NOTES ON THE HISTORY OF INSURANCE

James Hazen Hyde and the Equitable Life Assurance Society

In 1859, Henry Hyde started the Equitable Life Assurance Society. As the 19th century ended, this was one of the largest insurance companies in the United States. Henry Hyde died in 1899, leaving his company to his son, James Hazen Hyde, with the proviso that the company would be run by a trustee until the son turned 30.

He was put in a position of authority without a great understanding as to exactly what he was doing. The insurance industry at this time was under-regulated, and it generated enormous money. The companies generated enormous reserves, and the management of these reserves was not always scrupulous.

James Hazen Hyde stacked the board of directors with his cronies. He was an incurable Francophile, and loved all things French. His most extravagant expense was a French-themed party at the Sherry Hotel in New York on January 31, 1905. Guests attended in Louis XIV attire. The cost of this event was estimated to be $200,000, in 1905 dollars. This lavish event went through the night, with several meals. The interior of the hotel was decorated with live trees so as to resemble a French orchard.

The scandalous behavior of the insurance industry caught public attention because of this outrageous party. Soon afterward, the state of New York convened the Armstrong Commission to investigate industry behavior. This resulted in a number of very useful reforms.

James Hazen Hyde was bought out, and he retired to France. It has been noted that he was very proud of his dessert recipe, poached peach à la James Hazen Hyde.
