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A SUCCESSFUL FARMERS' FIRE INSURANCE COMPANY

The Story of Its Success—The Early Difficulties

THE success of such co-operative enterprises as the Maple Leaf Farmers' Mutual Fire Insurance Company, of Columbus, Ontario Co. is fast dispelling the illusion that farmers cannot co-operate. Fifteen years ago, a few of the prominent farmers of Ontario County decided that the rates they were paying for their fire insurance were too high. The idea of forming a mutual company to provide their own insurance was proposed and acted upon.

After meeting with many harassing experiences in its early days, some of which were told to an editor of Farm and Dairy recently by Mr. Wm. Smith, of Columbus, the president, and by Mr. John Bright, of Myrtle, one of the directors, the Maple Leaf Insurance Company to-day has some \$5,000,000 of insurance policies in force, and had a cash balance on hand, the first of this year, of \$19,474.23. All persons having property insured in the company are members of the company and have a vote. Members insured for any sum up to \$1,500 have one vote. From \$1,500 to \$3,000, two votes, and from \$3,000 to \$6,000, three votes, and for every additional \$3,000, an additional vote. The losses paid in 1909 amounted to \$3,806.10. Since the Company was formed, it has paid over \$60,000 in losses to its members. The assets of the company amount to \$134,380. There are no liabilities.

Considering the large amount of insurance in force, it is an evidence of the good management of the company that the total expenses of operations last year, including the losses paid, amounted to only \$7,596.24, including \$1,752 paid out for agents' fees, and \$1,151 paid for salaries and directors' fees. The receipts were \$12,764.61.

The low expense of management explains how it is that the company is able to charge only 75 cents per each \$100 of insurance carried for three years while old line companies charge \$1.00 to \$1.50.

The first president of the company was Mr. Wm. Smith, of Columbus, who is still the president, as he has been since the first. The first vice-president was Hon. John Dryden, who remained this office until his death, last year.

"We have never had any politics in our company," said Mr. Smith, "and to that fact we attribute, in a large degree, the success that we have had. Prominent members of both political parties have acted on our board from the start, and thus the company has been able to deal with all classes of farmers. Mr. Dryden, although he was unable to attend many of our meetings, was a strength to the company as the people trusted him. He was the leading Liberal of the county, while I have been one of the leading Conservatives. Our secretary and treasurer also are a Liberal and a Conservative. It has always been an unwritten law with us that this should be the case.

ITS EARLY DAYS.

"I will remember when our company was formed. We felt that the rates we were paying for insurance were too high. We hoped that by

Overcome Were Great—Does a Big Business.

forming a mutual company we could get our insurance carried at less cost, but we knew almost nothing about how to form or manage such a company. We were practically all farmers and at the very start we had to assume a liability with the Government for \$100,000 before we could get our charter.

At the outset, of course, we had practically no money. Many prominent farmers were afraid to take hold and assist us by assuming any liability for losses for fear the losses would be heavy and that the directors and shareholders might have to make them good.

A CRITICAL PERIOD.

Our first loss almost crushed us. About two weeks after we had organized, and when we had barely commenced to do business, our first loss came. It nearly finished us. One Sunday morning, just as we were going into church, a man brought us the news that there had been a fire on

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the premises of a man whose insurance we had accepted and that the loss would be about \$500. I am afraid that those of us who were officers of the company did not listen very much to what the minister had to say that morning.

"Our board met very shortly after outside to decide what we would do. We knew that the people expected that we would never pay the amount. We also knew that if we did not pay it our company was doomed, as the agents of other competing companies would announce it all over the country that we had failed to pay the risk.

"We decided to pay it. Our doing so caused a lot of talk. The people wondered where we got the money.

"When we paid it we were hoping that enough applications for insurance would soon come in with the insurance fees to recoup us for our loss. The fire came in August. During September we received a few applications for insurance and in October only one. Land of liberty! we felt blue, bluer even than we had right after the fire, as then we had counted on receiving the applications, which later we found were not coming.

"The worst of it was there were no signs that applications would come. There was no one to tell us to go on, that they would back us. Instead, the wise heads were all saying, 'I told you so; the company will not be able to hold out.' Opposing companies did all they could to beat us away below par. No one was clamoring to get on our board of directors.

"The month of November, however, showed a

marked improvement, as did also December. A considerable number of applications were received mostly from the district where the fire had been. About that time, Mr. Levi Niddery applied to be appointed one of our agents. He was just the type of a man we needed, being well thought of by a large circle of people. Mr. Niddery succeeded in obtaining a large amount of business for us. The fact that we had paid the first big loss so promptly helped us immensely. Had it not been for the business he secured for us, it is a question whether we could have pulled through.

RATES TOO LOW.

"At the start we made the mistake of accepting insurance at too low rates. It was all right at the first, but when the losses began to increase in number we found that our rate was too low."

"There is no use in farmers attempting to start one of these companies," continued Mr. Smith, "unless they intend to run it in a moderate way. It is absolutely necessary for the success of such a company that the expenses shall be kept low. If the salaries, rent and agent fees are not kept low, the rates have to be advanced, and this makes it impossible to secure the necessary amount of business. Companies also must be careful not to extend their operations too far. In our case we accept business only in the surrounding townships, and every policy is passed by our board of directors. We have not got an executive committee. The members of our board are chosen from practically every township in which we do business. Thus some of them are always sure to be well acquainted with the farmers who apply for insurance. Our board meets every month and passes on the various policies that are presented.

RISKS INVESTIGATED.

If we are not sure of the character of any man applying for insurance, or the nature of the risk, some of our directors are able to make the necessary investigations at little expense. We are careful about the characters of our agents. We aim not to accept any shady insurance, and nothing which would tempt the insured to burn his buildings. Nearly all our losses last year were caused by lightning. Our agents are told to tell the truth, even if they lose the insurance. We have insisted on these points, with the result that the business we are doing is sound and satisfactory in nature. An evidence is shown by the fact that out of 34 losses 26 were caused by lightning.

"Sometimes we will accept a risk without investigation, taking our agent's word. We used to meet at two o'clock in the afternoon, but of late years the business transacted has increased to such proportions that we now meet at 11 a. m. All the members of our board are men who have had more or less public experience. They include Reeves, ex-wardens and farmers who have had business experience in other lines."

A BIG DAY'S BUSINESS.

"In one day recently," interjected Mr. John Bright of Myrtle Station, "we put through \$180,000 of risks. It will only be a few years until our company is carrying practically all the fire insurance in southern Ontario. Our company has been gaining so in strength that of late years the other companies have been withdrawing from our field."