

Necessity to Reduce Fire Waste in Canada

Canada Stands at the Head with Largest Loss Ratio Per Capita of any Country—Situation of Vancouver for a Conflagration is Serious—Should Have Fire Boat.

Mr. R. R. Earle, K.C. of Vancouver, addressed the Insurance Institute of British Columbia in the Mainland Fire Underwriters' Association boardroom on Tuesday, March 11th, on "Some Random Thoughts on Fire and Fire Insurance" which was much enjoyed by a large audience of insurance men in the city. In opening his remarks Mr. Earle reviewed the early history of fire insurance and the development of town council protection in a very crude form to the modern system of scientific rating in vogue at the present time. In particular he narrated the development of insurance which really began from the great London conflagration in 1666. In this connection he stated that in 1667, Nicholas Barbon opened an office in London and proposed to insure houses and buildings to every property owner who desired it, he guaranteeing reimbursement up to a certain amount in cases of loss accepting in exchange the annual payment of a certain small amount called a premium. This was the beginning of the fire insurance business. Today by the application of the law of averages and other scientific principles which was at first a mere gamble, insurance has become a real co-operative business arrangement by which a host of owners pay yearly small but carefully calculated sums to the insurance companies in order that a certain number of owners who are bound to be visited by fire during the year may be reimbursed for their losses.

Yet it is evident that the fire insurance policy does not represent the last word on the subject of protection. At best, it is only financial protection and can be of no help in preventing the building from catching fire or from burning up. The payment of the loss by the insurance company may enable the owner to rebuild as good as new but the useful material which has been reduced to impotent ashes cannot be restored. Each fire then is a waste of the world's energy and the yearly total of fire losses reaches such a staggering sum, particularly in the United States and Canada, that unless a stop be put to such annual sacrifice, there would seem to be the possibility of our ultimate financial ruin.

Mr. Earle quoted from the report of the Commission of Conversation on the subject of fire waste in Canada published in 1918 as follows:

"Fire waste in Canada constitutes a problem of paramount and far-reaching importance. Continuation of the present tremendous loss of property and life by fire cannot but vitally affect the economic future of the country. If, with the cessation of war in Europe, we are to enter successfully upon a period of rapid expansion, it is imperative that rational conservation go hand in hand with development. It is as necessary to conserve created wealth as it is to prevent the waste of natural resources. Nature in time may restore devastated forest areas, but only human toil can raise a new city from the ashes of the old. Re-creation arrests productive effort, and the replacement of the values destroyed by fire absorbs energies that would otherwise be devoted to industrial and economic progress."

"There is a growing recognition of the fact that fire waste is needless and that definite measures should be taken for its avoidance. Numerous individuals, municipal councils, boards of trade and other organizations throughout the Dominion urged the Commission of Conversation of Canada to investigate the problem. Accordingly an in-

vestigation was begun and an attempt was made to gather into a well-rounded whole, the experience and technical knowledge of fire prevention experts, and to apply it to existing conditions."

The Commission sent out a questionnaire to 179 fire insurance companies, 92 general agents, 38 loss adjusters, and the conclusion reached may be briefly summed up as follows:

1. That the actual loss of life and property by fire in Canada—the latter averaging \$291 per capita annually for the years 1912-1915—is greater per capita than any other country in the world, and constitutes an enormous and increasing demand upon the resources of the Dominion, besides most seriously affecting the economics, prosperity and general well-being of the people.
2. That such losses can be very materially reduced. This is clearly shown by the experience of European countries which have attacked the problem at its source.
3. That the loss by fire is chiefly ascribable to
 - (a) Carelessness due largely from a sense of security created by the present system of fire insurance.
 - (b) Faulty building construction.
 - (c) Arson.
 - (d) Lack of adequate fire prevention laws, such laws as exist being poorly enforced.
4. That for immunity from the danger of fire losses, the people of Canada are relying largely upon the elaborate and expensive system of fire-fighting, and are giving too little attention to the prevention of fire.
5. That our fire departments, while among the best in the world, in both apparatus and personnel, are not preventing the steady growth of losses.
6. That the monetary indemnity provided by fire insurance does not restore the values destroyed, but merely distributes the loss, through the channels of commerce, over the whole people.
7. That the cost of fire insurance and fire prevention is, in a large measure, determined by the amount of the fire loss, and cannot be expected to decrease except as the fire waste declines.
8. That although the aggregate loss by fire constitutes a national problem, all fires are local in origin and are therefore locally preventable and controllable.
9. That property owners generally have not been sufficiently influenced by their own interests or the welfare of the country at large, to use effective means to correct fire-waste conditions.
10. That existing legislation respecting the prevention of fire is inadequate and lacking in uniformity.
11. That such legislation is almost entirely confined to cities and more important towns, and that the dangers and hazards of fire in small communities and rural districts are without regulation or control, despite the occurrence of a large proportion of the fire-waste in rural districts.
12. That the only possible solution of the national fire-waste problem lies in the adoption of compulsory measures, which by reducing to a minimum the fire hazards in all communities and properties, will prevent the occurrence of fires.
13. That owing to the failure of local authorities to deal adequately with the situation, the Provincial Government should undertake the removal of a burden imposed upon the whole people, and should safeguard the lives and property which, in the final analysis, constitutes the true wealth of the country.

The report goes on to state that in attempting any systematic study of fire waste, certain broad but indisputable facts must be clearly borne in mind for an adequate appre-