

claims, the claims for losses, expenses and profit? The problem is doubtless an intricate one, involving the calculation of a most extensive variety of risks, under all imaginable conditions, and comprised within a widely extended area. Now, no one company's business embraces all the conditions necessary to be considered in fixing rates. Consequently the underwriters have arranged a system for comparing all their different experiences, and for consulting together in regard to their common interests, and the interests also of policyholders. This system is the *raison d'être*, the motive and the work of the Fire Underwriters' Association. It is not a combine to increase rates, or restrain trade; but otherwise, its object is to *equalize rates*, to establish a common standard based upon the wide and the various experiences of all the fire companies. The effect of the Association's labours is to protect companies, therefore policyholders, from disasters that would result from fixing rates in the dark, and to establish such regulations, and promote such improvements in fire protection as will be conducive to the public welfare. The Fire Underwriters' Association is continually engaged in efforts to reduce fire risks, which efforts lead to reduced rates, when they are effectual. Unfortunately these efforts are not fully appreciated, or such terrible conflagrations as that which occurred at Ottawa in April, 1900, would not have been so disastrous. The rates charged by fire offices must be adequate to pay not only losses incurred but to provide a reserve as fixed by law to meet unexpired risks, and common prudence demands that provision be laid aside to meet the conflagration hazard. If a company cannot meet the requirement of the Insurance Department in the above respect its license will be cancelled.

That rates have not been too high is evidenced by the official returns of the Dominion Government from which the following statistics are taken:

1. The net premiums received in the 33 years from 1869 to 1901 amount to.....	\$166,456,406
2. The net losses paid amount to.....	\$116,184,804
3. The expenses (estimated at 30 p.c.) to	49,936,920
	166,124,724
Leaving premiums in excess of losses and expenses.....	\$334,682
To which add the outstanding premiums at the end of 1901 (partly estimated) amounting to.....	815,000
4. Making the total premiums in excess of losses and expenses.....	\$1,149,682
Against this, however, must be charged the outstanding losses at the end of the year, also, the premium reserve (partly estimated), as follows:	
1. The unearned premium reserve amounting to....	6,645,780
2. The outstanding or unpaid losses amounting to..	501,465
3. Making altogether.....	\$7,147,245
4. Deducting the premiums in excess of losses and expenses, as shown above, viz.....	1,149,682
There remains a deficit on premium income account at the end of 33 years (1901) of.....	\$5,997,463

As we have before remarked, the above figures show but too plainly the unprofitable nature of the Canadian business as a whole, and the action of the companies in increasing rates generally is not to be wondered at, nor is it a matter for wonder that, out of 37 Canadian fire companies established in Canada 22 retired from the field.

The two conflagrations which occurred within a period of three years at Ottawa cost the fire offices \$4,000,000, a sum which would absorb far more than the income of the companies from that district for a whole generation. Is it not then unreasonable, unbusinesslike to attack the companies for raising the rates in a locality where their losses have been so tremendously in excess of their income, and where the hazard is still exceptionally great that heavy losses may again occur?

The business which has led to such vast losses at Hull and Ottawa made those cities what they are; upon those enterprises that suffered by the fires in 1900, a large population depends for a livelihood, and to them Ottawa tradesmen, professional men, and banks owe the chief portion of their business. As they profit so largely by conditions that have proved so disastrous to fire companies, it is only reasonable that the citizens of Ottawa and Hull should bear an equitable share of the cost of fire insurance in their locality. Their objection to do so implies that they desire to have fire insurance provided in *elemosynary terms*, at the expense of persons who have not the slightest share in the profits of the local enterprises.

Is it reasonable for Ottawa to expect that Montreal, Toronto and other places throughout the Dominion will contribute towards meeting the fire losses in any district where fire protection is inadequate to local needs? To a very large extent the blame for extensive fire losses and consequently higher rates must rest upon those who neglect to provide ample fire appliances, such as water-works, proper water-mains, fire brigade equipments and the necessary skill. Consider also the condition of Ottawa from a fire insurance standpoint, with its risk from lumber piles that are a standing menace to the city when regarded in this aspect. Two conflagrations have already occurred there, and unless some more complete measures are taken to reduce the conflagration hazard the citizens of Ottawa may find it difficult to secure any fire insurance, for with such conditions as exist it is difficult to make rates to meet the conflagration hazard in that locality.

We are satisfied that, if so intelligent a body of citizens as are those of Ottawa were to consider the local circumstances and the conditions generally of fire insurance as above stated, they would recognize the necessity, the reasonableness, the justice of the course adopted by the Fire Underwriters' Association.