

widespread, many companies would have suffered so severely as to have been obliged to go into liquidation.

The plan, which has been published in full in our news columns, is the most complete fire insurance tariff association scheme ever attempted, and its workings will be watched with interest by underwriters and agents all over the country. It protects the local agents in the field against the taking of their risks at cut rates by companies in New York, and prohibits company managers here from writing large lines and re-insuring them in non-admitted companies. Every agent in the United States has therefore an interest in its welfare, and during the effort to organize many of the local boards passed resolutions in its favor.

In spite of the re-establishing of Metropolitan District rates, it is apparent that most of the companies will show a loss on underwriting for the year 1899. The results of 1898 were very unprofitable for many of them, although the advance in security values hid the fact from stockholders and the general public. The 1898 experience was mainly on 1897 writings, and the rates of that year were higher than those in 1898. The December 31, 1899, statement will reflect largely the results of the low rate 1898 acceptances, combined with an increased loss ratio, and there is trouble ahead for some companies.

The welfare of the New York Fire Insurance Exchange is consequently of the highest importance to insurance companies, their officers and shareholders. While naturally the buyer of insurance does not fancy fixed rates, it seems to be a necessary feature of the business, and there are always some cut-rate companies seeking risks. Therefore, the merchant or manufacturer does not complain much if the rates are so low as to afford only a small margin of profit and are equitably applied. The disruption of the last association was largely attributable to the open manipulation of its rating machinery, which was used by wire-pullers to influence business for a certain clique of companies. Some risks had rates reduced on being pledged to particular brokers, and thus fair members of the association lost desirable hazards from their books.

It was expected that the organizers of the present Exchange would not forget this expensive lesson, but the complexion of their committee shows that they have, and sharp criticism is being openly indulged in by prominent underwriters. The merchant is entitled to a rate which is reasonable and fair without regard to whether he selects a broker who is intimate with an influential member of the organization or not, and the underwriters who have taken pains to get desirable business on their books should not lose it because some man with a "pull" would like to increase his premium receipts at their expense by making a quiet deal to get the rate reduced if the business is placed in his office. There is well merited trouble ahead for the New York Fire Insurance Exchange if its rating machinery is not equitably ad-

rected, as neither business men nor honest underwriters will brook a repetition of the scandals of the former association.

**A Growl from the Gulf.** A genuine and justifiable growl is, at last, likely to become a grievous roar of discontent over certain occurrences in Prince Edward Island. The local Board of Underwriters is on the brink of dissolution. It is the old, old story of business competition leading men to disregard resolutions and violate bye-laws. It seems that the Underwriters' Association of the beautiful island, very appropriately called the Gem of the Gulf, whose shores are green to the water's edge, and where, in the golden summer time, one may drive for miles past waving fields of oats, and everything denotes a happy union between the fertility of nature and the industry of man, is being split asunder by internal dissensions. The resolutions to which our attention has been directed provide that no company being a member of the Association shall appoint more than one sub-agent for certain specified localities on the island, and that no sub-agent shall be paid a greater commission than 7 1/2 per cent.

But breaches of these tariff rules and bye-laws have so disturbed the peace of the insurance men privileged to live on this green isle of the Gulf that the Association formed for maintaining equitable rates is threatened with destruction. The allegations are serious, and they embody the same grievance as that we commented upon in THE CHRONICLE of 17th ult., when writing of "Insurance in County Towns." The resident malcontents appear to have only too much reason for seceding from the Association, and engaging in a war of reprisals. It is asserted by them, and they claim to have abundant supporting proof of the truth of their charges, that the island is periodically invaded by certain representatives of insurance companies, hailing from the mainland, who make a tour of the country in search of business and sub-agents, to whom they offer, in defiance of regulations and in consideration of risks to be placed, commissions of 10 to 15 per cent. So another rate war is imminent, and, as the rates obtained in Prince Edward Island before the introduction of a tariff averaged about one-half of the figures since charged, and no great profit has resulted from the business of late years, the impending struggle is likely to prove a serious matter for the interested companies. The possibilities of a peaceable settlement of the trouble now menacing the P. E. Island Board with disruption are most remote, owing to the objectionable business being transacted direct with the offenders on the mainland, instead of through their representatives in Charlottetown.

Surely the lessons of last year ought to open the eyes of fire insurance managers to the folly of permitting such practices as those herein referred to. They can, as in this instance, only lead to ruinous competition and consequent disaster.