

## INQUIRY INTO FIRE RATES

## Companies Will Welcome It If Made by Capable and Impartial Investigators

That the fire insurance companies would welcome the appointment of a commission of inquiry, if its members would approach the subject with an open mind and make a thorough investigation, is the statement to *The Monetary Times* of Mr. J. E. E. Dickson, Canadian manager of the Law Union and Rock Insurance Company. Referring to the proposed appointment by the Ontario government of a commission to inquire into fire insurance rates, etc., he continued: "Such an investigation, if made by fair-minded, capable and impartial men, should go a long way to remove the prejudice that now appears to exist against fire insurance companies. They would, however, find the question to be more difficult than anyone without experience in fire insurance would be likely to imagine. Doubtless there are people without experience who think they could make satisfactory insurance rates, and who would particularly like to make the rates on their own property, and who would be quite unconcerned if at the end of the year the losses and expenses had exceeded the premiums.

## Making of Rates.

"The making of fire insurance rates requires expert knowledge. Does anyone outside those who have been trained in the business know how to make them? There are many elements to be taken into account; among them the experience of enough companies to give an average upon the various lines, the exposure hazard, defects in construction, fire protection, personal care, the moral hazard, taxation, etc. One important point which the commissioners would be called upon to decide is upon what basis they would determine whether rates were just and reasonable or not. Would the experience of a single province in their opinion be sufficient for that purpose? If in their judgment it would be, would they make each class in the province bear the losses of that class? If so, what would happen in the case of those classes of which there are few examples? Take, for instance, glass works or packing-houses; if one were to burn, would it be just to load the loss on the few remaining establishments in the province, or if a serious conflagration were to occur, should the loss be borne entirely by the province? If fires were narrowed down to provincial limits, what would have happened in New Brunswick after the St. John conflagration of 1877, or in California after the San Francisco conflagration of 1906?

## Rates Being Reduced.

"Unfortunately, there appears to exist in the mind of some public men, who should know better, the idea that rates are made to obtain as high a contribution as possible from the public. A little study of the question will dispel that delusion. Not only are rates steadily being reduced where circumstances warrant it, but from the companies' standpoint such reductions are expedient, because rates which would yield more than a moderate profit would very soon invite more competition.

"I would particularly call attention to the fact that the conditions are not such that the public is obliged to pay whatever rates the Canadian Fire Underwriters' Association may name, as there are a large number of companies not members of the Canadian Fire Underwriters' Association. That the rates charged by board companies are not unreasonable or unfair is shown by the small average profit made by the companies in Canada since 1867, and also by the number of board companies which, in that period, have found the field unprofitable and have withdrawn, as well as by the large number of non-tariff companies which have failed here in the last forty-seven years.

## Fair Competition Prevailing.

"The functions of government should not be employed to favor one business at the expense of another, and government interference to protect the public can only be justified when the public by the exercise of ordinary care is unable to protect itself. The people can have no better guarantee against extortionate charges than fair competition. The government may have the power to prescribe rates at which a fire insurance company should accept risks, and require companies so long as they do business in the province to

charge those rates—no higher and no lower—but I think the province should hesitate long before it exercises such power.

"The government can best help the public by lessening the fire waste. This they can do by passing laws to penalize the individual whose carelessness causes a fire, and make him responsible for any loss which such fire may cause his neighbors. Such laws have been found to be very effective in curtailing the loss ratio in other countries. As three-quarters of all the fires are due to carelessness, such a law here, rigidly enforced, would reduce the loss ratio easily 50 per cent. in three years. Another step in the right direction would be to have fire prevention taught in the schools. Our heavy fire loss is a disgrace, being, in round figures, \$3 per head of our population, or enough to pay the interest on a war loan of \$300,000,000. Surely it is time some drastic action was taken to lift this heavy burden from the people of Canada, but it cannot be done by hampering the insurance companies," concluded Mr. Dickson.

## RECENT FIRES

## The Monetary Times' Weekly Register of Fire Losses and Insurance

- Cobourg, Ont.**—April 21—Mr. J. Tangate's farm buildings. Cause unknown.
- Edmonton, Alta.**—April 18—Room in Rudyk block, Jasper Avenue E. Cause, supposed cigar stub.
- Eramosa Township, Ont.**—April 25—Mr. S. Leslie's barn. Loss, \$2,000. Cause, exploded lantern.
- Fredericton, N.B.**—April 16—Fredericton Steam Laundry, Queen Street. Loss, \$5,000. Insurance, \$3,500 in National of Hartford, Palatine and Providence, Washington, companies, \$1,500 Hartford Company; Smith Foundry Company. Loss, \$2,227. Insurance, \$50,000.
- Hamilton, Ont.**—April 23—Hamilton Asylum. Loss, \$40,000. Cause unknown.
- Kingsville, Ont.**—April 18—Erie Tobacco Company's plant. Loss, \$50,000. Cause unknown. Insurance, Royal, \$4,500; Queen, \$7,500; Liverpool-Manitoba, \$4,500; Guardian, \$4,500; and in Norwich Union, Mercantile, Canada National, British-America, totalling \$39,000.
- Levis, Que.**—April 22—Mr. Bissonette's plumbing shop and Messrs. G. and E. Coutures' warehouse, Cote du Passage. Loss, \$25,000, partially insured. Cause, not stated.
- Niagara Falls, Ont.**—April 18—Mr. A. D. Robb's residence, 397 River Road. Loss, \$2,500. Insured.
- April 21—Mr. Vollick's barn, Park and St. Lawrence Streets. Loss, \$40. Cause, supposed careless smoker.
- Paisley, Ont.**—April 14—Mr. J. Dudgeon's barn, Concession 12 Elderslie. Loss not stated. Cause, lightning.
- Petrolia, Ont.**—April 19—Mr. J. Slapetton's farm buildings, 8th Concession, Enniskillen. Loss and cause not stated.
- Quebec, Que.**—April 18—Mr. L. Lamonthé's residence, Hermine and Durocher Streets, St. Sauveur. Loss, \$1,200.
- St. Catharines, Ont.**—April 25—New York Cafe, Dimitri's shoe shine and Heintzman's piano warerooms. Loss heavy. Cause unknown.
- Sydenham, Ont.**—April 20—Mr. A. Kirkpatrick's residence. Loss and cause not stated.
- Thamesford, Ont.**—April 19—Mr. R. McNally's stables and barn. Loss, \$1,000.
- Winnipeg, Man.**—April 21—Railway cars and equipment, Canadian Northern Railway yards, Fort Rouge. Loss, \$100,000. Cause, acetylene tanks exploded.

## COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended April 21st, 1916:—  
La Rose Mines, 87,830; McKinley-Darragh-Savage Mines, 171,920; Dominion Reduction Company, 239,000; Seneca Superior Mining Company, 93,892; Beaver Consolidated Mines, 77,075; total, 669,717 pounds, or 334.8 tons.  
The total shipments since January 1st, 1916, are now 9,314,445 pounds, or 4,657.2 tons.