

ENGLISH LETTER.

LONDON, October, 1881.

To the Editor of INSURANCE SOCIETY.

Insurance Society on this side of the Atlantic is rather on the anxious stool just now, especially its Managers and Stockholders, for, with the heavy losses throughout America, followed by the several disastrous fires in this city, also supplemented by the large fire at Moscow and other Continental scorplings, the prospects look rather blue for large dividends on this year's business. How comfortable managers and directors must feel who like the "Royal" had the wisdom to provide for these contingencies out of the unusually large profits of last year.

Aside from these considerations the talk among the fraternity has been turned most forcibly upon the deficiency of fire protection and water supply in this City. The "Review" (Insurance) has been trying to awaken the authorities to the risk they are running and has had its hands strengthened in the argument by the recent Cheapside and other fires in such a way as may be gratifying to the "Review" prophet, but is hard upon the Insurance Companies. The confidence with which people speak of suppressing fires here on their inception or before they extend beyond the building in which they originate has been rather shaken by recent events. This faith however was not based upon the management of the fire department but upon the construction of the buildings. However, from an Insurance point of view even this is a poor consolation, as the immense values collected together in single buildings, owing to the expense of storage room, makes the burning out of one building a serious consideration. The large lines carried by the Companies here is proverbial and the salvage on either stock or buildings, when a fire once starts in London, seems quite out of the question; for a cleaner wreck could scarcely be found than the buildings on Cheapside on Messrs. Clarke's premises, and these are but fair specimens of what we may expect until our fire department is *entirely* re-organized, our Electric alarm boxes multiplied very considerably, and our water supply increased. The fact which the "Review" has been bringing prominently forward is that there is as much necessity for prompt attendance by a fire department at fires here as in America, is now being realized by the parties interested, and that papers like "Insurance Society" of Montreal, deserve great credit for educating public opinion into the idea that their interests lie in the same channel as that of the Insurance Companies. When you realize the low rates at which business is taken here you can well imagine these leaks must be closely watched. To give you something to base your calculation upon I quote you a few specimens of rates (speaking generally). Ordinary Dwellings (Buildings) are taken at one shilling and sixpence (1s. 6d.) per hundred pounds. Furniture (private dwellings), two shillings (2s.) per hundred. Ordinary mercantile shops (one occupancy) two and sixpence (2s. 6d.) per hundred. Fire-proof Warehouses from three (3s.) to six (6s.) per hundred. With these rates you can well imagine things have to be run very close. Speaking of the apparently small margin upon which the business has to be run here, reminds me that there are other evidences of its economical management, and if some of your Canadian Insurance men were to visit this country and see the crude style in which the whole Fire Insurance business is run, they would be rather amused that Companies showing such simplicity of detail in the management at home, should be so exacting from their foreign representatives. In fact there is not any such thing as a work on Fire Insurance published in this country outside the periodicals, and of course these do not go into details. As matters now stand the business seems to be a great deal like the ancient legends, handed down from one generation to another by word of mouth. It seems very absurd to hear of the long apprenticeship served by insurance clerks here; but when you know how well the secrets of management are kept from the subordinates and how each department is kept strictly within its bounds and each clerk held to his own special work, you can realize the reason of it. This fact connected

with the absence of any books of Instruction, fully accounts for long apprenticeship, small salaries, and long terms of service by insurance clerks on this side of the water. It will also be a matter of surprise to you that, with the strength of the tariff combinations here (and the small business falling to the non-tariff Companies) the rates of premium as so low, especially considering the liberality of adjustments or settlements, and the limited conditions of policies. It only requires a short acquaintance with the practical working of the business to give you the key to the situation.

The greatest evil is the system of one Company issuing a policy to cover any amount of risk, and then making their profit out of the commission paid by the Companies who accept the surplus as guarantors or re-insurers. In this way every Company is competing for *every* risk that offers, and there are just as many or more ways, if possible, than in America, of getting round the tariff. A limit to a line for one Company being unknown, does not give the same chance for holding rates as in America, where each Company may be sure of all it wishes to carry on certain risks or in a locality. Adding to this the great liberty given for the formation of new Companies, for there is practically no restriction by the Government, and the fact that *even* mutual Companies are members of the tariff combination, one cannot wonder at the unhealthy competition and the anxiety on the part of line Companies to seek foreign fields. The day when Companies can hold business simply because they are old and tried institutions, has gone by in England, and we now see Companies even like the "Alliance," coming out of their shells, and may expect others to follow their example. While there are many things to condemn, still there are some things also to commend in the works of the Fire Offices. One of these is the thorough system of surveying risks. A man, to obtain a position as a surveyor of any first class Company here, must be well up in his business, and usually property owners find it pay them, by way of lower rates, to make their buildings as secure as possible against fires. The Cotton Mills are notable examples of this, and now that they are becoming so prominent a feature in Canadian Manufactories your agents will do well to take a leaf out of our book. Although even in this particular, the Massachusetts Cotton Mill Mutual, I believe, leads the line. However, as it is news you want rather than moralizing, I will try and hunt up an item or two.

The scheme of Government Insurance proposed some years since by your Government will not be strengthened much by the experience of our Government in that line, for but six thousand successful applicants in fifteen years, added to the fact that the number of applicants have fallen from six hundred and twenty (620) in 1866, to two hundred and fifty-eight (258) during 1880, speaks very plainly of want of appreciation. Prince Bismarck, who still persists in his attempt to absorb the Life Insurance in Germany by a huge plan of Government Life Insurance, will not find much encouragement in this experience, and does not receive the support of either the English or Continental Insurance press.

The mutual system of fire insurance seems to find more favour in this country than in America, and one of these institutions having made *moderate* progress in that line, has recently branched out in another, having undertaken to guarantee indemnity for claims made under the Employers Liability Act of 1880, as well as general Accident Insurance. I would not give it this free advertisement, only that I notice as a special feature that they *make favourable rates for Firemen*. This is alone a strong recommendation for them. I notice the "Old Travelers of Hartford" is also taking up our friends the Firemen, and why not, if they can get adequate rates. Your article on "Insurance for Railway men" in your September number, hits the nail on the right spot, only give the Firemen a chance as well. They should have Life as well as Accident Insurance provided. As nearly all news is forestalled by the numerous papers on your exchange list, I will close.

BRITON.

The following is a tabulation of the business done by the Fire and Marine Insurance Companies, showing the Ratios of Loss, Expense and Profit, per cent. of Premium Receipts, and the Rank of the Companies according to such figures. These calculations being made from the Government Summary are in the case of the English and United States Companies, but the business done in Canada is not included.