

STATE FIRE INSURANCE.

Under the above title, Mr. F. Allen, General Manager in New Zealand, of the Commercial Union Assurance Company, has published a pamphlet setting forth the reasons against State Fire Insurance. Its perusal is heartily recommended to those interested. In addition to the notice given to Mr. Allen's paper, by the insurance journals, the *New Zealand Trade Review*, of the 1st ultimo says:—

The writer points out that State Fire Insurance violates the fundamental principle upon which fire insurance is conducted by those possessed of recognized experience and scientific knowledge. The great principle is the distribution of risks, so that the largest and most successful fire companies extend their operations all over the world. Under the scheme now before our Parliament the business would be confined to the small Colony of New Zealand, a specially unpromising field in which to work.

After a careful review of the provisions of the Bill, the writer declares that it transgresses every canon of fire insurance.

State of Mutual Fire Insurance has, wherever tried, proved unsuccessful. In Switzerland State or Municipal Insurance is practiced to some extent. In Zurich, where perhaps the most perfect extant system of state fire insurance prevails, buildings only are insured, and those of a non-hazardous character and not distant from towns or villages. The exceptions have to remain uninsured. Losses are met by a rateable tax on property. The results do not indicate any great measure of success.

In other districts under this system the proportion of loss to the total sum insured has been about six times the average premiums charged by insurance companies in adjoining countries when similar conditions of trade, &c., prevail.

The case of Saxony is cited, where, by law all buildings not classed as extra-hazardous must be insured with the Government. In 1870 the State institution has a deficit of £150,000. The state office is described as a charitable institution under the regulations of which the large and well-equipped cities cover the losses of small ill-constructed towns and villages, destitute of a fire department and without engines except of very ancient description.

The experience of America, Sweden, Australia and Canada are also cited in support of the contention.

The companies trading in New Zealand comprise many of the largest in the world, having subscribed capital and accumulated reserves amounting to about £60,000,000, with risks spread over almost the entire civilized globe. These insure about two-thirds of the insurable property in the Colony, yet New Zealand, a comparatively small country with a public debt of upwards of £43,000,000, proposes to undertake the liability attaching to the insurance of the whole insurable property in the Colony.

The impossibility of comparing life insurance business with fire insurance is pointed out, one being worked on clearly defined principles from reliable statistics, while the other has no settled lines and no statistics worth consideration.

The operations of the New Zealand (State) Life Insurance Office is compared with those of the Australian Mutual Provident Society, and it is shown that, though the State Office has somewhat the advantage in the amount of business, its ratio of expenses is higher than that of the private company. How, then, can it be anticipated that state fire insurance could be carried on more economically than by private companies?

ARE NON-FORFEITURE LAWS EXPEDIENT?

The address of Mr. David Parks Fackler, upon the above subject, at the National Convention of State Insurance Commissioners in Milwaukee, was an admirable one, and we regret that the pages of *THE CHRONICLE* do not afford the space for publication in full of the views of the Ex-President of the Actuarial Society of New Jersey. The following extracts will serve as an outline of the style of Mr. Fackler's excellent paper:—

"The question for the present seems to narrow itself to what, if anything, should be required from the regular or legal reserve life insurance companies; for, though many of the other life insurance organizations issue contracts, which are practically the same as those of the regular companies, the State legislatures seem to consider them not amenable to legal restrictions regarding reserve, and consequently not in the matter of surrender value allowances. In several cases, however, these co-operative or assessment associations charge premiums quite as large as the non-participating premiums of some of the regular companies for corresponding forms of insurance, and also make contracts requiring definite reserves of some kind or other. Moreover, the mutuality of many of these institutions is entirely imaginary, as they are often controlled by an inner ring and not at all by the insured, any more than any stock company; but they have thus far escaped legislation of the character applying to regular companies, because they were supposed purely mutual. I do not intend by these remarks to make any reflections against any of these organizations, but only to show that they have no right to be considered more mutual than the regular companies.

All forms of insurance should be alike before the law, and no one system should be specially favored by the government. As it is, however, the States are guilty of inconsistency in imposing practically all their requirements on the regular forms of insurance. The regular companies are compelled to hold certain arbitrary amounts of reserve for all contracts that continue in force, and, along with this, many States require them to give all policy-holders, who break their contracts, certain allowances either in insurance or in cash, regardless of the circumstances under which the policies may be terminated.

Life insurance companies are associations of individuals, who either desire insurance for themselves, or seek to do a safe and remunerative business as stockholders, and there seems to be no reason why the State should specially interfere with the liberty of citizens to control their own corporations thus formed any more than it would attempt to control companies formed to do mercantile business. They are given no special privileges in return for which the State may properly demand control of their operations. Of course, however, all corporations, like all citizens, are properly amenable to any regulations requisite for the safety and highest good of the State and people generally. How far the State may wisely and beneficially supervise the action of its citizens, either singly or when associated together in companies, will always be a question on which opinions will more or less differ, and it will be interesting to consider what character of legislation in the past seems to coincide more generally with liberty, stability and progress, as a brief historical retrospect may give us some solid reasons for taking a definite standpoint, from which to view the important question before us.