

# A Brief History of the Founding and Development of Golden State Mutual Life

**Golden  
State**

**MUTUAL LIFE INSURANCE COMPANY**  
A MUTUAL LEGAL RESERVE COMPANY HOME OFFICE, LOS ANGELES, CALIFORNIA



**IN THE BEGINNING...**

. . . there was California, the fabled land of opportunity.

And there was William Nickerson, Jr., the black dreamer from Texas who migrated west in 1921 in search of what California was reputed to offer.

And there was opportunity. But there was something else, too. Any rosy illusions Mr. Nickerson might have entertained about this golden paradise on the Pacific were quickly dispelled by what he saw of the plight of some 16,000 black inhabitants of Los Angeles. Opportunity, he discovered, still depended to a great extent on the color of a man's skin.

As a professional insurance man, Mr. Nickerson found to his further dismay that few of the nearly 40,000 blacks who lived in California were even accorded the privilege of insuring their lives. With few exceptions, existing insurance companies at the time regarded black people officially either as uninsurables or as extraordinary risks. So, blacks were either denied life insurance coverage altogether or were accepted only at discriminatory premium rates.

There were others who shared Mr. Nickerson's dissatisfaction with the situation, among them Norman O. Houston, a young insurance salesman from Northern California, and George A. Beavers, Jr., a Georgia-born Los Angeles businessman and church leader. They also shared Mr. Nickerson's notion of doing something about it. And together, in 1924, these three set in motion the organizing machinery that a year later was to produce the Golden State Guarantee Fund Insurance Company.

But setting up a new insurance company was no simple matter. The trio was faced at the outset with a number of obstacles, any one of which could have proven insurmountable were it not for the obstinate determination of the three men and their persistent refusal to accept the logic of defeat.

First, there was the problem of getting legal services. Setting up the organization to meet the rigid requirements of the California insurance code required a rather thorough knowledge of California law governing corporations in general and insurance companies in particular. None of the three was so versed.

But, unwilling to pay the high fee set by a corporation attorney to assist with the incorporation of the organization, Mr. Nickerson purchased a set of law books and, after some studious delving, became his own expert on the subject.

Knowing what to do was one thing; getting it done was another. Mr. Nickerson, in his brief but intensive study of California insurance law, discovered an old and soon-to-expire law under which the company could be organized as an assessment company. This required that the organizers secure at least 500 applications for life insurance, with premiums paid in advance, and that they deposit \$15,000 with the state treasurer as a guarantee fund.

This meant they had the job of selling faith — faith in the future that there would someday be an organization such as they envisioned.

While Mr. Nickerson undertook the overall management of the project, Mr. Houston set about raising the \$15,000 needed for deposit and Mr. Beavers worked at getting the 500 paid applications.

To raise the deposit money, the group issued Certificates of Advancement, which Mr. Houston sold, promising liberal interest and giving the company the right to redeem them whenever its surplus became sufficient.

Selling promissory certificates on the strength of an idea was no ordinary sales task. Nor was the job of securing 500 paid applications.

"Not only did we ask the payment of the first premium with this application," Mr. Beavers once recalled, "but a policy fee as well." And this request was from a company not yet in existence.

But their persistency paid off and the organizers succeeded. On July 23, 1925 — just 12 hours before the expiration of the old assessment law — they received a telegram from the California Department of Insurance informing them that a license to operate had been granted to the Golden State Guarantee Fund Insurance Company of Los Angeles.

## A SECOND-STORY COMPANY

The decade of the '20's was charged with spectacular changes. Radio was emerging as a mass entertainment medium and motion pictures started to talk. Women appeared in knee-length dresses, bobbed their hair and even smoked in public.

And while, in July of 1925, John Scopes was being convicted in Tennessee of teaching evolution in high school, a form of "evolution" was taking place in a cubicle-size office on Central Avenue in Los Angeles. The sign beneath its one narrow window identified the second-story room as headquarters of "Golden State Guarantee Fund Insurance Company."

There the team of Golden State organizers — armed with \$17,800 in capital assets and assisted by a handful of dedicated agents — set about carrying out Phase 2 of their program to build an insurance company.

By the end of 1925, Golden State had paid its first death claim, established its first branch office and moved its home office to more spacious facilities.

With the payment of the first death claim in December, 1925, the Company established its precedent of prompt service. Within 25 minutes after proofs of death were filed, full settlement was made to the widow of Charter Member T.A. Torrance, one of the first to express his faith in Golden State

Mutual by signing a charter membership application.

In December, the Company dispatched one of its talented young agents to Oakland to organize a branch operation in that Northern California community. Edgar J. Johnson, one of Golden State's first agents, thus became Golden State's first branch office manager. He was eventually to attain the title of president of the Company.

The tiny office in which the Company had its beginning, meanwhile, had to be abandoned after 79 days. Growth had rendered it unsuitable. In its new store-front offices, the Company grew during the next 14 months to an organization of 54 employees, with assets of \$25,346. Income in 1926 reached \$60,793.

Between 1926 and 1929, Golden State extended services to Pasadena, Bakersfield, San Diego, Fresno, El Centro and Sacramento. In Los Angeles, a new Home Office Building was erected on Central Avenue to accommodate the needs of the rapidly growing business.

By the end of 1929, Golden State's assets stood at \$73,033, its annual income at \$188,847 and its employee force at 126. While economic conditions in America ebbed, Golden State grew.



## WE GROW UP...AND OUT

America entered the '30's in a state of economic depression. For leadership now, the nation turned to Franklin D. Roosevelt, whom it elected to the presidency by a landslide.

Elsewhere, King Edward VIII of England renounced the throne to marry an American divorcee, and a young prize fighter named Joe Louis claimed himself a crown of sorts by winning the world's heavyweight championship.

While the great depression brought on the collapse of many businesses, Golden State greeted the new decade by declaring its first dividend payment to life policyowners. In 1931, Golden State Guarantee Fund Insurance Company became Golden State Mutual Life Insurance Company and the firm continued to expand.

Assets during this 10-year span rose from \$73,033 to \$437,714 and income from \$188,847 to \$487,262.

In July, 1938, Golden State entered the state of Illinois, establishing an office at Chicago for its first venture across California boundaries.

It was in 1938 also that the Company initiated its drive to convert its legal status from an assessment company to an old line legal reserve insurer. To do so meant the Company had to deposit \$250,000 as a legal reserve with the state treasurer.

To raise the required amount, Golden State directors elected to employ the method which had proved successful in the organizing effort: the sale of Certificates of Advancement. This project, which began in the closing months of 1938, was still in progress at the end of the decade.

In an era characterized by mass unemployment, business failures and overtures to war, Golden State Mutual Life Insurance Company proved equal to the challenge of adversity, despite its youth.



## WAR, ZOOT SUITS AND A NEW HOME OFFICE

With the '40's came war and American industry mobilized for national defense. At Golden State, as elsewhere, manpower was at a premium as scores of young men left its ranks to meet military obligations occasioned by the national emergency.

The zoot suit came and went, Harry S. Truman became the 33rd U.S. President and the world entered what came to be known as the Atomic Age.

Blacks in Mississippi voted for the first time in the Democratic primaries of 1946, and Jackie Robinson became the first black American to take the field as a major league baseball player in 1947.

Golden State took the transitions from peace to war to shaky peace in stride, but not without sacrifices. Manpower shortages and wartime restrictions hampered progress to an extent, but these conditions were partly compensated for by extra output on the part of dedicated Golden State personnel.

By 1941, the Company had accumulated enough through the sale of Certificates of Advancement to make the required deposit that would make it eligible to be reclassified as a mutual legal reserve insurer. On January 2, 1942, the conversion was complete. Golden State Mutual was now licensed as an old line legal reserve company.

The Company soon added funeral insurance to its growing list of services and set up new offices in the California communities of San Francisco, San Bernardino, Vallejo and Fresno.

Out-of-state expansion carried Golden State services

to Founder Nickerson's native state of Texas — to Dallas in 1944 and to Houston a year later.

For Mr. Nickerson, who had served as president of Golden State since its incorporation, the May 27, 1945, opening of the Houston office was the realization of a 20-year ambition. Less than six months afterwards, he died.

With Mr. Nickerson's death, the reins of Golden State's executive management shifted to Co-founder Norman O. Houston, who was elected president after serving 20 years as corporate secretary and treasurer. George A. Beavers, Jr., the third member of the organizing trio, was elected Chairman of the Board of Directors, and Edgar J. Johnson became corporate secretary.

In spite of the war years and their restrictions, Golden State's growth during the '40's was tremendous. At the beginning of the decade, Golden State's assets stood at \$527,800, its annual income at \$496,395. The Company had 220 employees whose annual salaries added up to \$211,736. By the end of 1949, the Company's assets had grown to \$4,270,205 and its yearly income to \$3,496,663. And 642 employees were receiving a total of \$1,750,223 in salaries and commissions.

A fitting climax to an eventful decade was the dedication in 1949 of Golden State's new Home Office Building at the corner of Western Avenue and Adams Boulevard in Los Angeles, which stands today as a symbol of black enterprise and of loyal service to many thousands.



## THE MAN WITH THE GOLDEN PEN IS BORN

In 1950, there was war again, and some 34,000 American lives were lost on Korean battlefields before an uneasy peace was restored.

In science and technology, the '50's were notably productive. There were the launchings of the first man-made satellite by the Soviet Union and the first atomic-powered submarine by the United States. There was also the discovery of a vaccine against polio by Dr. Jonas Salk.

The United States elected Dwight Eisenhower President, a British queen was crowned and the new African nation of Ghana came into existence. The Supreme Court handed down its historic ruling outlawing racial segregation in public schools, and the "Little Rock incident" became a symbol of defiance of that ruling. And a Georgia preacher named Martin Luther King led a bus boycott in Montgomery, Alabama, that was to set the stage for a whole new movement in the struggle by black people for economic, social and political freedom.

For Golden State, the decade meant more expansion and a new kind of identification for its representatives. Oregon, Washington and Arizona joined California, Texas and Illinois as Golden State's service states. The Company broadened its services to include mortgage cancellation insurance (1952) and group insurance (1957).

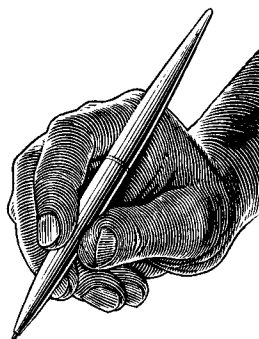
In 1954, GSM's Board of Directors formally declared the Golden Rule as the Company's business philosophy. As a symbolic reminder of this principle, the Company began the practice of presenting to each new employee a marble inscribed with the phrase: *Do unto others as you would have them do unto you.*

In 1957, also, the Company adopted a new graphic symbol and coined a new nickname for its field representatives. The Golden State agent thus became "The Man With The Golden Pen" — a name symbolizing not only the great importance of the Golden State field underwriter's services to families, but also the professional nature of the special skills for which his training has prepared him.

Growth in the '50's meant more for GSM than physical expansion, added services and bigger financial figures; it meant a new high in technical proficiency and professional and ethical standards. More and more Company employees were increasing their technical competence through professional insurance education courses being provided by such organizations and institutions as the American College of Life Underwriters, the Life Underwriters Training Council, the Life Office Management Association Institute and the Health Insurance Association of America.

In an age of stepped-up technology, it takes not only competent people, but modern systems and up-to-date machinery, too, to keep Golden State services efficient. In 1959, therefore, Golden State introduced into its Home Office operations an electronic data processing system to help Golden State people perform their services with the speed and accuracy expected by Golden State policyowners.

A celebrated milestone in the Company's development was recorded in 1956, when insurance in force reached \$100 million. Golden State closed out this 10-year period with \$133,281,913 of insurance in force and assets amounting to \$16,442,783. Golden State people were providing services in six states through some 60 branch offices and general agencies.



## TUMULT, TURMOIL AND CHANGE

Perhaps no decade in our history has been so sharply punctuated by a sustained series of events of such global impact as those which marked the 1960's. The phenomenon of change — violent and peaceful, tragic and heartening — was the order of this swift-moving era.

A missile crisis in Cuba, a March on Washington, a riot in Watts, a war in Vietnam.

A black man is elected to the U.S. Senate, another becomes a Supreme Court Justice and two others are elected mayors of U.S. cities. An American President is assassinated. So is Dr. Martin Luther King. And Senator Robert F. Kennedy. And Malcolm X.

Doctors successfully transplant a human heart, and man sets foot on the moon.

This was the era of the miniskirt, ecology-mindedness and color television. For GSM, it was another era of growth, change and involvement.

In the same year of the Watts riots, Golden State celebrated its 40th anniversary. It was on that 1965 occasion that the Company dedicated the Golden State Mutual Afro-American Art Collection. This collection of paintings and sculpture by outstanding black artists is on display in the Home Office and attracts hundreds of visitors each year.

Death came in 1965 to Dr. Henry H. Towles, Golden State's first medical director and a charter member of the Board of Directors, and the following year to

A. J. "Kelly" Williams, who had served as GSM's chief agency officer for 18 years before becoming the Company's first public service officer.

In 1967, Co-Founder George A. Beavers, Jr., resigned as chairman of the Board of Directors, occasioning sweeping changes the following year in Golden State's management organization.

Mr. Houston, president since 1945, was elected chairman and chief executive officer and Mr. Johnson, who had served as executive vice president since 1956, was named president and chief administrative officer.

Expansion during the decade carried Golden State services to Michigan and Indiana (1960). To direct the development of Golden State services in these new midwestern territories, the Company enlisted a veteran insurance executive from Detroit named Ernest Shell as assistant agency officer. Mr. Shell, who in 1946 had become the second black man to earn the Chartered Life Underwriter's (CLU) designation from the American College of Life Underwriters, was later to become senior vice president and agency director and a member of the Company's Board of Directors.

Insurance in force in the '60's became the second highest of any black-owned insurance company in the nation. The Company entered the '70's with insurance in force of \$340,227,179, assets of \$32,814,370 and income of \$12,103,256.





## THE NEW ERA

The Golden State of the 60's bore little similarity to the Golden State of the 50's — and an even lesser resemblance in the 70's. GSM is experiencing spectacular changes in financial growth, in ways of doing things, in people. The 1970's will be remembered as a time for progress as well as change. During this enterprising period, "roots" became a household word; a United States President resigned and the nation gasped for a breath of fresh air; women made dramatic gains in the job market; black Africa took major steps into the world's social and political arenas.

And Golden State progressed throughout. By the end of 1972, the Company had surpassed \$1 billion of insurance in force, becoming the first black company to reach that figure during the lifetime of any of its founders. Also within two years of the 70's, for instance, Golden State's insurance in force more than doubled. By the end of 1977, Golden State's assets came to \$69,173,913; our total income, \$29,568,104; and benefits paid during 1977 came to \$14,512,766 — that makes over \$117 million in benefits paid since the Company was founded in 1925. Plus, in 1977 Golden State moved from third to second position among the leading black insurance companies by virtue of a 22% increase to \$2.2 billion insurance in force.

The first agents to become million-dollar producers for the Company — Jesus Serrano and Edward W. Ford — did it in 1970. By 1978, however, 27 agents had achieved this distinguished goal.

Better trained people providing better service and better products make a better company. And a better company continues to grow.

As it must with time, management of Golden State Mutual changed hands again in 1970. After 25 years as chief executive of the firm he helped organize, Norman O. Houston retired from active management, although continuing to serve the Company as Chairman of the Board of Directors. Edgar J. Johnson, who had scaled the ranks from agent to president in his 45-year career with Golden State, retired too, but remained as a Director. Ivan J. Houston, CLU, FLMI, Senior Vice President and Actuary, was elected the new President and Chief Executive Officer. In 1977, he assumed the office of Chairman of the Board in addition to his other responsibilities.

Other key management changes in the 70's have included the elections of Larkin Teasley, FSA, as

Senior Vice President-Actuary and Investment Officer and Stephen A. Johns, CLU, FLMI, as Vice President-Agency Director.

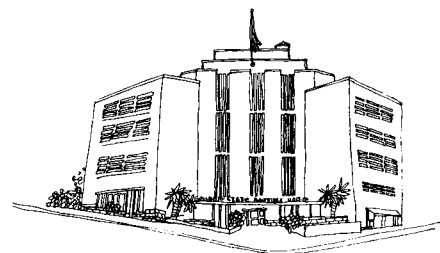
The Golden State Mutual of the 70's renewed its expansion drive. By 1977, the Company was licensed to do business in 20 states and the District of Columbia.

Another progressive expansion at Golden State can be seen in the General Agency operation, which was actually initiated in 1954 under the original title of the Funeral Insurance Department and was supervised by John T. Nelson. The number of General Agents has grown substantially throughout the years. In 1970, there were 36 G.A.'s; in 1975 there were 79; and in 1978, 151 General Agents were working in the GSM states of operation. From 1968 until his retirement in 1978, Lamar O. Shipp served as Manager of the General Agents, helping the program achieve its greatest growth. The General Agents, independent contractors who represent the Company, who have in recent years become the fastest growing sales arm, are positive proof of Golden State's commitment to progress.

In the 70's, too, the "Certificates of Advancement" program was revived to facilitate new Company expansion. Now, however, they are called "Certificates of Contribution" and the purpose of their issue was not only expansion, but diversification as well.

Since 1925, Golden State Mutual has been involved with the community it serves. Continuing evidence of this is visible through the Golden State Minority Foundation, organized in 1974 through the corporate efforts of GSM. The Foundation, under the leadership of its President, former GSM Vice President-Agency Director Ernest Shell, gives direct scholarships and book grants to specially selected, outstanding high school seniors and college students.

The Golden State of the 1980's will be different and better. For what happens tomorrow is dependent on what we do today and how well we do it. And today's Golden State is building on that premise.





**MUTUAL LIFE INSURANCE COMPANY**

A MUTUAL LEGAL RESERVE COMPANY, HOME OFFICE LOS ANGELES, CALIFORNIA

LICENSED TO OPERATE IN ARIZONA, CALIFORNIA, THE DISTRICT OF COLUMBIA, FLORIDA, GEORGIA, HAWAII, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MARYLAND, MICHIGAN, MINNESOTA, MISSOURI, NEVADA, OKLAHOMA, OREGON, TEXAS, VIRGINIA and WASHINGTON