

"MALINGERING."

As previously stated, I have in this ignored the possibility of a charge of incendiarism, which is a separate issue. The deterrent of legal danger thus diminished, the inference is that more "enterprising" persons may be attracted, or, as I once heard them referred to by a prominent insurance gentleman, in a lecture on another subject, "impecunious persons not overweighted with honesty." Add to this that a consequential claim is in respect of a suppositional future loss about which nothing can be proved, whereas a fire claim is for actual substance about which reliable facts may be obtained, and it is safe to say that the proportion of detected frauds will be less. So far I have referred only to the more serious possibilities of premeditated fires, but there is another aspect of moral hazard which resembles the malingering so frequently met with in workmen's compensation insurances. A *bona fide* fire has occurred, causing consequential loss. In arranging the first monthly settlement the insured realises that the previous figures with which he has to compare are very good and that it would pay him to have his profits brought up to last year's standard, as he is not doing so well just now. The temptation must be very strong to delay the completion of the reinstatements as long as possible. He can partially run his works, probably enough to satisfy his immediate needs, but still arrange to have difficulty and delay in obtaining a certain type of machine or anything with similar effect, so long as he preserves the excuse that he is partially interfered with by the results of fire.

COME TO STAY.

Lest it should appear that I take a pessimistic view, may I hasten to give an assurance that, on the contrary, I regard consequential loss insurance as a desirable class of business. My aim is to advocate careful selection of insured and to utilise every safeguard against abuse. Fire policies are issued with great freedom, and of those which are declined a far larger number is on account of material hazards than on moral grounds. Probably one reason is that the margin of unprotected consequential loss has hitherto tended to temper the moral hazard. A similar freedom in consequential loss insurance seems undesirable, but by placing such policies within reach of firms of repute and integrity a legitimate commercial need is catered for. Very few people will dispute that this class of insurance has come to stay. Particularly in incorporated companies it should be the Secretary's duty to the shareholders to obtain protection thereunder, just as he does against fire and workmen's compensation. As to whether the present style of policy will endure is a matter for conjecture, but I think there will be many modifications and extensions.

PERSONAL PARAGRAPHS

Mr. C. W. Scott, inspector Ontario Fire Insurance Company, Vancouver, spent a few days in Montreal this week.

Mr. William Price, of Quebec, vice-president of the Union Bank, has been elected honorary president in succession to the late Hon. John Sharples, and Mr. George H. Thomson, of Quebec, vice-president in succession to Mr. Price.

Mr. Charles Gipps Hamilton has been elected chairman of the Law Union & Rock Insurance Company, in succession to the late Right Hon. Alfred Lyttleton.

Mr. T. D. Richardson, superintendent for Canada, New York Underwriters Agency, passed through Montreal this week *en route* to Quebec and the Maritime Provinces to visit his agencies. Mr. Richardson informs us that the business under his direction has been very satisfactory this year so far, both as regards losses and income. The business in Canada of the New York Underwriters, under Mr. Richardson's management for the past nine years shows a good record.

INSURANCE NOTES & NEWS

Extract from a Montreal fire chief's report:—"There was a gas leak between floors and tenant went with candle to look for same, which he found."

A decision by the Rhode Island department not to license a proposed insurance agency to be located in a department store unless it is perfectly clear that the store is to derive no benefit therefrom is exciting favorable comment among American insurance men.

Fire insurance companies which had suspended the writing of insurance in Missouri since April 30, resumed on Tuesday. The *prima facie* section of the law, to which the companies especially objected is declared in writing by Attorney General Barker to be illegal and void. Steps are to be taken looking towards "good, progressive and beneficial legislation."

Things one would rather have expressed differently: The following notice was issued by two storekeepers in New England whose store was recently burned:

CARD OF THANKS.
We extend our most heartfelt thanks to our friends and neighbors over the loss of our entire business and stock from the late fire at Plum Island.
Signed: _____

Down in Texas, there is a Mayor who has sprung into fame because of his demand that the fire companies, having had low fire losses in his town during the last three years, shall pay back an even million to the policyholders in rebates.

This looks like "the limit," but is altogether surpassed by an imaginative flight of Insurance Superintendent Ike Lewis, of Kansas, who declared at the Insurance Commissioners' convention that the fire insurance agency system all over the country is "rotten" and that rates could be reduced 50 per cent. if brains were used in the business! Phew!

A policy of \$1,000,000 in the Equitable Life of New York has just been taken out by the Standard Oil Cloth Company to cover a thousand employees. Each is insured for the amount of one year's salary with a maximum of \$3,000 on any one life. All employees, from the president to the office boy, are covered.