

STATE INSURANCE BRITISH COLUMBIA

The Chronicle, having been given to understand that a Bill is to be introduced at the forthcoming session of the British Columbia Legislature providing for State fire insurance, which means that the Province would take over the business of fire insurance, assuming responsibility for all fire losses, and assessing the taxpayers of the Province to indemnify those suffering loss, and believing that such a radical measure would be inimical to the development and prosperity of the community, inasmuch as the principle of fire insurance calls for the widest possible spread of risk, as evidenced by the fact that the only companies that have been able to stand the severe strain to which they have been put in meeting conflagration losses are those with wide ramifications.

In inviting an expression of opinion as to the effect such legislation would have upon the money markets of the world, The Chronicle submitted the following questions this week to some of the leading bond houses and mortgage companies in Canada:

(1) How would it affect the security behind British Columbia bonds; (a) Provincial; (b) Municipal; (c) Industrial?

(2) How would it affect the rate of interest at which such bonds could be marketed?

(3) Do you find insurance companies amongst the largest purchasers of such securities?

(4) Aside from the foregoing considerations, do you consider it likely insurance companies would continue to regard favorably the issues of a Province interfering with their legitimate business?

We publish the following replies to the above, received as we go to press:

W. L. McKINNON & CO.
Toronto

October 17, 1919.

F. Wilson Smith, Esq.,
"The Chronicle,"
Montreal, Que.

Re—Bill providing for State Fire
Insurance in British Columbia.

Dear Sir:—

Your letter of the 11th instant is received and we regret that owing to the rush of the Victory Loan Campaign we are unable to give it thorough consideration.

Our views upon the four points mentioned, however, are as follows:—

- (1) In our opinion the credit of British Columbia would suffer because the Province risks its credit in a fire insurance venture. The stability which the Province now enjoys would be gone, as a conflagration might prove very costly.
- (2) If the credit of a Province suffers, that Province would certainly be required to pay a higher rate of interest on its bonds.
- (3) Insurance companies are among the largest purchasers of Provincial securities.
- (4) We do not believe that either insurance companies or other investors would regard favor-

ably a Provincial Government that wipes out the business of all fire insurance companies now doing business in the Province.

We are sorry that we cannot give more consideration to this matter.

Yours very truly,

(Signed) W. L. McKINNON & CO.

CREDIT FONCIER FRANCO-CANADIEN
Montreal

October 21st, 1919.

F. Wilson Smith, Esq.,
Proprietor "The Chronicle,"
Lake of the Woods Bldg.,
Montreal.

Learn Sir:—

I am in receipt of your letter of yesterday's date referring to the probable introduction, at the forthcoming session of the British Columbia Legislature, to a Bill providing for State Fire Insurance, and in which you are asking me my opinion as to the effect the adoption of such a measure would have on the credit of that Province.

I can hardly believe that the Bill would pass, unless the majority of the members of the British Columbia Legislature are so imbued with the doctrines of state ownership, which war conditions justified to a certain extent, but which are detrimental to the real interests and development of a vigorous and enterprising country like ours, that they (these members) are completely forgetful of the true and sound principles of political economy.

Whoever forgets these principles is bound to suffer in his progress and in his credit.

Yours faithfully,

(Signed) M. CHEVALIER,
General Manager.

FIRE PROTECTION

The fire which has just destroyed the village of St. Raphael in the County of Bellechasse will assuredly draw a strong current of sympathy to those who have been victims of the flames. On the other hand it will also draw public attention to the lack of protection against fire which is always a cause for regret in a great number of the municipalities of our province. It is recalled that the Legislature some years ago passed a law, the object of which was to compel municipalities to display greater foresight. We should be curious to know what have been the results of this law. It does not appear to have been enforced so far as the village of St. Raphael is concerned, for if what the despatches aver is correct, the municipality had no apparatus for fighting the flames, which caused the destruction of six stores and twenty-two houses. When will municipal administrations learn the lesson that a few thousand dollars invested so as to assure means of protection against fire in town districts constitute a good investment. Even when no fire occurs the investment is worth while because the interest on the capital cost of a pump is easily offset in a village of the importance of St. Raphael by a saving in insurance rates.