

**INSURANCE AND CREDIT.**

**Mr. J. B. Laidlaw, Canadian Manager of the Norwich Union Fire Office, Addresses Canadian Credit Men's Association at Toronto—Insurance the Guarantee of Canada's Commercial Life—The Regularity of Conflagrations.**

Mr. J. B. Laidlaw, Canadian manager of the Norwich Union Fire Office, recently addressed the Canadian Credit Men's Association at Toronto, on the subject of the relations of insurance and credit. "Considerable care is exercised regarding the giving of credit, yet while there are certain contingencies which can be guarded against, there are others that cannot be so safeguarded," he said. "Whether a man will meet with an accident, whether he will fall sick and die, or whether his premises will be destroyed by fire, cannot be foretold, but the modern system of insurance enables an individual to insure himself so that he may fulfil his obligations, and thus provide necessary protection.

"As a first principle this might be laid down, that just as it would be considered a bar to credit for a man to fail to look after and sell goods, so that he could make payment for same, it also should be considered a bar to credit if he does not protect himself against the unavoidable or unforeseen occurrences which may happen, by taking out proper insurance against accident and sickness, by life insurance, and also by insurance against fire. The whole system of insurance is to preserve the status quo—to indemnify against loss.

"In order to properly consider the relation of fire insurance to credits, it is necessary to go further afield than the giving of credits to customers. A moment's reflection will show that while firms give credit they are also receiving credit, and form part of the great modern system of business which is almost entirely built on credit.

"In the book entitled 'The Great Illusion,' by Norman Angell, occurs this paragraph: 'Trade and finance are built on credit—that is, confidence in the fulfilment of obligations, upon security of tenure in titles, upon the enforcement of contract according to law—and if that credit is profoundly touched there is not a section of the elaborate fabric which is not affected. The more our commercial system gains in complication, the more does the common prosperity of all of us come to depend upon the reliance which can be placed on the due performance of all contracts.'

"If these conclusions are correct, that credit is the life blood of modern commerce, if all sound credit is based on a pledge of property, all must recognize that unless the protection of fire insurance be given, such a pledge would be an exceedingly risky transaction. It is the guarantee given by fire insurance, and to a certain extent by life insurance and insurance against accidents, which gives stability to credit transactions throughout the world.

**INSURANCE SECURITY FOR LOANS.**

"In loaning money an obligation is laid upon the borrower that his property be insured. The same way with the bonds of an incorporated company; such company could not sell its bonds to the public unless there was an assurance that the factory, etc., is protected by insurance. The ordinary business life of a community is dependent to a great extent upon the fact that if a fire happens an individual or a company relying upon their insurance can immediately

secure other premises, can remain in business and keep their organization together; the disorganization of the working force is, not only to the business or manufactory, but also to the employees whose livelihood is bound up with it, often one of the greatest losses of a fire.

"When a city like Toronto goes to the markets of the world to borrow, say, a million dollars to provide modern necessities for its citizens and shows as a basis of credit an assessed value of \$250,000,000, what renders it easy to get that loan is the assurance that its citizens are well insured, and if the city were destroyed by fire it would be promptly rebuilt. If that were not so there would be no money advanced, for the lenders would fear that some day they might sustain an enormous loss.

**INSURANCE THE GUARANTEE OF CANADA'S COMMERCIAL LIFE.**

"Insurance forms the guarantee of the commercial life of Canada, just how largely can be seen from the following figures taken from the Dominion Government report at the end of 1910 and which are the latest available statistics. In this Dominion fire insurance amounted to \$2,746,101,851.

Canadian Companies . . . . .	\$ 502,510,417
British Companies . . . . .	1,143,463,774
American Companies . . . . .	388,302,549
<b>Total . . . . .</b>	<b>\$2,034,276,740</b>
Reporting to Ontario Government . . . . .	422,309,882
Unlicensed Insurances . . . . .	189,515,229
	<b>\$2,646,101,851</b>
Other Provinces Estimated . . . . .	100,000,000

**Total . . . . . \$2,746,101,851**

"As to life insurance, which is also one of the foundations of credit, there was in force in Canada at the same time:—Canadian companies, \$565,667,110; British companies, \$47,816,775; American companies, \$242,629,174; total \$856,113,059; Ontario Government report, net amount at risk—Ontario stock companies, \$2,045,649; friendly societies, \$387,945,595; total \$389,991,244, giving a sum total of \$1,246,104,303.

**CREDIT IMPOSSIBLE WITHOUT FIRE INSURANCE.**

"While fire insurance is not the only factor, commerce would not have grown as it has were it not for the protection of fire insurance. The great growth of fire insurance has occurred particularly within the last half century keeping even with the enormous development of credit transactions and general business. The two—fire insurance and credit—have gone hand in hand, the one impossible without the other. In addition to the insurance of real and personal property there is also insurance of use and occupancy, of rentals, revenue and of profits. The question then arises, if credit transactions and our wealth are based upon protection by insurance, is that protection real or will it fail when in a time of great need?

"There is much insurance held in Canada to-day that perhaps would not stand a great strain, and also the Government is not doing all in its power to see that the policyholders are properly protected against companies that are doing business on unsound lines. While not mentioning any company, our Government is rather lax in not enforcing the laws which they have, and which at present press on the solvent companies, and on them alone.