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Nineteenth Century Alabama

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Black Benevolent Societies and the Development of Black Insurance Companies in Nineteenth Century Alabama

During the period after the Civil War, Alabama was flooded with vast numbers of destitute people, both black and white.¹ Approximately 200,000 whites had no means of support,² and the majority of the newly emancipated blacks were poorly prepared to cope with their new-found freedom. Most blacks were soon roaming the countryside because they chose not to remain with their former masters or because those masters could no longer provide for them. The antebellum welfare system, which had financed aid to the poor by means of country tax monies,³ ceased to function for several years. The Freedmen's Bureau, organized and administered by General Wagner Swayne from 1865 to 1869, attempted to provide food and supplies to blacks and refugees. In addition, donations of food and money from Tennessee, Kentucky, and the Western states provided some relief. In spite of these efforts, however, many endured great suffering and privation. Widows and orphans, the old and the sick, had nowhere to turn except to friends and relatives whose resources were equally meager. And welfare measures were held to a bare minimum during the remainder of the nineteenth century.⁴

The exigencies of hunger and illness and the dread of a pauper's grave soon produced a proliferation of benevolent societies which were dedicated to providing funds and services to sick and old members, and to the families of deceased members. Whites had organized such societies in Alabama and elsewhere in the United States before the Civil War. However, few black benevolent societies existed in Alabama until the postwar period because there were so few free blacks in the state who would need the services of such societies. Unfortunately, the charitable and religious orientation of the benevolent societies constituted an integral part of their makeup and eventually led to their destruction by the turn of the century as a result of financial instability.

¹ The writer wishes to express his appreciation to Dr. A. G. Gaston, founder of the Booker T. Washington Insurance Company of Birmingham, Alabama, for reading the article. His experience and insights in the field of the history of black insurance have been invaluable aids in researching this article.

² Walter Fleming, *Civil War and Reconstruction in Alabama* (Norwood, Mass., 1905), p. 279.

³ In the antebellum period, the care of the poor was the responsibility of county government, and the Territorial poor laws attempted to provide for the indigent. The first poor law which applied to Alabama was enacted by the Mississippi Territory legislature in 1807. Harry Toulmin, *Digest of the Laws of the Mississippi Territory* (Natchez, 1807), p. 400. These laws were revised periodically and alternated between "indoor relief" in which the county housed paupers in a poor farm and "outdoor relief" in which the county provided funds to the indigent in their own homes. *The Tuscaloosa Times Special Edition*, October 28, 1896.

⁴ After Alabama's "redemption" by the election of 1874, the bourbons retained political control until the 1890s. The bourbons were politicians who carried out a program of white supremacy and financial reform and retrenchment. The carpetbagger legislatures left the state government heavily burdened with debt which the bourbons attempted to repay by employing zealous economy and scrupulous honesty in administration. During the remainder of the nineteenth century, the parsimonious zeal of the bourbons, combined with the ascendancy of the laissez-faire philosophy in the state legislature, restricted the enactment of welfare measures to the barest minimum. Albert Burton Moore, *History of Alabama* (Nashville, Tenn., 1934), p. 585.

Nevertheless, several benevolent societies evolved into insurance companies over a period of time. For example, the National Life and Accident Insurance Company of Nashville, Tennessee, evolved from the National Sick and Accident Association of Huntsville, Alabama.⁵ In a similar manner, a black benevolent society evolved into Alabama's first black insurance company. The knowledge and experience gained by operating a benevolent society, however, was vital to blacks because of their generally low educational status and because they had no previous experience in the insurance business. In contrast, whites had successfully operated insurance companies in Alabama since the 1830s.⁶

Consequently, for blacks, the benevolent societies served as an all-important training ground which ultimately provided the knowledge and experience upon which black insurance companies were founded. A. G. Gaston, founder of the Booker T. Washington Insurance Company, was a member of several benevolent societies when he was a youth during the late 1890s and early 1900s. Gaston has confirmed the important role which the black benevolent societies played in the development of black insurance companies in Alabama. In addition, the black societies also helped to overcome the widespread aversion to the commercial nature of the insurance business which was so common during the nineteenth century. The idea of profiting from a basically charitable enterprise was considered repugnant, but the financial instability of the benevolent societies gradually led to the acceptance of actuarial principles and businesslike methods, culminating in the founding of black insurance companies.

The early black life insurance companies were necessarily industrial insurers⁷ because the masses of blacks were laborers who were paid on a weekly basis. Therefore, policies which provided "sick pay" and small death benefits to cover burial expenses combined with agents who serviced a weekly debit route were ideally suited to the needs of these policy-owners. Blacks quickly turned to black industrial insurers because they preferred to deal with other blacks and because white industrial insurance companies charged them higher premiums which reflected higher mortality and morbidity rates among blacks than occurred among whites.⁸ Furthermore, the large Northern companies limited the amount of insurance which their Southern agents were allowed to sell to blacks.⁹

⁵ Powell Stamper, *The National Life Story: A History of the National Life and Accident Insurance Company of Nashville, Tennessee* (New York, 1968), p. 3.

⁶ Alabama's first insurance company, the Mobile Marine Railway and Insurance Company, was chartered in 1827. *Alabama Acts* (1827), pp. 33-7. The company began underwriting in 1831. *Mobile Commercial Register*, April 4, 1831. This company and several others which were organized subsequently operated successfully until the end of the Civil War.

⁷ Industrial life insurance is defined as follows: "One of the major classes of Life Insurance, generally sold in amounts of less than \$1,000 by agents who service their insureds on so-called debits. Premiums are collected weekly or monthly at the address of the insured." Robert W. Osler and John S. Bickley, eds., *Glossary of Insurance Terms* (Santa Monica, Cal., 1972), p. 75.

⁸ William Sheffield Owen, *Industrial Insurance in the South with Special Reference to the State of Alabama* (Unpublished thesis, University of Alabama, 1925), pp. 10-11.

⁹ *Ibid.*

It is the purpose of this article to discuss the black benevolent societies organized in Alabama during the post-Civil-War period and to trace the role which they played in the evolution of Alabama's first black insurance company. Such societies also flourished in other states and undoubtedly played a similar role in the founding of black insurance companies in the South.

DEFINITION, FUNCTIONS, AND CLASSIFICATION
OF BLACK BENEVOLENT SOCIETIES

A benevolent society was any local voluntary or incorporated non-profit association organized with or without capital stock and dedicated to providing mutual assistance for its members in the form of services and payments disbursed from admission fees, dues, and assessments levied on the membership. These societies were conducted solely for the benefit of their members and employed a representative form of government. The benevolent societies were sometimes called mutual aid or cooperative associations. They were intended to function as non-profit ventures designed to offer protection to their members at cost. They were strictly local organizations and employed no secret rituals and passwords.

These admission fees, dues, and assessments might be considered as a form of assessment life insurance and are included with the generic concept of life insurance whereby no specific monetary benefits are stipulated in a contract.¹⁰ The American benevolent societies did not issue a policy or a certificate. Instead, the constitution and by-laws of the societies specified that certain "benefits" would be paid upon certain occasions and usually included sickness or disability benefits, a funeral or burial benefit, and occasionally a death benefit paid to survivors. Thus, a contract existed between the benevolent societies and their members.¹¹ Although some authorities do not recognize the benefits which these societies paid as constituting insurance, these benefits were the primary source of protection for large numbers of Alabamians, both black and white, during the antebellum and post-Civil-War Period.

The services provided by the benevolent societies usually included nursing services supplied by rotating the duty of "watching" sick members among the well members, and occasionally the services of a physician who was placed on retainer by the society. The societies were also social organizations. As such, they engaged in a variety of social functions for the family, such as picnics, parades, pageants, and plays. A few societies required their members to own colorful uniforms which they wore when representing their organization in a parade. An annual celebration which usually commemorated the founding of the society was the highlight of the social year for the members.¹²

¹⁰ The generic definition of life insurance is as follows: "A contractual system of risk-sharing under which contributions are accumulated and redistributed to meet the economic consequences of the uncertain duration of life." Osler and Bickley, *op. cit.*, p. 87.

¹¹ *Ibid.*, p. 32. The definition of a contract follows: "In insurance an agreement by which an insurer agrees, for a consideration, to provide benefits, reimburse losses, or provide services for an insured. A 'policy' is the written statement of the terms of the contract."

¹² For example, the Mobile Turners Association celebrated the thirteenth anniversary of its founding in 1868 with a parade, an address, and song and dance exercises followed by fireworks. *Mobile Daily Register*, May 3, 1868.

Active membership which entitled members to benefits was usually restricted to those between the ages of eighteen and forty-five, although a few benevolent societies specified age limits between fifteen and forty.¹³ Few required applicants for membership to pass a physical examination.¹⁴ The membership of most benevolent societies in Alabama ranged between thirty and seventy-five, although some smaller and larger societies did exist.

Black benevolent societies in Alabama typically stressed that their goals were as follows:

... the promotion of morals, intelligence, and education among the people, mutual aid to all our brotherhood, and assistance and care of the families of the deceased or indigent members and their families.¹⁵

The societies supplied group affiliation and acceptance from which flowed emotional and financial assistance and support among members during periods of crisis. Many also provided burial benefits in some form.

In Alabama, there were several focal points of organization for benevolent societies. Societies which had existed in Alabama during the antebellum period frequently had race or a particular nationality as the focal point for organization, and this practice continued in the postwar period. For example, the Creole Union Benevolent Society¹⁶ was revived during the Reconstruction Period and numerous other such societies appeared after the Civil War.

Considerable numbers of benevolent societies were also organized around groups of freedmen and women residing in a particular neighborhood. Typical of these were the United Friends Association chartered in Mobile in 1872,¹⁷ the Union Star Association of Mobile incorporated in 1873,¹⁸ and the Union Band of Brothers and Sisters organized in Mobile in 1873.¹⁹ Many such societies purchased lots in an existing cemetery or a site on which to establish a cemetery for the exclusive use of its members. For example, the Union Bank of Sisters already had purchased a lot in the Magnolia Cemetery in Mobile and held \$300 on hand in contributions when the society was chartered in 1874.²⁰

¹³ For example, the Young Men's Labor Association founded in Mobile in 1872 specified age limits of fifteen and forty. "Declaration of Incorporation and Association of the Young Men's Labor Association," filed in the Office of the Secretary of State, January 19, 1872. Department of Archives and History, Montgomery, Alabama.

¹⁴ An example of a benevolent society which required a physical examination was the Manhattan Benevolent Association. *Charter, Constitution and By-Laws of the Manhattan Benevolent Association* (New Orleans, 1892), pp. 34-7 in the Rare Book Room, University of Alabama, Tuscaloosa, Alabama.

¹⁵ "Declaration of Incorporation of the United Brothers of Friendship," filed in the Office of the Secretary of State, December 14, 1871. Department of Archives and History, Montgomery, Alabama.

¹⁶ The original charter of this benevolent society appeared in 1852. Alabama Acts (1852), p. 352. In some instances, the term *Creole* was applied to Spanish colonists, both black and white, who remained in Mobile after the American occupation of the city in 1813 and their descendants. However, the term *Creole* usually denoted blacks or persons of mixed racial heritage who had been Spanish colonists or their descendants. This group of free blacks had been guaranteed all rights and immunities of citizens of the United States, including education, under the terms of the treaty by which West Florida was ceded to the United States. The Creoles were traditionally employed as laborers and grademen before the Civil War. Peter Sellers, *Slavery in Alabama* (University, AL, 1950), pp. 383-84.

¹⁷ "Declaration of Incorporation of the United Friends Association," filed in the Office of the Secretary of State, July 5, 1872. Department of Archives and History, Montgomery, Alabama.

¹⁸ "Declaration of Incorporation of the Union Star Association of Mobile," filed in the Office of the Secretary of State, March 25, 1873. Department of Archives and History, Montgomery, Alabama.

¹⁹ "Declaration of Incorporation of the Union Band of Brothers and Sisters," filed in the Office of the Secretary of State, October 3, 1873. Department of Archives and History, Montgomery, Alabama.

²⁰ "Declaration of Incorporation of the Union Band of Sisters," filed in the Office of the Secretary of State, March 11, 1874. Department of Archives and History, Montgomery, Alabama.

During the post-Civil-War period, the freedmen continued the antebellum tradition of organizing benevolent societies around a particular occupation or around groups of laborers without regard to trade which white workers long had followed. The Colored Zion Mechanics Relief Society chartered in Mobile in 1868²¹ and the Young Men's Labor Association founded in Mobile in 1872 were typical of this group of benevolent societies.

The benevolent societies organized around a group of laborers or around a particular occupation has evolved along somewhat different lines than other types of these organizations. During the 1700s, in the Eastern states, groups of mechanics and tradesmen had organized benevolent societies to provide sick benefits, death benefits, burial benefits, and unemployment benefits.²²

In an attempt to discourage the organization of labor into craft unions for the purpose of imposing wage demands and conditions of employment upon employers, the various state legislatures in the Eastern states refused to charter any benevolent society which stipulated that it wished to engage in such protective activities and revoked the charters of those societies which attempted to fix wage scales or utilized the societies' funds as strike funds in violation of their charters. Such legislative tactics were powerful weapons because benevolent societies desired incorporation in order to protect their funds.²³

Consequently, benevolent societies and their activities traditionally were kept strictly separate and distinct from the emerging "craft unions" which attempted to impose wage scales and conditions of employment. The so-called craft unions were organized as needed and disbanded when their usefulness ended. They existed on a discontinuous basis and engaged in protective activities whereas the benevolent societies, which were often organized by the same groups, existed on a continuous basis and engaged in benevolent functions.

The earliest known benevolent society organized in Alabama around a group of mechanics or around a particular trade was the Mobile Mechanics Association established in Mobile in 1836.²⁴ It is probable, however, that others existed at an earlier date. Mechanics' benevolent societies soon spread throughout the state. The earliest known black society of this type was the Draymen's Relief Association organized in Mobile in 1840.²⁵

The black churches, however, constituted the most important and influential focal point for the organization of benevolent societies during the post-Civil-War period. During the antebellum period, the white churches sought to prevent the possibility of religion fostering slave rebellion. Consequently, the white churches employed segregated slave galleries or licensed slaves or free blacks to minister to black congregations in branch churches.²⁶ During the

²¹ "Declaration of Incorporation of the Colored Zion Mechanics Relief Society," filed in the Office of the Secretary of State, December 3, 1869. Department of Archives and History, Montgomery, Alabama.

²² John R. Commons, *History of Labor in the United States* (2 Vols. New York, 1935) 1: 80-4.

²³ The Benevolent societies usually chose to incorporate because those which did not incorporate were considered to be partnerships at law, rendering them vulnerable to fraud and corrupt practices as a result of the fact that no prosecution was possible except in the names of all the members. A corporation constituted a *persona ficta* which could sue and be sued, thereby protecting the funds of the organization.

²⁴ *Mobile City Directory for 1839* (Mobile, 1839), p. ix.

²⁵ *Directory of Mobile* (1894), Vol. 29, p. 459.

²⁶ Peter Kolchin, *First Freedoms: The Responses of Alabama's Blacks to Emancipation and Reconstruction* (Westport, Conn., 1972), p. 109.

1850s and 1860s, such black branch churches became more common, and their congregations were composed of both slaves and free blacks. But the all-black churches which had been organized in the Northern states during the late 1700s were excluded completely from Alabama before the Civil War.²⁷ Apparently, the close supervision and control of black religion by the white churches in Alabama discouraged the formation of black benevolent societies around churches attended by free blacks.

After emancipation, blacks soon withdrew from the white churches and formed their own segregated churches. Discriminatory and exclusionist policies of the whites fostered this withdrawal. Furthermore, blacks wished to be free of control by whites. The black churches provided religious and moral guidance and a much needed sense of belonging — in other words, group affiliation and social acceptance. Therefore, the churches were also the center of much social activity.

Consequently, it was only natural that the black churches assumed leadership in the formation of benevolent societies designed to fulfill the security needs of their members. In fact, benevolent societies which were organized either directly or indirectly under the leadership of the black churches were the most numerous form of benevolent society during the postwar period. The majority of black congregations were associated with a benevolent society.

The Rising Star Societies were among the more popular names employed by the church-related benevolent societies. The objects of these societies were “to educate its members morally, attend upon the sick, and bury the dead.”²⁸ Some of these societies, like the Mutual Aid and Burial Society founded in 1877,²⁹ extended their functions to include purchasing property for a church and cemetery for the use of their members. Such societies usually charged a \$2.00 joining fee and dues of twenty-five cents a month.³⁰

A few Rising Star Societies still exist today although Alabama laws enacted in the 1880s attempted to prohibit their insurance activities because most blacks were ignorant of actuarial principles, and the religious and charitable orientation of these societies encouraged disregard for such principles in any event. Furthermore, the low educational status of the masses of blacks in Alabama hampered the insurance features of the black benevolent societies.³¹ Consequently, the black societies suffered even more financial difficulties

²⁷ The AME Zion Church was founded in New York in 1796 under the leadership of James Varick. William J. Walls, *The African Methodist Episcopal Zion Church: Reality of the Black Church* (Charlotte, N.C., 1974), p. 43. The African Methodist Episcopal Church was founded in Philadelphia in 1787 by Richard Allen, a freedman. George A. Singleton, *The Romance of African Methodism: A Study of the African Methodist Episcopal Church* (New York, 1952), pp. 14-5.

²⁸ *Constitution and By-Laws of the Rising Star Society of Osweechee, Alabama in Russell County* (Columbus, Ga., 1892), p. 6. Rare Book Room, University of Alabama, Tuscaloosa, Alabama.

²⁹ “Declaration of Incorporation of the Mutual Aid and Burial Society,” filed in the Office of the Secretary of State, August 20, 1877. Department of Archives and History, Montgomery, Alabama.

³⁰ *Constitution and By-Laws of the Rising Star Society of Osweechee*, p. 8.

³¹ Upon emancipation, few blacks in Alabama were literate with the exception of Mobile's black Creoles because of state laws which long had prohibited the education of blacks. Sellers, op. cit., p. 117. During the early postwar years, the Freedmen's Bureau furnished school buildings and Northern missionary societies supplied teachers who taught the freedmen simple reading, writing, and arithmetic. Kolchin, op. cit., p. 80. Free public schools were established in the state in 1868. But free public education was poor in general, and education for blacks in segregated schools was inferior to that provided for whites.

than the white societies. Nevertheless, many of the black societies survived well into the twentieth century by the simple expedient of refusing to pay claims for a short period when the membership became unable to bear the repeated assessments. Probably, the long-term viability of the black benevolent societies may be attributed to the fact that they were virtually the only means by which the poorer blacks might fulfill their security needs.

The efforts of Alabama insurance commissioners to eliminate the insurance activities of these societies met with little success before the 1950s. As a general rule, the few benevolent societies which still offer "benefits" today are rural societies which have managed to escape the unwelcome attention of regulatory authorities. Such societies generally assess their members twenty cents for each death and pay a \$65 burial benefit.³²

Compared to the white benevolent societies of the Reconstruction Period, the black societies stressed providing death benefits for widows and orphans much less and stressed moral uplift and decent burial of the dead much more. Perhaps less concern for the welfare of widows and orphans reflected the strong demand among whites for domestic servants which enabled many black women to earn a better living than their husbands, who were usually poorly paid unskilled laborers. Furthermore, black benevolent societies had a much stronger religious orientation and closer ties with churches than most white benevolent societies, reflecting the strong influence of the black churches. In contrast, white churches were seldom associated with benevolent societies. And finally, most black benevolent societies usually charged lower dues and assessments and provided benefits which were lower in amount than the white societies as a result of the inferior economic position of most blacks during this period.

DEVELOPMENT OF ASSESSMENT AND INDUSTRIAL LIFE INSURANCE COMPANIES

During the 1890s in Alabama, the growth of an urban middle class of merchants and the growth of an urban industrial wage-earning class created an increasing demand for sick benefits and low-premium, long-term life insurance. The record of financial instability of the benevolent societies forced their members to turn elsewhere for insurance. In an effort to accommodate the needs and income arrangements of these groups, several mutual aid associations and assessment companies operating in the state began to assume the methods of operation and to provide benefits which closely approximated present day industrial life insurance companies with their debit routes. The industrial life insurers operating in Alabama were classified as mutual aid associations because they collected premiums and paid benefits on a weekly basis. In short, the most influential and important component of the mutual aid and assessment life insurance companies were those which were

³² Interview with Lydia Green in Marion, Alabama, October 12, 1976. This elderly black lady remarked that she had been a member of a Rising Star Society for most of her life and that her mother also had been a member of such a society.

soon recognized as industrial life insurance companies.³³ These companies became the fastest growing segment of the insurance industry in Alabama at the turn of the century.

The mutual aid and assessment life insurance companies of the 1880s constituted a group of poorly defined entities. The benevolent societies were non-profit ventures designed to offer protection to their members at cost, whereas the commercial assessment companies intended to make a profit. At best, the distinction between the two was nebulous because it depended solely upon the intentions of the managers, which might change momentarily. Furthermore, numerous mutual aid associations were incorporated to make a profit for the organizers by deliberately imitating the operation of a benevolent society.

As a result of the ambiguous identity which characterized mutual aid associations, benevolent societies, and assessment companies, the Alabama legislature enacted a law designed to define the functions of these associations and/or companies and to regulate their activities with the goal of protecting the public. The 1883 law abolished any legal distinction between profit and non-profit.³⁴ Therefore, it abolished the distinction between commercial companies and cooperative or benevolent associations.

Such associations did not constitute legal reserve life insurance companies and were denied the authority to grant cash surrender and loan values and paid-up insurance. Furthermore, mutual aid associations were required to pay sick and disability benefits on a weekly basis only and were not authorized to make a lump sum payment covering total disability.³⁵

The financial instability from which black benevolent societies suffered motivated the masses of poor urban blacks to seek a more reliable solution to their security problems. The panic of 1884 exacerbated the already precarious economic position of blacks in general and the financial instability of the black benevolent societies in particular. In the early 1880s, one of the most common solutions which blacks attempted was to purchase insurance in white companies. Some white companies, however, refused to insure blacks.³⁶ Others adopted discriminatory practices whereby blacks received smaller benefits than whites³⁷ or premiums for blacks were higher because of higher mortality rates among the black population.

³³ A mutual aid or mutual benefit association is defined as follows: "An organization offering benefits to members on a plan under which no fixed premiums are paid in advance but assessments are levied on members to meet specific losses as they occur." Osler and Bickley, *op. cit.*, p. 100. An assessment company is defined as follows: "An insurer who retains the right to assess additional amounts the policy owners must pay if premiums are insufficient for operations. In some cases, an assess-insurer may not charge a fixed or stipulated premium at all but may merely assess participants in the plan a pro rata share of each claim filed and expenses." *Ibid.*, p. 11. In short, a mutual aid society is a kind of assessment company. Today, industrial insurers charge fixed premiums, but most of Alabama's early industrial insurers were assessment companies which adopted the practice of setting up debit routes and collecting premiums on a weekly basis.

³⁴ *Alabama Acts* (1883), pp. 168-69.

³⁵ *Annual Report of the Commissioner of Insurance of the State of Alabama for Year Ending December 31, 1916*, by C. B. Smith, Commissioner of Insurance (Montgomery, 1917), p. 108.

³⁶ *Economic Co-Operation Among Negro Americans*, ed. by W. E. B. DuBois (Atlanta, 1907), p. 127.

³⁷ *Ibid.*, p. 98.

Consequently, blacks turned to self-help and economic cooperation among the black community. They began to recognize that the religious and charitable orientation of the black benevolent societies was not compatible with the insurance features provided by these organizations. In short, they realized that a more businesslike approach was necessary. But blacks did not resort to commercial assessment mutual aid associations which whites attempted to organize during the 1870s and 1880s. Instead, blacks began to set up "industrial insurance societies"³⁸ run by a board of directors which paid small salaries to the officers and commissions to agents. These societies were really companies which attempted to de-emphasize the profit motive.

One of the earliest black insurance societies in Alabama was the Industrial Protective Association of Birmingham organized October 11, 1886.³⁹ By the early 1890s, Birmingham had become the center of black industrial insurance in Alabama with a concentration of societies in the city; but black insurance societies were also organized in the smaller cities and towns. These societies introduced the concept of industrial insurance to the masses of poor blacks in Alabama.

Classified as mutual aid associations in Alabama, the black insurance societies met the security needs of blacks in a more financially reliable manner. Many developed out of benevolent societies, whereas others initially were chartered as mutual aid associations. Some, like the Alliance Aid Association of Cuba in Sumter County, were small,⁴⁰ whereas others, like the Union Mutual Aid Association of Mobile, had a large membership within five or six years.⁴¹ One of the largest, most influential, and most successful black mutual aid associations in Alabama during the post-Civil-War period was the Union Central Relief Association.

In other states, the black industrial insurance societies usually developed out of the black non-secret fraternal benefit societies.⁴² In Alabama, however, the insurance societies tended to develop out of the black benevolent societies. The Union Central Relief Association, which was Alabama's first black industrial insurance company, serves as an example. Reverend T. W. Walker, a black Baptist minister, founded the Union Central Relief Association as a benevolent society in Birmingham in 1894.⁴³ Born a slave in 1852, in Coosa County, Alabama, the Reverend Walker learned to read and write after emancipation and was ordained a Baptist minister in 1884, serving as pastor of

³⁸ *Ibid.*, p. 104.

³⁹ John Witherspoon Du Bose, *Jefferson County and Birmingham, Alabama Historical and Biographical* (Birmingham, 1887), p. 277.

⁴⁰ The society had only twenty-six members. *Annual Report of the State Auditor of Alabama for the Fiscal Year Ending September 30, 1892 to the Governor*, by John Purifoy, Auditor (Montgomery, 1892), p. ccx.

⁴¹ The Union Mutual Aid Association was founded in 1898 and had 45,368 members by 1906. *Annual Report of the Insurance Commissioner of the State of Alabama for the Year Ending December 31, 1907*, by Frank N. Julian, Secretary of State and Ex Officio Insurance Commissioner (Montgomery, 1908), p. 746.

⁴² Meier, *op. cit.*, p. 142. The generally accepted definition of a fraternal benefit society is as follows: "Any incorporated society, order or supreme lodge, without capital stock . . . conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which makes provision for the payment of benefits . . ." Alabama, *Insurance Code* (1971), c. 30, sec. 672. Most fraternal benefit societies employ secret rituals and pass words which members are forbidden to divulge. Fraternal orders have a system of lodges scattered around the country. Benevolent societies were strictly local and used no rituals or passwords.

⁴³ *Annual Report of the Commissioner of Insurance of the State of Alabama for the Year Ending December 31, 1916*, by C. B. Smith, Commissioner of Insurance (Montgomery, 1917), pp. 108-09.

the Sixth Avenue and Shiloh Baptist Churches in Birmingham.⁴⁴ In addition, he organized a building and loan association with about two thousand members⁴⁵ and founded the Birmingham Grate Coal Mining Company and a cemetery company.⁴⁶

The Union Central Relief Association was typical in most respects of the black insurance societies which were being organized throughout the United States during the 1890s. Initially organized as a voluntary benevolent society, the association commenced business on December 24, 1894⁴⁷ and obtained a charter as an eleemosynary association in 1901.⁴⁸ Nevertheless, the Association began to function as an industrial insurance company soon after it was organized. This fact, however, did not come to the attention of the Alabama commissioner of insurance until 1916.⁴⁹ Thereafter, it was classified as an industrial insurance company. The founding date of 1894 makes this the first black industrial insurance company in Alabama.

The schedule of premiums and benefits which the Union Central Relief Association employed was typical of the black industrial insurance societies which functioned during the 1890s and the early 1900s. Premiums ranged from 5 cents per week with a ten dollar death benefit and a one dollar per week sick benefit to a premium of 40 cents per week with an eighty dollar death benefit and an eight dollar per week sick benefit.⁵⁰ The company prospered and had attained a membership of approximately 12,000 by 1916. However, the exodus of blacks to the North in 1916 followed by the Great Depression forced the company out of business in 1931. The association reinsured in the Atlanta Life Insurance Company of Atlanta, Georgia.⁵¹

The black industrial insurance societies suffered from a very high turnover in membership as a result of the precarious economic condition of the majority of the black population which often resulted in non-payment of "dues." These societies still referred to their policy-owners as members and premiums as dues because they were still in the process of evolving from benevolent societies or fraternal benefit orders into full-fledged industrial insurance companies. In addition, many members still considered the commercial connotation of insurance as being repugnant.

The business methods employed by these industrial insurance societies represented a great improvement over the haphazard methods used by the black fraternal and benevolent societies. In spite of their high turnover, the black insurance societies, in conjunction with the white industrial insurance companies, introduced industrial life and health insurance to blacks in Alabama. The debit system of weekly collections served as a constant reminder of

⁴⁴ Charles Octavius Booth, *The Cyclopedia of the Colored Baptists of Alabama* (Birmingham, 1895), pp. 211-14.

⁴⁵ *Ibid.*, p. 214.

⁴⁶ Meier, *op. cit.*, p. 298.

⁴⁷ *Annual Report of the Commissioner of Insurance of the State of Alabama for the Year Ending December 31, 1917*, by C. B. Smith, Commissioner of Insurance (Montgomery, 1918), p. 247.

⁴⁸ *Annual Report of the Commissioner of Insurance for the Year Ending 1916*, by C. B. Smith, p. 108.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*, p. 109.

⁵¹ *Report of the Superintendent of Insurance of the State of Alabama for the Year Ending December 31, 1931*, by Charles C. Greer, Superintendent of Insurance (Montgomery, 1932), p. 13.

future needs and educated the masses of poor blacks in thrift and foresight with regard to planning for their future needs. Consequently, large numbers of blacks in Alabama began to turn to industrial insurance companies organized by both blacks and whites. In most respects, the benevolent societies were the forerunners of the industrial insurance companies and served as the primary source of knowledge and experience upon which these companies were organized.
