

FIRE INSURANCE CRITICS.

Probably in no other business on earth is the risk of the absolute obliteration of the capital and resources utilized in the business so great as in the case of fire insurance. Moreover, the service to commerce and to the people at large which is rendered by fire insurance is more important and essential than almost any other single class of service. Notwithstanding these fundamental conditions, either of which sufficiently justifies a good return to stockholders upon their money held at the hazard of the business, there seems to be a sentiment among some of the people, says the New York *Spectator*, that the fire insurance business should be operated as an eleemosynary institution, for their benefit. On the other hand, such people are insistent upon selling their goods at a profit; they do not care to conduct their business merely for the pleasure of doing it, even though their merchandise is so protected by fire insurance and otherwise that the risk of loss upon it, in the aggregate, is very slight. In other words, they intend to sell their goods at a profit, but are not willing that they should be charged for a necessary service a price which may or may not yield some profit. The "live-and-let-live" principle is a fallacious one, in their opinion.

A FOOLISH ARGUMENT.

This sentiment has been fostered by some public officials, who have ultimately led the people of their respective States into difficulties from which it has proved hard for them to extricate themselves. In general, these critics of the fire insurance business select some unit of territory—a State, or even a single city—and argue that because the losses therein for a particular period have been light, premium rates should be materially lowered. If such a State or city should suffer from a conflagration or a series of fires which would run up the losses far in excess of premiums, would the critics likewise clamor for an increase in premium rates? Such action would be consistent with their previous line of argument, but would never occur. The underwriters must deal with rate questions in a broad way, considering their experience in the aggregate, while trying to apportion costs as equitably as they can. They are not infallible, neither have they the gift of foresight which would enable them to know where next year's fires will happen.

INTELLIGENCE WANTED.

Some parts of the country must be profitable in order to care for excessive losses in other sections; but the profitable district of this year may next year be one of those which require aid from others, because of unusually heavy fire losses. In the main, the rates are evidently fairly well adjusted to the risks, as the average loss ratio for the whole United States during the past twenty-nine years has been 55.22 per cent., while it is roughly calculated that 55 per cent. is about the highest loss ratio that will allow a reasonable underwriting profit. He who would intelligently criticise fire insurance rates should make a deep study of the general question, posting himself thoroughly upon every feature of it. By that time he will probably conclude that criticism is unwarranted; or, at least, he will decide to postpone it until he can offer some more equitable plan of rating than is now in vogue.

AMENDING MANITOBA'S INSURANCE ACT.

The Manitoba legislature is at the present time engaged in a revision of the provincial insurance act, a large number of changes in the existing law being proposed. The definitions covering accident, guarantee and other branches of miscellaneous underwriting are amended to accord almost exactly with those of the Dominion Insurance Act. The respective meanings of "licensed" and "registered" companies are also more closely defined. Provincial licensing applies to companies incorporated under a Manitoba Act, and also companies incorporated in any other province or foreign country which do not hold a Dominion license. Registration applies to companies of Dominion incorporation, or holding a Dominion license. In future it is proposed that licenses shall be for one year, expiring at 31st March but renewable annually.

More stringent capital requirements for licensed companies are outlined. Instead of a fire, life, guarantee or hail insurance company having to show capital of at least \$25,000 paid up, it must have \$50,000 paid up in cash. A company transacting accident, sickness or live stock insurance must have \$20,000 paid up in cash, instead of \$10,000 paid up as formerly. Certain other designated miscellaneous branches have their minimum unchanged, but the words "in cash" are inserted in each case, so that stock notes shall not be counted in as part of the paid-up amount.

ADDITIONAL DEPOSITS.

The deposits with the Provincial Treasurer required from companies (other than those with Dominion licenses) are doubled by the amendments; extra-provincial fire and life companies must put up deposits of \$20,000 in place of \$10,000, while Manitoba companies are to put up \$10,000 instead of \$5,000.

An amendment, aimed at strengthening the security of policyholders in Manitoba companies, is one providing that if any company incorporated in the province proposes to hypothecate or make deposit of any of its securities in any other province, then such company shall, before such deposit is made, increase the amount of its deposit in the hands of the Treasurer to an amount, if a fire company, sufficient to cover the value of its reinsurance risk in Manitoba, as required by the Insurance Act of Canada.

Increased summary powers are contemplated, whereby the securities deposited with the treasurer may be used by him for the purpose of re-insuring all or any part of the risks of the company outstanding in Manitoba, as and when the Inspector of Insurance may see fit. It is also provided that the provincial treasurer may at any time before a liquidator is appointed, appoint a provisional liquidator who shall forthwith take charge of the Company's affairs.

AGENTS' LICENSES.

Agents, individually, as well as the companies they represent, are to be licensed before they can solicit or transact business—and only *bona-fide* residents of Manitoba can qualify, except where reciprocal legislation exists in other provinces. An agent's certificate of authority can be revoked by the Superintendent of Insurance for misrepresentation, fraud or violation of the provisions of the Act—including the provision that the agent shall not retain premium monies over and above the term stipulated in his