Adjusters of the San Francisco conflagration. July 1906. City Hall ruins. Destroyed by earthquake April 18th, 5:15 AM 1906. [Negative damaged.]

Room Five: Reconstructing a New City

Insurance Claims

The reconstruction of San Francisco involved huge infusions of capital. Government at this time was not expected to supply relief funds; instead, citizens expected eastern capitalists and insurance companies to handle investments and compensation for losses.

In the months following the earthquake and fire, nearly 300 to 400 insurance adjusters, representing nearly 100 companies, came to San Francisco and processed nearly 100,000 payment requests. An additional 125 firms wrote insurance on San Francisco buildings from outside the state. Although the earthquake had been the catalyst of the catastrophe, most insurance companies did not pay claims based on earthquake damage, reserving compensation for dynamite and fire damage.

Perhaps trying to avoid any problems securing insurance claims, the San Francisco Real Estate Board declared six days after the earthquake that there had not been an earthquake, resolving to speak of the disaster only as the "Great Fire." According to some, the suppression of discussion about the earthquake was a concerted effort to protect business interests who might lose investors or scare away insurance companies if it was acknowledged that an earthquake, something that was unpredictable and uncontrollable, and not a fire, a phenomenon that could be controlled and prevented, had destroyed the businesses.

In all, about $220 to $250 million was paid to property owners whose property had previously been valued at around $315 to $350 million. In comparison, the federal government, at the behest of Secretary of War William Howard Taft, offered only $500,000 in the immediate aftermath of the disaster.

Although insurance compensation fell short of the property value, the speed with which insurance settlements were settled enabled San Franciscans, and not outside interests, to maintain control of property that would have had to otherwise be sold at a loss. Of all the insurance firms that participated in funding San Francisco's cleanup, only 12 firms went bankrupt or fled California in order to avoid paying claims.

The huge number of insurance adjusters required to settle claims in San Francisco is evidenced in this picture, taken two months after the earthquake, in which roughly 120 adjusters pose in front of the City Hall ruins.