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CHEAP FIRE INSURANCE.

It is an admitted principle in commerce that every commodity, or any kind of service rendered by one to another, has a fair legitimate price in relation to other commodities and services which it ought always to command. If it be labor that is dispensed, it should have an adequate return; if capital, the investment should yield a fair rate of interest. The soundness of this general proposition is admitted, but self-interest often interposes objections to its practical application. It is a very common complaint with business men, that fire insurance companies charge too high rates, and all sorts of pressure are brought to bear on them to induce a reduction below what they regard as a safe and proper rate. Unfortunately, the absurd and unbusiness-like competition, that prevails among the companies, renders them an easy prey to those who have the shrewdness to play off one company against another.

There is a fair rate for every class of risk, (always making allowance for exceptional cases) determined by experience with some approach to accuracy, and it should be distinctly understood, that unless that figure is paid neither the company nor the assured is safe. If rates are not maintained, the company usually gets into low water; it becomes necessary to resort to drafts and notes to gain time, to fall back upon flimsy excuses and subterfuges to postpone payment, or litigation to avoid it altogether, so that those who get "cheap" insurance are not always the best off.

The action of some of our companies in this matter of rates is very reprehensible. Some of the general agents display an amount of recklessness, or ignorance, in this connection, which is utterly incompatible with a faithful discharge of the trust reposed in them. For instance, it has been stated to us that in Montreal, a certain property—say a grist mill—which always paid *five* per cent. was insured the other day at *one and a half*. Not that anyone made a mistake in their estimate of the risk, but the reduction was brought about in this fashion; Mr. Miller goes to A, who has always had 5 per cent. for the risk, and says: "I shall not renew this risk with you, Mr. B. offers to do it for $4\frac{1}{2}$," A does not want to lose the risk, and offers to take it at 4. Then Mr. C steps in and proposes to take it at $3\frac{1}{2}$. Mr. D., who has just got a new Company and wants to make his mark, and withal knows nothing about rates, but merely looks at the amount of the premium, will do it for 3, and so on to the end of the chapter. We are glad to be able to say that many of the agents will not descend to this style of brigandage—we shall not call it insurance.

It will be admitted that it is impossible for the companies to do the business, and do it fairly and honorably, unless it proves profitable. Insurance companies are not charitable corporations. They are conducted for the purpose of making money, or saving money, for their proprietors. If rates are too high, that would at once become apparent in the large profits that the companies would reap, supposing, of course, that there is no extravagance practised. Taking the experience of the past year, we find that the percentage of losses to premiums of all the licensed fire insurance companies was $64\frac{1}{2}$ per cent., including resisted claims. Omitting these claims, the percentage would be $60\frac{1}{2}$. Taking these latter figures as the minimum, we add 30 per cent. for expenses, which is the average rate. This gives us $90\frac{1}{2}$ per cent. as the disbursements for losses and expenses, leaving $9\frac{1}{2}$ per cent. with which to pay dividends, build up reserves, &c. This is not sufficient for all the purposes named; and were the average business, one year with another, no better, the companies could not continue in the field. It will be seen, therefore, that the rates charged cannot possibly be too high, but rather that they are too low, and that any action, whether on the part of the companies as among themselves, or on the part of the insuring public, tending to break down rates, is destructive to the interests of both.

The average ratio of losses to premiums among all the fire and fire-marine companies doing business in Massachusetts last year was 54.29 per cent., the expenses 29.39, making together 83.68 percent., and leaving 16.32 per cent. out of which to declare dividends and create reserves. In New York State the average ratio of losses to premiums was in 1867, 60.83 per cent.; in 1868, 59.64, and in 1870, 53.31.

From these facts, which may be assumed as a fair indication of the current experience in fire insurance, it is apparent that our companies are not in a position to make any concession in the matter of rates; and it is imperative that vigorous exertion should be put forth to lower, by every proper means, the high average of losses. An increase of rates is hardly to be expected, so that better results can only grow out of more harmonious action on the part of the companies and agents, and a determined effort to reduce the average of losses to a point more in harmony with the general experience of other countries.

CANADIANS IN WALL STREET.

A sharp rise in the gold premium, occasioned by the disturbances in Europe, has revived the attractions of Wall Street, and led a good many believers in "luck" to try their hand in the gold market. Among these hopeful adventurers, we know of several Canadians who have considerable ventures based on a rise, and whose complacent smile unmistakably indicates their belief that they have done something shrewd.

If these Canadians were to ask our advice,—which they are not likely to do, or to accept it if given—we would say: If you have made money, sell out and go home, and be content; if you have lost money, do likewise, and congratulate yourself that it is no worse. Games of chance have always had an irresistible attraction for a class which is a numerically important section of the community. It is the same influence and the same weakness that makes one man "fight the tiger" at faro, and another mingle in the encounters of "bulls" and "bears" in the New York money market. And the one is about as likely and reasonable a mode of making money as the other. Ask any leading broker in Wall Street, as to the experience of outside speculators, and he will tell you that a moiety lose all they are worth, and nine out of ten sacrifice more than they make. But it is not to be expected that even so instructive and startling a warning as this record affords, will deter those who think themselves gifted with uncommon sagacity, and possessed of an always cool judgment, from following the beaten track already strewn with wrecks. It is quite useless to represent the hazard of stockjobbing to them,