cepting such individual cities and towns, and risks in towns as have been either specifically or schedule-rated. When this tariff was issued to the various companies and through them to their agents, attention was specially drawn to the title of the tariff as being of "Minimum Rates;" and that "an extra rate *should* be charged for external exposure as the circumstances of each case may require." No doubt the members of the committee having in charge the preparation of this tariff were imbued with the idea that all the companies in the Association then newly formed were thoroughly in earnest regarding the collection of paying rates, especially as they were aware of the urgency put upon many of the larger British offices, at that time by their home management, which was to the effect that unless some agreement as to uniform and better rates was speedily arrived at in Canada, the question of withdrawal from this field would be taken up. Only in this way can we account for the otherwise unfortunate —as we think it — use of the word *should* in above rule. *Must be charged* would, we say, have been better, for, as the sequel has shown, the minimum ratings came to be used as specific ratings, and at this date are very generally so used. The evident intention of the framers of the rates has been submerged, perhaps totally, by competition amongst the rival agents. No doubt for a time it was the endeavor of the wiser and more conservative managers to insist on an added extra to such minimum rates, for risks with external exposure, as in their experience they considered justifiable. These, however, could not for long withstand the pressure put upon them by their local agents who wished to keep their business together, and to meet local competitors, untrammelled with external exposure extras. Thus it has come about that the latter clause in Rule No. 2 of Instructions to Agents is practically dead. As a set-off, from time to time the companies have improved their position in the above respect by specifically rating a town, and schedule rating certain manufacturing hazards, and by specially rating. In all of these systems regard is had to external hazard, as an important factor in the rate. It is still a question for the underwriting community to carefully consider how much of premium legitimately theirs they failed to collect in past years, of poor profit to them, by waiving or ignoring the extras for external exposure. We have long inclined to the opinion that a great deal of a possible "profit" in fire insurance business in Canada has been let lie, passed over in this way. Surely it is a very reasonable thing to require some additional premium upon that one of two given risks, which, similar to the other in all else, yet differs in having within burning distance some higher rated hazard, say a factory, a frame range, or higher building whose imperfect walls might topple over in a strong fire, as happened lately in Toronto, and destroy property otherwise safe.

We are glad to be able to emphasize our remarks as above with some extracts from other sources, and very much we conceive to the point :—Mr. George W. Babb, jun., U. S. manager of the Northern Assurance Co., has expressed himself on the Exposure Hazard, through the *Review* of New York. The italics are ours. "The experience of companies engaged in the fire insurance business shows that from 20 to 25 per cent. of the aggregate amount of fire loss sustained is exposure loss incurred on risks outside of those wherein the fire originated. *Exposure is the largest single loss producer*; but notwithstanding this ominous circumstance, it has not received in the past that attention from underwriters which *the competition of the present and the future* will compel as a means of self-preservation. The last report of the New York Superintendent of Insurance shows that the companies doing business in that State sustained during 1893 losses to the amount of $85,000,000. On the basis of 22½ per cent., the vast sum of more than $19,000,000 was absorbed by exposure losses. On the basis of a 60 per cent. loss ratio, $19,000,000 of losses would call for nearly $32,000,000 of premiums. Does anyone believe that anything like the true exposure premium was collected? I do not. Let any underwriter take up his list of exposure losses in detail, and he will soon admit that only a small additional compensation was received for the exposure hazard, which actually caused this large number and important proportion of losses. *I believe that here is the greatest leak in our business*, and especially as it applies to brick mercantile districts."

If we apply Mr. Babb's method of computation to the fire losses in Canada for 1894, as published in an earlier number, from figures supplied us by the companies, we find about as follows :—

Losses in Canada $4,348,325, allowing 22½ per cent. of this as "exposure loss" gives $978,372, and on the basis of the 1894 loss ratio of 66⅔ per cent. $1,475,228 would represent the "exposure premiums" collectable, or 22½ per cent. of the total premiums collected last year $6,556,570.

Making due allowance for the higher buildings, with larger areas in U.S. cities than in the Canadian cities and towns, in applying Mr. Babb's theory to our own case, also allowing a due percentage of premiums collected in Canada which did include an exposure extra, we may still with him ask, "does anyone believe that anything like the true exposure premium was collected" in Canada in 1894?

The above was written subsequent to the date of the "Globe" Building fire in Toronto, and prior to the later fire in Simpson's Building on Queen and Yonge streets. It is a question pertinent to above remarks, for the Underwriters to answer; What extra premium was collected for the "exposure hazard" for insurance effected upon buildings and damage from the burning of the five story building of Simpsons, in which the fire originated?

The failures for first quarter this year are still high, but below those for same period 1894. A good feature is that the total assets of the insolvent firms have not gone down at all, while the liabilities have decreased 3 millions. In 1894 the proportion stood as 26 to 49, this year they stand as 26 to 46. We regard this as a very favorable symptom.