

that require immediate attention, and frequently require the immediate and arbitrary suspension of operation; that, on an average, one boiler in every two is found to possess minor and insidious defects, which, if not promptly dealt with, would soon become dangerous defects.

We are, however, able to present more definite and tangible results, and point with pride to our low loss ratio, averaging only about 10 per cent. of premiums received. This is in striking contrast with the loss ratio of most other lines of insurance which generally average to consume from 40 per cent. to 60 per cent. of premiums received—assuming that normal conditions prevail. The fact, however, should not be overlooked that in the steam boiler line the inspection expenses more properly correspond to the loss ratio in other lines of insurance. These inspection expenses alone approximate 50 per cent. of premiums received and a considerable proportion of this expenditure is actually spent in the presence and under the observation of an assured, if he chooses to take the time and remain in the boiler room while the inspections are being made. The value, therefore, of an inspection service that can contribute substantially toward preventing a violent explosion of a boiler, and that can deal in time and effectively with these defective features, is invaluable to any industry, and its value can no more be measured in dollars and cents than can the ministrations of a faithful family physician.

Another substantial benefit is derived from the extended and prolonged usable life of a boiler beyond the average life of a boiler receiving no such or similar attention. This is a feature that is not generally given the prominence and consideration that it really deserves, as it is one of the important contributive factors of steam boiler insurance. Benefits and economies derived from this source alone make a substantial contribution toward the expense of steam boiler insurance.

If, perchance, we could clearly establish the fact that boilers subjected to a regular, periodical inspection sustain a usable life averaging from ten to fifteen years longer than boilers receiving no such care and attention, as is more than probable, we would be able to create an entirely different feeling toward the importance of steam boiler insurance, and especially toward the importance of maintaining a regular and efficient inspection service. Managers of steam power plants would then be as determined to carry this line of insurance as an operating economy, as well as for its protective value.

BREADTH OF COVERAGE.

Steam boiler insurance, as it is written to-day, is under a so-called blanket policy; that is, it covers more than one object and more than one hazard; whereas the coverage in respect to other lines of insurance is more specific and narrow. To make clear my meaning, a fire insurance policy covering a dwelling house would not cover the furniture therein, unless it was specially mentioned. An employer's liability policy covering claims for personal injuries of employees would not cover similar claims of those who were not employees, unless special provision was made and an additional premium paid therefor. A life insurance policy covering the head of the house would not, of course, cover any other members of the family; and, therefore, I repeat that the protection extended under the policies of the various lines of insurance is very specific and definite. In con-

trast, the ordinary steam boiler policy covers (1) loss or damage to the property of an assured; (2) loss or damage to the property of others for which an assured may be liable; (3) claims for personal injuries and fatalities of employees, and (4) similar claims of any person or persons whether employees or not.

Because of this breadth of coverage there can be no hope or promise of salvage in the adjustment of losses, assuming that an assured has sustained a loss from these various sources sufficient to consume the face of the policy.

I have previously alluded to steam boiler insurance as one of the most scientific of the casualty lines, but I consider our present method of writing it is most unscientific and not in harmony with generally accepted principles of sound underwriting. I shall indeed be pleased if I have succeeded in making the point clear that the feature that distinguishes steam boiler insurance from all other lines of insurance is the expenditure of both money and labor to prevent steam boiler explosions through the maintenance of an enlightened supervision and an efficient inspection service, as contrasted with, in most other lines of insurance, the pledge of reimbursement after an accident, or casualty, has occurred, for a loss that has actually been sustained. It follows, therefore, that as relating to most other lines of insurance the contract is solely for indemnity, while as relating to steam boiler insurance the contract is primarily for service, but equally supported by a similar pledge of indemnity, in case of an accident that no human agency could foresee or prevent.

STEAM BOILER INSURANCE IN CANADA, 1911.

The following is an abstract of the business during 1911 of the companies which carry on steam boiler insurance in Canada:—

	Premiums, 1911.	Policies, new and renewed	Amount in force, Dec. 31, 1911.	Losses incurred, 1911.
Boiler Inspection and Insurance	\$80,989	\$8,260,000	\$21,098,400	\$1,601
Canadian Casualty and Boiler	20,295	4,617,150	8,251,250	618
Fidelity and Casualty	9,088	2,387,500	2,027,500	None
Maryland Casualty	14,731	2,043,900	2,803,000	1,562
Travellers' Indemnity	1,313	290,000	315,000	None
U. S. Fidelity and Guaranty	90	65,000	65,000	None
Totals	\$126,506	\$17,663,550	\$34,560,150	\$3,781

With regard to these figures, and particularly those of losses incurred, the preventive character of steam boiler insurance, so strongly brought out above by Mr. Brainerd, should be borne in mind. It is interesting to note in this connection the figures of the Boiler Inspection and Insurance Company, of Toronto. This company is controlled by the Hartford Steam Boiler Inspection and Insurance Company, and as shown by the returns given above, transacts the larger part of the steam boiler insurance business of the Dominion. This company in 1911 only incurred losses of \$1,601 on a premium income of \$80,989. But it may be noted that its expenses of every kind, exclusive of taxes, came to \$57,565 or about 71 per cent. of the premiums and of this total of expenses, "inspectors' salaries and expenses" absorbed \$30,120 or 37 per cent. of the premiums. The striking differences between steam boiler and other kinds of insurance are thus clearly brought out.