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BALTIMORE



edited by
Ken Iglehart



David Hawxhurst

MacColl: Won't you be my neighbor?

better to be bought out

The gradual demotion of Baltimore from city of corporate headquarters to branch-office town has been a sore point for locals, so the acquisition last year of Mt. Washington-based insurance giant USF&G by The St. Paul Companies of Minnesota was, at the time, one more slight to the city's pride.

But the doctors, lawyers, and Indian chiefs who inhabit the historic, nearly suburban neighborhood are starting to think they're better off with the Minnesota folks.

USF&G, which moved its headquarters from downtown to Mt. Washington in 1995, had, until recently, a long history of community involvement. But in the early '90s, the company fell on hard financial times, and boardroom priorities changed. Maintaining good community relations lost its urgency. Under the regime of hard-nosed USF&G CEO and turnaround artist Norman Blake, ties with the neighbors and the lawyer-laden Mt. Washington Improvement Association frayed over construction plans, traffic patterns, and other issues. Things worsened when the company

decided not to continue renting the century-old Provincial House to a clutch of Sisters from the Shrine of the Sacred Heart, the former owners of the company's Mt. Washington campus.

Then came the acquisition in February 1998. But though Baltimore was losing another headquarters, many residents weren't crestfallen: After all, how could the new company be more ungodly than the evictors of an ancient order of nuns? (The church has since settled them in other quarters). Word soon spread, in fact, that "The St. Paul," as it calls itself, was eager to establish itself as a good neighbor, recalls Jim Jacobs, a current member and past president of the Mt. Washington association. "The St. Paul was known in the Minneapolis area as being a very positive, very strong, community-interested partner," says Jacobs.

A year after its acquisition of USF&G, The St. Paul announced the gift of the Provincial House to the Baltimore Clayworks, a nonprofit artist-sponsored community organization. The deed had the desired healing effect: Jacobs calls it "a landmark event that has helped to resolve an issue that had been festering in the community."

For its part, The St. Paul Companies saw the opportunity to ensure that its second largest base of operations would coexist happily with its neighbors (it employs 1,700 in the Baltimore area, and 3,000 at its St. Paul headquarters). "The relationship between USF&G and the community had been stressed," acknowledges John MacColl, The St. Paul's executive vice president and general counsel for Baltimore operations and a former USF&G executive.

Though known for its community involvement—its annual giving totals \$14 million nationwide—MacColl says The St. Paul Companies' efforts are partly practical: "Strong communities support strong business," he says. Or in the words of company CEO Douglas Leatherdale, "We believe that the health and livability of the communities where we do business is directly linked to our own success."

At the same time, the company is putting its money where its mouth is, acting on a blueprint for charitable giving that includes not only community development, but advancing education, arts and culture, and the nonprofit-and-voluntary sector. There have been more personal gestures, too, like a recent big community picnic. In all, roughly \$4 million was set aside for Baltimore causes last year, and \$2 million more this year. By comparison, USF&G had budgeted \$1.3 million for the purpose in 1997.

The irony of the story's outcome is not lost on either MacColl, a longtime Baltimore resident, or on Jacobs. "Although the merger did

result in some downsizing of the employee base,” says MacColl, “it resulted in an upsizing of the community support.”

Jacobs attributes the company’s righteous behavior, at least in part, to watching things done the wrong way. “They had the advantage of perspective,” says Jacobs. “The St. Paul recognized what the right thing was to do and went ahead and did it.”

• Michael Billings

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