



In 1842, a fire spread through the Court Square neighborhood, including a former county courthouse that was located on this site. In response to the fire, town leaders created the Mutual Insurance Company of Frederick..

# Stroke of Genius

## County's Oldest Business at 175 Years Frederick Mutual Celebrates Milestone

BY SCOTT GROVE ★ PHOTOGRAPHY BY TURNER PHOTOGRAPHY STUDIO



**IN THE 1840S, FREDERICK WAS AMONG THE 100 LARGEST CITIES IN AMERICA AND CONSIDERED “CUTTING EDGE” IN MANY WAYS. ON THE CORNER OF SOUTH MARKET AND ALL SAINTS STREETS, the Baltimore and Ohio Railroad dispatched passengers from then-faraway places like Pittsburgh and New York City. Other travelers journeyed westward by wagon on the nation’s first paved highway that cut through the city on Patrick Street.**

Then, as now, Frederick County proved attractive to some of America’s best and brightest minds. During the 1800s more than 100 patents were registered by county citizens. Of the many local innovations, at least two live on.

In 1825, Jacob Weller expedited the painstaking task of making fire with a stroke of sulfur, sandpaper and a bit of genius—thus inventing the friction matchstick. Some 20 years later, a group of

local community leaders would dream up an equally important invention with the stroke of a pen.

On the blustery afternoon of March 31, 1842, a fire ignited in the chimney of Dr. William Tyler’s stately Record Street mansion. By the time the local Independent and Junior fire companies arrived, the blaze had worsened and spread to Tyler’s next-door property. Sparks leapt from rooftop to rooftop, with more than a dozen Court Square

homes involved, including the Frederick County Courthouse, before being extinguished.

Anxieties born from this near disaster were rekindled two months later when a devastating fire in Hamburg, Germany, the native country of many local residents, killed some 50 people and destroyed 1,700 homes.

Although America’s first insurance company was established in 1752 by Benjamin Franklin,



With the signing of the articles of incorporation, the Mutual Insurance Company of Frederick was officially established Dec. 15, 1843. In less than a year's time, it was providing coverage for more than 300 local homes, businesses, churches, schools and colleges.

insurance still remained a fairly new concept in the 1840s. Over the course of the next year, town leaders, championed by George Englebrecht (brother of Frederick diarist Jacob Englebrecht) attempted to develop a plan for the creation of a local insurance company.

"Fire was a great threat. Insurance was available but it was based out of town and too expensive for most," says Nancy Newmister, president and CEO of Frederick Mutual Insurance Company. "The big challenge was making it affordable."

To accomplish this, the founders determined that the business would have to be structured as a "mutual company" with each policyholder a partial owner. For each insurance policy, the company would collect an

annual cash premium or monthly installments with interest. Funds raised through premiums would be used to offset claims as well as pay for company expenses. Any surplus income would be invested. This was an innovative concept at the time.

"You have to remember, these were local businessmen acting on behalf of the community," says Newmister. "They were creating this company without the benefit of many insurance industry models." With the signing of the articles of incorporation, the Mutual Insurance Company of Frederick was officially established Dec. 15, 1843.

"The board of directors assumed great responsibility in the operation of the company," says Newmister. The directors vowed to be faithful in the

execution of claims; conduct business with the philosophy of low conservative growth; limit underwriting to high-quality properties; and invest surplus funds wisely, largely in bonds.

In less than a year's time, Frederick Mutual was providing insurance coverage for more than 300 local homes, businesses, churches, schools and colleges. "It was Frederick County's insurance company—the company you would go to for coverage," says Newmister.

Frederick Mutual followed that philosophy and prospered, over time making its coverages available to the customers of independent insurance agencies throughout Maryland. In 2003, the company expanded its service area to include Pennsylvania. Much greater changes would follow.



Nancy Newmister, president and CEO of Frederick Mutual Insurance Company, says the company's founders "were creating this company without benefit of many insurance industry models."

### THE NEXT 175 YEARS

In 2015, Frederick Mutual's board spent the summer months deliberating about the future of the company. Rocky Mackintosh, chairman of the board and a director for 27 years, says, "The board called upon the advice of insurance consultants to help them understand the various options that the company had." Ultimately, he says, the board wanted to expand the company in a significant way.

"We knew we'd need a CEO with extensive experience in order to do this," says Mackintosh, noting that the company had previously been directed by local businessmen. "We met with a number of highly qualified candidates, but none more qualified than Nancy."

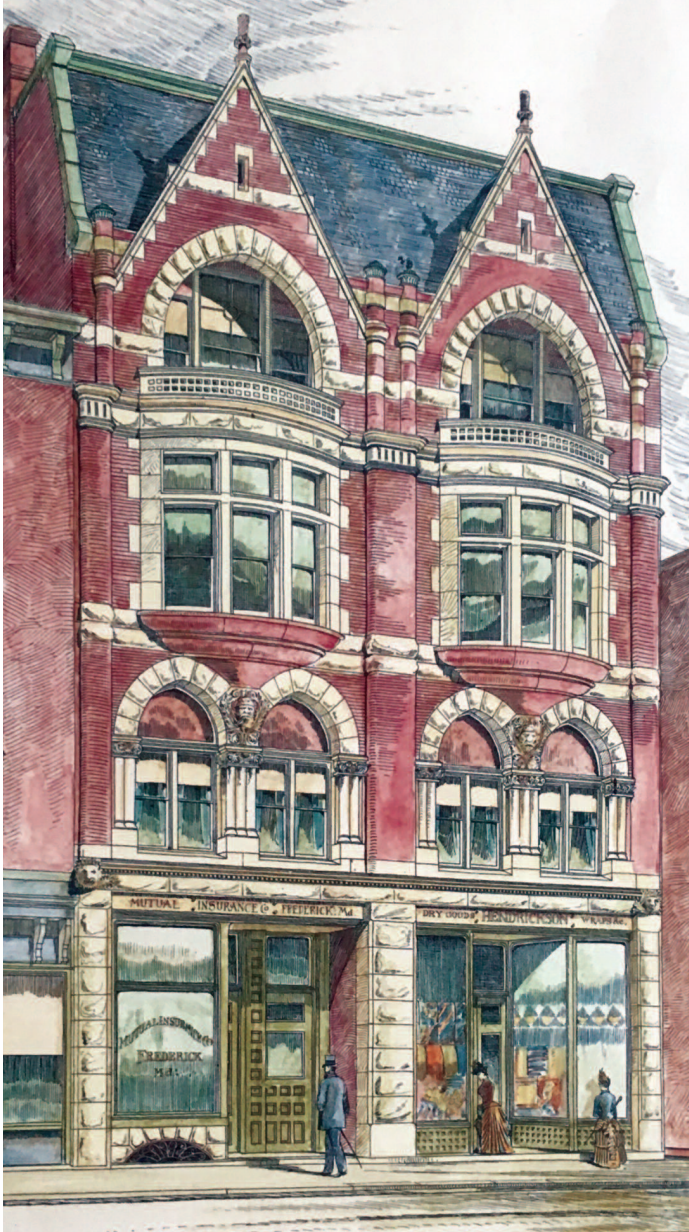
At the time, Newmister was employed by a larger insurance company based outside of Richmond, Va. "She had steered divisions of regional insurance companies through change and led them to growth," says Mackintosh. "She was who we needed to reinvent the company." In May 2016, with the full support of the board, Newmister became the first woman to lead Frederick Mutual Insurance Company.

"She's been phenomenal," says Mackintosh. "She established a challenging set of objectives that affected every department of the company—operations, products and more—and she delivered."

In the past three years Frederick Mutual has expanded into Delaware, Washington, D.C., Virginia and,



most recently, North Carolina, adding into its coverages a new commercial insurance product that greatly expands the types of businesses it can serve. Approximately 185 insurance agencies directly sell Frederick Mutual products. "We've grown from a company that insured agricultural crops and individual



**At 175 years old, Frederick Mutual Insurance Company is the oldest for-profit company in operation in Frederick, the third-oldest insurance company in Maryland and the ninth-oldest insurance company in the country.**

household furnishings in Frederick County to one that offers comprehensive homeowner and commercial insurance for much of the mid-Atlantic region,” Newmister says.

At 175 years, Frederick Mutual Insurance Company is the oldest for-profit company in operation in Frederick, the third-oldest insurance company in Maryland and the ninth-oldest insurance company in the nation.

Newmister says she hopes to double the size of the company in the next 10 years. “We are committed to growing—but only in a manner that is monitored and profitable.” Currently Frederick Mutual has 30 employees. “I want us to become a

larger employer of choice in Frederick County. However, that comes with profitable growth.”

Newmister believes that the next big advances in the insurance industry have to do with technology. “Tech companies are seeing opportunity in the insurance field,” she says. “We are relying on them to bring tools to the marketplace that will allow us to quickly get to the information that will enable the agent to find the most appropriate coverage for the policyholder.”

Despite the desire for growth, Newmister also considers Frederick Mutual’s relatively small size to be an asset. “Although we live in a world where ‘big’ seems to be the

norm, there’s still demand for smaller companies that offer specialized products and services,” says Newmister. “If you need proof of this, just consider the Downtown Frederick retailers who are thriving in an on-line shopping world.”

“Frederick Mutual was created of the community, for the community,” she adds. “It has remained in business all this time because of the founding principles on which the company was established. By embracing those original tenets—as well as emerging trends and technologies—there is every reason to believe that Frederick Mutual will be here, and an even stronger version of itself, 175 years from now.” **FM**