

trade is good and stocks are readily realisable, there is less temptation to dishonesty, while premiums have necessarily increased to an extraordinary degree with the rise in values. In the absence of an immense conflagration, we do not see how any fire insurance company, decently conducted, could help having a low ratio in a year like 1919. If with a reaction in values, and consequent steadiness or reaction of premium income, the fire companies continue to show a low loss ratio, then the fire prevention folk will have some reason for congratulating themselves that their propaganda is beginning to have an effect upon the national habit of carelessness.

Back of all these theories regarding the over-expensiveness of fire insurance remain two solid facts. The first is that the policyholder obtain full value for his fire premium in the protection which he secures, no matter whether he ever has a fire or not. The second is that under present conditions, the fire insurance companies are not making excessive profits. In the fifty-one years since Confederation, the fire companies doing business in Canada have an average loss ratio of 58.19 per cent.—and it is as low as this merely through the fact of several years' experience, preceding the war having been fairly favourable, and the war rise in premiums referred to above. This loss ratio plus 35 per cent. for expenses, and provision for the overlasting conflagration risks and increase in liabilities does not suggest a very heavy margin of underwriting profit. In the United States, the results are similar, the principal companies show a margin of underwriting profit for the two years ended in 1919, of only 3.93 per cent. Moreover the companies have not only been active supporters of the fire prevention campaign, but for years before fire prevention was ever thought of as a shibboleth, they were doing this work through their inspection systems. Those who hold that fire insurance is over expensive may surely be asked for some practical methods, instead of wild theoretical statements, how its cost may be fairly reduced.

EDUCATIONAL WORK OF THE INSURANCE INSTITUTE

Mr. J. B. McKechnie, general manager of the Manufacturers Life Insurance Company, and President of the Toronto Insurance Institute, gave a most interesting address on the 21st instant, on the occasion of the opening meeting of the Institute.

Mr. McKechnie pointed out the Institute had now completed twenty-one years of work, during all of which regular meetings had been held, and one of the primary objects, the diffusion of insur-

ance knowledge, had thus been attained. Dealing with the training and education of employees, he said:—

"The business of insurance is a peculiar one. The merchant receives from his customer a sum of money for which he gives an article worth approximately what is paid for it. The bond dealer delivers to his client a bond which is supposed to be worth approximately what it is sold for, and the value of which on the average will not vary much from its original price. You deposit money with a bank and in return receive its guarantee to repay this amount, increased possibly with interest. An insurance company, however, will receive say \$100, for which it may undertake to pay \$10,000 on the happening of a certain event.

Technical Knowledge Necessary.

"It is this divergence between what the company receives and what it becomes liable to pay to the assured that not only makes the business of insurance so interesting, but which also requires wise judgment and technical knowledge, if the companies are to be soundly administered.

"Then again, more and more do we hear of certain undertakings being referred to as public corporations.' Whether the various branches of insurance come under this heading or not, most of us like to feel that our companies will be administered in such a manner that our policyholders will be given their insurance protection in the most efficient manner possible and at the lowest cost compatible with safety and a widespread diffusion of the benefits of insurance. To do this our companies must have efficient organizations, both in the field and in the head office, and this is impossible unless the individuals in these organizations have a sound theoretical as well as practical knowledge of their business.

"I do not wish to be understood as thinking that technical education is everything in the insurance business. There are outstanding examples, not only in insurance, but in other branches of human activity, where men, thoroughly trained theoretically, have lacked the judgment and practical business capacity for success. Again, there are men in the field organizations of our companies, who, without much theoretical knowledge of the business, have made good because they possessed the quality of salesmanship. These exceptions, to my mind, however, prove very little. The former have failed in spite of their knowledge, and the latter have succeeded in spite of their lack of knowledge. I believe that the companies more and more recognize that a theoretical knowledge of the business is an asset to any man, whether he be employed in the head office, the branch office or the field."