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A Century of Co-operative Insurance: The Co-operative Insurance Society 1867-1967: A Business History

By Ronald George Garnett

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For those of you interested in co-operative and business history, this may be one to look out for in second-hand book shops and online retailers. When written in 1968, it was presented as a book to add to the few books on business-house histories. As a study of the growth of professionalism in the CIS — then the second largest assurance office in Britain — it was commissioned by the CIS Board of Directors and its author had full access to business records and archives. At 313 pages, it offers a wealth of information that includes data and statistics as well as background to the political and economic landscapes, personalities, and relationships between different and emerging parts of the movement in the UK.

The book is organised into six parts. Parts one and two look at the insurance industry (fidelity insurance and life assurance) and co-operative movement and the early years of Co-operative Insurance (1867-1899): charting the growth in the British insurance industry alongside social and economic changes. Garnett outlines (p. 13) a scheme for the Co-operative and Economical Society (the plans for which were published in the first issue of *The Economist* in 1821). Although the scheme failed to materialise as “the clinical, actuarial, and financial resources were not available, nor indeed in existence” (p. 140), it put forth the ideal communal community of 250 families where wage earners’ contributions (one guinea per week) would support lodging and food for each family, education for children, sickness benefits, and provision for old age. In addition, medical care would be provided with the proviso that health and well-being statistics (births, deaths, marriages, epidemiological statistics) would be collected. Garnett suggests that this failure was that the co-operative movement at the time could be described as “diffused and disjointed, and in neither of its main activities — community building and small shop-keeping — did it approach a solution of the administrative problems of social security” (p. 14). In this fractured environment, he alludes to differences between the Owenite “new moral world” and the “new model of Rochdale”, despite the social insurance provision via, for example, the Community Friendly Society (established 1836).

By 1867, there were around 500 co-operative societies contributing annually for (corporate) insurance — property and stock. The first annual meeting of the Co-operative Insurance Company took place in Manchester in 1869. It would be 1877 before life assurance and the agreed in principle scheme of “providing against sickness and death and endowing for children” (p. 53) was raised by Edward Vansittart Neale. In the same year, a resolution was carried for the establishment of “a society with local branches separately responsible for sickness insurance in the first instance but having provision for the formation of the central guarantee fund for the secrete of all branches and a central body for undertaking lie assurance, endowment and annuities” (pp. 53-54). Yet, as Garnett points out, the friendly societies developed and spread earlier and faster than co-operatives. Collecting societies — born out of the burial clubs — such as the Royal Liver Friendly Society had around 600,000 members by 1875; 28 co-operative life insurance policies has been used by the end of 1886. In 1899, the Co-operative Insurance Company was converted into the Co-operative Insurance Society.

Part three covers the period from 1900 to 1920. 1902, for example, witnessed the appointment

of the first female clerk. There was also greater liberalisation of the terms of life policies, and the growth of mortgage advances on houses. Garnett suggests that the formative years for CIS were in the early 1900s when the relationship between the Society and the rest of the co-operative movement “became more clearly defined” (p. 117), with continued (10-year) discussion regarding the relationship between the CIS — sometimes seen as being outside the movement (despite co-operative societies holding the majority of shares within the Society) — and the Co-operative Wholesale Society. The relationship was not without its difficulties as the section on “The Co-operative Controversy” describes (pp. 136-148) spearheaded somewhat by the North-East societies as active members of “The Northern Section”. The result being “an amicable settlement” (p. 147) leading to the transfer of the CIS to the English and Scottish Wholesale societies in 1913.

Part three covers the developments over this period in some detail drawing on minutes from Congress, and various directors’ meetings. It gives equal coverage of operational and strategic details that are fascinating to the business historian and the interested lay reader alike. Examples link to accident insurance, worker compensation, collective life policies and illustrations include the plans for the layout of CIS departments at 109 Corporation Street, Manchester. As well as the war years, the CWS-CIS campaign, there is also the case of the Planet Friendly Assurance Collecting Society (Birmingham) and its absorption into the CIS, yet again a move not without controversy.

Part four covers the 1920s starting with post-war developments and the aim of national coverage. Many CIS agents working for the Society immediately after the First World War were recruited from the ranks of the unemployed or those on strike in other industries, including ex-police officers after the 1919 Police strike. In 1914, there had been 50 full-time agents and by 1921 this increased to over 700, bringing with it problems of managing and staff relations, including queries as to whether CIS were members of trade unions (Guild of Insurance Officials; the Amalgamated Union of Co-operative Employees later merging with the Warehouse and General workers’ Union to become the National Union of distributive and Allied Workers). From around 1921, CIS entered into arrangements with a number of Building Guilds entering in to bonds and contracts between builders’ guilds and public bodies/local authorities. Albeit short-lived (with the collapse of the building guilds by the end of 1922), this led to the construction of several thousand houses “at lower rates than private contractors could tender” (p. 173).

This period was not without other business problems: fall-out from the Planet acquisition; the national coal strike; provision of motor insurance for senior staff at the CIS headquarters; strike action by district managers; the Cambridge stamp scheme; and the general decline in, for example, house purchasing schemes. The growth in the motor business, however, led to a new claims department within CIS. It also led to the revision of the ‘no claims bonus’ calculated on a cumulative basis rather than a flat rate deduction. There was recognition too, of the high number of claims from first-year drivers leading in some instances to the refusal of private motor insurance in some localities for anyone under the age of 21 years. It was a profitable business which, in turn, led to more (and in some instances more successful) competitors although CIS remained one of the top four along with General Accident, Zurich, and the Eagle Star.

Garnett describes the led up to the 1926 general strike. The CIS complied with many government suggestions of the day regarding risk coverage (e.g. extension of comprehensive coverage on private cars to include ‘sabotage risks’) but was not as badly affected by the strike as by the continuing effects of — and business arrears caused by — the coal strike, and part five of the book looks more closely at events throughout the 1930s. It was during this time that the CIS linked more closely with the international co-operative movement. In addition, the chapter notes a number of technical advances. The outbreak of war also led to additional streamlining of administration as well as cancellation of insurance treaties with Belgium, France, and Norway. By 1941, 1,600 CIS staff were listed in the armed forces and a further 1,000 were employed on work ‘of national importance’; superintendents and district managers of industrial assurance companies were reserved occupations. From the outbreak of the war until 1945,

almost 34,000 claims were made and nearly £780,000 paid in respect of deaths in the armed forces.

In 1942, CIS was 75 years old, the same year as the Beveridge Report was first issued. The report made favourable comment on the work of CIS. By 1946, the CIS topped the list for new business figures, and *The Economist* labelled the CIS as “a leader of Life Assurance” (p. 230). The next few years were dominated by debate around national insurance and nationalisation, which left many in the insurance unions experiencing “doubt and anxiety” over the perceived rationalisation of the sector and reduction in the numbers of people employed in the industry (delegate from Trade Union Congress, 1949 – p. 240). In 1950, the Labour Party began to talk less of nationalisation and more of mutualisation of industrial assurance, although excluded both from its 1951 election manifesto. Here (pp. 246-266) Garnett provides an interesting overview and case study of the communications between the CIS and the Labour Party around the issues of nationalisation.

The final part of this section (New Developments) turns to the need for new premises for a progressively growing business. It was proposed that HQ be moved to Wythenshawe, but this was later abandoned in favour of retaining a city centre location. One reason behind considering a move was linked to the high turnover of female staff and it was felt that this would help since it would reduce the need for a daily commute for many workers into the city. A pilot survey around the move revealed the contrary — workers preferred to travel to Manchester ‘for shopping, and other social amenities’ (p. 268). Plans for the new build included a study of American tall buildings for height issues and incorporation of air conditioning, Milan for study of facing materials (mosaic), as well as other European co-operative organisations to study décor, art-work, furnishings and fitments. An environmental study from Liverpool University in 1963, a year after the opening of the building, concluded “Considering that there was virtually no overall design responsibility other than that exercised by the owners, it is remarkable that the result is so successful” (p. 273). Garnett brings his volume to a close with details of the specification of the new build, a report on the official opening, press cuttings and some fabulous photographs of the construction, including: topping out, opening ceremony, a skyline and night-time view of the building, and the interior.

R. G. Garnett was Vice-Principal of the Manchester College of Commerce, later incorporated into Manchester Polytechnic in 1970 and now Manchester Metropolitan University. He gave the first Co-operative Endowment lecture at the University of Kent in 1966 and was visiting professor of business history at the University of Alabama School of Business in 1967.