

### ARE THE RECENT ADVANCE IN FIRE INSURANCE RATES ON AN EQUITABLE BASIS?

Criticizing fire offices and their methods of transacting business is a favourite practice with those who are entirely ignorant of the various details connected with fire insurance. On various occasions THE CHRONICLE has shown the absurdity and injustice of the statements made that the rates charged by the companies are exorbitant. The history of the business in Canada does not warrant these assertions, and official statements have been published from time to time which show that the business has not been on a satisfactory basis, but much the reverse.

In fixing rates, however, upon the different classes of risks, it occurs to us that there are some discrepancies which might be remedied. Let us take the course followed in this city for instance. The advances made were, (1) for unsatisfactory municipal protection a charge of fifty cents, and (2) for the conflagration hazard a charge of twenty-five cents. It is thus clear that upon a risk rated at, say five per cent., such advances would be 10 per cent. and 5 per cent. respectively. Whereas upon a risk rated at 1 per cent., the advances amount to 50 per cent. and 25 per cent. respectively. In other words the less hazardous risk has to pay five times as much in proportion to rate as the more hazardous, which does not seem equitable.

Of course, the system of specific or schedule rating now being carried out will remedy these apparent inequities.

There is also another point in connection with the conflagration hazard which we may touch upon. All the conflagrations that have materially upset the calculations of underwriters, and either ruined or crippled many companies, have occurred in large cities, or towns of considerable size. The reasons for this are not difficult to trace. Some of them were pointed out in the lecture recently delivered by Mr. Laidlaw, of the Norwich Union, namely, height and area of buildings, which largely account for the most numerous and most disastrous conflagrations in the United States, as compared with England. The proportion of value destroyed in the two countries—leaving out the great fire of London in 1666—which occurred before the Republic was established, being four to one. Such being the conditions in regard to large cities, there are many thriving little towns in Canada, fairly well built and protected which have so far in the aggregate proved profitable to the companies, whose property owners naturally feel aggrieved because they are taxed for certain conditions which do not exist in their locality, but which prevail in cities like Montreal and Toronto, such as high buildings in congested districts.

There is another point which we will touch upon,

namely the continuance of paying the same commission on the advanced rates as prevailed when the rates were much lower. We do not regard this as in the best interests of the business, for, in some cases, it may no doubt lead to rebating which has so often been condemned in these columns.

### PROPOSED NEW INSURANCE COMPANIES.

Our attention has been drawn by an esteemed legal correspondent to several Bills before the Quebec Legislature to incorporate one fire and three life insurance companies.

The Eastern Fire Insurance Company desires to do business when \$100,000 has been subscribed and 10 per cent. paid thereon, the shares to be \$100 each.

The Quebec Union Life Insurance Company has a proposed capital of \$1,000,000, in \$100 shares. When 10 per cent. is paid up business may be commenced in life, accident, health and employers' liability insurance.

Messrs. Granger Bros., booksellers, J. M. Wilson, merchant, Doctors Mercier and Hugarein, and Mr. Garon seek incorporation as La Compagnie Canadienne d'Assurance. Capital \$500,000, in \$10 shares, business to commence when \$50,000 is subscribed and \$5,000 paid in. The business to be, life, fire, accident, health, guarantee and annuity insurance.

The Fraternal, known as the Prevoyance, asks incorporation. Capital \$100,000 in \$100 shares. Business to commence when \$25,000 is subscribed and \$5,000 paid in, to comprise life, accident, employers, plate glass, funeral and guarantee insurance.

The Dominion Government insists upon at least \$50,000 being paid in and deposited with the Government before any insurance company is allowed to enter upon any one of these different branches of insurance, and it will not allow any company to engage in all these branches.

The attention of the new Prime Minister of the Province of Quebec, and of the treasurer, is drawn to the Dominion Statute, as a deposit, in accordance therewith is needed to safeguard the interests of the public in dealing with an insurance company. The Dominion Government does not allow shares to be less than \$100 each.

Our correspondent asks, "Is it not time we had a first-class Insurance Act placed on our Statute Book?" It is certainly most desirable that legislation in reference to insurance companies passed by Provincial Legislatures should be in strict harmony with the laws passed by the Dominion Parliament.

### DETROIT UNITED RAILWAY.

The gross earnings for the three months ending 31st March last amounted to \$1,048,018, an increase over the same period in 1904 of \$125,277. After payment of operating expenses, taxes and other charges, the surplus was \$106,949, an increase over 1904 of \$97,054.