

the insurance men had passed the word among themselves, and that if their opponents had known this, they would have prepared for it.

Mr. Shallcross took the box to swear to certain statements made to him by ex-Fire Chief Watson at a time when Mr. Shallcross was member of a special committee enquiring into certain features of the fire protection and insurance problem. Witness explained that the insurance companies had declined to give the committee the information it required, and the information given by the then chief of the fire department was the next best available. It was that the average fire loss for the 21 years ending 1907 had been \$34,598 per year, and for the past nine years, the yearly average had been \$45,300. The proposed Act of the underwriters was then discussed. Mr. Rodwell declared that there was no intention on the part of the insurance companies to prevent people from going outside for their insurance. It was merely a question of the terms upon which they should be allowed to do so.

Mr. Shallcross said the bill spoke for itself and that to a certain extent at least it was going to restrict the rights and privileges of citizens in respect of fire insurance. Mr. Bodwell, dealing with the objections to a certain clause of the Act, declared that if insurers could get from local companies, who paid to do business in the province, the class of insurance they required, they should do so. To which Mr. Shallcross replied that it was not a question of terms, but of rates.

#### Strong Pleas for Licensed Companies

Mr. Bodwell called Mr. R. S. Day, agent in Victoria for the Guardian and other companies. He explained phases of the proposed legislation from the standpoint of the insurance companies. Speaking of the measure of protection to policyholders in the bill, witness said that at the time of the San Francisco fire there had been some companies that were unable to meet their losses without great difficulty owing to the fact that they could not call on their reserve in other districts to bolster up their reserve in California. This was because of the governmental restriction and demands, which made it imperative for all companies doing business in certain districts to maintain big reserves in those districts. On the other hand, under the Companies Act in British Columbia, any wild cat company could come in and do business under the noses of the companies which paid for the privilege.

Referring to the difficulty experienced in British Columbia in having investigation conducted into the origin of mysterious fires, Mr. Day said that this was not done except when the insurance company was willing to bear the expense, and moreover so strong seemed to be the popular prejudice against insurance companies that it was seldom a company could get a conviction when it did prosecute such a case. He recommended strongly an independent commission under the control of the government to investigate the origin of suspicious fires. Witness gave evidence with regard to the expense a company was put to which was licensed to do business in British Columbia and the advantage an outside company had over a home company. Licensed companies paid an income tax of one per cent. on their gross premium receipts without deducting losses. Outsiders paid no such tax and this was unfair. Home companies in Victoria also paid \$300 each year to do business in that city. The total revenue to the city amounted to \$16,000 from this source.

#### Unlicensed Competition Increased Cost

At the afternoon session, Mr. Day continued on the stand, again dealing with unlicensed competition. It had, he said, the effect of increasing the cost of insurance to the general public. In the United States, the government insisted upon government inspection and all foreign companies were forced to pay a deposit equal to the amount required in the country where they were incorporated. He put in as an exhibit a Dominion government report to show that for every dollar collected on premiums, 65.6 cents is paid out. Touching on blanket insurance, witness said he would not attempt to justify it but he pointed out that if local companies licensed in British Columbia had the best intentions in the world of conferring upon Challoner & Mitchell for instance, a blanket policy similar to that given by Lloyds and previously referred to before the Commission, he was afraid the Dominion government would prohibit it. He then gave details as to how the rates in the various communities were arrived at by the companies, how experts visited the various districts, examined into all contributory conditions and fixed a key rate which was taken as a standard.

#### Would Not Write That Policy

During Mr. Day's examination Mr. Bodwell called the attention of the commissioners to a point which precipitated considerable discussion. Mr. Bodwell in reading the Lloyds policy put in as an exhibit by the Taylor Mill Company, discovered that there was a sum of \$7,000 on the policy for \$12,000 carried by some company not stated on the policy. This, Mr. Bodwell declared, left but one inference to be

drawn, namely, that despite the statements of Mr. Shallcross and Mr. Ker and Mr. Ulin, the \$7,000 was carried by a tariff company which was on the policy as leader. Mr. Shallcross denied this condition, and declared that Mr. Ulin could be recalled to show positively that the \$7,000 was carried by Lloyds and that the apparent discrepancy was explainable.

Mr. Day said that as an insurance man he would not accept such a policy and that if he wrote such a policy he would certainly be censured by his company. He would call it extremely careless to say the least.

The chairman, Mr. Lennie, said the point was important and asked to have it cleared up.

That being the case, Mr. Day was excused for the day, so that Mr. Ulin could be recalled.

Mr. W. Monteith, an insurance agent, who had considerable dealings with Lloyds gave brief evidence to the effect that he had never been able to place a policy with Lloyds without first having a line company on as a leader. He had heard of late that there had been successful attempts in evading Lloyds rule. As a local agent, he said he had been heavily hit by unlicensed competition.

#### Incendiarism Causes 60 Per Cent. of Loss.

The major part of the Tuesday morning session was occupied with the cross-examination of Mr. Day. Mr. Ulin, manager of the Taylor Mill Company, was recalled and showed a letter from Lloyds agent explaining the discrepancy of \$7,000 in his company's policy pointed out by Mr. Bodwell on the day previous. Mr. Ulin said that his firm was the first to take up Lloyds policies in Victoria, and that he had been instrumental in getting other leading firms to take this insurance. He had carried insurance with Lloyds since 1908. His present board rate, he believed, was ten per cent.

Mr. Shallcross, in cross-examining Mr. Day, said that he hoped to show that the expense of the board companies in conducting their business was heavier than it ought to be, and that as a result the insurers had to pay exorbitant rates.

Mr. Day said that the board companies were not seeking a monopoly, nor were they trying to advance the rates. It was their belief that if the bill was passed there would be a reduction in the rates. An enquiry by the government agents into all fires of serious proportions would tend to make the owners more careful, and would, therefore, have the effect of reducing the number of fires. Mr. Day would not say that 60 per cent. of fires were of incendiary origin. He said that what Mr. Bodwell had said was that 60 per cent. of the fire losses were caused by incendiary fires, and that was quite a different thing.

#### Bill Would Not Increase Rates.

Frequently Mr. Day complained that Mr. Shallcross was trying to examine him on the whole question of insurance, when he could speak only on certain phases of it. He repeated the statement that the insurance companies looked upon it as the duty of the Government to make an investigation into all fires of a serious nature. Mr. Day could not say who would bear the expense. The insurance companies could bear the expense of the insurance department. He indignantly denied that the intention of the underwriters was to shoulder on the Government the onus of probing the losses as an excuse for delaying or denying payment of such losses. He went on to quote a concrete case which he said was not isolated, where his company had paid a loss which it was not legally entitled to pay, simply because it believed in the bona fides of its customer. Witness was not of the opinion that the enforcement of the bill would increase rates. It would rather be an advantage to Victoria if Lloyds were not to come, in the same manner that it would be an advantage from Mr. Spencer's (departmental store) point of view, if Eaton's were not to come.

Mr. Shallcross asked whether if he could show that the proposed bill would tend to increase rates and would not give desirable security to policy holders, Mr. Day would withdraw the bill or recommend that it be withdrawn.

Mr. Day said he certainly would not as there were many other points in favor of the bill.

#### British Companies Made Money

Asked if he thought when a man could not get the kind of insurance he required from a board company, he should take what insurance the companies had to offer, Mr. Day said he thought that home companies should be patronized. He considered that Messrs. Challoner & Mitchell, for instance, sound and shrewd business men, were not wise in placing their insurance outside and placing themselves at the mercy of companies which could not be prosecuted without going outside.

The question of licensing outside companies so that they could be reached by service in British Columbia arising, Mr. Shallcross said that in the case of Lloyds he thought it could be so arranged that they could be served in British Columbia, where redress was required. He would go so far as to say

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