

and are still seriously affecting fire insurance averages. If climatic influences were the sole origin of mischief, we might reasonably hope that, with the break up of weather, there would be a speedy return to normal conditions, and that during the coming winter the offices, as a body, would regain some part, at least, of their recent losses. He would be a bold prophet, however, who would predict as much in the face of known facts and past experience. This will not be the first time in history that a wave of incendiarism has crossed both continents, following upon a period of excessive energy and speculative activity. Before now, under similar conditions, loss-ratios have mounted up in every direction, and, we fear, the present will not be the final occasion.

Almost invariably, as a fact, the collapse of a commercial and speculative inflation has been succeeded by bad times for fire insurance companies, who, like the rest of the world, appear to be exposed to the ebbs and flows of prosperity and adversity. For a time they do exceedingly well, and then comes *Nemesis* in the guise of numerous serious fires and heavy claims to meet. We are not alluding to exceptional disasters, which may—in most cases probably do—result from purely accidental causes, but to the constant recurrence of adverse cycles, during which for a year or two, mills and factories and warehouses are ablaze in all directions, and mostly heavily insured. Anyone who chooses to study fire insurance statistics carefully will find that these recurring periods of widespread catastrophies are subject to some more or less definable law, and cannot be classed in the category of true accidents. Whatever the reason, these are the facts; and they appear indisputable, whether the analysis is confined to any one country or is extended to cover the insurance arena generally. Many authorities are disposed to assign the reason to incendiarism pure and simple, on the ground that, in poor trading epochs, fires are convenient agents for preventing the disclosure of unpleasant and damaging facts, and that a blaze once started, even in a small way, frequently spreads until it assumes the proportion of a grave disaster. Unfortunately, there can be little doubt that his hypothesis is partially correct. The harassed trader is only too apt, we fear, to look to his fire policies to rectify any shortcomings in his bank balance, and his criminal action often ends in mulcting the fire offices in as many thousands as he receives hundreds for himself. But here, again, the explanation does not go far enough; nor can we wholly accept the view that rate-cutting and competition are answerable for producing most of the trouble in question. To some extent, without doubt, the practice of lowering tariffs, in order to avoid the loss of business resulting from unfair competition on the part of offices refusing to be bound by association regulations, necessitates higher loss-ratios for a time; inasmuch as claims have to be set against a smaller income. This we are willing to admit, but it far from follows that the mischief is as great in the aggregate

as is popularly believed; certainly it does not elucidate the conundrum why fires should be abundant in countries and districts where no rate-war is in progress.

It is not by any means so positive that the real cause of the disease may not be traced to the policy adopted by the leading fire enterprises themselves. At times, after their balance sheets have been marred by the frequent payment of heavy loss claims, they are particular enough in the selection of risks, and also in the appointment of agents and the amount of confidence to be placed in their judgment and reports. But with the arrival of prosperity all prudence seems to be cast to the winds. Agents are appointed broadcast, without adequate inquiry being made into their antecedents, and business is accepted from every quarter without proper investigation being made. In point of fact, it is in good times that the maximum of caution is called for most urgently; for then it is that one and all who have made money, or are making it, are most anxious to increase their insurances, as they can better afford to pay the premiums. At such periods as we allude to, the purely speculative trader finds little or no difficulty in effecting an insurance on his buildings, stock and other property, for sums far in excess of their real average value. To start with, when trade is brisk values are generally inflated, especially in regard to buildings in go-ahead towns of the Johannesburg type. It is the "boom" that occasions nine-tenths of the troubles which beset our fire institutions from time to time. The steady-going business secured by thoroughly respectable agents almost invariably leaves a wide margin of profit, but as much cannot be said for the insurances effected on property in the mushroom cities eternally springing into existence in the mining districts of the United States, Canada, South Africa and the Australias. Of a still more dangerous character are the policies granted to traders and speculators in South America, where values inflate and relapse with extraordinary violence, and the people are alternately extremely rich or seriously embarrassed. It is the free acceptance of these risks during periods of commercial prosperity that causes the offices such heavy losses a few years later, and in their own interest they should subject all such applications to the severest scrutiny; especially when sent in by newly-appointed agents, or by those who have not been proved by results to be themselves extremely careful and gifted with clear insight; possessing besides wide local knowledge both as regards general business conditions and the personal character of individual applicants. Doubtless, many difficulties stand in the way of obtaining thoroughly judicious selection, but if the companies exercised more prudence when insurances are easy to write, there would be less lamentation afterwards; nor would rate-wars be nearly so frequent or bitter. As a matter of fact, the policy pursued, though profitable enough for a season, generally ends in final loss, the extra gains of a few years being more than wiped out by the increased claims which have subsequently to be met.—*Insurance Observer*.

THE C
ary, 1898
tion agri
Debentu
concerns
operation
eral mo
firm th
that, wh
addressi
the chain
discussio
carried.
thus pre
an action
resolution
the Ass
solution
Appeal.
support
was bad
question
strongly
the inte
suggests
the only
that the
ing, wh
posed t
sion tha
hear an
the disc
ter call
would l
case.
Elgin i
of large
is the a
and the
the pur
offer, l
they an
tion, th
partne
may sa
please.
The C
Lord
import
venty
did no
structi
should
are no
said, th
not be
and ha
terroris