THE CONFLAGRATION HAZARD.

In view of the recent conflagration at Baltimore it will be interesting and instructive to make public the record of some of Canada's big fires. We therefore give a schedule in this issue of a number of the large fires since 1845.

THE CHRONICLE has always emphasized the absolute necessity of making adequate preparations for meeting conflagrations which periodically occur. In this connection we reproduce an article from THE CHRONICLE, May 4, 1900, page 550. It is somewhat remarkable that in two of the cities named therein, conflagrations subsequently did occur.

These conflagrations are an object lesson to the public in regard to the fire insurance business being conducted by companies with large financial resources, and whose risks are distributed over a wide area. These disasters, if duly considered, would give a quietus to schemes for municipal insurance, as well as be convincing evidence of the risk of taking policies in companies whose operations are limited to one locality. They further show the necessity, and are a justification of the fire offices charging a premium rate adequate to cover these unforeseen contingencies, which, as already said, must be provided for.

The article referred to reads:—

The figures we publish this week showing the insurance losses at Hull, and those of former years in New Brunswick and Newfoundland are merely salutary reminders of the enormous amount distributed by the fire companies as the result of conflagrations. Looking backward, we recall the millions of money lost by the destruction of Chicago, Boston, Galveston, Seattle, Spokane Falls, New Orleans and Milwaukee. The conflagration hazard belongs to the fire insurance business and must be reckoned with, and a goodly surplus must be available to do it with, whether a five million or a fifty million loss. It is at such a time as the present that wisdom suggests that rates be fixed with reference to that conflagration which may take place this year or next, or the next, in New York or Montreal, in Baltimore or Toronto, or somewhere, when and where least looked for.

The occurrence of these conflagrations involving insurance losses of millions constitutes an object lesson of prime importance. The lesson is taught at intervals, and taught impressively. The burden of the lesson is, that the unknown and unknowable quantity in the fire insurance problem is augmented by unlooked-for conflagrations to such an extent as to seriously upset the calculations of believers in a "scientific" basis of underwriting. Leaving out of the account conflagrations entirely, a general confusion of calculations has been produced by the provoking perversity of the fire fiend in refusing to allow anything like uniformity in the proportion of fire loss to property value from year to year. Add to this uncertainty the conflagration hazard, and we have a situation defying accuracy of calculation and furnishing at best a capital chance for skillful guessing. A rate which may be abundantly high on the general business one year may prove to be ruinously low the next year, and so the loss ratio goes ebbing and flowing through the years.

Barring any great conflagration, however, and experience for a series of years over a very wide field has taught observant underwriters what loss average on reasonably well selected risks may be counted on, and by making a general rate to somewhat more than cover the probable average, and by good financiering in the management of capital, the best companies have accumulated a goodly reserve fund, and are able to face the hazard of conflagration with tolerable equanimity. That it exists and will sooner or later develop into serious loss is a certainty. The uncertainty is the amount and the locality.

BANK STATEMENT FOR JANUARY, 1904.

January is always too dull a month in business circles to cause any material changes in the bank returns, as compared with December. On looking down the list of the accompanying table, which exhibits the increase and decreases in January, it is noticeable how trifling these were which represent active business operations. In the whole list of assets, not a single item of this class shows an alteration during last month, of over half a million. In the liabilities column are considerable decreases and increases, especially the former.

The decline in circulation reached $5,566,134, which is a large decrease for one month, but this falling off was exceeded in January, 1901 and 1902 In the former year the January decline in circulation was $5,732,940, and in the latter, 1902, $5,786,-259. As compared with the entire year from one January 31st to the next January 31st, there was a considerable falling off in the year ended 31st January last, as compared with three preceding years. Between January, 1900, and January, 1901, the increase in the note issues rose to extent of $3,765,223, in the next year, $3,561,223, and between January, 1902, and January, 1903, the increase was $6,454,458. In the year ended 31st January last, the circulation only increased $1,932,286. The increase in October, 1903, was not as great as in previous year, and the inflow of notes in January was about the same as when the circulation had expanded so greatly as to cause anxiety. Hence, we find that the margin between the circulation last month and the limit, that is the paid-up capital, was $21,652,316 as compared with the margin a year ago, of $17,-815,138; and two years ago, $19,034,482. The margin last month was indeed almost the same as in Janu-