

COMMUNICATIONS.

All communications to be addressed to the Editor, INSURANCE SOCIETY, and correspondence to bear the name, and address of the author, not necessarily for publication, but as a guarantee of good faith.

The publication of a communication does not by any means commit the paper to the sentiments expressed therein; but a fair hearing will be allowed for all sides of any question we may consider of sufficient interest to the Insurance public.

FIRE INSURANCE IN CANADA.

To the Editor of INSURANCE SOCIETY.

DEAR SIR,—The year 1882 has now closed, and as usual the result has been that the Companies, with one or two exceptions, have lost money.

Why is it that year after year, decade after decade, the result is invariably the same? Is there no remedy?

To read the Superintendent's insurance reports for the last fifteen years one would imagine that the English Companies came to Canada not to make money certainly, but to lose it.

It now behoves us as a class to discover a remedy, if such is possible, for this state of things, and to do this it will be necessary for us to start from the foundation of the evil.

If an English Fire Company is desirous of establishing a branch in Canada its next move is to get a representative. In the years gone by someone connected with the mercantile community received the appointment, now-a-days more care is exercised. How is this representative paid? Generally 25 per cent. commission and a 10 per cent. bonus on the profits. Man naturally being a greedy animal (and more particularly the insurance manager), his next move is a grab for premiums, and he cudgels his brains to find out how this best can be done. As a result he appoints agents at from 10 per cent. to 12½ per cent. commission, according to circumstances; the difference between this commission, his expenses, and his 25 per cent. allowance is our worthy manager's share.

The more premiums he can gather in the more he can make, hence he is continually urging his agents for more business, which the agent (having his own grist to grind) complies with by sending everything, good, bad and indifferent, that he can get a commission upon, which business our manager accepts, being blinded of course by his commission. This may seem to many a strong view to take of the evil of the commission basis, but there is no man living, no matter how clear his mind, but will be more or less influenced by his own personal gain.

And as a result we find every Company cutting and slashing rates, until insurance has become a bye-word, represented by brokers, solicitors and harpies, of every description and kind, from the city broker to the country canvasser, who will make false diagrams and lie, rather than have a risk rejected,—and is this all? *No*. I wish it were, but, as a natural result of this perverted state of things, we find insurers all over the Dominion dictating to the Companies what rates they will pay, what conditions accept, and what privileges they want, even how they want their losses adjusted,—who to adjust, and who not.

Take for example a town in business of say 1,500 inhabitants. The tenant of a frame store, dry goods perhaps, has a policy of \$1,000 expiring, what is the result? Every agent in the village is pestering his life out. I'll take it at 2 per cent., another at 1½, another at 1¼, and still another at 1⅓, and if that does not fetch him, offers 5 per cent. off. The application is written and signed, is forwarded along with a letter explaining that such and such companies offered at same rate, and he was compelled to follow. But what does our manager do? *decline it on account of rate*? Oh no, he simply gobbles it up as a turkey would a worm. Do you think my friend that this is an isolated case? *No*. It is what is taking place in every village and town in Canada at the present day, and it is called the *Science of Underwriting*, to accomplish which successful men must spend years and years of their lives, and the motive power of which is commission.

We now come to another phase of the question, this time enacted in cities. Here our managers have agents, special agents, brokers, runners, solicitors, office staff, and even the clerks and bookkeepers of wholesalers and retailers. All doing what? Certainly not spreading the gospel, *far from it*, but endeavoring, by fair means or foul, to still lower a rate, still waive another condition, still grant another privilege—of course without paying for it—but *at whose expense*? Certainly not at the expense of the above-named mass of struggling humanity, not at “*our managers*,” but at the expense of our poor deluded shareholder, who fondly imagined (we all know how vainly) that all this push, all this bustle, all this activity, was displayed in his interests, to help to pay the dividend which he had a right to expect upon his most dangerous and treacherous investment.

We now come to the remedy for this chaotic state of affairs.

But this nasty cure (to many) must be taken at once, and in *one* strong dose as follows: our managers' eyes being bandaged, their hands tied, and as the last, and the most necessary precaution of all, their legs also tied, for fear they should kick—(for they're like mules.) All now is in readiness, but who is to compel them to swallow the dose, for all equally are guilty, and of a necessity our Home Office administers it (which in England is called The Tariff); and notwithstanding their groans and sputterings the Tariff is an accomplished fact, and Underwriting is once more something nearer to a science than it has been for past years.

The millenium is now reached, and we are all a happy family: insurers are better satisfied, being saved the guilt of many lies upon their business; agents better satisfied and paid; our managers, instead of finding their premiums decrease, find them increasing; all Companies retain their business, their ratio of income to liability is fully 25 per cent. higher, and, instead of losing thousands every year they have a moderate surplus, and, most important of all, but a generally forgotten fact, the shareholder receives his own.

What was the reason that our managers were unable to form this tariff themselves? The answer must be given softly and in a whisper: because each and all of them are full of hobbies, self-opinionated, and will agree to nothing that is proposed by anyone but themselves, and, as a natural consequence, you cannot get two of them to agree upon *anything*.

These are the obstacles in the way of forming a tariff for Canada; everyone considering his “*peculiar*” ideas before the “*common good*,” and these ideas (I think I am wrong in dignifying them by that name) are the bane and curse of Canadian underwriting. Companies must be sacrificed before one of these our managers will give in, and often not even then.

Has the past taught our managers a lesson? Far from it; the evil is spreading more every day. It would seem as if the more fires we have the more reckless we become.

True we have in Montreal an association. *What is it for*? For the practice of doubtful eloquence. What has it done? Excepting Quebec and lumber rates *nothing* (the former has been to my certain knowledge broken, the latter possibly the same). Month after month it has existed; sittings, sometimes two hours, have been in vogue; motions have been made, and opposed; resolutions carried and afterwards reconsidered and rescinded, and the result is—“*Nothing*.”

A document is prepared by some Company or another, on the simplest matter possible, has been sent round for signature, *what has the result been*? Some managers say “*no*,” some “*yes*,” some neither one or the other, some nothing, so the thing falls to the ground.

Take the latest one for example:

We have had a large fire in Pembroke lately, where there are no fire appliances, rates were the same as in towns and villages having fire protection. Some managers having common sense left got a document up asking the Companies to co-operate to increase rates, it went the usual rounds, met the usual fate. Our managers could not agree, and Pembroke is as of yore—no fire appliances and most scandalously low rates. Examples innumerable could and would be given, if it would be the means of rousing our managers from the deathly stupor into which they appear to have fallen; but they will go on acting as fools and idiots until they sacrifice both themselves and their Companies, when it is to be hoped that their successors will create a new order of things.

A FOOL WITH A LITTLE SENSE LEFT.