

UNDERWRITERS AND FIRE COMMISSIONER.

Down in New York there is a pretty quarrel going on between the insurance companies and the Fire Commissioner. The latter gentleman, zealously desirous of letting the public know something about the fire waste, has invented what he calls an "arson and insurance exhibit," which was opened last week by Mayor Gaynor. The underwriters promptly decided that this "arson and insurance exhibit" was largely what may be called in the vernacular, "a bunco game," and through Willis O. Robb, manager of the New York Fire Insurance Exchange, they have been saying so somewhat forcibly and very effectively. It appears that one of the features of the exhibit is a collection of policies showing \$127,000 in insurance on some two or three hundred dollars worth of furniture—the suggestion made to the public being apparently that the carelessness of the insurance companies in issuing policies without inspection is largely responsible for incendiary fires. The evidence of these particular policies is, however, neatly punctured by Mr. Robb, who, in a letter to the Fire Commissioner, says:—

"The preposterous over-insurance represented by the \$127,500 of policies you recently paid two or three hundred dollars of the city's money for and then hung up as an exhibit, would not have been worth \$50 in the hands of four actual policyholders of criminal instincts residing in the four locations where the several policies resided. The fraud involved in the mere attempt to procure such an amount of insurance on such property vitiates a New York standard policy and no one would dream of trying to collect a loss under such circumstances. The necessity of proving the loss after the fire is not a mere barrier of straw, but a very serious obstacle to any but the most hardened firebug—and him we have always with us, no difference what precautions are taken."

Mr. Robb also deals effectively with the argument put forward regarding lack of inspection of small household policies. Every one of the "exhibit" policies cost just two dollars each. To have made a preliminary inspection and valuation of each risk before issue of the policy would have cost at least \$2.50 additional—and every one of a thousand honest policyholders would have to pay that disproportionate cost in order to take care of a possible half dozen of potential firebugs, whose wrongful collection of insurance money could never be anything but insignificant in comparison. On this matter of inspection, too, the fire companies have found a backer in the Superintendent of Insurance, who has given his opinion that inspection before insurance is not the proper remedy from keeping incendiaries from burning up their property with the object of collecting excess insurance.

"The person who takes out a policy for a thousand dollars or so on property worth fifty dollars," he says, "with the object of burning up his place and collecting the face of the policy, is so infinitesimal an atom in the great insurance world that to penalize all other insurers for the purpose of getting rid of him is a remedy altogether too drastic to merit serious consideration. Why should one hundred thousand insured be punished for the crimes of ten, when these one hundred thousand are in no position to control or protect the acts of the criminal few?"

Altogether, it looks as if the fire companies have had thus far considerably the best of the argument. Whether, however, the plain statement of facts will be sufficient to offset the sensational impressions made by the arson exhibit on the unthinking public may unfortunately be doubted.

**NEW LIFE INSURANCE COMPANIES:
WHAT ARE THEIR PROSPECTS?**

During the last year or two, the life insurance promoter has been very busy in Canada. The great growth of the country; the large increase in population and in the ability of that population to hold considerable amounts of insurance have been an encouragement to the starting of new companies. According to present indications, the tendency is likely to be continued and the years immediately ahead will probably see a large number of new life insurance companies brought into being. What are their prospects?

It is obvious in the first instance that a new company's prospects depend largely upon the manner in which it is organised, not only whether it is organised honestly but whether it is organised with ability and care. A new company whose resources are wasted at the outset of its career in extravagant organization expenses, has no prospects, and is doomed to drag out a miserable existence until a merger or liquidation brings its career to a close, or a drastic re-organisation finally places it on its feet. But assuming that a new company has been honestly and carefully promoted, what then are its prospects in the Canadian field at the present time. They depend mainly upon two things, first, ability of management, secondly, but of equal importance, sufficiency of resources.

In our view, the new life company most likely to make a fairly rapid and enduring success in the Canadian field, is one which has in addition to ability of management, a strong financial backing and large resources—say \$1,000,000 in paid-up capital and a reserve equal to 25 per cent. of its paid-up capital. A new company started on a small scale may possibly make a moderate success in course of time but it will have a hard row to hoe.

It must be remembered that in spite of the superficial attractions of the Canadian field as a theatre of operations for a new insurance company, that there are many circumstances militating against a new company with only moderate means. Competition between the companies already in the field is intense. Many of the companies have very large funds; the resources of some of them are immense and their fame world-wide. The services of qualified agents are in strong demand, and in order to secure their services, new companies must offer especially attractive terms, thus further swelling the expense account, which under all circumstances is inevitably higher in a new company than in an older one. Moreover, a new company is not able to present to the prospective policyholder, solid advantages which many of the well-established undertakings can freely offer, nor can it point back to a record of service accomplished. While these disadvantages are to some extent compensated for, from the new company's point of view, by the profound ignorance of the average prospect regarding both insurance and the insurance companies, yet their lack means the loss of valuable "talking-points." A sectional appeal may probably be made in different parts of Canada by a small new company with some success, and this would seem to be the most effective line for a company of the kind to take. But whether this sectional appeal will be strong enough to offset the adverse factors to be encountered, can only be learned by ex-