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ARTICLE

Writing and Reading New Markets: Insurance in Quebec, 1931–1960

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The Wawanesa Mutual Insurance Company, successful in western Canada, struggled to replicate its business model in Quebec in the 1930s. The absence of financial responsibility law in Quebec, which made purchasing automobile insurance nearly compulsory for drivers, created a unique opportunity. Wawanesa could insure taxis and fleets in a market where uninsured drivers were the norm. To accommodate this change, it became a direct writer in Quebec. The company also loosened its previously rigid management style to allow branch managers to make regionally appropriate decisions. Insurance companies that fled Quebec in the 1940s would struggle to compete upon their return, because Wawanesa became a market leader. The introduction of financial responsibility law in the province in 1961 would grow the company in the years that followed. As historians work to understand the importance of regional and legislative change to the insurance industry, this story provides a snapshot of a single company in a single market.

Keywords: Canada, insurance, Quebec, automobile

In 1939, H. E. Hemmons, an executive with the Wawanesa Mutual Insurance Company, arrived in Montreal to deliver bad news. He was there to shut down the company's operation in Quebec. The board of directors for the western Canadian company felt that its experiment in French-speaking Quebec had been an interesting one, but it had failed. It was with this on his mind that Hemmons hailed a taxi to head downtown. It would be a trip that would change the fate of the company in Quebec and, indeed, the direction of the company for decades to come. The conversation with the taxi driver revealed that insurance on taxis in Montreal was difficult to acquire and typically very expensive. Being the insurance man that he was, he asked about accident rates and existing premiums. Hemmons would have understood that taxis were commercial vehicles and exposed to high risk, but he also knew that it was possible to create a viable rating system for these vehicles based on a decade of experience in automobile insurance in Canada. Rather than exiting Quebec, the company altered its organizational structure in a single province to accommodate the regional environment. Unbeknownst to

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the company at the time, the experiment in Quebec freed the company from the constraints of a more traditional method of selling insurance that they used in the rest of the country and allowed for unprecedented growth in a market that they had all but given up on.

Recreating Wawanesa in Quebec required recognition of the unique nature of the province.[1] Business in Quebec did not function as it did elsewhere in Canada.[2] The company attributed its early failures in Quebec to a lack of committed agents and poor results in rural Quebec. In response to its failure, the company decided to salvage its business in Quebec by targeting a niche market, automobile insurance on taxis in the Montreal market, thus retrenching the company in the province. The company then took a bold step and terminated contracts with agents, as it no longer sold property or automobile insurance to individuals in the province, and shrunk its market to a single area (Montreal)—a radical move for a company built on its agent-based structure in the rest of Canada. Over the next twenty years, Wawanesa adopted an aggressive strategy that included advertising campaigns to support the direct-writing nature of the new structure and slowly expanded back into private automobiles, geographically into the rest of the province, and more importantly, into suburban environments with their new shopping malls.[3] In the 1940s and 1950s, when the number of individuals purchasing automobiles accelerated rapidly, Wawanesa offered a policy tailored to the province. Instead of adopting a new structure for the whole company, Wawanesa recognized the importance of region when it decentralized the operation to allow for greater flexibility across the country, particularly in Quebec. As a result, Wawanesa had two successful structures in one country: one built around a network of agents, the other around brick-and-mortar service offices staffed with local employees.[4] In exploring how Wawanesa adapted its approach to business in Quebec, it becomes clear that the notion of "region" should be carefully considered when developing an understanding of corporate structure and business practices.[5]

1. For an overview of the business environment in Quebec during the post–World War II era, see Taylor and Baskerville, *A Concise History of Business in Canada*, 421–428. Historians appear to agree that Quebec had a unique business environment, although historians place different emphasis on why and when the economy and the society at large began to undergo the shift leading to the Quiet Revolution. See Behiels, *Prelude to Quebec's Quiet Revolution*; McRoberts and Posgate, *Quebec: Social Change and Political Crisis*; Linteau et al., *Quebec Since 1930.* For a comparative study of English-Canadian and French-Canadian market investment with interesting commentary on where corporations, in particular insurance companies, thrived, see Sweeny, "Un Effort Collectif Québécois."

2. Ronald Rudin similarly highlights the failures of French banks that attempted to enter English markets. He notes that when the Banque d'Hochelaga moved onto the Prairies, it was a complete disaster. Rudin, *Banking en francais*, 20.

3. For examples of work done on shopping malls, see Cohen, "From Town Center to Shopping Center"; Hanchett, "U.S. Tax Policy and the Shopping-Center Boom of the 1950s and 1960s"; Jackson, "All the World's a Mall."

4. I would argue that Wawanesa underwent a transformation from a more traditional system of business, with all decisions being made by a single individual, to a modern one that permitted greater autonomy, acknowledging the unique nature of regions. Wawanesa introduced some level of autonomy in all of Canada, essentially modernizing elements of the structure, but granted more autonomy to Quebec. Where head office determined how, for instance, bookkeeping should be conducted and applied this to all English-Canadian branches—a remnant of the traditional structure—Quebec determined how its books should be managed—a break from this tradition. It implies a modern and a traditional structure coexisting. Alfred D. Chandler Jr. discusses the evolution of business structure in *The Visible Hand.*

5. While historians such as Ronald Rudin have eagerly explored the development of French business in Quebec, the historiography largely overlooks English-Canadian companies' need to adapt to the Quebec market

Wawanesa's shift in strategy tells us more than the story of a single company in one province in Canada. Instead, it points to the importance of being attuned to regional differences. While business historians are keenly aware of the differences affecting businesses between nations, regional differences within nations are more easily overlooked.[6] The overall success or failure of a company nationally can easily mask issues lurking elsewhere. Alternatively, the triumphs or disappointments of a single-region enterprise can be explained by regional anomalies such as geography or market.[7] Treating nations, or even regions, as unified static entities is problematic, because business tends to be more dynamic in its approach to its strategy and its structure. In insurance history, Robin Pearson assumed that many of the problems encountered by foreign insurance companies could be attributed to a lack of understanding of the market and problems with government regulators. Pearson was correct in his assumption, but he did not go far enough.[8] Problems within the North American market were not unique to the foreign companies. Instead, insurance companies attempting to enter new markets were susceptible to problems of regional differences and legislative complications. Because the insurance industry in Canada was affected by laws and regulatory frameworks developed by individual provinces as well as by the federal government, companies needed to approach the underwriting and business practices more broadly and with flexibility. The initial inability to adapt nearly ended Wawanesa's tenure in Quebec. The shift to a decentralized structure that gave autonomy to branch offices that were aware of the local nuances changed the fate of the company in Quebec. It also forced companies like Wawanesa to limit risk by reducing the territory covered and the number of lines written.

While automobile insurance is an important consideration in the lives of many North American consumers, historians often overlook its significance in the dramatic growth in the insurance markets and the change in our perception of the role of insurance in our lives.[9] Instead the focus has been more on automobile insurance's connection to highway and automobile safety. While property and casualty insurance grew increasingly important at

immediately before the Quiet Revolution. Robin Pearson has also recently noted the challenges posed in writing the history of insurance globally, because local and regional issues play a significant role in how companies enter, succeed, or fail and leave markets. See Pearson, "Escaping from the State?"

6. Borscheid and Haueter, *World Insurance*; Tortella, Caruana, and García Ruiz, *Encuentro Internacional Sobre la Historia del Seguro*; James et al., *The Value of Risk*; Pearson and Yoneyama, *Corporate Forms and Organizational Choice in International Insurance*; Pearson, *The Development of International Insurance.*

7. Consider the case of the steel in Nova Scotia. Three different historians have accounted for its failures in Nova Scotia as being attributable to a variety of regionally based concerns, including local work conditions and geographic proximity to the market. I. D. McCann, "Fragmented Integration"; Sandberg, "Dependent Development, Labour and the Trenton Steel Works"; Inwood, "Local Control, Resources and the Nova Scotia Steel and Coal Company."

8. Robin Pearson suggests that British and European firms needed to adjust their organizations to match the vast territory that needed to be covered. This did not, however, result in a standard form of organization; firms continued to utilize either agents or direct writing to establish their businesses. Regardless of the system they employed, firms found it expensive to operate in the United States, and Pearson argues that most firms operated at a loss, barely surviving the expansion. Some firms engaged in takeovers, which allowed a company better access to local markets and also established the company as an American as opposed to a foreign company. This had distinct advantages, as American society periodically underwent periods of nativism that adversely affected foreign enterprise. Pearson, "British and European Enterprise in American Markets, 1850–1914." See also, Borscheid and Pearson, *Internationalisation and Globalisation of the Insurance Industry.*

9. Caley Horan does note its importance in *Insurance Era.*

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the end of the nineteenth century, it remained a relatively small field when compared with others.[10] To provide a point of reference, Wawanesa's automobile line accounted for just 8.6 percent of total business in 1931, with the remaining business focused on property insurance more generally. By 1961, automobile insurance constituted 76 percent of all insurance sold by Wawanesa in Canada.[11] Although this is one example, it is representative of the shift that the insurance industry underwent.[12] The history recounted here tells historians something about the development of automobile insurance and the importance of the introduction of financial responsibility law (precursor to compulsory insurance). The introduction of financial responsibility law across North America changed the way the North American insurance industry functioned by making automobile insurance the only viable way to meet the requirements set up by the laws. Self-insuring was out of reach for most drivers, and driving without insurance under the laws came with costly consequences in the event of an accident. Quebec was one of the last markets on the continent to adopt financial responsibility law, and the reluctance of insurance companies to do business in the province is telling. Most companies feared the high cost of claims and the general absence of insured drivers before 1961. Wawanesa's decision to remain in the market allowed them to accumulate years of experience, visibility through ongoing advertising, a strong understanding of the regional differences within the province, and traction in a market that was difficult to penetrate for most companies coming from outside the province.

The challenges for English companies coming into Quebec highlight the larger social, political, legal, and cultural differences between Quebec and the rest of Canada. Canada is a federal state with a division of power between provinces and the federal government that was defined by the British North America Act in 1867. Both the federal and provincial governments claimed authority over the insurance field until the early 1930s, but ultimately the federal government agreed to supervise the financial security of federally licensed companies, while the provincial governments would regulate local matters. Interestingly, automobile insurance was considered to be a provincial rather than a national concern, making it the domain of Quebec's government.[13] Because the insurance industry in Canada was affected by laws developed by individual provinces, companies needed to approach the underwriting of insurance with a degree of flexibility.

The differences between the province of Quebec and the rest of Canada are also significant. As a former French colony, Quebec has always been distinct in terms of its language (French), religion (Catholic), and cultural identity. Quebec's economy, however, was largely dominated in the first half of the twentieth century by English-speaking minorities, with these minorities

10. Jack Lufkin argues that property insurance increased in popularity as the overall value of houses increased. Lufkin, "Property for Iowa Farmers."

11. Financial statements, box 1, files 1–18, Wawanesa Mutual Insurance Company Archives (hereafter WMICA).

12. As of 2006, automobile insurance written continued to be almost twice that of property insurance. See the Office of the Superintendent of Financial Institutions in Canada, "Total Canadian Property and Casualty Premiums and Claims–Total, Year to Date: End of Q4–2006 (in thousands of dollars)" (foreign companies excluded), https://www.osfi-bsif.gc.ca/Eng/wt-ow/Pages/FINDAT-pc.aspx.

13. Quebec's Civil Code was based on the Custom of Paris, while the rest of Canada has a system derived from English law.

earning more than francophones through this period.[14] English was the language of business, although historians argue that this was shifting in this period and would see an ever more profound change as governments in Quebec introduced French language laws after 1960. It also meant that some of the norms within Quebec society were missed by English Canadian companies entering the market. Between 1935 and 1960, Quebec remained politically conservative, but significant changes were on the horizon within the province. Vincent Geloso recently called this period the "great catch-up," because Quebec's economy, which lagged when compared with the rest of Canada, rebounded during this time.[15] Backlash against the English domination of the economy spurred the creation of the *caisse populaire* movement—a French Quebec initiative intended to keep money in the province and invest in development. This, alongside a sea of similar challenges to traditional practices, would lay the groundwork for secessionist movements in the province in the years following 1960.[16] Increasingly, people from Quebec rejected the English domination of the economy, and English companies in particular needed to adapt.

The beginning of the 1960s marked a period of profound transformation—both in the province and for Canada. The great catch-up of the 1940s and 1950s was followed by the Quiet Revolution in the 1960s, a period of rapid social, political, and cultural change as francophone intellectuals acceded to power and eschewed "traditional Catholic values in favour of secularism and statism." [17] Change also brought with it a growth in Quebec nationalist sentiment and a defense of the French language that would be at the center of debates for decades to come. This shift in Quebec society was one that Wawanesa would take advantage of with a change in structure that allowed the company to distance itself from its English head office and employ increasing numbers of French-speaking employees. Other key decisions, such as the use of French in advertising, attracted a population that was increasingly attuned to language as providing the substantive and distinguishing grammar of Quebec's existential distance from the rest of Canada, carving the province out as a "distinct society."

Unfamiliar Territory

Before examining the Quebec operation in depth, it is necessary to understand Wawanesa's development. In 1896 a group of Manitoba farmers founded the Wawanesa Mutual Insurance Company to provide affordable insurance against threshing machine fires. This fulfilled a need for inexpensive insurance in a market dominated by expensive offerings from foreign and eastern Canadian insurance companies. To attract the volume of business necessary to ensure survival of the nascent enterprise, the company constructed an agency system, which allowed for quick and efficient expansion outside the immediate township without compromising quality. This meant Wawanesa contracted individuals in communities across western Canada to sell insurance on behalf of the company. Wawanesa depended on small,

14. Dean and Geloso, "The Linguistic Wage Gap in Quebec."
15. Geloso, *Rethinking Canadian Economic Growth and Development Since 1900.*
16. Dickinson and Young, *A Short History of Quebec.*
17. Ibid., chap. 9.

successful businessmen to sell insurance to their neighbors and respectable members of the community; agents accepted applications, evaluated the moral and social standing of the applicant and his or her property, and sold insurance to those the company deemed acceptable. This agency system relied heavily on consumer and agent loyalty and also demanded that agents follow rigid guidelines. Cultivating this loyalty and strict adherence to Wawanesa's rules resulted in a client portfolio of the best possible consumers in the market and achieved a lower loss ratio. The business success of the agents in western Canada led Wawanesa to rely on the agents to do all of the corporate advertising.[18] By 1921, the company sold insurance in Manitoba, Saskatchewan, Alberta, and British Columbia; had hundreds of agents across western Canada; and was the largest mutual insurance company in Canada.[19] While a strategy of centrally controlling operations from the Wawanesa Manitoba head office while employing agents had proved successful, as well as cost effective, independent agents allowed the company to move into new regions with minimal commitment to brick-and-mortar offices as well as staff.[20] The company modeled its new operations in Ontario in 1930 and Quebec in 1931 on this agency system, and early results from the two provinces suggested the system would again prove successful in eastern Canada.[21]

The success of this business structure in Quebec and Ontario, however, was limited. The board of directors viewed Wawanesa as a farmer's mutual, specializing in the sale of policies to individuals in rural areas. Upon entering the Ontario and Quebec markets, the company sold insurance primarily on homes, farms, and landed properties. Its decision to underwrite the automobile line nationally in 1930 accompanied its regional expansion and at the same time presented new challenges, because writing cars proved to be different from writing houses. As historian Oliver Westall points out, automobile insurance customers, unlike Wawanesa's existing client base, worried about price, not long-term loyalty to a single company.[22] Wawanesa did not believe its future lay in writing automobiles in eastern Canada, as the board of directors continued to view Wawanesa as a mutual dedicated to selling quality property insurance to western Canadians. Wawanesa entered the eastern Canadian market to manage risk through expansion, and added the new automobile insurance offering across Canada to

18. The company made calendars and other types of promotional materials available to the agents at a small cost but never attempted to market itself directly to the consumer. These materials ranged from policy holders (a type of folder to hold policy-related materials) and lantern snuffers to the Liberty Fire extinguisher in the 1930s.

19. Exact numbers are very difficult to establish, because these documents have not survived. Documents for the mid-1930s suggest at least two thousand agents listed, although it is difficult to know how many of those agents were actively selling policies or if agents who irregularly sold insurance for the company were not included in the listing.

20. Agents, as time progressed, became more autonomous and behaved more like modern-day brokers. In essence, relying on agents meant putting the company at the mercy of the whims of these small businessmen. As a note, the village of Wawanesa Manitoba's population averaged four hundred people in the period under discussion.

21. The company also moved into the Maritimes for a short time between 1938 and 1943 but closed the office and turned the business over to an agency that controlled the business in New Brunswick, Nova Scotia, and Prince Edward Island, until the mid-1970s, when Wawanesa again opened a branch in the region.

22. Westall, "The Invisible Hand Strikes Back."

better service its existing customer base.[23] Although the head office viewed Wawanesa's entry into Ontario as a move to capture the property market, much to the chagrin of the head office, the Ontario branch wrote a significant number of automobile policies.[24] By 1942, the company acknowledged it had become one of the top automobile writers, while only minimally increasing property business.[25] This dominance of automobile underwriting in Ontario threatened the stability the company had taken for granted in the property market. Rates in automobile insurance tended to fluctuate, consumers shopped on price, and governments adjusted the laws for both cars and drivers, making the automobile insurance market a volatile business risk. In eastern Canada, this move toward automobile insurance also challenged a corporate structure constructed around the stability and seeming predictability of property insurance.

While the Ontario branch was coping with the large quantity of automobile insurance sold, agents in Quebec wrote very few policies, period. The quality of the customers was also problematic, because Quebec agents typically sent the poor-quality business to the "new" company. Wawanesa suffered high loss ratios on this new business, which frequently translated into an underwriting loss. The success of the business in Ontario also meant few members of the Toronto staff paid any attention to the less robust business prospects of its eastern neighbor. To compound the problem, the Toronto staff was deaf to the complaints of the office manager in Quebec, who constantly pointed out the unique situation in the province. In discussing promotional pamphlets, for instance, he asserted the literature would "have to be done in French as practically all my members are French and quite a number of them do not understand English at all well."[26] The problem was painfully clear to the manager from Quebec, but not to the prairie-centric decision makers who viewed the Toronto management of Quebec business as a logical financial and geographic decision. The inability of the company to appreciate regional differences hampered its potential success in the Quebec market before 1940.

The otherwise successful agent-based structure quickly became unworkable in Quebec. In Ontario, Wawanesa absorbed a number of established companies that provided a ready-made network of existing agents and policyholders. In Quebec, the successful company assumed it would be attractive to independent agents, but this proved incorrect. Wawanesa found it difficult to convince agents that it offered a good product. Jonathan Fournier, in his article on the professionalization of life insurance agents in Quebec, also notes that turnover among agents in the province was high, with an estimated 19.9 percent not renewing their licenses from year to year between 1943 and 1959.[27] This no doubt made building lasting relationships

23. Westall, in exploring the British domestic insurance experience, argues there were two reasons for entering the automobile insurance market. First, companies aimed to maintain a competitive advantage by retaining existing consumers and enticing others. Second, the economic depression of the early 1930s resulted in deflated premiums and, in turn, high administrative costs, making automobile insurance appealing, because companies could spread the cost of administration of additional policies. Westall, "The Invisible Hand Strikes Back," 437–438.

24. See Table 3 for a breakdown of automobile and property premiums written in Ontario, Quebec, and Manitoba.

25. Board of directors minutes, June 9, 1930, p. 260, box 10, file 4, 1926–1930; C. M. Vanstone to M. C. Holden, December 22, 1942, box 4, file 22, Holden–correspondence 1942, WMICA.

26. John Fisher to M. C. Holden, December 4, 1941, box 4, file 21, Holden–correspondence 1941, WMICA.

27. Fournier, "Du Colporteur au Conseiller Financier," 101.

difficult for companies attempting to enter the market. The reliance on sales and advertising through agents also meant Wawanesa continued to be a little-known name. While other mutual organizations like the *caisse populaires* flourished in financially stable rural areas, Wawanesa suffered the opposite fate.[28] Early attempts to penetrate the rural market failed. The premiums written on property insurance in Quebec were pitiful. In 1937, agents in Quebec sold a total of $39,346 worth of property insurance. By comparison, Ontario posted premiums worth $397,840, while Manitoba listed $152,901. The Quebec operation managed only $52,460 in 1942, a full eleven years after the company entered the market.[29] The difficulties involved in selling insurance in rural Quebec contributed to the decision to move out of the property insurance market in 1942, and out of rural Quebec until the 1950s.[30] Never before had the company shied away from business on such a scale. This move out of property insurance in Quebec, however, proved even more complex and had its roots in the success of the Montreal automobile line.

The English-speaking insurance industry as a whole approached Quebec with caution.[31] The absence of financial responsibility laws, which made drivers liable for costs incurred as a result of an accident, made Quebec less appealing for insurers.[32] Poor enforcement of traffic rules also made Quebec a hazardous place, at least in terms of risk management, for all insurance companies. By the 1940s, all other provinces adopted some form of financial responsibility law, which improved access to compensation for traffic accident victims by instituting legislated minimums and maximums in case of injury and death.[33] Becoming financially liable for accidents made insurance appealing to consumers across the country, without making insurance compulsory. By not having this law in place in Quebec, insurance companies had (1) a smaller consumer base; (2) higher legal costs, because most cases continued to be fought in court; and (3) trouble recovering costs in the event of an accident, because fewer people had insurance. The resulting automobile insurance market proved unpredictable and typically expensive for insurance companies, because most companies found setting rates to meet expenses difficult. Many insurance companies experienced years of high losses, making the Quebec market unappealing.

While the laws applying to insurance varied across Canada, the legal problems in Quebec appeared more acute than elsewhere. Only 25 percent of the passenger vehicles on the road in Quebec had insurance in 1946 compared with almost 94 percent in Manitoba in 1947.[34] The

28. Ronald Rudin suggests that the *caisse populaires*, or credit unions, were particularly popular among Quebec's rural population. See Rudin, *In Whose Interest?*

29. For a partially complete listing of the premium income in Ontario, Quebec, and Manitoba, please see Table 3.

30. C. M. Vanstone to M. C. Holden, December 6, 1938, box 4, file 18, Holden–correspondence 1938; C. M. Vanstone to M. C. Holden, February 10, 1939, and April 24, 1939, box 4, file 19, Holden–correspondence 1939, WMICA.

31. "Le Bête Noir of Automobile Insurance: Quebec's Bad Auto Record: No Financial Responsibility Law May be Reason," *Canadian Insurance* 46, February 25, 1941, 15.

32. Financial responsibility laws required drivers to either demonstrate that they could meet the minimum liability requirements (in some provinces this amount was $20,000 or more to be held in a bond) or prove that they carried insurance that would cover any costs following an accident.

33. For a detailed discussion of financial responsibility law in Canada, please see Nelson, "Insuring the Devil's Wagon."

34. Based on the 42,631passenger vehicles the Canadian Underwriters' Association claimed were insured against public liability and property damage and 171,240 passenger vehicles accounted for by the Historical

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insurance industry feared the absence of legislation and increasing rates for insurance would force companies to withdraw from Quebec, compounding an already difficult situation, making the push for legislation "imperative."[35] In 1940, Wawanesa's managing director commented, "They have no financial responsibility law, and when I consulted with a lawyer in Montreal about this matter I found that the owner of the car was not responsible for perhaps 75 percent of the cases of accidents. They still operate under the old Napoleonic law … I doubt if any rate that we gave in Quebec would be anywhere near adequate."[36] An article in the *Montreal Gazette* pointed out that over a ten-year period, the province's lowest rate of property damage was 50 cars per thousand higher than the national average.[37] The article cited "legislative apathy" and asserted the introduction of financial responsibility laws reduced the cost of insurance significantly by making it near compulsory.[38] Premier Maurice Duplessis announced his government's intention to study the introduction of financial responsibility laws in 1948, stating: "It is a delicate problem and we will study it with care and endeavour to bring about an equitable arrangement."[39] Financial responsibility legislation in 1940s Quebec, however, did not resemble laws enacted across the rest of the country, as it focused on driver safety and keeping higher-risk drivers off of the road, rather than improving access to compensation following an accident. Unlike other parts of the country, where coverage for liability was near compulsory by the end of the 1940s, there was no such mandate in Quebec, which also lacked an indemnity fund for victims and a mechanism for assigning poor risks to insurance companies (known as an "assigned risk plan").[40] This meant that higher-risk drivers had no motivation to acquire insurance and no means to obtain insurance if their applications were denied.

In this legal environment, selling automobile insurance did not appeal. Wawanesa initially wrote insurance on private automobiles in Quebec, but by 1938 the quantity of claims prompted an attempt to eliminate three-quarters of the line.[41] The company achieved this reduction by ceasing underwriting on certain lines. This did not mean the company terminated existing policies; instead policies lapsed as the renewals came up. Automobile

Statistics. See "Statistic Agency Releases Automobile Insurance Figures," *Canadian Underwriter*, 13, November 1, 1946, 14; Historical Statistics of Canada, Section T: Transportation and Communication, 11-516-XIE: 168, https://www150.statcan.gc.ca/n1/en/catalogue/11-516-X, accessed December 7, 2022. The percentage for Manitoba is the post-revised financial responsibility law. Before the passing of the law, the number of cars insured was 27 percent. "Manitoba's Safety Responsibility Law in Retrospect," Automobile Laws and Legislation, February 4, 1948, MG 14 B 47, McLenaghen, James O., Archives Manitoba.

35. "Increase in Automobile Insurance Rates," *Canadian Insurance* 43, February 1, 1938, 69

36. C. M. Vanstone to M. C. Holden, September 5, 1940, box 4, file 20, Holden–correspondence 1940, WMICA.

37. "Quebec Penalized Again," *Montreal Gazette* February 11, 1941, cited in "Le Bête Noir of Automobile Insurance: Quebec's Bad Auto Record: No Financial Responsibility Law May Be Reason," *Canadian Insurance* 46, February 25, 1941, 14.

38. "Quebec Penalized Again," *Montreal Gazette* February 11, 1941, cited in "Le Bête Noir of Automobile Insurance: Quebec's Bad Auto Record: No Financial Responsibility Law May be Reason," *Canadian Insurance* 46, February 25, 1941, 15.

39. Duplessis, quoted in "Financial Responsibility," *Canadian Insurance* 53, October 8, 1948, 14.

40. The Assigned Risk Plan and Highway Victims Indemnity Fund would be introduced in 1961.

41. Unfortunately, the documents do not fully explain why the company chose these lines for termination. C. M. Vanstone to M. C. Holden, March 4, 1938, box 4, file 18, Holden–correspondence, WMICA.

premiums written dropped from $50,215 in 1937 to $9,207 in 1938, indicating the company achieved its goal. In 1938, the total premiums written on Quebec property and automobile insurance amounted to a paltry $60,994 compared with Ontario's $545,566.[42] Considering business in the two provinces started almost simultaneously, Wawanesa's head office considered the Quebec experience a disaster.

New Opportunities

Quebec would have been written off, had it not been for a new business strategy. As mentioned at the beginning of the article, Wawanesa folklore recounts the story of a company executive en route to the Montreal office to recommend the Quebec operation be closed.[43] During the taxi ride, the cabdriver complained how he and his colleagues found it impossible to acquire any insurance on their vehicles.[44] Agents in the province refused to write taxi companies, viewing them as too high a risk. A radical idea thus emerged. Following some scrutiny of the market, the company entered an agreement with taxi companies and drive-yourself fleet owners. As the government more carefully scrutinized professional drivers than they did the general population, these drivers were better trained and more likely to be taken off of the road in the case of high-risk driving behavior. Most taxi drivers willingly paid rates commensurate with their risk, making the line appealing for the company. Taxi companies were so desperate to maintain their insurance, they offered, in a preemptive strike, to pay significantly higher rates for the insurance to insure their vehicles with Wawanesa. Shocked, the company refused to accept the terms and insisted on continuing their coverage at previously agreed upon rates.[45]

Insuring taxis and drive-yourself vehicles proved a monumental business opportunity. In 1939, the company entered an agreement with "Taxi Company A" for $85,000, representing almost all of the growth experienced in Quebec in 1940.[46] In 1941, Wawanesa entered an agreement with "Driver Yourself Association A," and followed this up in the next year with a lucrative agreement with "Taxi Company C."[47] These three agreements allowed Wawanesa to make a radical change in the way it operated. The company now relied on a few select groups for the majority of its premium income; it no longer made sense to maintain a relationship with agents, partly because agents refused to write taxi companies. Wawanesa did not immediately terminate the agent–company relationship, but instead started eliminating the individual automobile and property lines.[48] By 1947, the company insured a variety of fleets, including

42. Financial statements ending December 31, 1939, box 1, file 3, 1938–40 financial statements, WMICA.

43. C. M. Vanstone to M. C. Holden, September 21, 1940, box 4, file 20, Holden–correspondence 1940, WMICA.

44. John Fisher to Milt (Holden), December 7, 1972, p. 5, box 5, file 2, Holden–history–Fisher, John, 1950–1973, WMICA.

45. John Fisher to Milt (Holden), December 7, 1972, p. 5, box 5, file 2 Holden–history–Fisher, John, 1950–1973, WMICA.

46. To protect the identity of the individual companies, I have labeled them A, B, and C.

47. For a full listing of these companies as they stood in 1947, see Table 1.

48. C. M. Vanstone to M. C. Holden, November 25, 1940, box 4, file 20, Holden–correspondence 1940, WMICA. The company avoided reentering the property and fire business in Quebec until 1971, when it started

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Table 1. Statement of underwriting account for automobiles: Quebec, 1947

Name[a]	Year	Amount
Regular	1931	3,604.73
Sundry	?	333.30
Teachers	?	2,077.23
Company A	1941	7,161.36
Company B	?	11,398.84
Taxi Company A	1939	258,378.42
Taxi Company B	1941	352,581.22
Taxi Company C	1940	98,926.40
Truck Drivers A	?	39,301.02
Truck Drivers B	1941	13,814.28
Drive Yourself Company A	1941	76,688.69
Drive Yourself Company B	?	12,827.53
Total		877,093.02

[a] The company names have been removed and replaced with aliases.
Source: Financial statements as of December 31, 1947, box 1, file 7, 1947 Fin. State., WMICA.

taxis, drive-yourself associations, teachers associations, and other large private companies. The detailed breakdown of premiums is provided in Table 1. In 1947, premium income from individual vehicle owners amounted to just $3,605 out of the $877,093 Wawanesa had in the Quebec underwriting account.[49] In 1948, the six-year success in the large fleet lines allowed the company to officially terminate remaining relationships with agents in the province.[50] Wawanesa developed its direct-writing model by employing and training a staff in Montreal. These individuals dealt strictly with fleets in Montreal, limiting both staff and travel requirements. This shift to a direct-writing and direct-selling model proved the single largest structural shift in the company's history.[51] The new direct-writing method also represented the beginning of a new era of general operations in Quebec and Canada.

Insuring fleets had decided appeal. Insurance companies liked insuring fleets, because it proved extremely profitable. One article in the *Canadian Underwriter* suggested that "while the private passenger cars are the bread and butter of the automobile insurance business, it is the big commercial fleets lines that really produce the big premium incomes." The fleets also proved easier to rate, because insurance companies developed long-term relationships with relatively small groups of people whose driving behavior could be easily monitored. Insurance

writing property insurance in the amount of $95,953 and other lines in the amount of $746. Financial statements as of December 31, 1971, box 1, file 18, Fin. State. 1970–71, WMICA. All new lines experienced underwriting losses in their first year back, reflecting inexperience in underwriting.

49. Financial statements as of December 31, 1947, box 1, file 7, Fin. State., WMICA.

50. "Highlights of History of Wawanesa Mutual Insurance Company in the Province of Quebec," box 4, file 10, Holden–Branch Managers Presentation 1962; Luc Bossé, interviewed by Lloyd Fridfinnson, tape recording, February 3, 1994, the Wawanesa Mutual Insurance Company Centennial Oral History Project, summaries, 156, WMICA.

51. The decision contradicted the existing corporate structure in the rest of Canada and ultimately resulted in issues with the agents for Wawanesa outside the province of Quebec that are beyond the scope of this paper. Wawanesa used the decision to move to direct writing in Quebec in order to strengthen its agency with agents in the rest of Canada. Independent agents feared the company was using Quebec as a trial for a larger project. Although inaccurate, the company did use this agent angst to their advantage by negotiating lower rates of commission elsewhere.

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companies could also intervene with regular safety inspections, safety devices, monitoring of driving schedules, vehicle loading, and related matters.[52] While such a close relationship would result in a lawsuit against Wawanesa following its attempt to too closely monitor and control taxi drivers in Montreal, the fleet still held appeal, because insurance companies could intervene in ways not possible in the private automobile line.

Contributing to the company's changing attitude toward Quebec was the appointment of M. C. Holden as the new managing director for the company in 1948.[53] Holden had a distinct vision of where the company should direct its attention and how to achieve his goals. Informed by his time as a branch manager, one of his first goals was the decentralization of the company, giving each branch more power to write policies and adapt guidelines to meet regional needs. He also separated Quebec from the Toronto office. These two changes allowed for greater flexibility in Quebec and freed the office to act in its best interests. Introducing a decentralized corporate structure allowed the company to manage unique regional business practices.[54] For most branch managers, this liberation proved a welcome relief from the day-to-day drudgery of trying to implement ill-suited policies. For example, H. E. Hemmons, managing director between 1943 and 1948, decided advertising and entertainment should be "reduced considerably." Both of these activities merely pointed out the obvious, he claimed, and "our Company does not need very much boosting now."[55] Advertising and entertaining, however, allowed the branches to establish and maintain good relations with agents and potential policyholders. The ability to produce their own budgets gave the branches the kind of autonomy that had been lacking before 1948. Decentralization allowed John Fisher, Quebec branch manager, who now reported directly to the managing director and the board, the opportunity to implement ideas long shunned by Toronto and the head office. For example, the Quebec branch introduced its first service office in 1949, terminated the remaining contracts with agents, and commenced with wide-scale advertising.

Following the decision to sell insurance policies directly to the consumer, without agents, operations in Quebec underwent structural change. The Montreal office became the center of operations for Quebec following its designation as a branch in 1948. Montreal proved a logical location for operations in Quebec, because all of the fleet policies sold between 1942 and 1948 came from Montreal and surrounding areas. In 1949, as part of the desire to sell more policies outside Montreal and expand a direct-selling framework, the company established its first service office in Chicoutimi in order to sell policies to the Lac St-Jean district. The company targeted regions with populations of between 30,000 and 50,000 for service offices. In areas

52. Chas. R. Francis [Service Manager, The Canadian Fire Insurance Co.], "Bridging the Gap: In This Article Automobile Insurance," *Canadian Underwriter*, 12, May 1, 1945, 10.

53. Holden, who started his career as a teacher and later was an agent in Winnipeg, moved quickly through the company ranks. He served as the Winnipeg branch manager through the 1930s and moved to British Columbia to run the Vancouver branch in 1938. He maintained almost daily correspondence with C. M. Vanstone, managing director until 1943, frequently expressing and modifying his vision of what Wawanesa could become.

54. This new approach to business permitted better control over branch operations for branch managers while at the same time relieving head office of the onerous task of tracking claims, salaries, and new business for every branch across the country.

55. H. E. Hemmons to M. C. Holden, September 29, 1943, box 5, file 7, Holden–Hemmons, H. E., 1942–1947, WMICA.

like Chicoutimi, the company eventually established resident agents in nearby towns, thereby expanding its operations. The Chicoutimi office turned out to be the first in a network of service offices.

Wawanesa approached the new service office network with caution. It waited for the Chicoutimi office to prove it could effectively sell and service its region before seriously considering other areas. Wawanesa in Quebec developed an effective strategy to explore markets. First, it appointed what it referred to as resident representatives. These individuals worked to sell insurance in their communities and also worked as claims adjusters. Appointing these individuals required the company to pay salaries to the representatives, but did not require an investment in office space, because these men typically worked from home. If the region demonstrated it could support a larger investment, the company established a service office, which involved renting and maintaining office space and typically hiring another individual to assist the representative turned service office manager. By the early 1960s, the company had mastered the art of opening these offices; and by 1962, Wawanesa maintained a total of twenty-one service offices and twelve resident agents in the province. A partial listing of these offices and representatives (Table 2) reveals that the company opened the majority of these offices between 1958 and 1962, after the model had proven itself in a few select regions.

The creation of the service office did not mean autonomy for the resident agent in his new capacity as the loftily named "service office manager." All of the service offices and resident agents forwarded all material directly to the central office in Montreal, where bookkeeping, collections, and clerical work were conducted. The two exceptions were the Quebec and Chicoutimi offices.[56] These offices acquired enough business to justify training and keeping a significant staff in the office. Unfortunately, a breakdown of staff is not available for all of the offices. If Quebec City is any indication, however, an income of $762,306 between the Quebec City and Ste. Foy offices justified a combine staff of thirty-two.[57] By 1962, the Montreal office had a total of 191 employees working in the central office and the surrounding service offices.[58]

The service offices and resident agents became the backbone of the success of the Quebec operation. Wawanesa also continued to find its strength in insuring fleets of vehicles. One senior manager recalled his early days at the Sherbrooke office. He explained that the company insured seventy-four of the seventy-five taxis in the area. The seventy-fifth cabdriver, he added, "did not believe in insurance" and self-insured.[59] Although the company experienced some difficulties with the fleets insured in Montreal, the success of these smaller offices offset any other competitive threats. The company lost two of its largest fleets in 1956 and 1958 following the establishment of the Belair Insurance Company by a group of taxi companies. This represented a notable loss for Wawanesa, but by no means prevented ongoing success in

56. Information on Service Offices in Quebec, box 4, file 10, Holden–Branch Managers Presentation 1962, WMICA.

57. See Table 2.

58. "Montreal," p. 1, box 4, file 10, Holden–Branch Managers Presentation 1962, WMICA.

59. Charles Poirier, interviewed by Milton Holden, June 21, 1972, p. 146, box 29A, file 3, Milton Holden Oral History Project, tape summaries, WMICA.

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Table 2. Service offices and representatives as of 1962

Place	Population	Year established	Employees	Net business written
Chicoutimi	42,886	July 1949	?	$312,726
Trois Rivieres	80,402	October 1953	3 (with most policies processed in Montreal)	$203,340
Sherbrooke (South/West)	66,554	October 1953	?	$186,844
Sherbrooke (North/East)	*As above*	*February 1962*	*?*	*See above*
Rimouski	17,739	June 1954	Resident rep.	$145,226
Rouyn Noranda	30,193	June 1954	Resident rep.	$77,529
Quebec City	357,568	November 1954	32 (between two offices)	$762,306
Ste. Foy	*29,716*	*November 1958*	*See above*	*See above*
Hull	56,929	May 1956	Resident rep.	$74,814
Victoriaville	21,620	May 1956	Resident rep.	$58,640
Grandby	31,463	April 1957	Resident rep.	$44,636
Beauharnois	8,704	February 1958	Resident rep.	$97,621
Jacques Cartier	?	April 1958	2	$365,000
Drummondville	27,909	April 1958	?	$98,092
St. Jerome	32,000	May 1958	?	$112,434
Boulevard Shopping Centre	?	September 1958	4	$459,000
St. Jean	37,576	September 1958	Resident rep.	$56,538
Verdun	?	April 1960	2	$163,903
Shawinigan	44,852	April 1960	?	$75,188
Dorval	?	January 1961	2	$50,524
Joliette	18,088	January 1961	Resident rep.	$61,384
Sept Iles	14,196	January 1961	Resident rep.	Too early for data
Ste. Agathe	5,725	January 1961	Resident rep.	$38,643
Thetford Mines	21,618	March 1961	Resident rep.	$48,790
Chandler	4,000	August 1961	Resident rep.	Too early for data
Chomedey	?	October 1961	2	Too early for data
Domaine	?	October 1961	2	Too early for data
Baie Comeau	13,936	October 1961	Resident rep.	Too early for data
Chateauguay	?	November 1961	?	Too early for data
Lajeunesse	?	February 1962	2	Too early for data
Mount Royal	?	February 1962	2	Too early for data
Riviere du Loup	10,835	March 1962	Resident rep.	Too early for data

Source: Information on service offices, box 4, file 10, Holden–Branch Managers Presentation 1962, WMICA.

the province, as Table 3 indicates.[60] In part, the expansion into private automobiles also helped balance any ebbs and flows experienced in the fleet business. Managing these inconsistencies turned out to be one of the major strengths of the new Quebec structure, although the decision to specialize in automobile insurance also aided in Quebec's stability.

By the 1950s, Quebec reemerged as an appealing place for automobile insurers to work. Improved driver safety records through the 1950s resulted in lower rates for consumers, because accident rates per vehicles owned dropped, making insurance easier to sell and more

60. "Highlights of History of Wawanesa Mutual Insurance Company in the Province of Quebec," box 4, file 10, Holden–Branch Managers Presentation 1962, WMICA. This was not the first time the company faced losing the taxi business. In 1942, the government of Quebec contemplated taking over all of the Montreal taxi business. Wawanesa did not consider this to be a serious problem, as long as they continued to insure the taxis. C. M. Vanstone to M. C. Holden, December 16, 1942, box 4, file 22, Holden–correspondence, WMICA.

manageable due to the lower incidence of claims. The Canadian Underwriters Association noted the more positive Quebec market, calling "the 1956 automobile insurance picture … the brightest since immediately after the Second World War."[61] Improvements in highway safety justified Wawanesa's reentrance into the private automobile market in 1952, but brought it once again into competition with many of the other companies that had also reentered the Quebec market.[62] Wawanesa's continued presence in the Quebec market throughout the 1940s and 1950s in combination with its increased visibility and Quebec-specific practices all allowed the company to realize Quebec as one of its strongest automobile insurance markets by 1960. This would be important, because it offset losses in Saskatchewan, where the government had introduced public compulsory insurance through a crown corporation that dominated the province's automobile insurance market after 1946. The introduction of financial responsibility laws in 1961, which made drivers liable for $10,000 for bodily injury and up to $5000 for damage to property, further improved Wawanesa's standing in the Quebec market, because its experience allowed for more effective underwriting following passage of the law. The government in Quebec also introduced an Assigned Risk Plan in 1961, which required insurance companies to take on poor or unknown risks, allowing access to automobile insurance for all drivers. These assigned risks were rated according to the driver's risk level. New drivers could expect a policy at a similar cost to that of a regular policy, while the high-risk driver with convictions could expect to pay considerably more.[63] The new financial responsibility law resulted in a $1.7 million increase in business, which Wawanesa attributed to people seeking insurance to "avoid incurring penalties under the new insurance legislation."[64] While the law helped all insurance companies sell policies, Wawanesa had long since established itself as the company best capable of assuming responsibility for drivers and their claims.

Playing to its strengths, Wawanesa developed services most appropriate for a company specializing in automobiles. The service offices, while also used for sales, primarily served as space for efficient claims service. The company trained and employed its own claims adjusters and installed many of them in the service offices across the province. These offices offered on-the-spot claims checks to cover damages and twenty-four-hour access to claims adjusters. The Quebec branch also vowed to insure all lines of automobile insurance, referring to this as its "open market attitude." This attitude applied "regardless of race, creed or colour and the type of occupation, even those of a very hazardous nature."[65] This represented a decided break

61. "Automobile Rates Reduced: Quebec Gets Reduction Second Successive Year," *Canadian Insurance* 60, December 1, 1955, 34.

62. "Highlights of History of Wawanesa Mutual Insurance Company in the Province of Quebec," box 4, file 10, Holden–Branch Managers Presentation 1962; Bossé, interviewed by Lloyd Fridfinnson, tape recording, February 3, 1994, p. 156, the Wawanesa Mutual Insurance Company Centennial Oral History Project, summaries, WMICA.

63. The Quebec Highway Victims Indemnity Fund, "How the Assigned Risk Plan May Help You," box 6, file 5, Holden–Montreal–1961 (A), WMICA.

64. Financial statements as of December 31, 1961. Comments by E. S. Biggs (chartered accountant and auditor), box 1, file 14, Fin. State. 1961–62, WMICA. A similar jump in the number of individuals occurred in all provinces following the introduction of provincial financial responsibility laws. See Nelson, "Insuring the Devil's Wagon."

65. Branch Managers Presentation, p. 2, box 4, file 10, Holden–Branch Managers Presentation, 1962, WMICA.

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Table 3. Premium growth (Can$) with year to year growth (%)

Year	Quebec automobile		Ontario automobile[a]		Manitoba automobile		Quebec property		Ontario property[a]		Manitoba property	
1937	50,215	–	158,989	–	33,628	–	39,346	–	397,840	–	152,900	–
1938	16,857	–66.4	104,665	–34.2	33,392	–0.7	45,574	15.8	415,266	4.4	171,573	12.2
1939	21,634	28.3	94,400	–9.8	69,579	108.4	50,410	10.6	458,243	10.3	206,167	20.2
1940	107,609	397.4	95,370	1.0	82,175	18.1	50,257	–0.3	460,670	0.5	209,297	1.5
1941	7707[b]	–92.8	127,847	34.1	99,807	21.5	49,157	–2.2	459,693	–0.2	214,205	2.3
1942	173,254	2147.9	200,380	56.7	106,521	6.7	52,460	6.7	469,703	2.2	236,157	10.2
1943	194,652	12.4	282,556	41.0	101,130	–5.1	43,308	–17.4	465,332	–0.9	261,394	10.7
1944	208,244	7.0	191,653	–32.2	107,029	5.8	24,208	–44.1	455,847	–2.0	271,637	3.9
1945	239,233[c]	14.9	195,998	2.3	129,163	20.7	17,242	–28.8	446,339	–2.1	285,481	5.1
1946	425,057	77.7	268,358	36.9	282,229	118.5	13,884	–19.5	450,595	1.0	325,640	14.1
1947	764,802	79.9	381,789	42.3	338,884	20.1	12,614	–9.1	456,807	1.4	385,958	18.5
1948	1,154,246	50.9	471,343	23.5	408,966	20.7	6468	–48.7	483,114	5.8	446,883	15.8
1949[d]	1,734,502	50.3	545,799	15.8	497,684	21.7	–	–	516,804	7.0	503,397	12.6
1950	1,964,323	13.2	648,268	18.8	583,783	17.3	–	–	533,501	3.2	522,754	3.8
1951	1,885,020	–4.0	787,771	21.5	681,966	16.8	–	–	558,474	4.7	570,211	9.1
1952	2,133,229	13.2	931,954	18.3	827,996	21.4	–	–	577,792	3.5	633,064	11.0
1953[e]	2,944,205	38.0	1,281,129	37.5	1,061,961	28.3	–	–	585,466	1.3	634,439	0.2
1954	3,468,427	17.8	1,260,278	–1.6	1,123,013	5.7	–	–	619,080	5.7	643,163	1.4
1955	3,430,162	–1.1	1,299,745	3.1	1,089,824	–3.0	–	–	624,330	0.8	675,715	5.1
1956	2,881,174	–16.0	1,178,224	–9.3	1,069,754	–1.8	–	–	621,512	–0.5	662,276	–2.0
1957	3,395,393	17.8	1,271,126	7.9	1,244,447	16.3	–	–	713,372	14.8	686,749	3.7
1958	4,177,436	23.0	1,563,194	23.0	1,521,995	22.3	–	–	715,111	0.2	733,470	6.8
1959	4,316,460	3.3	1,576,252	0.8	1,662,395	9.2	–	–	630,728	–11.8	741,777	1.1
1961[f]	7,060,260	63.6	1,556,906	–1.2	1,667,171	0.3	–	–	697,049	10.5	789,112	6.4
1962[g]	8,276,641	17.2	1,743,462	12.0	1,746,546	4.8	–	–	681,660	–2.2	806,343	2.2

[a] The totals for both Ontario automobile and property exclude amounts from western Ontario (everything west of Thunder Bay). It should be noted the Winnipeg branch office controlled the western Ontario business but calculated western Ontario numbers separately. No totals for western Ontario are included here.
[b] This number is correct but there is no explanation provided in the financial statements for the dramatic drop in business.
[c] The auditor's note reads: "Montreal Branch: The books here were devised to take care of [Taxi Company A]. The addition of the other risks such as [Taxi Company B], [Drive Yourself Company A] and more especially the Independent Taxis from outside as well as the inside of the City of Montreal have rendered the present system inadequate."
[d] In 1948, the board of directors appointed M. C. Holden as managing director for the company. Holden viewed the corporate operations as a whole, instead of divided by east and west. At the same time, he worked to decentralize the company to give the branches more autonomy in recognition of regional differences in business.
[e] In 1953, the financial statements stopped showing the gross premiums written. Instead, these numbers are the net premiums written.
[f] The year-end financial statement for 1960 is missing.
[g] In 1962, Price Waterhouse & Co. became the auditor for the company.

from the more conservative underwriting practices employed by insurance companies in the rest of the country.

The decision to move exclusively into the automobile market also resulted in a few interesting marketing and advertising decisions in the ensuing years, permitted by the advent of decentralization. With the poorly supported and marginally interested agents removed from the equation, the company focused on selling itself to consumers. Initially, this involved direct contact and negotiating with companies that had fleets, but following its decision to move into private automobiles in 1952, the company worked to strategically sell itself to the individual motorist. Wawanesa wanted to be a brand and have its name synonymous with automobile insurance in Quebec.[66] The company dedicated, on average, 2 percent of the net written premiums of the previous year to advertising. By 1962, Wawanesa in Quebec boasted an advertising budget of approximately $225,000 compared with the $115,038 spent in the rest of Canada. In 1962, the Quebec branch spent 66 percent of the advertising budget for Canada, while maintaining 41 percent of the net written premiums.[67] It achieved this success through comprehensive and pervasive campaigns in English and French in newspapers, on the radio, and even on the backs of buses. While the back of the bus campaign may seem an odd choice, this directly targeted those most likely to buy its product, other motorists. The strategic placement of service offices also reflected this new vehicle-centered model. Starting in the mid-1950s, most service offices were primarily accessible by automobile. In a bold move, Wawanesa rented storefront space in shopping malls, starting in 1958 in Ste. Foy. By 1962, five of Montreal's eight offices were located in shopping centers.[68] Wawanesa correctly determined shopping centers increasingly attracted the new suburban driver, the consumer it wished to attract to the company. Geloso notes, for example, the dramatic increase in automobile ownership in Quebec, which jumps from 19 percent in 1941 to 57 percent in 1961 (see Table 4).[69] Wawanesa in Quebec had adapted its structure to match the realities of dealing in an area with limited customer loyalty.[70]

By 1962, Wawanesa's sales in Quebec placed it second only to Lloyd's of London, a fact the company, and more importantly the branch manager in Quebec, eagerly announced to those

66. Although the challenges in advertising and branding were different for those selling commodities, the idea of building a name that an individual can easily identify and associate with a beneficial product were also important here. Those interested in looking at the firm's advertising should look at Marchand, *Creating the Corporate Soul*; Marchand, "The Corporation Nobody Knew"; Tedlow, *New and Improved*; Robinson, "Marketing Gum, Making Meanings." This is one of the company's greatest marketing successes. Even today, most people in Quebec are familiar with the name Wawanesa and automatically associate it with automobile insurance. This was achieved both through advertising and by locating service offices in towns across the province. In English Canada, usually only those with insurance policies are even familiar with the name.

67. For Canadian totals, see financial statements, December 31, 1962, for Canadian, box 1, file 14, Fin. State. 1961–62, and Advertising, p. 2, for Quebec advertising budget, box 4, file 10, Holden–Branch Managers Presentation, 1962, WMICA.

68. Section on service offices in the Montreal district, box 4, file 10, Holden–Branch Managers Presentation, 1962, WMICA.

69. Geloso, *Rethinking Canadian Economic Growth and Development Since 1900*, 37.

70. While insurance companies are particularly susceptible to social change, they are also well positioned to take advantage of the changes occurring within society. Horan talks about adapting to changing social and governmental environments in *Insurance Era.*

Table 4. Motor vehicle registrations for 1930 to 1961, with % year to year growth

Year	Canada		Quebec		Ontario		Manitoba	
1930	1,232,489	–	178,548		562,506	–	78,850	–
1931	1,200,668	–2.6	177,485	–0.6	562,216	–0.1	75,210	–4.6
1932	1,113,533	–7.3	165,730	–6.6	531,597	–5.4	70,840	–5.8
1933	1,083,178	–2.7	160,012	–3.5	520,353	–2.1	68,590	–3.2
1934	1,129,532	4.3	165,526	3.4	542,245	4.2	70,430	2.7
1935	1,176,116	4.1	170,644	3.1	564,076	4.0	70,660	0.3
1936	1,240,124	5.4	181,628	6.4	590,226	4.6	74,940	6.1
1937	1,319,702	6.4	197,917	9.0	623,918	5.7	80,860	7.9
1938	1,394,853	5.7	205,463	3.8	669,088	7.2	88,219	9.1
1939	1,439,245	3.2	213,148	3.7	682,891	2.1	88,864	0.7
1940	1,500,829	4.3	225,152	5.6	703,872	3.1	90,932	2.3
1941	1,572,784	4.8	232,149	3.1	739,194	5.0	96,573	6.2
1942	1,524,153	–3.1	222,622	–4.1	715,380	–3.2	93,147	–3.5
1943	1,511,845	–0.8	222,676	0.0	691,615	–3.3	93,494	0.4
1944	1,502,567	–0.6	224,042	0.6	675,057	–2.4	93,297	–0.2
1945	1,497,081	–0.4	228,681	2.1	662,719	–1.8	92,758	–0.6
1946	1,622,463	8.4	255,172	11.6	711,106	7.3	101,090	9.0
1947	1,835,959	13.2	296,547	16.2	800,058	12.5	112,149	10.9
1948	2,034,943	10.8	335,953	13.3	874,933	9.4	128,000	14.1
1949	2,290,628	12.6	384,733	14.5	970,137	10.9	139,836	9.2
1950	2,600,269	13.5	433,701	12.7	1,104,080	13.8	157,546	12.7
1951	2,872,420	10.5	500,729	15.5	1,205,098	9.1	171,265	8.7
1952	3,155,824	9.9	574,974	14.8	1,291,753	7.2	187,881	9.7
1953	3,430,672	8.7	617,855	7.5	1,406,119	8.9	203,652	8.4
1954	3,644,589	6.2	674,114	9.1	1,489,980	6.0	210,471	3.3
1955	3,948,652	8.3	743,682	10.3	1,617,853	8.6	222,474	5.7
1956	4,265,437	8.0	844,827	13.6	1,710,240	5.7	240,008	7.9
1957	4,497,091	5.4	901,065	6.7	1,793,499	4.9	246,188	2.6
1958	4,723,825	5.0	968,058	7.4	1,868,922	4.2	256,064	4.0
1959	5,017,686	6.2	1,040,366	7.5	1,973,737	5.6	269,974	5.4
1960	5,256,341	4.8	1,096,053	5.4	2,062,484	4.5	285,689	5.8
1961	5,517,023	5.0	1,183,978	8.0	2,126,270	3.1	299,998	5.0

Source: Historical Statistics of Canada, Series T147-194, motor vehicle registrations.

willing to listen.[71] The success of the new structure in Quebec attracted the attention of other branch managers across the country who admired the effectiveness of the Quebec system. The board of directors also noticed how efficiently Quebec managed growth and creatively targeted its desired market. In the early 1970s, when Wawanesa entered the American market, the company demonstrated that it had learned from its experience in Quebec. While the traditional agent-based model held some appeal, the efficiency and control of the Quebec business model of direct writing resulted in San Diego adopting the model. Wawanesa chose to target definable markets and sell specific lines, starting with a narrowly defined group at first and moving to carefully chosen markets as the company expanded throughout California.[72]

71. John Fisher, Quebec branch manager, also pointed out the Lloyd's numbers were deceiving, because Lloyd's was actually a group consisting of more than forty small companies. Box 4, file 10, Holden–Branch Managers Presentation 1962, p. 3, WMICA.

72. Luc Bossé, interviewed by Lloyd Fridfinnson, tape recording, February 3, 1994, the Wawanesa Mutual Insurance Company Centennial Oral History Project, summaries, WMICA.

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Conclusion

When the Wawanesa Mutual Insurance Company moved into Quebec, it tried to replicate the skills and methods learned from thirty-five years in the insurance industry in western Canada. Relying on agents, the company unsuccessfully tackled the Quebec market starting in 1931. Agent and consumer loyalty quickly became a problem for the company, as it was perceived as an English-Canadian company attempting to work its way into Quebec's rural areas. Trying to replicate the English-Canadian business model failed. Change was needed, and the answer lay in limiting the company to a narrowly defined market—writing automobile fleet insurance in Montreal. To accommodate this reality, the company decentralized, allowing the Quebec branch to fully develop a unique service offering within its own business structure. Over the next fifteen years, Quebec acquired its own branch office and worked to develop its own network of service offices and resident representatives. By 1962, with 41 percent of the net written premiums for the country, Quebec had truly become the cornerstone of Wawanesa's operations in Canada. The company paid further tribute to the efficiency of the Quebec operation when it decided to utilize the Quebec model in creating the new branch in San Diego, its first foreign business venture. Unlike native financial institutions, which relied primarily on language to attract consumers to their branches, Wawanesa evolved a strategy that relied on targeted marketing and a business structure more attuned to its intended market.[73] Wawanesa's involvement in the Quebec market was complicated by automobile legislation, which made the market particularly volatile, but also opened the door to new markets. Wawanesa chose to rebuild its operations in Quebec by limiting its market to the heavily regulated taxi market and, in doing so, created a new market. Only after it understood the regional market did it expand back into private automobiles and, later, into other property lines.

In exploring the history of twentieth-century insurance in North America, historians should carefully consider the importance of region in the development of underwriting strategy and corporate structure. Historians interested in understanding the modern insurance industry will also need to carefully consider the ramifications of legislation and regulation on corporate decision making. In the case of Quebec, the absence of financial responsibility laws (the precursor to compulsory insurance) drove most insurers out of the market. This underinsured and poorly regulated market created a unique opportunity for a company like Wawanesa to dominate the market. As a change in government and an increased willingness to insure occurred, the market boomed, and the insurance market exploded in the province. The underlying shift in social and political culture also played an important role here. As the quality of life for the people of Quebec improved, so too did the business prospects of a company attuned to these changes.

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73. Ronald Rudin argues the linguistically fragmented nature of Canadian banking provided opportunities for those interested in established French banks. Rudin suggests numerous French banks worked to fill the void, although a number failed. Rudin, *Banking en français*; Rudin, *In Whose Interest?*

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