

## VALUE OF INSURANCE TO BUSINESS WORLD.

That the insurance of property from loss by fire or from the casualties of the sea is one of the chief factors in shaping and conserving commerce throughout the world is a recognized fact among men who observe and think. Like the indispensable every-day gifts of nature, however, the very commonness of insurance tends to obscure our view of its importance. It is only when the exceptional happens, like the great San Francisco fire, or lesser conflagrations such as those of Hull, Toronto or St. John's that men open their eyes to the commercial value of insurance. Then they see that a hundred or a thousand or ten thousand business men are saved by insurance capital from utter ruin, which in its turn would mean ruin wholly or in part to as many more who are connecting links in the great commercial chain. Insurance capital replaces the broken links, and the machinery of business goes on. A second San Francisco better than the first rises upon the ashes, and we do not need to alter our maps. A big ship and its cargo is swallowed up by the sea, but another speedily takes its place, thanks to insurance capital. Insurance to-day is at the basis of credit, without which business would stagnate at the centres and be paralyzed at the circumference of our commercial system: it promotes manufacture, encourages art, protects the home, and is a potent factor in all material development, scarcely second in importance to our monetary system.

### EQUALISING LOSS BURDENS.

The independence of the individual exists only in Utopia, and necessarily gives place in practice to that inter-dependence which is a universal condition of society. Insurance stands as the exponent of this interdependence, for in its essential features it is an equaliser of the loss burdens of the community. It is a collecting and distributing agency by which each contributor is protected from severe loss through the systematic contribution of all. In order to wield this agency with safety and equity, careful training and wide experience are necessary. Insurance requires not only a thorough knowledge of the principles to be applied, but a knowledge of the actual hazard belonging to various kinds of property, in order that premium contribution may be fitted equitably to the promised indemnity. This involves system and permanence, such as organisation backed by capital alone can secure. The experience of a single year in a given locality is conclusive of nothing as to premium rate or loss probability. Neither is the experience of a single year over a wide field sufficient for equitable and safe treatment of the problem of loss. The gathered experience of many years and over an extended field must be made the basis of all real insurance, which makes certain indemnity possible because it founds its transactions on the law of average. A loss in one locality swallowing up all the premiums received therefrom in twenty or fifty or a hundred years is offset by other localities where the premiums are in excess of the loss.

### THE SELF-INSURANCE FALLACY.

It is passing strange that now and then business men are found who try to ignore the commercial value of insurance as a system almost universal, and who seem entirely ignorant of the fundamental principles which have made the system what it is. Every now and then the citizens of a town bring toward some scheme for local insurance by the civic authorities, and propose to declare their independence of the insurance companies and the rest of the world, oblivious of the fact that a man cannot swallow his own head. That feat would be quite as easy as for a town to make its own property pay for itself after it is burned up. A given town may escape any great fire loss for a dozen years, as many have, before a large conflagration, but the next day or the next week after adopting self-insurance it may face a tremendous loss.

It ought to be sufficient for any business man to remember what a record for loss paying insurance has made when the greatest fires have occurred, and that experience has shown that its great ability has been and is because it covers a continent and gathers from the many the means to indemnify the few. In Canada last year fire risks were assumed by the companies amounting to over three billion dollars and the companies actually paid out to take the place of consumed values a sum of no less than \$15,347,288. If these funds had not been available the results to commerce and industry can be imagined. Yet there are still legislators a-plenty who treat insurance as a public enemy, to be constantly harassed and harmed by fool legislation.

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