

MUTUAL FIRE INSURANCE

The Canadian Manufacturers' Association, through their insurance committee, are proposing to inaugurate one or more Mutual Fire Insurance companies, being convinced that they can insure themselves at much lower rates than they pay at present. This doubtless is the result of the failure on the part of the said Association to be permitted, through what they call their "Insurance Department" to have some participation in the management of the fire insurance business now carried on by the stock companies. In fact in the circular issued to their members the committee acknowledge that it is clearly understood that "the Manufacturers' Association, as such cannot recognize or control insurance companies."

Fire, like other, insurance is governed by the laws of average, and just as in life insurance those who live long pay for those that die prematurely, so in fire insurance those risks which last long or do not burn pay for those which go up in smoke. In other words if the premiums of the former do not afford sufficient to pay the losses of the latter, with, of course, a margin for expenses, etc., the result of the business is unsatisfactory if not disastrous. The difference between mutual and stock fire insurance is that with the former the *policy-holders are also the shareholders and assume all the liability entailed thereby.* We may ask whether the record of the business in Canada is encouraging to a proprietor to share in such a liability, and likewise whether the Manufacturers as a whole are inclined to assume that liability? Many, we believe the greater proportion of, property-holders, when taking out a contract for insurance, desire to have insurance pure and simple, without being called upon later on for an extra payment or deduction in case of loss. They bargain for that and are aware that the policy will be accepted as collateral security by the banks in case it is needed, which is not the case with a Mutual fire policy having a liability (however remote) attached to it.

It is all very well to point to the success of the New England Mutuals, and we are quite willing to admit that those companies have won their prestige by careful underwriting and a system of inspection, but in the last ten a twelve years the stock companies have been successfully competing with the former in their special field of highly protected risks through the organization known as the Factory Insurance Association of Hartford. But the field for that business is as yet extremely limited in Canada, and we can scarcely endorse the statement, taken from the circular before us, that "broadly speaking the Manufacturers' risks are outside of the conflagration area," for there are numbers of factories in Montreal, Quebec, Toronto and other large centre that are directly exposed to the "conflagration hazard."

We commend the caution of the Manufacturers in placing a limit of \$5,000 upon any one distinct plant, but we doubt whether such will draw a policy from plants requiring large amounts of insurance, and the large plants are admittedly much better hazard than the smaller factories where the necessary care and submission become too costly. We quite appreciate the desire of the Manufacturers in endeavouring to obtain cheaper insurance, but something more is requisite to make a success of Mutual companies, viz., good under-

writing and discrimination in rating the various risks, in which we opine the chief danger to their scheme will be, since nearly everyone firmly believes his risk to be as good if not better than his neighbour's, the difficulty of persuading the proprietor that for a small annual advantage in his premium on \$5,000 coupled with a contingent liability he is not better off with the security of a stock company and no liability. Without wishing to throw too much cold water upon a new enterprise we should not be surprised for these reasons if the undertaking be still born.

In connection with the above it is interesting and significant to learn, as stated in our last issue, that at a special meeting of the Massachusetts Mutual Fire Insurance Union, held recently the subject of increasing rates was considered and it was unanimously voted to adopt the advances promulgated by the "New England Insurance Exchange."

The formation of these companies should be welcomed by the Fire Underwriters as it will afford the policy-holders an opportunity of viewing the insurance question from the other side, and make them familiar with the losses and risks, attendant upon the business.

MEMBERS OF CONGRESS RECEIVED BY THE KING.

The following Canadians, members of the Congress of Imperial Chambers of Commerce, were received by His Majesty the King to-day. F. H. Mathewson, George E. Drummond, R. Wilson-Smith, Sir D. McMillan, W. F. Cockshutt, — Ellis, and Sir Sandford Fleming.

GENERAL ACCIDENT ASSURANCE COMPANY OF CANADA.

A Dominion charter has been obtained by the General Accident Assurance Company of Canada to transact all kinds of personal accident, health and liability insurance. The capital is \$1,000,000.

We are officially informed that the company is associated with the General Accident Fire and Life Assurance Corporation of Perth, Scotland, which has assets exceeding \$5,000,000.

The managers for Canada are Messrs. W. G. Falconer and C. Norrie Miller, assistant manager: W. H. Hedges.

Mr. Falconer previously held the position of claims manager at the H. O. Perth. Mr. Miller was previously connected with one or two of the foreign branches, and Mr. Hedges held the position of inspector for the Ontario Accident in the Lower Provinces.

We understand the management will proceed at once to open agencies in important centres throughout the Dominion.

SCOTTISH UNION ACTION.

The Scottish Union is sending out a form of receipts for proofs of losses at San Francisco saying that they embrace claims for damages occasioned by other than causes named and limited in the policies. An examination under oath and rigid safeguards as to title are required. The notice concludes with the statement that it is conservatively estimated that it will take at least a year to properly investigate the merits of the many claims presented, but that it will do its best to expedite them.