A NEW EXPERIENCE SCHEDULE.

An important new publication has just been issued by the National Board of Fire Underwriters of the United States—an Experience Grading and Rating Schedule, of which Mr. E. G. Richards, U. S. Manager of the North British and Mercantile, is the author. The new schedule is "designed to be a United States standard for measuring fire insurance costs, based upon combined experience averages." Mr. Richards, in his preface, points out that the possibility of State control becoming general in the matter of fire insurance price-making emphasizes the necessity for effective and conclusive action on the part of the companies by which the rate-making problem would receive a scientific solution. No state, he goes on to say, is sufficiently large to offer in itself and alone a safe field for a general business because of the constant peril of excessive loss from conflagrations. Rates are for the same reason dependent upon this principle of average, and to be properly adjusted should be based upon a combined experience of companies covering a long period of time, for a territory not less than the United States and with due consideration to conflagration loss.

"I have held the belief for many years," Mr. Richards says, "that each State should bear the cost of its own fire waste (severe conflagration loss excepted) in its own rates of insurance, to which should be added such other outgo for conducting the fire insurance business therein as is peculiar to itself, nevertheless, no *class* experience of a single State is sufficiently broad to furnish the necessary average for rate-making purposes. These theories are to some extent the warp of a rate-making fabric, which will be analysed in this work."

SPRINKLERS.

There is hardly any variety of structure, whatever its occupancy, into which sprinklers have not been or cannot be introduced. The most elaborately finished department stores, as well as the plainest factories, hotels, schoolhouses, theatres, and even vessels, have been equipped. The principal Panama-Pacific Exposition buildings have been sprinklered. In some buildings the piping is concealed, but even where exposed it is not objectionably noticeable. How many customers notice the sprinklers in the stores?

A sprinkler in operating will throw 12 gallons a minute under 5 pounds pressure, 18 gallons at 10 pounds, 30 gallons at 30 pounds, 40 gallons at 50 pounds, 50 gallons at 70 pounds.

To give a better means of comparison, let us refer to rainfall. The greatest continuous rainfall for ten minutes recorded by the Weather Bureau office at Hartford averaged .076 inch per minute. From actual measurement the average distribution per minute on the floor 10 feet below a sprinkler operating at 25 pounds pressure was .0907. That is to say, the downpour from the sprinkler under average conditions is 1.2 times as heavy as our heaviest rainstorms. Under higher pressure it might be twice as heavy.—*Hartford Agent.*

Next week's British budget, it is expected, will reveal a further large increase in the income tax, small incomes becoming taxable, and stiff new duties on luxuries.

CAUSES OF SURETY LOSSES.

With a view to determining the causes responsible for surety losses for the purpose of assisting its underwriters in their future operations, the National Surety Company has made a careful analysis of the features which have contributed to recent claims aggregating $700,000, which the company has paid. The following conclusions are reached in regard to $500,000 losses in contract cases:—

Five-eighths of these losses were preventable, before the bond was signed.

One-eighth of the total loss occurred through insufficiency of capital.

One-eighth through low and apparently reckless bids.

One-eighth through dishonest financial statements.

One-twelfth resulted from business literally forced upon the Company after refusal, through the insisting urging of agents.

It is disconcerting to note, says the Company, that 65 per cent, of the losses paid on contract bonds were on cases where the conditions might have been fully ascertained before signature, and where the loss might have been very largely reduced or even avoided entirely, if the agent and the Company had made a sufficiently thorough investigation. Note, too, the item of losses caused by the persistent pleadings of agents, to write business looked upon with disfavor. The home office has paid dearly in this matter for trying to please its agents, but this is not business and it must be stopped.

The figures showing $200,000 court losses are also highly instructive. They show the radical difference between the underwriting of contract bonds, which are usually for short terms, and court bonds, which are nearly all indefinite and where the liability may appear a decade after execution. While an analysis of the court bond losses is not so easy, and the preventable errors are not so palpable, it is obvious that—

One-fifth of the amount lost was from incomplete investigation.

One-tenth from the wrong kind of so-called collateral.

One-tenth from the financial insufficiency of the principal.

One-fourth from the ignorance or negligence of the fiduciary.

BRITISH LIFE VALUATIONS.

In view of the financial conditions which have arisen—to some extent antecedent to the outbreak of war, but much intensified since that event—the position of life offices whose valuations fall to be made at an early date (say as at December 31st, 1915, or in the first half of 1916) is a matter for serious consideration, says the London Insurance Record, and a good deal of speculation has been indulged in as to the steps that will be taken to cope with existing difficulties. In times of prosperity the companies have, however, adopted the policy of strengthening reserves. Their forethought will stand them in good stead now, and fortunately British offices are so strong that there is no doubt that they will be able to deal satisfactorily with the position. But the considerations which bear on the valuations of companies differ widely according to their constitutions, and no palliative measure which could be suggested could possibly be applicable to all.