratio than ever before and that there are mysterious causes at work.” It became apparent that these mysterious fires were from the misuse and incorrect installation of the new element of electricity.²⁰

To combat the new electrical force, the NBFU again jumped at being in the front for protecting insurance companies’ assets. The establishment of an Electrical Bureau to determine the severity of and solutions to the problems of electricity helped. The difficulty of the bureau’s task proved too great to be tackled by one entity alone. Thus the NBFU looked to help establish a full-fledged independent organization to ensure that electricity and other dangerous products were handled in a safe way. In 1896 the board helped to create an organization that spanned over a hundred years and still affects fire safety today. That organization is the National Fire Protection Agency, or NFPA. The NFPA investigated the dangers of electricity originally, but it also played crucial roles in other areas. The NFPA concerned itself with investigating the use of new fire sprinklers inside buildings, the validity of fire proofing doors, and disbursement of fire extinguishers. With a new organization leading the way, the conflagrations on the scale of Chicago and Boston faded farther and farther into the past.²¹

The last major step in safety improvement that the insurance companies took is one that

²⁰ Ibid, 36

²¹ Mark Tebeau, 252; Harry Brearley, 89

they had worked toward for some time. Safety inspections finally became something that proved economical for the insurance industry. Most companies that survived the era of conflagrations since their founding had been inspecting their risks prior to taking on the risk. Yet many homeowners could clean up for an agent only to return to their ways. Thus in 1904 the companies decided to take further action. The municipal inspection system began to take shape. The inspectors from the national board of fire underwriters could look at a city and advise the city planners on laws to institute and steps to take to make the city safer. What these inspectors looked at were structures, firefighting and water supply. Each area had its own specific interests. Structure inspections looked at building techniques, materials and most importantly the spacing of structures. At the same time a fire fighting inspector would evaluate a city's readiness to extinguish fires that did start. The water inspector took the final task of making sure the availability of water stayed constant and that the pipes were large enough to support fire suppression. The maintenance in these three areas proved critical for fire safety in a city. With the fire insurance companies inspecting them the room for failure became less likely.²²

San Francisco would become the greatest test to the fire insurer's new methods. Their response and preparation for a new threat is what cements these new techniques that had been established since the 1870's into the fire insurance tool box for the coming century. The insurance industry found itself on the edge of the largest and most costly conflagration. On April 18, 1906, San Francisco suffered an early morning quake. The city had risen in the last few decades after the gold rush in California in the mid 1800's and the success of America's war against Mexico. The population reached nearly half a million at the time of the quake. At 5:15 A.M. the city's residents were awoken to the noise and motion of a quake that lasted only for one

²² A. L. Todd, 119, 44

minute. The quake itself did not last long and lacked significant power. Many buildings, though damaged, remained standing. The business district is the only district that suffered significant quake damage. The land that the buildings stood on had been reclaimed, and so the structures all lost their integrity on the weak ground. Yet, when the dust from the quake settled, the toll of the disaster had not even begun. Shortly following the tremor nearly fifty fires started in various places in the city. The firefighters, though a valiant and well trained force, could not stop the blazes in time to check their spread. Their failure stemmed largely from the lack of water. The majority of the water mains in the city cracked under the strain of the shifting earth. With no water to drench the flames the heat quickly spread. After four days only rain could fully extinguish the flames.²³

The flames consumed \$235 million of insurance loss and \$350 million of total estimated loss. This monetary immensity challenged the underwriters in that it was the toughest burden that insurance companies had ever had to bear. San Francisco had had the benefit of many of the advances in underwriting. People said about San Francisco that it “violated all underwriting traditions and precedents by not burning up” prior to the quake, many of the companies had begun inspections to address this. Further the San Francisco Fire Department stood vigilant and played a large role in keeping previous conflagrations from happening. Yet the city still burned when extra forces such as the earthquake overcame the odds. The insurance industry found itself in a difficult position. It faced the most amount of pay out there would ever have to pay at one

²³ Hugh Clevely, 175; Archibald MacPhil. *Of Men and Fire; A Story of Fire Insurance in the Far West*. (San Francisco: Fire Underwriters Association Of the Pacific. 1948), 101; Harry Brearley, 99

time. The fear remained that hundreds of companies would go bankrupt and not be able to provide for their policy holders as happened in the mid-1800s after Chicago. The facts stand though that the policies of the NBFU and other insurance companies and agencies were successful. Fewer and fewer companies had aggressively cut rates and more had kept cash on hand in the fear of such a disaster. When the payouts had all been given, only twenty companies went bankrupt after San Francisco; of those twenty the majority resumed business once they could get back on their feet again, a resilience that the industry lacked during the Chicago and Boston fires. In time, all those who filed claims received their due. The payout marked the success the NBFU and other companies had worked for nearly forty years.²⁴

The insurance system is one that went through tremendous ups and downs. The system suffered losses and failures. Yet, it managed to pick itself up again and adapt and change. Money makes the world go around and insurance companies guarantee money in hard times. In doing so the industry has been forced to adapt and become a resilient system. The facts of nature aside, the insurance companies adapted to their changing environment. When conflagrations struck they changed; when electricity came into popularity they worked with it. When the time came, and their progress throughout the entire 19th century was checked by the most expensive fire in history, they passed the test. Their success lay largely in part in the organizations like the NBFU and the NFPA. These companies would go on to continue to influence insurance policy for years to come. Their legacy and that of other companies like them is what makes the functions of insurance companies of today flow as easily as they do. The understanding the tumult that the insurance industry went through in the 19th century allows for a far greater understand of the things that occur now in the 21st century.

²⁴ A. L. Todd, 45

Chapter 2: From Parades to Paydays, Professionalization of The Fire Service

For hundreds of years people have insured against fire. Insurance, however, is not the first line of defense against the destructive force of nature that is fire. Ever since Roman times people have found ways to extinguish fire as soon as it starts. The history of fire fighting is one that has changed dramatically since its inception. Today's firefighters are covered head to toe in protective gear and ride in high powered pumpers to the scene of a fire. In the past, the fire service is marked by images of bucket brigades and hand pumped fire wagons dragged by the same men who had to pump it. Yet with change came great upheaval. Fire fighting is an institution that takes pride in what it is and where it has come from. It is often mused that today's modern fire departments are a service that is built on "250 years of tradition untouched by progress." The idea that a public safety organization will stick to old methods instead of adapting and changing is an idea that has plagued the history of the fire service for generations. This is the true story of the fire service. From its inception the fire service has strived to provide the best safety for the people it serves, yet while trying to accomplish its ultimate goal the fire service has also been trying to preserve its identity in its traditions.²⁵

Fire is a force of nature. A law of the land that always has been and always will be. As long as combustibles sublimate and discharge heat and light, there will always be fire. Humanity has always strived to build. It is human nature to create things, things to live in and those that humanity controls. These two facts of nature have always and will always clash. In the ancient times the fire services lacked the complications of today. The Romans are credited with creating many things that the modern world would come to cherish, among these is the fire service. The

²⁵ Bruce Hensler. *Crucible of Fire; Ninetieth-Century Urban Fires and the Making of the Modern Fire Service*. (Washington D.C.: Potomac Books, 2011.) 13.

first organized fire service, founded in Rome, served its citizens thousands of years ago. The service, though well founded lacked an essential effectiveness. A Roman firefighter lacked pumped water, life safety equipment, and steel tools. It would not be until the 18th century that the world would see the advent of the modern fire service.²⁶

The world stood on the precipice of massive change. The industrial revolution began with the 1700's and heralded a dramatic change in every facet of human life including the fire service. With the revolution came the growth of cities. With larger cities came the need for a new type of fireman. For centuries when a building burned the men of the town would help the family the best they could, but in the end most medieval villages were small enough that the risk of a large fire remained under control. Now the people of Europe moved to work in factories. These new larger cities faced a great risk of one fire devastating an entire town. Thus the modern fire service took shape. Amsterdam started the first modern firefighting methods when it published an early firefighting manual. However, in 1820 chief Braidwood of the newly formed Edinburgh fire department in England started using firefighting methods that made the fire service a true modern institution. The modernization included such things as a fire fighting manual, the first to be published in English, and the standardization of hose.²⁷

The next innovation of the fire service would happen outside of Europe. The United States had begun its experiment in freedom and democracy as the 19th century dawned. In the beginning came the prosperity of new opportunity in the land of limitless resources. Again just as in Europe the rising population in cities demanded that a fire service be established to serve the people safely. When America still paid taxes to England, the fire service in the new world began.

²⁶ Ibid, 20; Ibid, 1

²⁷ Ibid, 22

The first volunteer fire company began in 1718 in Boston. The most influential of the early volunteer fire companies resided in Philadelphia. That company embodied the ideals of its founder Benjamin Franklin when it began running calls in 1736.²⁸

In these early times the shape of the fire service took did not emulate the class separation and divisions that marked much of the rest of the country at the time. The idea of being a volunteer in the fire service is an idea that has always transcended class. Though the toleration for a man of a different race still followed the average American attitude of the time, there abided a semblance of relative diversity. The diversity exemplified in the words of a St. Louis fireman who said “merchants princes and clerks, professional men and loafers...threw aside whatever they were doing as soon as the alarm bell sounded.” When these volunteer organizations were beginning the men who joined these departments tried to exemplify the pervasive idea of masculinity. Thus working class men held their idea of masculinity as one that needed to be proved regularly. While on the other side the upper class gentlemen still felt a need to assert their bravado in a way that did not always present themselves in polite Victorian era society. The need for masculinity largely drove these men’s needs to join and stay in the early volunteer departments.²⁹

Masculinity played an important role while the commitment to the community and sense of citizenship provided further encouragement. Service and citizenship is an idea that spread throughout the country in the 19th century. The new nation had a lot to be proud of as it grew and began to secure its foothold. The importance of contributing to the growth of the nation became

²⁸ Amy Greenberg. *Cause for Alarm: The Volunteer Fire Department in the Nineteenth-Century City*. (Princeton: Princeton University Press, 1998.) 11

²⁹ *Ibid*, 62, 84, 85

greater. Thus when a young man joined a volunteer fire department he also joined the band of citizens. The volunteer firemen largely saw what they did as a way that they gave back to the community and secured a citizenship that they earned.³⁰

The last major aspect that the fire department provided for the men who volunteered for them in the first half of the 19th century is a sense of community. It is easy for people in the modern world to forget what the world is like without the social trappings of today's media. Yet in the 1800's people needed a community. For many young unmarried men the fire station provided that community. Many had just moved to these new cities as they tried to escape the vicious cycle of the agricultural society. Looking for work and not knowing many people led to a willingness to join these volunteer departments that offered a sense of camaraderie that didn't exist in most environments.³¹

These new departments grew as their cities grew. The American volunteer fire system became a thing that America could claim as uniquely its own. No other system in the world developed in the way that the American fire service had. These institutions became praised. Of course any group of people that sacrifice to save lives is worthy of praise, however, the praise of the fire service at the time bordered on the extent of worship. The fire department in a sense could do no wrong. The media made praise a priority thus affecting how people saw their fire fighter and how insurance companies interacted with them and embraced the volunteers as they themselves began business.³²

The media is an institution that in itself has served various purposes throughout history.

³⁰ Ibid, 24.

³¹ Ibid, 52.

³² Ibid, 14.

The mid 1800 saw journalism gain a place as a major influencer of people's thoughts. The media felt it necessary to particularly influence opinion on the fire service. The fire service could not have been by any means a perfect institution. The people in these volunteer departments were just that, people, they made mistakes like any other person would. Yet angelic is not how the media portrayed them. These men who pumped water onto the urban fires of the 1840's and 50's found themselves being portrayed as almost perfect examples of citizenship and sacrifice. Examples lay in prints that were created of firemen of the time. Currier and Ives at the time created some of the most well know picture printing service. They are most famous for their cheap prints that were well circulated. In the 1840's they began to portray what they wanted people to perceive of the fire departments. The prints that were created were not the typical run of the mill action scenes. These prints embodied the heroism of the firemen. *The American fireman, facing the Enemy* printed by the artist Louis Maurier embodied how these prints over idealized the fireman. Greenburg describes how in the print the "Fireman is handsome, manly, and despite his exertions, clean.... His pose is similar to that of Napoleon, Lafayette or Washington." Firemen were certainly heroes but the way the prints of the time made them look they were more than that, they could do no wrong, and were even angelic. The prints were not the only places in the media that the firemen garnered praise. The newspapers of the time found excellent use in praising the work of the firemen. The New York Times offers some insight into what praise looked like for the fireman. When reporting the financial losses of large stores in Nashville, Tennessee, the paper mentions only that the Firemen had "Acted Nobly" giving them only praise.³³

The way the public interacted with the firemen again highlights the volunteer fireman's

³³ Ibid, 14.

"Destructive Fire In Nashville," *New York Times*, Jan. 29, 1853.

ability to stir up zeal. There are countless accounts of parades thrown in the honor of volunteer firemen. In 1852 nearly 25 companies converged on Philadelphia forming a line of nearly six thousand men that stretched for four hours. The parade even stopped to fight a fire at one point which the paper made no effort to comment on how the firemen could have been standing by instead of parading. These acts were not confined events. Just as in Philadelphia, New York had a similar parade for no other reason than to celebrate the construction of a new firemen's hall. These parades became such prolific parts of the personality of a city that when foreign dignitaries would come to a town they would be greeted with none other than a fireman's parade. All of these Media exaggerations and extravagant parades for firemen produced a certain idea about what a volunteer fireman stood for in the eyes of the average citizen. A volunteer in that time was put on such a pedestal that when they did almost anything they were met with highest praise. The greatest example of how they received such praise lay in the same paper clipping that described the fire in Nashville. The paper may have described the firemen in good terms, however, what makes the article stand out are the last two sentences on the article. What these sentences tell is of how a man whose house the firemen saved and the bank awarded large sums of money to the firemen for their service. The reward to a fireman is something that could never stand today but at the time almost came to be expected.³⁴

The idea of rewarding the volunteer firemen for their service is an idea that began to take root in more ways than one. Most importantly insurance companies also began to reward firemen. Insurance companies have always held sway over the cities and the businesses that they ensure. Their monetary leverage allowed them to effect varying decisions. The power that they controlled played a particularly important role in the fire service at a crucial time. The public and

³⁴ Ibid.

media praise of firemen could not last forever and the role of insurance companies in marking a shift in the thinking is a dramatic one. Insurance company stayed just as loyal to their volunteers as news reporters of the time were. Some insurance companies at first began to use the fire mark as a way to reward and encourage firemen. The fire mark, a symbol of a particular fire insurance company, could be placed on an insured building. In doing so companies thought that, in seeing the mark, the firemen would be encouraged to save more property if they knew that they may receive reparations from a particular insurance agency. Rewards began to be issued for the first fire company on scene to a fire insured by particular companies. A system that may have seemed like a good idea ultimately doomed itself to failure. There were obvious problems. Firemen would go to fires with no regard to safety and fight over who arrived first while the building burned. Such actions would eventually lead to the dethroning of the volunteer fireman in the eyes of the public and lead to the most dramatic shift in fire department history.³⁵

The fireman assumed the role of the hero in the 1850's. Yet, he did not receive the role of the average everyman hero like he may have today. Rather the image of haloed a strongman fighting the demonic fire emerged. Popular culture of the time is very interesting. The antebellum period is a time when so much growth took place. Cities sprang from farms, and towns became the infants of today's metro areas. All of the fast growth did wonders, but at the same time created a fear in many people. In a large city that lacked a fire code at the time the threat of the entire city burning to the ground hung on the minds of everyone who lived there. The reality remained that people needed something to believe in, they needed to think that something stood between them and the hellish annihilation of a large fire. Thus near worship of the volunteer fireman sprang up. It is a simple fact that "there was often nothing realistic about

³⁵ Robert S. Holzman, 163, 166; Amy Greenberg, 129.

the accounts of fireman's exertions" yet they remained the "nobler and more powerful foe" in the fight against fire in the eyes of the media. Fire has always been seen as an almost occult evil, in order to sleep at night the people needed to believe in an angelic force equipped to fight the evil. The status quo could not last forever. The insurance agency faced hard times as the great fires of the midcentury forced companies to restructure and reprioritize or fail. So too would the fire service have to undergo similar changes. The end of the volunteer fire service in the major city knocked on the door as the country began to look to the second half of the 19th century. The way the media viewed the volunteer companies changed as did the public's regard for their former heroes. The reasoning lay in the violence of the volunteer companies, whether perceived or a reality, and the money that insurance companies faced to lose. These factors ushered in the era of the paid fire fighter.³⁶

Though firemen were praised, and they were representative by many classes, they became a violent organization in the 1850's and 60's. There are countless examples in news reports of firemen getting into brawls. These quarrels could arise from something as trivial as two different cities in an antagonistic rivalry as happened between Philadelphia and New York in the fall of 1858. The young men of Philadelphia who happened to visit New York were met with fists as the New Yorkers assaulted them. Yet, fights also could arise for trivial circumstances, in 1852 a Philadelphia fireman suffered a gunshot and another a stabbing at a fire. These fights could range in size from small occurrences to larger riots as is evident in the incident that occurred in September of 1856. Two opposing fire companies met on Duane Street in New York and proceeded to induce a violent brawl where stones and bricks flew through the air. The police once involved were even pelted with the missiles. The 2 hour long fight did not break up until

³⁶ Ibid, 33.

nearly 40 armed police descended upon the area. The depiction of these firemen had made a dramatic shift both in content and in style. No longer were they the heroes that saved houses. Now they were fighters that were described as “half-Drunken ‘fellars’.” The shift in the media’s portrayal of the fireman is a very important one. Volunteer firemen in particular depended greatly on the public’s belief in them. When the media shifted its position on what they saw the firemen as, then soon the public would lose favor as well. The public began to see firemen as hooligans, and they associated them with street gangs even. An example lays in the notorious “Killers” a group of young men who held zealous political beliefs and bordered on terrorism in midcentury Philadelphia held loose connections to a volunteer fire company in the city. Throughout the nation even if these connections to gangs could not be proven, a group of young men prone to fighting found it increasingly difficult to debunk such a myth. A switch in thinking takes time, however the time it took is far shorter than might be thought. The time it took for condemnations to filter down and inevitably rupture the volunteer department is short by many other social change timeframes.³⁷

The insurance companies furthered contributed to the downfall of the volunteer system. With the insurance companies awarding rewards for the successful extinguishing fires trouble inevitably abounded. The obvious arguments between different companies to see who would receive the largest reward occurred, which led to more violence. Yet there were further repercussions that were unseen. Many fire companies started down a dark path of theft at fire scenes, which in turn led to the creation of fire wardens and insurance patrols. These organizations under the payroll of the insurance companies were tasked with saving as much

³⁷ “Police Intelligence, Great Riot Between Firemen ,” *New York Times*, Sept . 15, 1856. ; “Philadelphia Hose Company and the New-York Firemen,” *New York Times*, Sep. 15, 1858; Mark Tebeau, 130; Amy Greenberg, 22.

property from fire as possible. These jobs provided extra expense for insurance companies. The companies needed reform and a new system. Yet the municipalities saw paid fire departments as expensive endeavors, even if they knew that their practicality lay in the Jacksonian era. It became the job of the insurance man to make a paid professional fire department a cost effective investment for a municipality. With the “increased value placed on the material interest of property owners in the municipal governments” the insurance man’s job became an easy one. The pressure of insurance companies and the public both contributed to the down fall of the urban volunteer fire fighter. When the new recruits of the Baltimore paid firefighting department were given fourteen suggestions on fire ground operations five of those suggestions were solely focused on the saving of property.³⁸

By the 1870’s the paid fire department with the steam engine reigned supreme. It had become a symbol of being a new and prosperous city. The war had ended and America in a way took on a new national identity. There very much persisted the idea of new ness and prosperity throughout the north and rebuilding throughout the south. Thus, when a township could boast that it had a paid fire service then it could claim proper city hood. In December of 1866 San Francisco bid farewell to the last volunteer fire department in a major metropolitan area. The age of the volunteer had ended and the modern era of the fire service had begun.³⁹

³⁸ Ibid, 29, 127; Holzman, 168.

³⁹ Greenberg, 12, 3.

Chapter 3: Contemporary Problems Facing Firemen and Insurance Underwriters.

Fire fighting since the inception of the paid fire fighting force has changed dramatically. There are no longer horse drawn carriages as there were in the late 1800's. Yet in a way it has changed very little. The way that insurance companies have affected fire departments has changed very little since the massive shift from volunteer to paid forces. The fact remains simply that insurance companies stand to make a profit. They have instituted different measures to do so more effectively yet, their influence on a fire department has always held that motive behind it. Insurance companies and fire departments have thus traveled through time in much the same way. Technology has made things more efficient as it has with all aspects of life but the relationship at heart remains unchanged. For that reason there are many issues in the fire service today that are incredibly important in understanding the way that the fire service has been shaped since midcentury of the 1900's. There is the important question of poverty and fire, the growing risk of wildfire, and the decline of the rural volunteer system, and the future of fire service.

Wild fires are a pervasive threat. Arguably the wild fire is the first threat from the force of nature that is fire that humanity ever faced. No other fire threat however is accelerating at quite the rate that wild fires are. The world is facing a changing foe. The severity of wildfires is increasing yearly in monetary terms and in occurrence. The reasoning for an increase lay in the lack of fuel control and the increasing interactions between people and the higher risk rural parts of the country. The risk factors that have contributed to increase of fires are factors that largely can be mitigated. Yet unlike evolution of structural fire safety both insurance companies and fire departments the problem of wild land fires has not been addressed on a solvable level.

The causes of a wild fire are various. There can be something as simple as a cigarette butt not stamped out to cause a fire that consumes thousands of acres. Yet the current situation did

not always represent how the world worked. Before human expansion through the entire globe it is believed that wildfires were far more frequent than today. Since the founding of America these fires have caused as much trouble for insurers and home owners as structural fires have. Yet recently the problem of the wild fire has stepped up in the minds of many. The wild fire has not become more prevalent because of the vastness or record setting performances, however. The largest wild fires could have been seen in the 20th century but not today. In 1938 the country faced 232,000 fires that destroyed 33.8 million acres. Such daunting numbers when compared to the fires that occurred in the late 20th century seem massive. In 1996 the country only suffered from 113,000 wildfires that burned 6.4 million acres. These fires seem fractional compared to their predecessors. The nature of the problem does not lie in these fires size but rather in the damage that they do. The cost that a fire does in insurable property is indicative of what the wild fire is becoming today. In 1978 a single average fire in the Los Angeles area cost 53 million dollars. By the mid 90's these numbers jumped through the roof with costs shooting to 407 million dollars. Fires are costing people more money and are doing more damage than they ever have before.⁴⁰

The reasons for the shift are very specific. Fire in the natural world serves a purpose; it clears the land and allows for old growth to be replaced by new growth. When these natural fires get in the way people have always extinguished them to protect their land. The continuing cycle has created an interesting dynamic that contributes the greater destructive power of fires. In many areas in the western United States it has been determined through analysis of tree rings that fire frequency has changed from once every ten years to only one every 300 years. With less fires occurring covering less area due to extinguishment, there is more and more unburned fuel

⁴⁰ *The Wildland/Urban Fire Hazard.* (Insurance Services Office.1997.) 5, 7 ;Malcolm Gill, et al. "The Worldwide 'Wildfire' Problem." *Ecological Applications* 23, no.2 (2013) 439.

available for a fire to consume. The effect is that more fuel could allow a fire to “burn with such ferocity that it would destroy a forest that had experienced countless benign ignitions during past centuries”. Because the fuel is more prevalent the intensity of these fires is much higher. The intensity is important because the NFPA states that the single greatest contributing factor to a structure catching fire in a wild fire is the intensity at which the fire burns.⁴¹

These fires are having an increasingly dramatic effect as they become more intense. In Australia 552 people have been killed in the last 100 years by wild fires. The human cost is far from the only effect that fires have on people. Property loss is another major effect that wild fires have. Many people have shifted to higher risk areas. In the United States the most destructive wildfires are typically in the western part of the country. Between 1900 and 1996 the western half of the states has seen a 477% increase in population. States such as California have seen a 2000 percent increase in their population. Not all of these people are moving to cities either. There is data that suggest that the concentration of people per square mile is falling in the western United States. With suburban areas comingling with the wildernesses that general produce massive fires the threat of losing a home to a wild fire has increased. Further these high intensity fires are beginning to cause other problems. Air quality has been a concern for many for the last few decades. With the high intensity fires burning more fuel they create more smoke. With greater smoke many people are beginning to notice respiratory problems in fire prone areas. If these problems weren't enough a fire in an area can dramatically affect the quality of water. The PH and chemical makeup can be radically altered as the ash and heat affect streams and lakes in and around a fire area. With all of these problems becoming a more and more

⁴¹ *The Wildland/Urban Fire Hazard*, 18, 19

frequent occurrence some have looked to find ways to lessen the fire impact.⁴²

The responses to these new types of high intensity wild fires have been various. If fuel is the problem for these intense fires then it stands to reason that reducing the fuel load would reduce these fires. The way that that has been done in the past is through prescribed burning. What prescribed burning entails is that a state or a land owner can take their land and prepare it to where a fire can be well contained, and then light a controlled fire. The result is that the fire burns these excessive amounts of fuel to a level that coincides with how many forest have been in the past. The main problem that the fire service and insurance companies face is that the practice is expensive and very cost prohibitive in many instances. The labor needed to clear the land effectively enough to make a controlled fire safe is simply too great in some instances. Further hindering efforts to reduce fuel levels is the skepticism that many people have. Home owners are reluctant to start a fire on their property in order to simply prevent another.⁴³

If land clearing is too cost prohibitive insurance companies are beginning to look into other ways to minimize their loss in these fires. Simple education of the proper way to maintain land in a fire safe way has been shown to decrease the rate of housing loss. Studies have been done on the effect of simply clearing land around structures. If a house has a non-wood roof and 30 feet of defensible space around it then there is a 90% probability that it will survive a wild fire. Educating people on important land management is becoming a more important aspect to solving the problem.⁴⁴

The fire insurance companies will continue to lose revenue as these fires affect more and

⁴² Malcolm Gill, et al, 444, 439.; *The Wildland/Urban Fire Hazard*, 14, 15.

⁴³ *Ibid* 21; Malcolm Gill, et al. 446.

⁴⁴ *The Wildland/Urban Fire Hazard*, 34; Malcolm Gill, et al. 446.

more people. Ultimately the insurance companies and fire service will have to work together again like they have in the past to begin to mitigate what has been happening in the western part of the county. As more and more people move to higher risk areas and the problem of unburnt fuel compounds these wildfires will continue to burn at more and more destructive levels.

Poverty is a problem that affects many aspects of life. America faces everyday a more and more difficult situation when it comes to its people and poverty. The study of how the problem of poverty affects the nation as a whole is a topic that has been raked over time and time again. The correlation between poverty and fire is rarely touched on. In his autobiography, Dennis Smith, a New York fire fighter expresses what he thought about the problem of inner city poverty and fire. He tells that he will “never escape from tenements and cockroaches. The names and geography may change, but the conditions are universal when people are without money.” Smith fought fire in the heyday of 20th century fire fighting, and his memoir is full of musings on why he saw so much fire in poverty stricken areas. The correlation between fire and poverty is one that has been studied and proven. Yet the problem does not go away. Fire insurance and fire departments alike have to face the problem. For years the fire insurer simply has refrained from insuring those in lower income areas. The inflexibility of the insurance rating schedule simply does not allow for a company to insure such risks and then still make a profit. The answer to the question of how to address the problem is a vague one largely because the problem is so wide spread and seemingly insurmountable. It isn't simply the lack of money that contributes to these fires. Rather it is a culmination of factors that generally exist in low income areas. Some factors include lack of education, dilapidated housing, lack of parental supervision and lack of home ownership. The problem of poverty and fire cannot be fully addressed until each issue is dealt with. Firefighters will continue to have to put themselves in harm's way fighting fires in poor

dilapidated areas until public policy addresses the underlying cause of these injustices.⁴⁵

The paid fire department took hold in cities 150 years ago. A paid fire department however is an expensive endeavor. Not all of the communities in the country can afford them. Lack of funding makes it necessary to still have volunteer fire departments in many parts of the country. The volunteer fire department is facing its own struggles that will need to be addressed if the people they serve are to continue to have effective fire coverage. Dropping numbers are causing volunteer departments problems that will force them in the future to reevaluate their situation. The number of active volunteers hovers somewhere around 750,000 people. These members face challenges that paid fire fighters do not have. A volunteer must work another job and be able to manage the training that is intensive of fire fighting along with balancing family friends and other obligations. As the demands on fire fighters increase with newer standards on training the volunteer pool is dropping. The fire service is again changing. Some say that the second era of the volunteer is coming to a close. As the volunteers of the cities ceased their service so too will the rural volunteers are no more by the close of the 21st century.⁴⁶

The fire service is facing the challenge with the emergence of the combination department. A combination department is a department where some of the responders are paid members guaranteed to be at every call, while another portion of the department remains volunteers. There generally are four configurations to these departments based on the surrounding area. These four types include; simple previously volunteer, simple previously career, complex previously volunteer, and the complex previously career. Each of these types

⁴⁵ Dennis Smith. *Report from Engine CO. 82.* (New York: Warner Books, 1972.) 133. ;Chester Rapkin. *The Social and Economic Consequences of Residential Fires.* (Lexington: Lexington Books. 1983.) 65, 356; Bruce Hensler, 61.

⁴⁶ Ibid. 84,15,87.

exists in areas with certain needs. A simple previously volunteer department usually comes from an area that is rural and cannot finance a full time paid department yet is prosperous and thus tries to insure that its citizens will always have a response when they call 911 by adding paid staff. On the other hand a simple previously career department spring up in towns that are facing downturns, they formally had full time paid positions but the city does not have the money to replace people as they retire. All of these types of departments have the same problems that again do not face a paid department. These may include animosity between each section of the department paid and volunteer. Further paid members of combination departments generally lack formal labor contracts and are not unionized. Thus tensions can run high unless the right kind of leadership exists. These are the problems that the fire service faces as it grows and changes yet again.⁴⁷

⁴⁷ Ibid. 84,15,87.

Chapter 4: A View From The Courthouse: Insurance and Fire Services in Lafayette County, MS.

Insurance companies had to learn the hard lesson in their history that a company cannot take risk without being able to pay for it. Fire departments had to learn that tradition could not out pace safety and sometimes; to provide the best service, the old ways have to go. These lessons were both hard learned and well kept. Because of the past that both fire insurance and fire departments have gone through, more fire departments and insurance regulation agencies have made decisions that try to avoid the mistakes of their predecessors. Particularly, the local fire departments and insurance regulation in Mississippi have struggled with many of the same historical problems that faced the nation. Mississippi has been described as a state that is inseparable with its past. By looking at the fire institution, both in departments and insurance companies alike, the connection with the past is evident. Residing in just one north Mississippi county there is a volunteer department that is slowly transitioning to a combination, and a paid full-time department. Even a long gone department that fell prey to the constraints of money formerly called the area its home. Each of these departments has learned its own lessons that reflect the larger lessons that many fire departments faced in history. Just like the departments themselves the insurance situation in Mississippi made adaptations that not only make it unique to the rest of the country, but also make it an entity that in its own right has many more problems to face.⁴⁸

The history of the fire service ranges from paid to part time and to full volunteer. The community surrounding Oxford and Lafayette County is served by departments that have flowed with the times while maintaining the traditions that all fire departments have tried to save throughout history. The county has enjoyed the presence of three fire departments, two still in

⁴⁸ Wesley, F. Busbee. *Mississippi A History*. Illinois: Harlan Davidson inc.2005. pg 408.

existence and one that has disbanded. These three departments are the Oxford Fire department, the Lafayette County Fire Department, and the University Fire Department. Each institution has its own specific set of values history and struggles. The way that each copes with the various struggles that they faced throughout their lifetime gives a look into how the everyday departments deals with the same types of problems that have plagued fire departments for centuries.

The Lafayette County Fire Department is an institution that mimics much of what the early volunteer departments of the mid 1800s did. However, in many ways it has learned from the lessons that those departments taught. Largely its organization has allowed it to form in a way that would prevent many of the problems that faced urban 19th century departments. The department had humble beginnings. Initially the area surrounding the town of Oxford fell completely under the protection of the city of Oxford Fire Department. Difficulty responding to outlying areas proved the city's coverage to be subpar for protecting citizens. The department simply covered too large of an area. It could take nearly forty minutes to reach the edge of the county from the city center. The situation needed to change. The Civil Defense Force established during World War II saw an opportunity to take more of a role on protecting citizens from the more everyday threat. Many of the members wanted continue the duty to the community even though the war had ended and the Cold War seemed distant to the Mississippi farm belt. Thus with almost natural prerogative in 1977 the Civil Defense force spearheaded a movement to establish a county Volunteer Fire Department.⁴⁹

Bob Foster stepped into the picture. The Civil Defense director for Lafayette County saw the desperate need to expand the fire protection for the county and create a viable response closer to home. The citizens had a need and it so happened that the county had been saving away

⁴⁹ Otis Anderson (Volunteer Fireman) in discussion with the author, September 18, 2013.

money that had been rebated to it by insurance companies over the years for just such a time. Thus the LCFD came to be, to serve the citizens better through fire protection and to decrease their insurance rates.⁵⁰

The essence of a fire department centers around the same main things that the insurance companies focus on: manning, equipment and water supply. The department started with none of these in the early years. The first members saw their main prerogative as one of helping the people and then filling the needs of the insurance companies second. Their helping spirit and lack of funds limited the firefighting apparatus that the LCFD had access to. Rather than buy a real truck, the County allowed the department to procure two old gravel trucks. The early members then drove the old trucks to Corinth, Mississippi. After fitting them with homemade tanks and water pumps, they returned with impromptu fire apparatus. Originally fitted with tanks that could hold 1600 gallons or six and a half tons of water, the newly refurbished trucks had to be modified to hold less once they returned from Corinth. The trucks simply could not effectively carry the massive weight in emergency situations. To house the two new trucks the county constructed two stations, one in the north to service the national forest and one in the south. Further, Harmontown, a settlement in the northwest corner of the county across a lake, had a fire engine of its own made from a military surplus M-35 2.5 ton military cargo truck. These became the first 3 companies of the LCFD.⁵¹

The department created for itself trucks, but it needed the people. In those days whenever a fire burned, “everyone went.” In the first few years the department grew rapidly to nearly 30 people in the county. The way that the department grew lay in the word of mouth spread of its existence. When young men heard the sirens and asked “where they were going,” they shortly

⁵⁰ Ibid

⁵¹ Ibid

found themselves signed up. Much like volunteers of the past, people in the community wanted to give back and feel a sense of citizenship towards their home. The department did not lack for people because the community camaraderie that held strong in rural Lafayette county. The members of the department handled their response with the technology that they had. With only two radios, the common dispatching technology today, most dispatching went out via phone tree. The member assigned to the radio that day would receive the emergency dispatch and then telephone everyone on their unit. This duty soon became the duty of the wife as most firemen did not want to wait after the alarm woke them and generally rushed out without making any calls.⁵²

Since that time, LCFD has made a slow evolutionary progress. The old tactics of spraying water until the trucks are empty has been replaced with the idea of water shuttle. The idea stemmed from the need of water in a rural community that lacks fire hydrants. When one truck arrived, the next would go back and forth from the fire to the nearest water source to provide the firemen with water. Communications have improved to the point where the department is on the verge of switching to Mississippi's new digital statewide system. None of these changes came about in a single epiphany. All of these new things did not happen overnight. Each change that the department has today has come about in a slow methodical way with no one event causing drastic revision in either tactics or technology.⁵³

Such a slow pattern contradicts the history of most of the urban volunteer departments of the 19th century. Those departments had to make radical jumps from man-pulled hand pumps to horse drawn steam engines, then again from volunteer to paid departments. A large part of the later shift lay in the violence that erupted between rival companies. LCFD wanted to avoid the problem all together. When Bob Foster authored the articles of incorporation in 1977 he made a

⁵² Ibid

⁵³ Ibid

simple point. Instead of each local community in the county having its own independent volunteer department LCFD became a unified institution. Unity violates the norm in most rural departments today and pre 20th century urban departments, The significance of the system is that each station throughout the county is under the jurisdiction of one chief and administratively under the jurisdiction of one fire board that makes larger decisions. Infighting from one company to another about who has the right to fight a fire in a certain area has been cut to zero, solving a major problem that the early urban volunteers faced. Another positive to the LCFD organization is tackling the retention rate of volunteers problem that the country is beginning to face. Further with less petty squabbles the county and those that issue federal grants for equipment can see the LCFD as a solid investment. All of these contribute as proof that the organization that LCFD chose is one that would stand strong in hard times. ⁵⁴

What is largely seen as the tipping point for the department occurred in the year 1988. The county government prepared itself to spend \$200,000 to begin garbage truck operations outside of the city limits. Art Littlejohn, an advocate of the county firemen, convinced the county government that the money would be more wisely used for LCFD. The money in conjunction with state grant money allowed the department to purchase seven fire trucks with turnout gear and breathing apparatus. No longer did the firemen have to settle with refurbished gravel trucks but rather now fought fire with a genuine apparatus and equipment.

Lafayette County did not automatically become exempt to all the problems that faced volunteer departments when it adopted its unique style of management. It still faced hurdles. One of the most difficult hurdle being the replacement of Bob Foster as chief. In the early 1990's Bob

⁵⁴ Ibid. Otis;Hal Anderson (Volunteer Fireman) in discussion with the author, September 18, 2013.

Foster had been chief of the department since its birth in 1977. All officers in the department to that point except for him had been elected. The controversy grew when many members wished for Bob Foster's position to become an elected one. Many disagreed. In the end it took one hundred members with resignations in hand to convince the chief to step down and allow the chief to become an elected position. However the strength of the organization of the county's particular style of volunteer department truly shined. Such a controversy could have conceivably broken up the departments of urban volunteers in the 1800's. However, the new 20th century style of organization proved to be strong enough to withstand such tumult. ⁵⁵

By no means is such a system a perfect system; LCFD is far from it. It is a rural volunteer department with all of the challenges that are faced by such a system. Many members have driven a truck, pumped the truck, and fought fire all while totally alone. Further there are many accounts of fire alarms that go unchecked because of lack of response by nearby volunteers, only to find that there is an actual fire. Even though the homeowners still meet their would-be heroes with hugs and gratitude, they do not know how close they came to not having anyone come when called upon. These are problems that the department will have to face as it goes forward. Even the most committed volunteer cannot be on call twenty-four hours out of every day. ⁵⁶

To deal with such problems the 21st century LCFD has adopted a combination department model. As of now it remains a mostly volunteer based system. Less than ten percent of the 150 members of the department are paid part time employees. However, the system is in place to expand as the needs of the county grow and the reliance is placed higher on better response to calls. The future of the department is to be decided as the expansion continues. The

⁵⁵ Ibid Otis.

⁵⁶ Ibid Hal; Ibid Otis.

question is if it can survive the modernization and increasing of paid staff or will it succumb to the same issues that plagued the urban fire service in their transition?

The University of Mississippi is an integral part of the community of Oxford. Without its presence the town would simply not be the same. The town would not even exist in any capacity near to what it is now. The University during the school months is, in essence, a city in itself. There are restaurants and students, those that live on campus and those that commute. The daytime population is one that exceeds many communities throughout Mississippi. Thus it is inevitable that the question of fire protection is raised. The University has made an attempt to provide the best service that it can to the students and faculty throughout the years. It has inadvertently created a history of fire protection on the campus that has all three types of departments. volunteer, combination, and full time city fire protection. In doing so the University has the unique opportunity to know the strengths and weaknesses of all three types, both in their fire safety and in their monetary aspects.

The original University Fire Department operated as a volunteer institution. When the University grew to a large enough size to need a full time maintenance crew the fire suppression responsibility ultimately fell under their jurisdiction on a volunteer basis. Those that volunteered and worked during the day dropped what they worked on to go fight whatever fire that flared up on campus. At night those that tended the boilers located directly across from the first station took the responsibility of providing fire protection. At its peak the volunteers numbered near fifty and had two trucks, a 1940's model ford pumper and a World Lafrance airport truck, since the University owns the nearest airport.⁵⁷

Yet, the system could not be sustained. While the majority of the volunteer members of UFD worked on campus during the day, response time remained good. At night however even

⁵⁷ Mike Martin (former University Fireman) in discussion with the author, February 21, 2014; Ibid Otis.

with the boiler room workers, the responses suffered. Thus the University made the decision to improve the situation. 1980 marked the year that the University made a switch. They began a combination department. Unlike what the county does now the University employed a full time paid staff. The station remained manned by three men for a full twenty four hours a day 365 days a year. Differing from many other paid fire departments the shifts worked not in a 24-hour on 48 hours off cycle but rather a eight day cycle of two sets of 24-hour on then 24-hours off followed by four full days off. The department kept its contingent of volunteers, in case an incident proved too formidable for the paid staff. Most instances, however, the staff handled. At its height the school paid 10 full time employees, nine shift fireman and a fire chief.⁵⁸

With the new staffing the University had to be able to furnish the equipment with the men. UFD annexed the old volunteer station and in doing so filled it with two pumpers that it could use to run calls. The first, a 1974 engine, the second, a 1967 pumper, each provided good service despite their age. A ¾-ton squad truck also allowed UFD to respond to smaller incidents. The airport truck remained in the ownership and service of the University however it became manned by the Oxford Fire Department; the response to the airport from their station would be shorter. The newer truck could pump up to 1000 gallons a minute while the older could only pump at 750 gallons a minute. Both trucks however could only hold 750 gallons of water which is not very much by today's standards. To compensate these trucks carried much more hose making them capable of hooking up to fire hydrants at great distances.⁵⁹

The UFD ultimately would not follow the same path that LCFD would. The path from volunteer to paid did not ensure the department's longevity. The department faced the major problem of maintaining its relevance. UFD responded to all calls in the University. However if

⁵⁸ Ibid Mike

⁵⁹ Ibid

the call proved major OFD usually came to the University's aide under an informal mutual aid agreement. If the City of Oxford ever had a difficult fire then the University would respond. Thus in the mid-eighties only a few years after the department's inception the question arose if it still held pertinence. The University set itself on a path of change and growth. To do so the UFD would be forced to grow which would cost the school much more money. Thus in 1986 the UFD made its last call and the OFD from thenceforth covered the University's call load.⁶⁰

The City of Oxford is an interesting place. It has been described as an island in the area of Mississippi. It has always drawn a different type of person than the typical southern conservative. The island phenomenon is largely due to the University's presence. With the students and professors and all the staff that help make the school a possibility, the City of Oxford has been larger than the average rural Mississippi town for some time and full of different people. Because of the larger size and the ever changing needs of a college town, OFD has been one that has changed widely over the years. Vacillating from paid to volunteer to paid in its early years it emerged into the second half of the 20th century as a professional force. As the 21st century continues the department faces many of the same challenges as LCFD and UFD both had to cope with.

The early history of OFD is one that is shrouded in mystery. Much of the record on the early formation of the department has become lost or not kept. In the minutes of the Oxford Board of Alderman meetings some details can be deciphered. Before 1923 OFD members received a professional salary. The number of paid men varied but generally two to three men received pay of 77 dollars a month, listed under the line item as firemen. Then just as if they had

⁶⁰ Ibid Mike; Larry Sparks (University of Mississippi Vice Chancellor of Finance) in discussion with the author, September 20, 2013.

never existed their line item in the City's light and water fund vanished after January of 1923. The next board meetings' minutes found that the city had set up a set of rules for the general public on how to act towards the volunteer fire department. The simple rules included items on punishment for running over water hose and general conduct at fires. For the next twenty years the fire protection of Oxford Mississippi became the prerogative of a fully volunteer force. The payments made on an American Lafrance fire reveals that that the city had an engine at its disposal. The number of people whom the department had did not change much throughout this volunteer period. In the late twenties the volunteers numbered near 20, and with a dip in numbers here and there as the depression began in earnest, yet, the number usually steadied again around 20.⁶¹

OFD faced change during the depression years. It became difficult for the volunteers to continue to work fully unpaid. So in summer of 1932 the City began paying its members a dollar for every call that they went on. The pay per call tactic is a common strategy that many volunteer departments use to increase retention and the volunteers received several raises in the late thirties. A real turning point came in 1939. The city began paying one man to stand by 24 hours on Sundays at the city hall with the fire engine. He waited with the sole purpose to drive the engine to a Sunday fire, a time that proved difficult for volunteers to respond. He only received \$2.50 a day but his service marked the trend that the department had begun down the road to a paid system. It is inevitable that OFD would return to a paid system as the town grew and the economic situation returned to normal. The month after the Sunday driver system established itself another breakthrough occurred. The city allowed one man to live rent free in the apartment adjacent to the station. In doing so the department and City guaranteed themselves a driver of the

⁶¹ Lafayette county, Oxford Ms, "Board of Alderman Minutes" (February, 1922) Book 6 pg. 109;Ibid. (may, 1923) book 6 pg. 148; Ibid. (February, 1930) Book 8 pg. 80;Ibid. (February, 1932) Book8 pg. 200; Ibid. (September, 1928) Book 7 pg. 258.

engine during the night time hours. By 1942 the city had made its final transition back to the system of paid firemen. Though volunteers remained, the first-full time firemen began work again in spring of 1942.⁶²

The Department steadily grew and by 1972 it had three stations and three trucks. Manning these stations had forced the department to expand to 12 paid staff. That left two men at each station with two shifts. Each day they worked 24 hours they received 24 hours off. OFD expanded from that point to gain the business of running the medical calls in the surrounding area. Such an endeavor did not last long and by the mid-seventies the department had returned to a sole purpose of fire suppression. The reasoning behind such a move lay in the money. The city could not find a way to keep a medical service in the black and thus handed out pink slips to all of the its EMTs effectively mothballing the project. After the shock of so many hires then fires in a few short years the department downsized to two stations. The downsizing trend soon reversed with the help from the prime shaker in the local political landscape. In 1974 the University needed manning of its airport truck. They helped with the purchasing of the land and the construction of station to meet the FAA regulation on having a crash truck within a certain distance of the airport with commercial flights. The construction of the station is the first instance in what would become a long history of the relationship with the University and the OFD.⁶³

From that point OFD stayed a twelve man operation and in doing so had to remain a two station system instead of three. With the competition of the new airport station the chief had to make a tough call and close a station. The manning constrains also necessitated the switching to a “three platoon system.” The system is the traditional fire department system that supports three

⁶² Lafayette county, Oxford Ms, “Board of Alderman Minutes” (June, 1932) Book 8 pg.211; Ibid. (May, 1937) Book 9 pg. 201; Ibid.(April,1939) Book 10 pg. 183; Ibid. (May, 1939) Book 10 pg. 187; Ibid. (May, 1942) Book 12 pg. 76.

⁶³ Jerry Johnson (former Oxford Fire chief) in discussion with the author, September 12, 2013.

different shifts of three men each who work 24 hours and receive 48 hour off. The call load of those shifts remained high for the area in the early days. LCFD still had not been founded prior to 1977 thus the OFD shouldered the responsibility of responding to all of the fire s in the entire area. Once again like all departments, as the city grew so did the department. Station three reopened in the early 80s as the department changed to meet the needs of the growing southern half of the city and the department finally came to a place where it could hire new personnel. ⁶⁴

Originally much of the training came from in house. Today the national standard for fire fighter training is set forth by the Minimum Standards of Certification. Mississippi's equivalency to the standard is met today by the Fire Fighter 1001 school. But the school did not become established until later in the 20th century. So OFD mainly used in-house training to keep up to par on how to fight fire. When the 1001 school became a new standard, the academy allowed for those who were not hired after its inception to study in their departments and then simply drive to Jackson for the day to take the written test. In doing so OFD received the standard set for their training. There persisted an attitude in those seeking certification that some said OFD is the best trained fire department in the state of Mississippi. The sense of perfection is reflected in the performance of the firemen. When all members had gone through their certification process, the department as a whole stood out as one of the few and proud departments that had 100% 1001 certification. The rate proves a testament to the voracity of the 20th century Oxford fireman to learn their trade. They wanted to be a department that when their men "walked into a room [they] made their presence known."⁶⁵

A turning point for OFD came when its suppression area expanded yet again. The time had come for the UFD to disband. The department that had served the University for the last

⁶⁴ Ibid

⁶⁵ Ibid

half decade in the 80s no longer proved cost effective. It had become much easier for the school to pay the city in way of equipment and stations as they had with station two, then it would be to pay the full time personnel that it increasingly needed. The city now needed a ladder truck and more man power to deal with the high rise buildings on the campus. Six more people hired and a truck added, the Oxford firefighters faced an increase in their importance. The people that they covered effectively doubled.⁶⁶

Today OFD has continued to expand. With over 60 full time employees and four stations it is fully professional machine. The city is looking to build a new station and renew its commitment to the university. Many of those who have served will say that they believe that OFD has shaped all of the fire departments in the state by the way that it has set examples and demonstrated what a fire department should be in a state that sometimes has trouble fitting into the standard of the rest of the country.⁶⁷

In Mississippi the problem of insurance has been handled differently than many states. Like many states Mississippi has an insurance commission that oversees the insurance business in the state to keep it from taking advantage of the people. Further like every state the Fire Marshals of Mississippi are a facet of the insurance commission that make sure buildings are safe. What makes Mississippi different is the state's Rating Bureau. The Bureau's organization and operation is one that is suspect and defines how the state interacts with insurance.

The Fire Marshals of Mississippi are a proud organization. They are largely made up of people that are or have been both firemen and police officers. The dual nature of their job requires the fire marshal to wear both hats. They have the honor to enforce the laws that govern fire safety. The practical meaning is that they are the organization that is in charge of ensuring

⁶⁶ Ibid Jerry; Ibid Larry; Ibid Mike.

⁶⁷ Ibid Jerry.

that all state-owned buildings are up to par to the current fire code. In some states the entire business sector and certain residential sectors are under a state wide fire code that falls under their Fire Marshal's enforcement. However, Mississippi has not progressed to a level where that is a possibility. Thus the Fire Marshal is in charge of the code solely in state buildings. They can of course offer their services to a business but they charge and do not operate on the tax dollars. They provide numerous other services for the state as well, such as the licensing of the fire alarm companies and even fire investigation.⁶⁸

Generally the code that they follow is the International Fire Code and International Building Code in the 2012 edition published by the International Code Council. The code only applies to state buildings, again because Mississippi does not have a statewide code. If a municipality in the state so chooses they can use any code that they want on their own accord but are not required to. When the local business need a code inspection though, the Fire Marshal can do it. The local municipalities find ways to make it more cost effective, typically through local fire department inspectors.⁶⁹

The Fire Marshall is a powerful office. When judging much of the code, a lot is up to the discretion of the inspecting Marshal. The discretionary power is written into the code itself. The reasoning behind giving such strong power is to help the Fire Marshall. If a code violation is not in itself dangerous to the structure the Fire Marshall can use his or her authority to waive the violation at his discretion. It also allows the fire inspector to be less lenient. If a building meets code on paper, however, the Fire Marshall feels that the building is unsafe because of the way it is laid out then he may reduce the occupancy load to reduce the risk. In doing it this way Mississippi copes with the grey area that is building construction. Not every building can fit into

⁶⁸ John Russell (Fire Marshall's deputy) in discussion with the author, February 20, 2014.

⁶⁹ Ibid

the confines of a single code. With the training of the Fire Marshal in conjunction with the building code, the system becomes more resilient.⁷⁰

The future of the Fire Marshall's duties is one that hinges greatly on the issue of insurance. The insurance companies of the past all felt change coming in times of great fires. The same is still prevalent today. Though the nation has progressed past the time when cities burnt from conflagrations, there are still catastrophes. The one in most recent history that has affected Mississippi is Katrina. Katrina affected the state in a way that nothing else could. There could be books written about what effect it had on insurance companies and the economy of the state. The important thing is the storm's effect on the fire insurance world. The massive devastation planted the seed for a statewide fire code. The six coastal counties are the majority out of seven counties in that state that have now adopted a county wide fire codes. Further, state universities were never required to have insurance until Katrina wrecked the southern campuses beyond repair. Because of the damage the universities now all are covered by insurance. With a statewide senate bill for fire codes in committee, it is a possibility that the future of fire inspection will be a bright one. The state has been preparing for a disaster like Katrina that involves fire for some time. In an attempt to halt the damages that occurred in the mid 1800s to the vast number of insurance companies, the state has experimented with different techniques to ensure that such a catastrophe doesn't happen here.⁷¹

When the conflagrations of the 19th century went unchecked hundreds or even thousands of small insurance companies were run into the ground. Those that they insured were never paid back for what they lost, and in the end everyone suffered. Mississippi realized the problem. The state population rose much slower than the rest of the nation; it had time to see the mistakes that

⁷⁰ Ibid

⁷¹ Ibid John; Ibid Larry.

had been made and think of ways to address them. What the state came up with in the early 20th century has far reaching implications from the day of its inception to now, both positive and negative. Insurers learned early in the conflagrations period if they set rates on how much they would charge based on the riskiness of the insurance then they could possibly lessen the chances of losing too much profit. Mississippi took the lesson a step farther and made the Mississippi State Rating Bureau. In doing so they created a place that with the original intent to provide a service to the insurance companies, it now has taken that prerogative down a more malicious path that does not serve the taxpayers of Mississippi.

The Rating Bureau of Mississippi first appeared in 1924 with Senate Bill number 26. It came into full effect in the 1927 edition of the Mississippi constitution. The essence of the 1924 law, simply put, required something new of the insurance companies. It required that all insurance companies licensed to do business in the State be a member of the Rating Bureau. As a member each company is required to turn in all of their rating and fee information to the Bureau. The Rating Bureau is then required by the law that established it to make an inspection of every risk area that it rates. The Bureau cannot make contracts with insurance companies, and if it wants to change how it rates things it must be approved by the Insurance Commission. Further the Bureau is not allowed to discriminate on any of the risks that it assesses, and if it does it is subject to the investigation of the Insurance Commission. The law lays out the goal of the Bureau in subtle terms. It claims that if any insurance agency in the Bureau makes a profit that exceeds five percent then it is the Bureau's job to reduce the rating so that the insurance company returns that money to the buyer. The state saw what happened in Boston and Chicago; if so much loss ever occurred here then the state wanted to be able to fix the rates so that no insurance company could gain to make so much profit through undercutting that it could harm

the people purchasing their product. This is how it all started, whether the organization continues in its original vein can be debated.⁷²

Today the Rating Bureau states its purpose as one that is established to help the insurance companies that operate within the state. They base their ratings on four main areas: Fire Department's effectiveness, water supply, communication and fire codes. In each area those being inspected begin with 100% and are slowly downgraded in points: The fire department is rated on its size and effectiveness. The water system is rated on how much it can handle discharging at one time. Communications are judged on how well they work in a given situation. The fire codes are set up by the each municipality and generally are inspected by the fire departments; and their effectiveness further affects rating. All of the criteria are roughly based on the Insurance Services Office Rating system. The ISO system is the generally accepted rating system that the rest of the county follows, published by the insurance services office. In Mississippi, however, the rating system is different. It is these rating differences that begin to make the Rating Bureau as powerful as it is in Mississippi. Not because the Bureau's way of doing things is overbearing and totalitarian but rather that it simply is very secretive of its process.⁷³

The Rating Bureau as established in 1924 has since become a different type of animal. All the insurance companies still have to be members of the Bureau to operate in the state; however, they maintain the salaries of those that work in the Bureau. In 1924 the Bureau at its inception took its money from the coffers of the insurance commission, keeping it under the

⁷² William Hemmingway, *Hemmingway's Annotated Mississippi Code* (Indianapolis: Bobbs Merrill Co. Publisher, 1927), pg. 2637- 2643

⁷³ Insurance Services Office, *Fire Suppression Rating Schedule*, Jersey Cit, NJ. 2012; Joe Shumake (Rating Bureau Manager) in discussion with the author, September 3. 2013

control of the state. Now the Bureau is paid for by the companies that it aims to keep in line. Further, gone is the part of the 1924 law that states the Bureau will ensure that the insurance companies will not profit more than five percent. Thus the idea that the Bureau is keeping companies from recklessness is gone. These are the main differences from when the Bureau started in 1924. The fact that now the Bureau is paid for by the companies makes any organization vulnerable to illegal discrimination in rates. The fact is that today's Bureau employs only two people. The insurance charges for the entire state's 47,000 square miles are determined by only two people. A regulatory institution that is paid for by the companies that it regulates and is only made up of by two people cannot operate without some level of corruption.⁷⁴

In the end Rating Bureau's main deficiency is in accountability. In the 2008 rating report of the University from the Bureau deducted points for various things in the school's system, Yet they did not say why. The ISO rating schedule can be easily attained. It is available for purchase from the ISO website to any who would like to view it. The simple fact that the Rating Bureau refuses to give away how it analyzes a city's fire protection is enough to say that there are things unseen. The Bureau simply cannot escape corruption in the way that it is set up today. Two people, who receive their pay from insurance companies, cannot make the decisions that affect the monthly payments of millions. Effectively the Rating Bureau has become an institution that no longer protects those that they serve but instead allows the insurance companies to set rates how they want them just like they in the 19th century.⁷⁵

Mississippi embodies all of the facets of the fire service from the departments to the insurance agencies. It is a state of great beauty, and rich tradition. It is a state that has a tradition

⁷⁴ Ibid John; Ibid Joe; State code of Mississippi 1972, Title 83 Chapter 3 Article 5; Ibid, *Hemmingway's Annotated* Art. 6043.

⁷⁵ Mississippi Stat Rating Bureau, "Detailed Grading of the University of Mississippi," March 11, 2008.

of fire service that spans the full gambit of the fire department cycle. There will always be a volunteer department that defines a new type of system so that it eliminates a major problem of the volunteer system. There will always be a University that improvises what it has, to provide fire protection to its students, not because it needs to cut its insurance rate but because it should. And there will always be a professional department that came from a long line of small town departments that takes breaks when it can get them and does without when it cannot. It is the actions of the insurance companies, however, throughout its history in the early 1800's and to today in this State, that the State needs to improve. They are institutions that look to solely make money. The way they make it now is less detrimental to both the companies and the people, than the breaking of the economy when a conflagration swept through. Yet the fact that secretive underhand things are still going on today in the 21st century attests to the idea that they want to make a profit in any way that they can.

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