

THE SURVIVAL OF THE FITTEST.

Notwithstanding the extremely hazardous character of fire insurance business, the extended commerce of the country demands and warrants the accumulation of large assets, secured by ample reserves, for its safe conduct and upon which the business of the land can securely rest; and without which the growth of commerce and trade would be practically impossible under the oft recurrence of disasters of fire and flood. The past decade has witnessed an unprecedented growth of business throughout the country. Commerce is no longer confined to prescribed limits; the vast continent has now become as one vast beehive of industry demanding increased fire insurance facilities in the way of large available assets.

It has been customary with the officers of the small companies that have retired from the struggle, to attribute the cause of such retirement to the strong competition of foreign branches, which they claim are swallowing up the business of the country and forcing the smaller fire companies to the wall. This is scarcely level-headed judgment. While it is doubtless quite true that strong competition had largely to do those companies so withdrawn, the foreign branches were not the sole competitors. It was but the natural result of the business situation. Thousands could not successfully compete with millions, whether of home or foreign capital, and where millions could transact business generally at from three to four per cent. less ratio of management expenses than simple thousands, there can be no question of the final outcome. The competition becomes one of simple loss-bearing ability of the several competitors and this will be decided by the plethora of the respective purses. The outcome is but a question of time, and can result in one way only, the discomfort of the weaker who must go to the wall. The mere savings of three per cent. of the management expenses of the millionaire, home or foreign, over the thousand, alone decides the question, as capitals of \$200,000 cannot, as a rule successfully compete with millions.

It is in the concentration of capital and breadth of operation which enables the large offices—home or foreign—to prosper where companies operating upon a narrower base, as to means and value of business, makes a failure. Competition, if there be any, is rather between the advantages of large and the disadvantages of small capitals; and not, correctly speaking, between the opposing classes of offices. Aggregate capital is ever the magnet which attracts business of the best quality, so that large capitals produce profits in localities where small capitals yield only losses, because, simply on account of their abundant assets, confidence is engendered and they gather the cream of the business; and not, because they have competed for it by cutting prices.

Breadth of territory, as well as volume of business, are essentials in fire insurance. A widely diffused business, spread over a large section of country, tends to simplify the law of average, and the percentage of loss ratios to premium income is, thereby also much reduced; while, on the other hand, small offices are compelled to seek for business largely through the intermediary broker, in cities, at high rates of commissions, upon inferior classes of risks, at correspondingly low rates, to secure even this doubtful, because inferior, class of business.

That offices with but small capitals, and only

corresponding ratios of liabilities, are just as financially sound, and both able and willing to meet their loss claims promptly and honestly, as the millionaires can or may be, is not questioned. A merchant with a capital of \$50,000, duly invested and doing a fairly profitable business, is just as sound financially, as his millionaire neighbour doing a business of millions in lieu of thousands, at equally fair profit. But, it is just here that comparison ceases. The profits realized from the millions of capital and the millions of sales must largely exceed those of mere thousands, and the ratio of cost of management of the two capitals must differ largely in favour of the millions. But the status of things changes at once, and essentially, the moment the thousands attempt to enter into undue competition with the millions.

Such, in brief, has been the condition of fire insurance companies in this country for years past. Companies with their simple thousands have entered the field and pitted themselves against the millions with all of the attending circumstances surrounding each of them. The thousands have been driven out of the field and others evidently will be, unless the status of the business shall materially change for the better. While, in the meantime, of the millionaires, not one has been compelled to withdraw, and most of them, despite the heavy losses of the past trying years, have added more or less to their already large surpluses.

With the rapid increase of mercantile and real property and the equally rapid extension of territory occupied, the call for fire insurance indemnity becomes more imperative, and there must be provided the needful amount of insurance capital to keep pace with this growing demand. The larger offices write freely, that is, in large lines, and can do so safely, because abundantly backed-up by their several home offices, which, for the most part, always maintain heavy reserves on hand ready for contingencies at home or abroad. Hence, they get, voluntarily, from their insured the better class of business and the best current rates obtainable by any other companies, and this at the least outgo for management expenses.

In fine, the age is one of progress in all commercial affairs, and fire insurance, among others, must have the means at hand to enable the companies to keep abreast with the times, and this they can do only by large assets.

ONTARIO WORKMEN'S COMPENSATION.

The annual statement of the Ontario Workmen's Compensation Board for 1917 shows that the total amount of compensation awarded during the year was \$3,917,085 an increase of no less than \$1,905,617 over 1916.

The number of employers who contributed to the assessments are given as 14,000 on payrolls representing \$256,580,000.

The total number of accidents reported was 36,514, as compared with 26,092 reported during 1916.

The Spectator of New York celebrated the fiftieth anniversary of its establishment last month by issuing a notable golden jubilee number. In addition to a large number of articles by prominent underwriters it contains a handsome volume of advertising.