SELF INSURANCE FADS.

Self-insurance schemes are promoted only by those who do not appreciate what are the essential characteristics of the fire hazard. The essence of the fire hazard is its uncertainty; the essential of sound fire insurance is constant and certain protection against that hazard. Fire insurance protection with any uncertainty about it is worse than no insurance at all.

Yet practically all the self-insurance schemes which are put forward on behalf of municipalities and others from time to time depend, even theoretically, for their success upon immunity from heavy losses during a certain period of time in order that an adequate reserve fund may be built up. In practice, what has happened time and time again in cases where schemes of this kind have been tried—most notably lately in the State of Wisconsin—a conflagration comes along—quite unexpectedly as is the wont of such events—and sends the fund into bankruptcy. Self-insurance, on the basis of practical experience, can be definitely pronounced as insurance which does not insure.

A scheme for municipal self-insurance put forward in the Maritime Provinces a short time ago involved the appointment of a commission, doubtless elected by such municipalities as joined together for the purpose. This commission, it was suggested, would be obliged to insure all public property covered against a maximum loss of say $100,000, the premium to be paid out of the total premiums pooled. The balance of the premiums would be invested, say for ten years, by which time it was estimated the amount of the investment would reach $100,000, "if there are no losses." Under this arrangement any fire loss up to $100,000 would be paid by the insurance companies, and losses of over $100,000 paid out of the invested funds.

Thus on the confession of the advocates of this scheme, there would be ten years' uncertainty as to whether or not the invested fund would be large enough to meet possible losses by some of the larger municipalities which, it was contemplated, would join together with smaller municipalities in the operation of the scheme. If all did not go well, and there was a very heavy loss in, say, the second year of the scheme's operation, the fund might get such a blow as would take it years to recover from—if it recovered at all. It would be the merest gambling chance as to whether the ten years of freedom from heavy losses which are required for the success of the scheme, would ever be experienced.

How different is the position of one who covers his risk against fire in the normal and only sound way. A fire insurance premium paid to a reputable insurance company means that there is constant and certain protection against the fire hazard for every moment of the period covered by the premium. Whatever the extent of a loss incurred, it will be paid. This is safe insurance. Self-insurance is not safe insurance.

LONDON LIFE INSURANCE COMPANY.

The London Life Insurance Company reports for 1914 the largest gain in new business in its history—a fact which in view of the circumstances of the year argues the pushing along of the business on very energetic lines. The gain over 1913 was $1,801,879, the total volume of the year's new business being $10,630,069. Within the last five years, it is interesting to note, both the annual new business of this Company and its insurance in force have been more than doubled, and other items in its statement show proportionate development. The following are the leading figures of the Company in the two years, 1913 and 1914:—

	1914	1913
New business	$10,630,069	$ 8,828,189
Insurance in force	30,849,327	27,118,375
Assets	5,294,263	4,645,695
Premium and Interest Income	1,464,819	1,295,841
Payments to policyholders	370,398	321,251
Reserve	4,807,888	4,226,152
Surplus on policyholders' account	255,586	226,111

While the lapse ratio is naturally heavier than in previous years, owing to the special conditions existing, business in force at the end of the year amounted to $30,849,327, a gain of $3,730,952, practically equal to that made in the best previous year. Two features of the London Life which differentiate it from the majority of Canadian life companies are that a considerable proportion of its business is industrial, and the bulk of it endowment. Not only did endowment policies continue to form last year the larger proportion of the business transacted, but of the total business in force at the end of 1914, 86 per cent. consisted of endowment insurance. The mortality experience, while not quite so good as that of 1913, was yet exceedingly favorable, being, in the ordinary department, only 41 per cent. of the expectation.

Premium and interest income for 1914 totalled $1,464,819, an increase of some $170,000 over 1913. It is noted in a special report of the executive committee on the investments that all interest in respect of debentures held by the Company has been paid and that of the interest in respect of other investmests which fall due during 1914, over 92 p.c. was paid within the year. This is satisfactory, especially in view of the fact that the Company again reports an increase in its rate of interest earnings which now reaches 7 per cent. Payments to policyholders were $370,398, an increase of about $50,000 on 1913. In this connection, the Company is preparing for an unusual strain this year, a considerable number of the policyholders having enlisted for active service. In consequence, it has been deemed advisable to leave the scale of profits unchanged during 1915. Otherwise, it is stated, conditions would warrant an increase.

Seventy-seven per cent. of the Company's business is now valued on a 3 per cent. basis, the reserve having been increased last year by nearly $600,000 to $4,807,888. Surplus on policyholders' account is $255,586, an increase for the year of nearly $30,000. On the Government standard the surplus is $676,148.

Mr. John G. Richter, F.A.S., the London Life's well-known manager and secretary, may be congratulated upon the results shown in the record of his Company's business year.