

THE INSURANCE TIMES, (N.Y.)

AND THE HOMANS PLAN.

Were it not for the sad news which comes to us as we go to press, of the death of Mr. Zavaar Wilmshurst, late one of the editors of the *Insurance Times*, we would feel sorely tempted to express at length our views as to the great fall of that paper from the proud position it occupied under its former proprietor, Mr. Stephen English. It was then certainly one of the most lively and readable insurance journals in the United States. There was then an individuality and vigor about it which commanded attention and respect even though the reader did not approve of Mr. English's hobbies and his likes and dislikes. Under the circumstances we will say nothing of its later history. Its last number, however, contains some comments on the Homans plan and the Federal Life, and the position of THE CHRONICLE, which are evidently from the pen of Mr. Homans, the full page advertisement of whose Company appears a few pages further on. It only contains two points of any importance. The first of these is the oft repeated assertion that our remarks and statements only apply to short term assurance, and not to renewable term assurance. We have disproved this statement so often that it grows monotonous, and will only say that if any person after what we have said *desires* to be blind, as this writer does, we can pity them, but will not attempt the hopeless task of convincing them. The second point is as to the impairment of capital of the Federal Life. It is claimed that "there seems to be no question as to its ability to fulfil all its obligations," and that it is doing a large business. But our question yet remains unanswered as to how much is the "guarantee fund" which belongs to the policyholders and which is applied in the published accounts in such a way as to, in appearance at least, reduce the impairment of the shareholders capital. Neither have we been told where the money comes from to pay the large expenses beyond the yearly amounts which the certificates allow the company to spend.

The best that can be said of the Homans plan is that it is in several respects an improvement on the old and simple assessment plan, but beyond this, the less said the better.

TORONTO BOARD OF FIRE UNDERWRITERS,
SESSION OF 1887.

In consequence of the late hour at which the proceedings of the Toronto Board came to hand, we are unable for want of time and lack of space, to present more than a brief summary of the very interesting proceedings; the attendance was quite large, and the action had was quite harmonious where so many divergent views were to be blended into one. President Henderson presided.

The session opened on the 19th inst., but in consequence of the Montreal delegation having been delayed by the non-arrival of the train, an adjournment was had until the 20th, the session continuing over the 21st.

The programme embraced the usual routine business, interspersed with other pertinent subjects, among which that of the "special agent" and his status, present and future, seemed to be the most prominent. After considerable discussion a series of rules and regulations regarding the appointment of "special agents," by whom, to be ap-

pointed, compensation (10 per cent.) duties and spheres of action, (confined to a single company) were adopted with quite as much unanimity as could be expected, and if rigidly adhered to by the offices this cross which the local agent has had to bear for some time will be more or less effectually removed.

The subjects of protective police and fire patrol; the grain business; workmens' permits; carpenters' risks on specials; fees for endorsement (abolished); schedule rated risks, co-insurance clause, amendments to contribution, deposits by head offices to meet fines imposed, etc., etc., were all discussed, and more or less thoroughly disposed of. We shall give the most important of these subjects further consideration in our next issue. The old officers were unanimously re-elected, and the session was adjourned sine die.

SCHEDULE RATING.

While fire underwriting is not necessarily a simple question of *rates*, yet the *PRICE* at which reliable indemnity can be supplied to the community, and at the same time afford a fair return to shareholders whose money is pledged to secure this indemnity, underlies the whole business of insurance; for, as in any other line of commerce, if there be not an ample *quid pro quo*, if the equivalent obtained be less than the *cost* of production, there is, virtually and of necessity, an end of the matter; for no individual or body of stockholders of a corporation will long continue to place their means in a losing venture.

But just herein it is that insurance, though a recognized branch of the commerce of the world, differs from other lines of commercial transactions where the *cost* of production in first hands, or with the jobber, is always an ascertainable factor, either exactly or approximately, for the purpose of indicating a *sale price* (or market value), that will prove adequate to amply remunerate the capital invested for the risk incurred, with such margin for profit and reserve, more or less broad as legitimate competition may be more or less pressing, will admit.

While, on the other hand, underwriting differs from trade and commerce, in *two* especial particulars:

First. The *cost* of production, though frequently approximated more or less closely on the basis of experience, is nevertheless, in fact, an unknown quantity until a loss shall have developed it, when, not unfrequently, it looms up in large proportions, making itself known accordingly.

Second. There can be no *legitimate* competition in honest underwriting; for *unlike* merchandizing again, where the *sale price* may vary oftentimes, and from legitimate business causes, such as supply and demand, the riggings of the market, etc., etc., while the rate of premium once fixed, adequate to the hazard, thereafter, *pari passu* the price or *insurance value* always remains the same, though the cost or *sale price* of the property at risk may vary daily. Thus, if the value as an insurance hazard be *one* per cent. to-day, *one* per cent. will be its value, insurance-wise, to-morrow or next year, subject, however, as in trade, to any increase of risk, internal or external. If the market value of the property covered by the insurance be less to-day than when the policy was issued, the insurance will cover more of the property for the same amount of premium, but the *rate* of