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ASPECTS OF SELF-INSURANCE.

An English insurance journal, dealing recently with the question of municipal self-insurance which has the habit of bobbing-up on the other side of the Atlantic with the same regularity that it bobs-up here, very wisely remarked that while the advocates of municipal insurance schemes apparently remember the fact that some English towns rarely call upon the fire companies for losses they seem to forget the other fact that other towns have produced very heavy losses at times. The same phenomenon is visible here; judging from some of the arguments which are put forward by self-insurance advocates in the Dominion it might be supposed either that public buildings had never given very heavy fire losses or that conditions here have so vastly improved in recent years that for the future the conflagration hazard in regard to these buildings may be safely ignored!

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A recent English writer on this subject says: "Under self-insurance the possibility has to be admitted of the losses within a given municipal area being so severe or so frequent as practically to destroy all hope of the two sides of the account ever balancing and it cannot be denied that even the improved means of fire prevention which the last few years have produced at times appear absurdly futile." He is referring particularly to conditions in England, where the 1913 loss ratio per capita by fire in the fourteen largest cities was \$0.33. In the six largest cities of Canada during the same year the per capita fire loss was \$2.46. That is to say, on the known facts of the fire loss here, those who undertake self-insurance schemes in Canada can only do so under conditions which are infinitely less favorable to ultimate success than they are in England where the per capita fire loss in the cities is practically one-eighth of what it is here. Have the Canadian cities sufficient resources to justify them running that tremendous risk? Can they afford to run the risk of a loss of such proportions that their credit with lenders might be prejudiced as a result of it, not so much as a direct

result of the financial loss, but through the indications given the lenders that city affairs were being conducted in a hazardous and imprudent manner.

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The simple fact is that those who in Canada advocate self-insurance schemes for cities and towns undertake a grave responsibility, the extent of which, it is evident from their words and actions, they do not sufficiently appreciate. Their gravest error is their ignoring of the conflagration hazard. This error in fact is fundamental, for if the extent of the conflagration hazard in this country be properly taken into consideration, it is at once evident that the risk run by municipal self-insurance is such that no city administration can possibly be justified in running it. Self-insurance by municipalities under the circumstances of the present-day Canadian fire loss and conflagration hazard simply means a gamble with the ratepayers' property which those who are morally in the position of trustees of that property have no right to enter upon.

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In recent cases in Canada, the argument of municipal self-insurance has been put forward as a means of saving money in these days when the necessity for a strong policy of economy has been impressed upon our municipalities. It is about as good a means of saving money as going without an overcoat during a severe winter. Adequate and certain protection against financial loss arising from fire is as much a necessity as daily bread; and municipalities who wish to practise a true economy at the present time will try some other means of saving money than by leaving the municipal properties uninsured—which is what municipal self-insurance schemes mostly come to—and running the risk of sooner or later losing heavily through a conflagration. In the larger aspect of the question the adoption of such a policy cannot be viewed in other than the light of a regrettable lapse from the principles of sound economy, and that at a time when there is particularly impressed the obvious national duty of the conservation of all our wealth and resources by every possible means.