

MUNICIPAL HAIL INSURANCE NOW UNPOPULAR

Saskatchewan Farmers Criticize System—Losses Heavy This Year, and Excess Tax Rate Necessary

THIS year farmers of Saskatchewan who entered into the Municipal Hail Insurance scheme must pay not only the four cents per acre levied in 1918, which was a year of moderate losses, but an additional levy on seeded acreage, as authorized by the legislature at its last sessions. This is bringing forth many objections, and petitions have been circulated for signatures, asking that votes be taken to decide on a repeal. This subject was taken up at a meeting of the Saskatchewan Municipal Hail Insurance Association, held early this month, and a review of the scheme has been issued by E. G. Hingley, secretary of the association. It says:—

"Municipal hail insurance was first asked for by the Grain Growers' Association. Resolutions asking the provincial government to provide legislation for such a system was passed at the annual conventions of the Saskatoon Grain Growers' Association in 1909 and 1910. After the 1910 convention had endorsed the principle of optional municipal hail insurance the provincial government passed the necessary Act and the request became law in 1912.

Rate Originally Four Cents Per Acre

"The original Act provided four main points—The tax could not exceed four cents per acre upon all assessable lands; the indemnity could not exceed \$5.00 per acre for a total loss of \$800 if 160 acres of crop was totally destroyed; the provisions for the 'pro rata' payment of claims if the revenue received was insufficient to pay the claims in full. A very limited provision permitted the withdrawal of certain lands (i.e. unpatented homesteads and fenced pasture land). Before any municipality could come under the provisions of the act a by-law had to be prepared and voted upon by the electors of the municipalities at the annual municipal election. The popularity of the system was evidenced when after the municipal elections of 1912, it was found that 115 rural municipalities had passed the necessary by-law to come under the provisions of the Act.

"The year 1913 saw the first attempt to provide municipal hail insurance against loss by hail which had been made in any province in Canada or in any state in the United States where the premium was collected as a tax and where the crop was automatically insured without any further action on the part of the farmer and where he was only required to notify the head office when any loss was sustained. The years 1913, 1914 and 1915, passed over more or less uneventfully, the taxes were collected and the claims amounting to \$1,700,000 were paid, still leaving a surplus. The fact that the area under cultivation in these years upon lands held by resident owners was not so large as at present and that the tax paid by all land owners who had no land under cultivation helped very materially to swell the total revenue without increasing the risk, no doubt helped to place the scheme upon its feet so that all claims were paid 100 cents in the dollar and a surplus accumulated at the same time.

Could Not Meet Claims

"When the summer season of 1916 opened the municipal hail insurance was in the position that if there was an extraordinary loss from hail the claims could not be paid in full as no increase in the revenue had been provided to meet the big increase in the acreage under crop. In the fall of 1916, the worst fears were realized when it was found that municipal hail insurance could only pay 40 cents in the dollar. Had no reserve been on hand the year's revenue would have only permitted a payment of 25 cents in the dollar. Public meetings were held, petitions were circulated, councils were interviewed, members of the legislature were inundated with letters and requests to provide for 1916 loss in full, and to make the system safe for the future. After a thorough canvass of the whole situation it was found to be impossible to provide funds for the full payment of the 1916 losses and the claims were all paid at the rate of 40 cents in the dollar.

"1917 was fortunately a year of a light hail loss and the claimants again received 100 cents in the dollar from the four-cent tax. In 1918, the losses were heavier, probably about the average, but with a limited tax of four cents per acre and a further increase in the crop acreage, owing to the call for further production, the claimants were paid 80 cents in the dollar as full settlement of their claims. The 1918 hail insurance convention, recognizing that the four cents rate would not in future years provide sufficient revenue to pay all the losses in full, adopted the following resolution practically unanimously: 'That this convention is in favor of the revenue of the association being increased by the continuation of the present flat rate of four cents per acre, together with an automatic seeded acreage assessment.' The provincial government acceded to the request and in February, 1919, legislation was passed permitting the association to 'fix an additional rate per acre to be levied on all the land of an owner under cultivation in excess of forty acres, such rate to be collected in the same manner as the flat rate.'

"It may be well to point out here that the Act and the affairs of the municipalities operating under the Act are administered by a board of directors who are all elected by the representatives of the municipalities attending the annual convention. The board of directors did not decide to put into force the powers necessary without first getting instructions from the annual convention.

Provided for Excess Rate

"The annual convention held in Regina, March, 1919, debated the matter very fully and finally adopted the following resolution: 'That this convention recommend to the board of directors that provision be made to levy a seeded acreage assessment if necessary to meet the losses and the expenses in full for the year 1919, provided such assessment does not exceed 25 cents per acre.' In accordance with the wishes of the convention the board decided that if an additional rate was necessary this year the same would be levied.

"The principal features of the Act in the spring of 1919 were these: The flat rate of four cents per acre would still be collected; an additional rate upon the cropped land would also be collected; the indemnity would remain the same, \$5 per acre for total loss. The withdrawal privileges were still further widened. Any farmer could withdraw his land, paying no hail insurance taxes whatsoever and date of withdrawal was extended to the 15th of June, so that any farmer that had his crop blown out before that date could withdraw his land and escape payment of the tax when it was levied. A considerable number of farmers in different municipalities did withdraw their lands, some for the full period of ninety-nine years.

"The year 1919 proved to be a very disastrous year for hail losses. The heaviest storm occurred on July 1st, this storm cost the association over \$1,000,000, the losses in nine municipalities amounting to over \$900,000. The municipalities suffering the heaviest losses this year are those which have not during the past seven years sustained serious loss before, and they have provided a large proportion of the moneys used to pay the losses in previous years to the farmers in other municipalities. The most unfortunate part of the situation has arisen through so much crop having been destroyed by wind, drought, grasshoppers, insects and gophers. Some farmers cannot see why they should be called upon to pay hail taxes when they have no crop themselves, so that some other farmer may be paid for his hail loss. No doubt it will be a serious hardship to some farmers to pay the tax imposed, but how can they now be relieved when they did not withdraw their lands at the proper season?

"The taxes which are now imposed cannot be cancelled by either the council of the municipality or the association. To do so would be a breach of faith as there would not be enough taxes collected to pay the farmers who have sustained actual hail loss. If any taxes are cancelled because the farmers have no crop, then the only logical conclusion would be to cancel all the taxes, which would leave the 1919 claimants with 35 cents in the dollar as a settlement of their claims.