

Insurance journalists, who comprehend the whole situation, understand that insurance companies, being incorporated by law, will not be allowed to exist for wholly selfish purposes, regardless of the welfare of the community at large, consequently, while a successfully-managed fire insurance company would make profit of a certain percentage of its gross receipts, and its gross receipts would depend on the rates of premiums, and these again upon the frequent occurrence and the extent of fire losses, yet it would be against the welfare of the community to encourage the frequency and extent of fire claims for the purpose of increasing rates of premiums in order that thereby they might increase their gross receipts and so increase their gross profits.

We may therefore fairly sum up the "functions of a fire insurance company" as being: "To secure business;" "To pay commissions, expenses and salaries;" "To encourage institutions and organizations for the prevention of fires and the salvage of property;" "To defend themselves (and the public through themselves) against scoundrels and incendiaries;" "To pay honest losses;" and "to make money for their shareholders;" to which we may add, and "to make such provision, in good years, as will enable them to meet years of conflagrations in safety, so that neither Chicago nor St. John may prevent them from either paying losses to policy holders or dividends to shareholders.

The ordinary reader will therefore readily understand that the manager of a fire insurance company does not lie upon a bed of roses (he lies if he says he does, anyway) and will wonder how it is that, in a business of so complex a character, any person should be entrusted with management or representation who has not had a special training for the position. Our present intent, however, is to consider how far the insurance companies are bound to encourage, or are warranted in assisting organizations for the suppression of fires and the salvage of property. Preventive measures are of seven kinds, viz., inspections, fire departments, salvage corps, careful adjustments of claims, resistance to fraudulent claims, and punishment of incendiaries. As we have shown, if a company makes say five per cent profit on gross premiums, it is evident that its interest lies in the increase of these gross premiums, and increase of gross premiums is a necessary consequence of increase of gross losses, so that it is for the public to consider whether or not it is their interest that losses should be decreased, and thereby premiums be por-

tionately decreased, as, if so, then they should take the measures necessary to secure the decrease, or should co-operate loyally with the companies to that end.

There are certain things the public can do more properly—and better than the companies, and there are other things the companies alone can effect. For instance, as the suppression of fires must be by organizations whose duty it must be to suppress all fires, whether the property endangered is insured or not, and as the water used for this purpose must be taken from the public stock, so this duty is one belonging to the public alone, and the companies should not be asked to contribute towards the expense of it, more especially as the companies, in their tariff organization, have based their rates of premium solely on the extent and efficiency of the fire departments. -

Next in order is the salvage corps: seeing that, with the exception of Montreal and St. John, N.B., there are no salvage corps in Canada, there might be no use in discussing this branch of the preventive service, were it not desirable that such organisations should be found in other places; but as these again must protect all properties, whether insured or not, it is evident that they should either be maintained by a common tax upon all proprietors or should be enabled to collect a percentage charge upon all the average they effect; whether they are maintained by the tax-payers or paid by the owners of saved goods they should be men of good character and experience, and under a chief who knows how to deal with damaged goods so as to stop the deterioration at once.

The general inspection of properties for the discovery and reform of the common dangers from stove-pipes, stoves and such like, should always be performed by a fire-warden at the common charge. The fire-warden should be either the chief of the Fire Brigade or an attache of his staff, because, in nearly every building there are trap-doors, well-holes and other dangers to the lives and limbs of firemen, of which the chief should have full knowledge for use at times of fires, just as he should have knowledge of the localities of explosives and corrosives. The firemen have a life of general monotony, varied by sudden excitements and dangers. If care were taken in their selection they could be entrusted with this duty to make their employment more steady, they would be invaluable as inspectors of ordinary hazards, therefore it is quite evident that this is the duty of the public and not of the insurance companies.

The punishment of incendiaries cannot be effected by insurance companies, as, however conclusive the proof of arson may be, there always remains open to the counsel for the prisoner the argument that the insurance company appear for the purpose of avoiding the payment of a loss, rather than in the interests of justice. An insurance company can always save more money by compromising a doubtful claim than they can by defending it. And by at once putting the scoundrel and his abettors on the black list of the companies, they can avoid a repetition of losses from the same source, so that it is not the financial interest of the insurance companies to become public prosecutors, —neither is it their duty;—the offence of arson is a public one, it endangers the lives, the properties and the standing of a community, a fire-bug generally becomes a mono-maniac and creates fires from time to time with the malignity of a fiend and the ingenuity of a lunatic; no one is safe, no precaution suffices, except that of the incarceration of the incendiary.

In these four departments, the fire brigade, salvage corps, inspection of ordinary hazards, and punishment of incendiaries, the public should have the whole control and the whole expense, the insurance companies lending the moral support and management of reduced rates as a reward for efficiency; but in the others the companies alone can take efficient action. For instance, the exclusion of scoundrels from the benefit and protection of insurance can only be effected by the keeping of a record of such people, and a reference to such record whenever such people apply for insurance; this list, however, can only be complete when those who aid the scoundrels, whether as creditors, assignees, counsel, judges or jurymen, are entered upon it;—it is obvious that this is the work of the companies. The inspection of insured properties for the abolishment of special dangers and the prevention of over-insurance, can only be effectually performed by experts, and the self-interest of assured and insurers can alone effect immediate reforms—on the one part by the desire to avoid losses, and on the other by the desire to be protected from loss by unavoidable or accidental fires.

The careful adjustment of claims is a common duty of the public and the companies, yet both sides are very apt to shirk the obligation. The law provides that every loss-claim shall be certified by a magistrate, clergyman or notary-public who shall, in his official capacity, state