

and that the companies altogether had behind them over \$210,000,000 of assets. This is about three and a-half times the capital of the chartered banks of the Dominion, and a hundred and twenty-four million more than their combined capital and reserve funds. During 1892 the insurance companies paid in Canada for losses about \$5,000,000. Extending our observation to the United States, we find that assets aggregating over \$384,000,000 were pledged for the indemnity called for on more than seventeen thousand millions of risks assumed, and that the large sum of \$75,000,000 was paid to make good losses to property owners. Thus we have \$80,000,000 in cool cash poured into the channels of commerce in Canada and the United States to replace consumed values, without which widespread disaster to business must have taken place. And yet legislators and business men are plenty who would treat insurance as a public enemy instead of a bulwark of commerce and a public benefactor.

#### IMPROVEMENT IN SPECIAL HAZARDS.

It must be patent to any close observer, that there has been a very great improvement as regards fire hazard in factories and mills—or, as they are termed, special hazards—of late years in Canada, and it is equally obvious that this change has been largely, if not entirely, due to the discrimination inaugurated by the companies forming the "Canadian Fire Underwriters' Association." Self-interest is the chief motive power which drives the wheels of progress, and no sooner was the principle of schedule rating established, by which the owners of factories and mills could obtain a reduction in rate for every improvement, than those improvements gradually but surely followed. Both the insurers and insured were benefited by this new system, for not only were the rates lowered in proportion to the improvements made, and the fire waste beyond what is absolutely covered by insurance materially reduced, but the companies derived more satisfactory returns from the improved risks at the cheaper rates than they did formerly for the poor risks at higher rates of premium.

It cannot be denied that this new system of schedule rating was to a great extent forced upon the companies by outside pressure, for they found that having uniform rates according to the simple construction of the buildings, without respect to internal arrangements and provision for fire protection, was having the effect of driving the best class of risks into the manufacturers' mutuals, who took the cream and left only the skim-milk for the stock companies. To the credit, however, of the latter be it said, they quickly grasped the situation, and schedule rating was the offspring of their deliberations. As is well known, the mutuals fix a very high standard before they accept the insurance on a mill or factory, and generally, if not universally, decline any business below that standard; which of course they have a perfect right to do, just as other merchants are at liberty to deal solely in the highest class of goods. But this exclusiveness would not suit the stock companies doing a general business, the multiform interests of whose shareholders and connections had to be

considered. The schedule system was therefore put in force, basis rates being fixed for what are called first class standard risks and extras being added for deficiencies either of construction or in appliances for fire protection. That the seed thus sown has brought forth fruit is not to be gainsaid, for not only have existing risks had many improvements added to them with a corresponding reduction in rate, but many property owners, in building or rebuilding a mill or factory, have sent to the Association for the particulars of a standard risk, and have endeavored as far as possible to comply with the requirements. The inspection of these special hazards has also had a good effect, not merely in keeping a careless insurer up to the mark, but in pointing out to many the means by which they can obtain a reduction in rate.

This good work is going on so rapidly that we believe some, if not many, of the companies are ready to admit that the special hazards are gradually becoming the best part of their business, while the insurers as a rule are beginning to acknowledge the justice of discrimination, and on this latter point a good inspector is undoubtedly of great assistance, since he can point out and illustrate many things which do not occur to the property owner.

While on this subject we cannot help expressing our surprise at a circumstance which has recently come to our knowledge, namely, this: There is a Canadian mutual company which was started a few years ago with the avowed purpose of discriminating between risks and giving the lowest rate that the insured was entitled to, yet we learn that two woolen mills, one of which had the picker outside the building, and had a standpipe and hose upon every flat, was charged the same as the other which had the picker inside the mill and was without the standpipe! The former had absolutely no advantage allowed for the expense incurred in the improvements named, but we understand that the owners of the latter intend shortly to adopt these same improvements in order to obtain the concession from the stock companies, for they very frankly admit the fairness of the discrimination.

#### THE HAMILTON BOARD'S MEMORIAL.

The following, issued by the Hamilton Board of Fire Underwriters, is explicit enough to explain itself:—

TO THE CANADIAN FIRE UNDERWRITERS' ASSOCIATION.

GENTLEMEN,—The Hamilton Board of Fire Underwriters respectfully solicit the very careful consideration of the chief Agents of the various Fire Insurance Companies in Canada to the following memorial:—

1st. That each Head Office will be pleased henceforth to appoint not more than one Agent for the City of Hamilton; and if others be considered necessary, that arrangements may be made with regular representatives of other Companies to act for them as special agents.

2nd. That no Agencies be given to, or commission paid Banks, Loan or Life Companies, their Managers or Office Employees, but that all such business be received and transacted through the regular *bona fide* Agents.

Your Memorialists feel that the appointment by one Company of a number of Agents in one place has the