Monetary Times

Trade Review and Insurance Chronicle of Canada

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ONTARIO FIRE INSURANCE INQUIRY

While there is no public discussion among the fire insurance companies as to the charge of Mr. E. P. Heaton, Ontario's fire marshal, that a combine in fire insurance exists in that province, the companies undoubtedly will present an interesting reply when the government inquiry resumes. Among other things, Mr. Heaton's report states:—

"That the association (Canadian Fire Underwriters) has entered into an agreement with the only insurance map and plan publishers in Canada to restrict the use of maps and plans to members of the association, thus producing an actually practical complete monopoly in favor of the tariff companies.

"That in many instances the association has caused to be cancelled policies of insurance from many large insurers, having Dominion-wide business and branches, notwithstanding the willingness of individual members to accept the same, and that the effect of such action on its part has been to require large insurers to seek unlicensed insurance.

"That the Canadian Fire Underwriters' Association has admittedly failed to make any serious effort to obtain reliable statistics upon which the adequacy of rates might with some degree of confidence be predicted."

The resumption of the inquiry will serve either to prove or disprove these statements. The fire marshal's is an ex parte statement and the arguments of the insurance companies have yet to be heard. Mr. Heaton has painted his picture of an alleged combine in the most glaring colors and the man in the street will conclude that the government and their fire marshal have the artistic temperament well developed. *The Monetary Times* believes that the fire insurance companies will prove amenable to any reasonable suggestions for the regulation of rates. Undoubtedly they have had sufficient experience to know at what rates business on various classes of risks can be done without loss to insurance companies.

EVERY $100 COUNT

A large number of small subscriptions to the war loan will be more appreciated by the government than a small number of large subscriptions. The allotment of the loan to large subscribers will be cut down by the government so that all the small subscribers may have their full share of bonds. That applies to subscriptions sent in this week and next week up to Saturday, September 23rd, when the lists will close.

The small subscriptions to the loan are not coming in fast enough. There are many thousands of people who have from $100 to $1,000 for investment. Their duty is to lend this money to their country. The security of the war bond is excellent, the income yield is high and the bonds are readily saleable at any time, should the holder desire to sell. Back the boys in the trenches and buy a war bond.

FRATERNAL INSURANCE FAILURES

The Ancient Order of United Workmen of Ontario in March applied to the provincial legislature for a special act "to cancel the present beneficiary certificate of every member including all paid-up or option beneficiary certificates," and to issue certificates at a revaluation. *The Monetary Times* then advised that in the case of so drastic a procedure, "every statement made and every step taken should be carefully examined by members of the legislature as well as by independent members of the Order." It was suggested in these columns that the proposal might work great hardship on members of long standing in the Order, if mere theoretical rules were applied in a mere mechanical way. The Ontario legislature, however, acceded to the application of the Order and the readjustment proceeded.

The provincial insurance department has now received a number of complaints from members of the Order. It is stated that the amounts of insurance in a number of cases have been reduced, and in some instances, for example, where men have been members for [illegible] or 35 years, the claim is made that the insurance is of no value to-day.

Professor M. A. McKenzie, the actuary engaged by the Order to plan the readjustment, said, in a recent statement, that the Order had paid $21,000,000 in death claims to members who have paid only $5,000,000 into the fund. "The Order has no other sources of income except its members," he added. "Since 11,000 men who have died have received $21,000,000 in return for assessments amounting to $5,000,000, the shortage must be made up from among the members who have survived. Had all the members, both those who have survived and those who have died, paid adequate rates from the beginning, there would have been no shortage. It is impossible to collect from the dead."

The entire incident again points to the fact that fraternal societies have failed to give their members proper life insurance protection. Their rates have invariably been too low and their insurance schemes have been unsound. The fraternal societies have constantly been in trouble so far as their insurance plans are concerned. Life insurance companies sell their insurance on a proper basis and they therefore give protection. The fraternal insurance rates are not up to the standard for which actuarial science calls. Fraternal insurance, therefore, is not good.