

COMBINING EXPERIENCE IN FIRE INSURANCE.

At this distance beyond the jurisdiction of the New Jersey Court of Errors and Appeals, it is perhaps safe to whisper that the first part of its title seems strikingly apt at times. Recently the court ruled that the Newark Fire Insurance Exchange was, in legal phrase, "a Combination in Restraint of Trade"—which being interpreted into yellow journalese is spelled "insurance octopus," a term that is occasionally rolled under the tongue even in Canada. With some glimmering suspicion that it sometimes makes errors as well as remedies them, the court did not undertake to enjoin the exchange immediately, a motion for re-argument being a matter of record. And in due course the exchange through its attorney, Richard V. Lindabury, has filed with the aforesaid Court of Errors and Appeals at Trenton an appeal from its own recent decision. Apart from purely technical grounds, which are of somewhat local bearing, the exchange is able to make out a strong case for the general right of fire companies to joint organization along lines similar to those followed, for instance, by the Canadian Fire Underwriters' Association. The New Jersey solons seem to have overlooked the evidence as to the beneficial working of similar exchanges in all the larger cities of the United States during a period of over twenty-five years. It was proved and not successfully contradicted that these exchanges had everywhere tended to improve the risk, reduce the fire waste and, correspondingly, the rates of insurance. Similar effects were shown by the same witnesses with regard to the operation and effect of the Newark Exchange.

In holding that the evidence showed an injury to the public in the suppression of competition and the increase of rates, the court seemed altogether to misconceive the effect of the evidence. The declaration that the fixing of uniform rates inevitably reduces competition to the minimum, if it does not absolutely eliminate it, is commented upon by Mr. Lindabury in his petition as contrary to the well-known results of the establishment of uniform railroad rates by the Interstate Commerce Commission between competitive points in the United States. Certainly it is contrary to all sworn testimony in the case.

It is stoutly maintained by the exchange that there not only was no proof of injury to the public, but not a syllable of proof was introduced in support of the allegation that rates had been unreasonably raised or fixed since the Newark Fire Insurance Exchange was established. On the contrary, the evidence on the part of the defendants was that rates were reduced, and this evidence remained altogether uncontradicted.

On behalf of such exchanges it may be certainly advanced that they are practically necessary, if for nothing else, for the purpose of procuring adequate surveys of fire risks and their frequent inspection. Such work is too costly for any one company to undertake with thoroughness. The primary object of such exchanges is to secure the benefit of co-operation in the ascertainment and classification of risks and in the reduction of fire waste. The counsel for the Newark Exchange argued that no restraint of trade was shown in the case at issue, even assuming that an agreement to fix rates would restrain trade, for the reason that the companies were not bound by contract, but were free to charge such rates as they choose. Assuming that there was restraint, he argued that it was only incidental to a lawful purpose, and was limited and reasonable.

A distinguished underwriter quoted by The Insurance Press thus puts the whole matter in a nut shell.

"There is no certain standard by which the value of the hazard by fire can be accurately measured, and the only way in which it can be approximately ascertained is by and through the experience, extending over a long period of time, of the companies generally conducting that class of business. It is for this reason that insurance companies, in all nations of the world, are now accustomed to unite together in utilizing their combined experience, in order that rates of premiums may be so adjusted as to yield a fair amount of profit upon the capital invested, and, at the same time, be equitable to the property-owners."

This is not to say that underwriting associations are faultless—but abolition is one thing, improvement another. The attitude adopted by the National Association of Credit Men, at their recent convention is likely to accomplish more final good than the unreasoning opposition shown to rating bureaus by the business men of Rochester and Newark.

More efficient fire rating bureaus in the various municipalities throughout the country—not fewer—was the gist of their demand. Further, they passed a resolution pledging the "association to use its best endeavors to the end that the reports of the engineers of the National Board of Fire Underwriters upon cities in which the association has local branches shall be given a respectful hearing by the proper authorities and that the recommendations so made shall, as far as possible, be carried into practical effect."

INVESTIGATIONS IN FINANCE.

In the minds of all students of finance, the name of the late Professor W. Stanley Jevons is associated with the employment of exact and statistical treatment of economic questions. A new edition of his "Investigations in Currency and Finance," revised and abridged by his son, will be welcomed by readers whose intelligent interest leads them to look below the mere surface ripples of matters monetary.

In the popular mind Professor Jevons is remembered chiefly as "the man who said sun-spots caused commercial panics." This volume contains his theories regarding commercial crises—theories very generally, if unintentionally, misrepresented. As Mr. H. S. Foxwell points out in an introduction to the book, the theory propounded by Professor Jevons did not presuppose any accurate correspondence between the particular crisis intervals and the solar or sun-spot period. He only claimed that the periodic variation of tropical harvests is connected with the solar period, and that this harvest variation operates so as to stimulate and determine certain rhythmic fluctuations in European trade.

Chapters on Depreciation of Gold, Autumnal Pressure in the Money Market, and an Ideally Perfect System of Currency are particularly interesting, as also are sections of the book treating of the Silver Question and Bimetallism.

The book in binding, paper and typography is worthy of the publishers, the Macmillan Company of Canada—than which no more need be said on this point.

THE ROYAL TRUST COMPANY has called up the remainder of the subscribed capital, and the fully paid-up capital is now \$1,000,000.