

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXIII. No. 17

MONTREAL, APRIL 25, 1913.

Single Copy 10c
Annual Subscription \$5.00

Conflagrations.

The layman rarely appreciates the immensity of the risks of fire insurance organisations. Hence the various schemes of "cheap insurance" put forward from time to time, often "cheap" only because they do not allow for the conflagration hazard. Yet the evidence of this hazard here in Canada is ample enough, if people will only take the trouble to look at it. On another page we print a record of the exceptionally large fires which have taken place in the Dominion since 1845. That record of twenty-six conflagrations shows six to have taken place within the last three years, causing in each instance a property loss of from \$800,000 to \$3,000,000.

Fire companies operating in Canada have from time to time in the past been badly hit by conflagrations. The twenty-six which figure in our record represent a property loss of approximately \$75,000,000. What proportion of that loss has come out of the pockets of the insurance companies it is not possible to say, but clearly the proportion must be a substantial one. In 1877, the year of the St. John, N.B., fire, the companies licensed by the Dominion Government paid out in losses a sum equal to 225.58 per cent. of the premiums they received. In 1904, when the wholesale warehouse district at Toronto was swept away, they paid out in losses 107.06 per cent. of the premiums received; in 1900, the year of the Hull-Ottawa disaster, the figures were 93.31 per cent. Such another disaster as these may occur to-day or to-morrow. There is no guarantee, no certainty, that it will not. From day to day, the fire underwriter never knows when he may receive a smashing blow which it will take several years of good business to recover from. In some respects the task of the fire underwriter of these days is no easier than was that of his predecessor, in spite of the immense advances which have been made in the twin sciences of fire prevention and fire fighting. For co-incidentally with the advance of those sciences there has been an immense concentration of values, while every advance in material civilization, every further utilisation of the forces of nature, almost every new manufacturing process, has brought in

its train new fire risks. So that even some of those actively engaged in the campaign against the fire waste are sometimes inclined to doubt whether owing to this concentration of values and the rise of new risks, any progress at all is being made in the suppression of the fire waste, or is even likely to be made for some time. In the ultimate analysis, to-day, as always, constant vigilance is the only safeguard of the fire underwriter.

These conflagration figures contain a warning to young and ambitious fire companies. Those companies can neglect the conflagration hazard only at their peril. Only the oldest and wealthiest companies can stand without wincing a blow like Frisco or Baltimore or Toronto. The young companies will be well advised to go softly in their youth if they wish to attain in due course to that position of wealth and influence, which is now held by organisations whose beginnings half a century or a century since were in many respects not unlike the beginnings of some of to-day's youngsters. "Any young fire company which is making large additions to its income," observed an English authority recently, "must be taking hazardous risks." The way of hazardous risks is easy and broad, but it ends in destruction.

There is a lesson too in these conflagration figures for the community as a whole. It is a "penny wise and pound foolish" policy that so harasses fire companies that they are unable to keep themselves in thorough trim for the inevitable conflagration. As fire insurance is essential to the continued welfare of the modern community, so are strong fire companies, charging adequate premiums, a benefit to it. The best way for the community to ensure that fire premiums which are adequate do not become excessive is by keeping down the fire loss, and minimizing the possibilities of it. A city whose building bye-laws were adequate and efficiently administered, whose water supply was above reproach, where there was a skilful fire department taking its due share in preventive work, and whose citizens individually were wide-awake enough to secure themselves on modern lines against the risk of fires, would not find very much to grumble about in regard to fire insurance rates.