

But the practice of *predatory* habits, whereby concessions are made in rates and policy forms wherever demanded, and past current rates and forms are obtained whenever the proprietor does not know enough to demand these concessions, is an abdication of their proper functions by the managers of the Fire Insurance Companies which should condemn those who practice it to an abdication of their offices, because it brings into well-deserved contempt the business or profession of Fire Insurance generally, and discourages those who endeavour to do their duty in that state of life for which they have, by study, observation, and labour, endeavoured to fit themselves.

Take any sensible proprietor as an instance, and suppose him to have been paying at the rate of one per cent. per annum for his insurance, sending his cheque regularly to the office whenever his policy required renewal; some fellow, who knows no more about the principles of Fire Insurance than he knows about aerial navigation, goes to him, and tells him that he can get his risk placed in a company quite as good as his old one at the rate of sixty cents per cent., and get him a blanket policy into the bargain; he objects, that he has always dealt with the one office for some ten, twenty, or fifty years, has perfect confidence in their managers, and believes they would not charge him any more than was right, and so prefers to continue with them.

"All right," says the Broker, "give me your policy, and I will renew it for you in that same office for seventy-five cents or perhaps sixty."

Incredulous, but curious as to the result of such an experiment, he gives his policy to the Broker, who comes back in an exceedingly short space of time with a policy or renewal at the decreased rate.

What is the natural conclusion of that proprietor except that either he has been swindled during all those long years, or that the manager did not know his business; or he may at once do, as many judges in our courts already do, set down Fire Insurance as a business without any principles, followed by men equally devoid of principle, and capable of being likened to nothing except a game of grab. Whose fault is it that this pass has been reached in Canada? Not many years ago a company was organized whose proprietors boldly stated that the people were being robbed by a confederacy amongst the Fire Insurance Companies, and these latter confessed the truth of the accusation by reducing the rates of premiums and writing policies of unparalleled broadness, by inaugurating a system of settlements of losses in place of adjustment, and generally abandoning all the principles which they had known and asserted to be necessary to proper practice.

At that time there was a semblance of justification but not the reality; the wicked Canadian offices were stigmatized as the cause of the demoralization; but as one by one the Canadian offices retired from the field, their risks were picked up at rates less than were paid to them, and policies written which would have scared any of them out of their senses; now, however, no earthly sign of justification exists, nor can anything be pleaded as excuse by those who suffer and practice these unwise and *unnecessary* weaknesses. It may be that this evil will have to follow the regular course, and so become so glaringly bad as to cause its correction. Such a

mode is like tying a bandage round a broken limb, and rotting it off, instead of amputating it, and is not to the glorification of those who make it necessary; because they have the more scientific and complimentary mode of action open to them at any time.

One step in advance over Montreal practice is that of the regulation of brokers and sub-agents by the Toronto Board, whose rules on the subject we print in another column.

But the necessary step, without which all others are merely sops to Cerberus, is the adoption of schedule rating, whereby every risk will be rated according to its fire hazard, for it is an incontrovertible fact "that the true method of affixing adequate rates is to make a basis rate and then add for all deficiencies, occupancies and exposures," and the only common sense rule as to acceptance of risks is "whenever you cannot obtain an adequate rate, *decline the risk*."

Neither time nor space would suffice to chronicle the failures of Minimum Tariffs. The very latest instance of the adoption of one is in the case of Boot and Shoe Factories, a class of risk which offers as many varieties of hazards as can be imagined; Minimum Tariff is fixed for them which the *worst* may pay, but the very fact of the worst being carried at the tariff rate will make the better one demand, and the offices grant, a reduction to them. This being once or twice the case will destroy the Minimum Tariff arrangement once more.

If the companies had established a basis rate for a defined standard of Boot and Shoe Factory, and additional for whatever increased the risk over that of the standard, then their tariff would have been capable of being quoted by them, for them, and to their honour, as well as with some promise of permanency.

FIRE RISKS AND THEIR TRUE RATING.

The following article opens up a subject which sooner or later will require to be seriously considered by the managers of fire offices, and in the interests of the business generally.

The system of fire insurance is somewhat older than that of life, and to those conversant with the latter as an exact science, and unacquainted with the full practice of conducting or managing the former branch, the idea would naturally arise that the law of averages had already been fully applied to both businesses in like manner. A close inquirer or student would soon find, however, that instead of data scientifically applied, fire insurance managers were yet content to go on by "rule of thumb," only on the supposition that, whilst it continued to result in profits on the "whole bulk," that gave dividends to shareholders, it was a better rule than more scientific ones. As to the question of statistical data bearing on the equity of rates generally charged to the various classes of insurers, the average manager would say: "It will be soon enough to commence collecting and compiling data of our experience when the business as a whole realises less profits than formerly, or shows a loss on the whole working of it." The opinion might further be elicited that fire insurance was not and never would be a science analagous to that of life, for the reason that it was really a mercantile business, and that this mercantile principle was carried into council.

Investigation in other directions would disclose great regard for mercantile principles, disregard for scientific principles being general in the business. In many cases, the inquirer would find the strict letter but not the spirit of