

**Insurance
Institute of
South Africa.**

The 5th session of this Institute was opened at Cape Town, on 6th July. The president's address was highly optimistic; he said: "Now, I should like to emphasize that the main note of his address is an appeal to our juniors to consider more the future, to look at sport in its true perspective, and to devote to it only the time necessary for securing health. Let sport be a means, never an end. The idea of the young man from the older countries, accustomed to patient study, and delighting in degrees and diplomas, ought to be an ever-present spur to sustained effort. But there is no reason for alarm. Let our colonials take more to their books, and they have every other point in their favour. They are acclimatized and safe in a country which has infinite possibilities and a future of undoubted prosperity; for, gentlemen, I ask you, is there in the whole world at this moment a country which promises a brighter outlook for energetic and enterprising work than South Africa?"

This country has within itself a wealth of mineral resources surpassed by no other. Its agricultural possibilities are enormous. When irrigation schemes become the order of the day, the results will, I believe, even exceed what has been done in India and Egypt. When we view the country as a whole, extending from the Cape to the Zambesi, and consider that it may shortly become the United Colonies of South Africa under the British flag, and all that this means in security of tenure, we must be prepared, not only for a rapid increase in the population, but along with that an enormous advance in all branches of insurance business.

**The Passport
was Genuine.**

A story is going the "grand rounds" of the press, that a quick-witted American has discovered a new use for a life insurance policy. Having found himself on the border of the Czar's domain without a passport, he was stopped by an official, who made a demand for his credentials. The American hesitated an instant and then produced an insurance policy from his inside pocket. The Russian carefully examined the document and was evidently impressed with the imposing-looking seal and array of signatures. With a satisfied air, he returned the paper and permitted the American to pass. The inference is erroneous. Russian officials would not make so absurd a mistake; what happened was this, in our judgment; the official recognized that the document shown him was a life policy, and very properly concluded that a traveller possessing such a policy was not a dangerous person, so allowed him to pass. What happened at the next post is not stated, but, in the absence of a passport in complete order, the traveller would be sent back across the border, or detained in custody until explanations came. The story, however, is "made out of whole cloth."

THE FIRE INSURANCE SITUATION AT OTTAWA.

It is quite natural for the increase of fire insurance rates to create irritation and dissatisfaction, which find expression in complaints against the members of the Fire Underwriters' Association, who are held responsible for the advance. It is annoying to have the cost enlarged of any article of necessity; but the merchants who deal in such goods are not attacked for advancing prices, because, as a rule, the reasons for such increase are known to buyers as well as sellers. Those reasons are always tangible and easy to comprehend even by the illiterate, so that, in the case of staple commodities as any advance in prices is seen by the public to be caused by conditions beyond the control of merchants, such as shortness of supply, owing to bad harvests in the case of wheat and therefore of bread, the increased prices are accepted without any complaints against the retailers. In the case, however, of fire insurance rates there is a very general lack of knowledge regarding the methods by which they are fixed, so that, when they are raised by the companies, this general ignorance leads to complaints being made on the assumption that rates are not based on any principle, but are fixed arbitrarily at the will of the underwriters, who have no direct personal interest in raising rates, but rather otherwise, for the necessity of such action is probably more deplored by them and the companies they severally represent, than it is aggravating to property owners. The following considerations are submitted for the information of those who attend fire companies when rates have been raised in their locality.

The companies engaged in fire insurance were organized to supply one of the most necessary, most valuable auxiliaries to commerce. It is no exaggeration to affirm that fire insurance is one of the most substantial supports of the modern system of credit; were it withdrawn, the business edifice would collapse, as hundreds of millions of loans to merchants and other borrowers would be deprived of the security on which their validity rests. The fire companies therefore are entitled to the utmost respect as public benefactors, when their business is so conducted as to enable them to fulfil their obligations. But, to fulfil their engagements they must have adequate resources. As a fire company is not carried on as a charitable work, but to earn fair returns upon the capital invested, it is obvious that the resources from which obligations, or claims have to be provided, must be derived from the income realized from the charges, the premiums imposed to compensate the companies for the risks they run, that is, such income must create a fund out of which claims can be paid, expenses disbursed and some thing left as profit on the capital invested.

The next question is, by what methods of calculation can the companies fix their rates so that the income they provide shall be adequate for these