you thinking. You and I board a Queen street car at onge street, I weigh 250 lbs., your weight is 105; I take up room for two, you have to sit on about four square inches of space or hang on to a strap; I go to the Junction whilst you descend half a dozen blocks from where you got on; as the conductor passes you notice that I put in his box a ticket that cost  $3\frac{1}{6}$  cents, and I notice you put in a five cent silver piece. The effect of this illustration is lost if you fail to multiply it by the extent of your patronage to the Street Railway System. Think out other ills of life, and, as you do be more tolerant to us who in the very essence of things d a lot of guessing, and who, like the photographer, develops the negative by a subdued and borrowed light.

Let me for a moment claim your attention to a concise statement concerning the change in fire insurance practice within the past few years. Until the past twenty years, or thereabouts, the only object and purpose of the business was to consider the hazard; the Alpha and Omega was "it is our business to take thir" as we find them, and see that we fix rates adequate to meet existing conditions." Within the term I have mentioned the whole policy has been changed, and the practice of to day it has a ment the meta's "Improve the practice of to-day is based upon the motto "Improve your risk, improve your protection, improve your surroundings, that we may justly reduce the burden of your premium tax. Let me follow this statement with two others that are both

worthy of your best thoughts:-

1st. The policy of twenty years ago was the outcome and logical consequence of individual action. The vast change within that period is equally the logical result of concerted action, and the opportunity afforded, by co-operation, in the employment of the "specialist" in the business; singly the was an expensive luxury; in association with specialist " others, the luxury has been converted into an easily gratified necessity. In this light we have a strong unanswerable plea in support of the value of Tariff Associations. I cannot enlarge upon it but leave it to your thoughtful consideration.

and The second statement I make is that experience the world over teaches us that fire insurance has been profitable where low rates prevail, and unprofitable where high rates are readily obtainable. The moral of this statement is that the change in policy in the preceding twenty years has been mutually advantageous to both insurer and insured and is the best guarantee that future progress must be marked by

more rapid strides.

Do I hear a murmur of dissent? Or is it only fancy that I imagine some one saying. How then do you reconcile the present high rates here in Canada with the advantageous change in policy and practice to which you have just alluded? A fair question, raising a fair issue, which I must not shirk. You all know that Canada within a decade has been visiteg by an unusual number of serious disasters some of them of vast extent, involving losses of unexpected and unusual magnitude; the result was an encroachment upon the assets of the companies who were thus brought face to face with one of two issues, the one retirement, the other the restoration of the business to a paying footing, and in fire insurance as in Politics, to reserve the declaration of an eminent politi-cian, "Business is business." Under the old policy I will tell you what would have happened: the Companies that had courage to continue would have ordered an immediate, general, indiscriminate advance large enough to meet the un-toward circumstances, with the inevitable result of an expression of common disgust amounting to a universal howl. What did happen, and I may tell you frankly there was not wanting those of the old school methods and policy, was that the altered condition of things was met by graded dis-criminate advances in which the risk, class or town, was penalized according to the particular hazard, or where demonstrated weaknesses were more apparent; instead of the general indiscriminate advance on all classes, there was added from 10 per cent. to 50 per cent. where it seemed deserved, whilst many risks and districts, like the houses with the blood stained portals, were passed by the avenging Angel. Now, what followed? A campaign of education was begun, and under what I may term the new school a vigorous campagn is now being carried on, which we all fervently hope result in much improved structural conditions, and more reliable protection to the end that history may not repeat itself, but that for the sake of our country the deplorable waste from large conflagrations may be altogether unlikely and unheard of. I admit it is had enough as it is, but let me again assert that, bad as it is, it would have been infinitely worse under the old regime.

have said the present motto of fire insurance is "improvement." I have also said a campaign of education is now under way. What do I mean by that? Twenty years ago. when I came to Canada, the universal custom of rating here and elsewhere was under what I may term a minimum rate. a rate was made supposed to be applicable to the best risk of its particular class; it was left to individual judgment to impose additional rates on sub-standard risks. came the maximum, and there arose the vexatious cry to which I have already made reference, that the system was too rigid to admit discrimination. The old order of things is rapidly disappearing, and to-day we are largely working under a system that imposes a penalty for every known or ascertainable defect, and in the course of time this will be the only system that pertains in this country. What is its the only system that pertains in this country. What is its full meaning? Simply, that if "A's" risk of the same class is inferior to "B's," "A" pays the penalty, whilst concurrently he is told how much he will benefit for every improvement made. What is its effect? Its immediate effect upon "A" is to make him kick and complain of injustice, its ultimate effect is to make him improve his risk until he and his competitor in business are on the same plans,

Let me illustrate what I mean, for the illustration will not only help you to grasp the point more readily, but it will also convey to those not informed the intricacies surrounding this part of our business.

In a thriving city not many miles from your own there are two risks of identical occupancy, which under the old system would both have taken the same rating, viz:—On building 65 per cent. per annum on Contents 1.00 per cent. per annum. The city in which these risks are situated has per annum. The city in which these risks are situated has been rated under the elaborate system to which reference has already been made, whereby a penalty is imposed for every known or ascertainable defect, and a reduction allowed for every known improvement, with the result that under this new system the rates are now :-

A-Building 80 per cent. per annum. Contents 1.20 per cent. per annum.

B-Building 60 per cent. per annum. Contents 80 per cent-

I do not want to weary you with details, but to make my illustration complete I must show you how these two rates are made up. Both start from the same basis, and the ascertainable defects are penalized with the following result:-

A.	Building	B. Bui	lding
Basis Walls, not standard Street Wires Area Open Stairways	3	Basis Walls, not standard Street Wires Lighting by Gas and Oil, Defective Heating.	40 14 3 2
Well Holes	10 6	Age and Repair	63
Roof Space	5	Improvements :— Small Area Cement between floors	5 8
Improvements Cement between floors	3	Deduct for good record	55 5 50
Stand Pipe	5 18	Add— Exposures Extras	8 5 8
Deduct for good record	79 8 71	Say 60c.	58
Exposures Extras	5		
Say 80c.	82		

Please understand that I have not selected these two particular risks as gold brick specimens; they were selected indiscriminately, and I hope they will serve the purpose for which they are utilized.

Have you any idea of the magnitude of the task we have set ourselves in the campaign of education? In the city from which the preceding risks were selected, our men, trained. experienced men, mark you, have thus specifically rated 815 separate and distinct risks. The work is proceeding as rapidly as the circumstances warrant, and about fifty towns in the province have now been completed. We shall in due time have the whole province-may I dare to hope the whole Dominion— embraced within the scope of this new, advanced and most up-to-date scientific method of distributing the loss.

When I tell you the cost of putting the new system into operation will be proportionately as large as the cost of taking the national census, you will have some idea, taken in conjunction with the other details I have given you, of the magnitude of the task we have set ourselves. There can be no possible question but that the effect of the educational campaign will be a pronounced improvement in the physical characteristics of the business, and I ask you, am I wrong in saying that all this will, by sheer force of necessity, lower