Neither businessman Albert Neuenschwander nor his pastor, Aaron Souder, would have sought any historical limelight. They were practical, faithful men. As members of the Defenseless Mennonite Church,* they were just looking for a way to help fellow Mennonites protect themselves from property damages caused by fires and storms.

Today—90 years later—their vision for an aid association lives on as Brotherhood Mutual Insurance Company, one of the nation’s exclusive insurers of churches and related ministries.

**Brotherhood Aid Association Formed in 1917**

The idea of a brotherhood aid association wasn’t new when Neuenschwander and Souder began actively promoting it with leaders of their church. Other Mennonite groups had formed similar organizations, believing that an aid association fit well with Mennonite charitable and common-sense values.

Denominational leaders rewarded the two men’s efforts in September 1917 when they formed the Brotherhood Aid Association of the Conference of the Defenseless Mennonite Church of North America. Neuenschwander, Souder, and board member Amos Witmer became the association’s first administrators. Grabill, Indiana, where the three lived, became the location for the company’s first home office.

**Other Mennonite Groups Join the Association**

The fledgling company operated on a very small scale. Income for the first full year was $943.93; assets totaled $481.31; and 188 policies were in force at the end of 1918. Primarily, the association insured farms and homes, but it also provided protection for some business property and churches.

At first, the association insured only the property of the eight founding Defenseless Mennonite churches in Illinois, Indiana, and Ohio. As early as 1919, however, other Mennonite-related groups were invited to join the association.

After the unexpected death of co-founder Aaron Souder in 1919, Neuenschwander emerged as the primary leader of the association. The board appointed him the association’s secretary and manager in 1922. Witmer was appointed treasurer. The part-time appointments formalized Brotherhood Mutual’s first generation operating structure.

**Great Change Marks the 1930s**

Business grew substantially during the 1930s, due largely to a significant increase in the number of new Mennonite groups joining the association. The organization also began to look less like a benevolent association and more like a traditional mutual insurance company, thus drawing the attention of state agencies.

*In 1948, the Conference of the Defenseless Mennonite Church of North America changed its name to the Evangelical Mennonite Church. In 2003, the Evangelical Mennonite Church changed its name to the Fellowship of Evangelical Churches.*
“Neuenschwander repeatedly told customers that they were not only protecting their property, but also participating in acts of Christian charity to unfortunate fellow believers.”

When Illinois regulators questioned the reserve status of the association, company officials began the process of incorporation. The company received its Indiana insurance license on November 17, 1935. Company executives also arranged to meet the licensing requirements in Illinois and Ohio, the two other states in which the company operated.

By 1939, Brotherhood Mutual needed more space for home office operations, prompting the board to move the company’s headquarters from rural Grabill to the nearby city of Fort Wayne, where it remains today.

Company Seeks Non-Mennonite Groups

In 1940, the Church of the Nazarene became the first non-Mennonite denomination to affiliate with Brotherhood Mutual. The company’s affiliation with other groups was not merely a business decision. It also was a reflection of the growing sense of evangelical unity that both Defenseless Mennonites and company leaders were experiencing.

The board’s 1944 decision to change the company name simply to “Brotherhood Mutual Insurance Company” reflected this new thinking and formally signaled the independent status of the company.

Throughout the 1940s and early 1950s, Brotherhood Mutual wrote only fire and wind insurance. Gradually, as new technologies emerged, the company expanded its coverage to meet the changing needs of customers, especially residential policyholders. In 1953, the company received its first financial rating—an “A (excellent)”—from the A. M. Best Company, an independent insurance analyst.

Management Passes From the Founding Generation

Maurice “Bill” Klopfenstein, hired as the company’s second executive-level employee in 1940, became the company’s executive secretary in 1959 when co-founder Albert Neuenschwander died.

As the management baton passed from the founding generation, Brotherhood Mutual was licensed to do business in seven states. The company had an agency force of nearly 200 independent agents and had just broken ground for a new home office to accommodate its growing business.

Chapel services began at Brotherhood Mutual in 1942 at the suggestion of an employee. Since then, individual employees plan the chapel service and arrange for a speaker. The weekly service is offered to any employee who chooses to attend.

90 Years of Brotherhood Mutual History

- 1917 - The Brotherhood Aid Association formed in Grabill, Indiana.
- 1918 - The association reports $943.93 in income, $488.31 in assets, and 188 policies in force.
- 1919 - Rev. Aaron Souder, association co-founder, dies.
- 1922 - Co-founder Albert Neuenschwander named secretary and manager, Amos Witmer, treasurer.
- 1935 - Company incorporates in the State of Indiana.
- 1939 - Brotherhood Mutual moves its headquarters from rural Grabill to nearby Fort Wayne.
- 1917 - American Friends Service Committee formed.
- 1918 - Karl Barth’s commentary on Paul’s letter to the Romans published.
- 1925 - Scopes trial conducted in Dayton, Tennessee.
- 1935 - Billy Sunday dies.
Palm Sunday Tornadoes
Stress Company Reserves

Klopfenstein’s biggest challenge during his 12 years at the company’s helm was managing the aftermath of the 1965 Palm Sunday tornadoes. Besides causing a number of deaths, the storms also destroyed many Indiana homes, businesses, and churches insured by the company.

Brotherhood Mutual sustained more than $1 million in losses from customer claims at a time when the company’s total reserves were only slightly more than the claim losses. Although their decision hampered the company’s recovery, Klopfenstein and other board members resolved to pay each loss as promptly as possible and impose no rate increase.

During his tenure, Klopfenstein initiated a number of changes that helped standardize the company’s operating procedures. Brotherhood Mutual surpassed the $1 million mark in annual premium and the company entered 10 new states, more than at any other time in the company’s history.

Brotherhood Mutual Becomes More Competitive

When Paul Steiner became the company’s third chief executive upon Klopfenstein’s retirement in 1971, Brotherhood Mutual was still feeling the effects of the Palm Sunday storms. Steiner, the company’s former claims director and treasurer, initiated five-year goals for profitability and company growth and implemented a management by objectives business strategy.

As a result, Brotherhood Mutual became more competitive. Throughout the 1970s and 1980s, the company developed more specialized products for churches and began greatly broadening the scope of its coverage. Brotherhood Mutual introduced the Partnership Group Program in 1976, through which denominational groups receive a cash dividend if their group’s annual loss experience is better than the company’s average losses at year-end.

Education, Incentive Programs Introduced

Beginning early in Steiner’s tenure, the company encouraged employees to become active in professional organizations and to pursue insurance studies. The company enhanced its relationships with agents, adding incentive programs in 1977 and organizing an Agents’ Advisory Council in 1982 to channel agent input and direction to the company’s managers.

Brotherhood Mutual’s move to a new corporate headquarters in 1980 again made room for continually expanding business.
Many operational procedures went online in the 1980s as the company installed computers and other new business processing systems.

When Steiner retired as president in 1994, the company’s premium income had risen to $63 million and reserves were at the $27 million mark. Brotherhood Mutual was licensed in 24 states, business was growing, and the company was in the midst of an expansion to its corporate offices.

James Blum, senior vice president–operations and treasurer, became Brotherhood Mutual’s fourth chief executive in January 1995.

Under Blum’s leadership, Brotherhood Mutual secured a solid financial position as a primary insurer of churches. Premium income reached company highs in 1995, 1996, and 1997. It bettered the industry’s overall results in 1998 and 1999, and...
topped the $100 million mark in 2000. At the conclusion of 2006, premium income exceeded $193 million.

Company assets crossed the $100 million line in 1997, reaching $293 million by the end of 2006. The Policyholders’ Security Fund—the company’s reserves—exceeded $100 million for the first time in June 2005 and stood at $119 million at the end of 2006.

Market Focus Changes
In 1999, Brotherhood Mutual introduced a new logo, embarked on a new corporate identity program, and introduced Passport to Ministry®, an international travel protection program for both short- and long-term mission work.

Brotherhood Mutual withdrew from the personal lines of the property casualty business in 2005 to focus entirely on the church and related ministries market. The following year, the company enhanced both MinistryFirst®, the company’s main church policy, and Passport to Ministry, making them more flexible and easier to customize.

In January 2006, the company launched a corporate mission program called Brotherhood Works. The program reinforces the company’s brand values and is intended to give something back for the blessings God has given Brotherhood Mutual since its founding. Brotherhood Works is a voluntary partnership of agency and company employees who are willing to donate talents and resources to selected foreign or domestic mission projects.

Regardless of any success Brotherhood Mutual may experience in the years ahead, our prayer is that we continue to honor the legacy of our founders and the Spirit of our God by the character of our business.

Eli Hoffman House, first offices owned by the company.
Leadership 1917–2007
Management style characterized by a spirit of Christian service.

Aaron Souder—Co-Founder, Administrator, 1917–1919
A teacher, musician, and minister, the Rev. Aaron Souder pastored the Defenseless Mennonite Church in Grabill, Indiana. Souder’s sermon at the denomination’s 1916 conference, based on the Galatians 6:2 text “Bear ye one another’s burdens, and thus fulfill the law of Christ,” was instrumental in convincing denominational leaders to accept the idea of property insurance. At the 1917 annual conference, when the Brotherhood Aid Association was formed, Souder was selected as one of the association’s three administrators. He died unexpectedly in 1919.

Albert Neuenschwander—Co-Founder, Administrator, 1917-1922; Executive Secretary, 1922-1959
A capable leader and committed Christian, Albert Neuenschwander played the most visible role in bringing Brotherhood Mutual through the early years of the company’s history. His leadership helped establish the character and values of the company. During his tenure, the company grew beyond its denominational roots to include non-Mennonite customer groups. He was instrumental in bringing Brotherhood Mutual from a small aid association to a viable insurance company. He remained involved with Brotherhood Mutual nearly to the time of his death in 1959.

Maurice L. “Bill” Klopfenstein—Executive Secretary, 1959-1966; President, 1966-1971
The Rev. Bill Klopfenstein joined Brotherhood Mutual in 1940 on one condition: a call from someone needing spiritual help took precedence over company business. He was an extrovert with a gregarious personality and pastor of the first Defenseless Mennonite congregation in Fort Wayne. Klopfenstein will be best remembered for helping the company survive the worst financial crisis in its history: the Palm Sunday tornadoes of 1965. He retired in 1971 and remained active in a number of Christian organizations until his death in 1986.

Paul Steiner worked at three family businesses in Bluffton, Ohio, before coming to Brotherhood Mutual in 1964. Soon afterward, as head of the newly formed claims department, he was handling claims from the 1965 Palm Sunday tornadoes that nearly exhausted the company’s financial reserves. The company was still recovering from the storms when Steiner became president in 1971. The new management systems and five-year plans for profitability and growth that he initiated helped increase policyholder surplus twenty-fold from the 1970s to the 1990s. During his tenure, Brotherhood Mutual also recruited large independent agencies with the experience and resources to specialize in church insurance. Steiner retired as president in 1994 and as chairman in 2000. He remains an honorary director.

James A. Blum—President, 1995–Present; Chairman, 2000–Present
Jim Blum joined the company in 1967 as a statistician in the accounting department. He held several executive positions before being named senior vice president of operations and treasurer in 1990 and president in 1995. During his tenure, Brotherhood Mutual has grown to a national company, recognized as a profit leader among property and casualty insurers. Blum’s commitment to long-range planning has helped strengthen the company and solidify its position as a primary insurer of churches and related ministries. Blum will be remembered for strategically guiding the company through a variety of regulatory and marketplace challenges, while maintaining Brotherhood Mutual’s commitment to the values of the company’s founders. He will retire as president in April 2007, but continue serving as chairman of the board.
FUTURE BASED ON FOUNDERS’ LEGACY

As Brotherhood Mutual celebrates the company’s 90th anniversary, it does so from a position of financial and market strength. National Underwriter magazine ranks Brotherhood Mutual as one of the Top 50 most profitable property casualty insurers in the nation. The company now insures more than 30,000 churches and related ministries and offers MinistryFirst coverages in 29 states and the District of Columbia.

Brotherhood Mutual has progressed a long way from those first years in the Grabill Post Office building. The intentions of the company’s founders live on in an organization that still cares about protecting its customers from the damages caused by fires and storms—and much more.

Regardless of any success Brotherhood Mutual may experience in the years ahead, our prayer is that we continue to honor the legacy of our founders and the Spirit of our God by the character of our business.

A commitment to meeting the needs of others with compassion is the call of every ministry. It’s the passion that drives everything you do, and we understand why, because it’s a passion we share. For us, protecting your ministry is more than a job—it’s a commitment.

Ministry is your passion...

...We understand why.