

about \$30 instead of \$20.40 as the real cost for each \$1,000 certificate. This shows clearly enough the folly of looking to assessment societies for life insurance.

The rates charged by life companies for insurance are guaranteed to remain stationary, or to decrease, if insured "with profits," while the cost in the five societies, in 1883, as above shown, can not be guaranteed not to become double in another five years. Indeed, no guarantee can be had that all the healthy members will not cease to pay assessments next year, in any society, and thus bring the whole machinery to a sudden stand-still. Your good intention is not insurance for your own family; nor can the good intentions of other honest men be insurance. Some widows and orphans have been benefited by "purely philanthropic collecting agencies," but more have been sadly disappointed. The facts are that the promoters of these societies have not placed them upon a sound basis, and when tried by the test of time they are found wanting.—*Monetary Times*, Toronto.

### THE INSURANCE SITUATION.

The insurance situation just now may be fairly summed up, concisely, thus: life and guarantee insurance, profitable and prosperous; accident insurance, decidedly profitable; steam boiler insurance, successful, if unwise rivalry and competition between the two or three companies doing this business do not kill the chances of profit; marine insurance, unpromising of profit this year; fire insurance, clearly profitless, so far as the reported increase of fires during this year over previous years furnishes any basis of estimate.

As matters stand, the life, guarantee and accident companies are in the fore-front as regards profitable results in 1884. How the steam boiler underwriters may come out will depend upon their own notions of the average result of trying to cut each others' throats. The marine companies, as a body, have made no money, although leaders, like the Atlantic, of New York, the Boston Marine, and the North America, and the Delaware Mutual Safety, of Philadelphia, will probably come out ahead. The inland or lake underwriters, as a rule, will probably come short, except that in individual instances—such as the *Ætna*, of Hartford, and the Continental, of New York—an exceptional profit may be garnered.

But, as regards the fire insurance companies—especially those whose operations have covered the entire country through the agency field—the outlook for profit in 1884 is plainly a dissolving view. As figured up from month to month throughout the year, from the fire records carefully compiled from our own columns, the fires of 1884 have been excessive, beyond all precedent, except where such extraordinary events as the Chicago and Boston and St. John conflagrations have come in to upset all average calculations. Up to November 1, the fire losses have been certainly ten or twelve million dollars in excess of all average years of which any accurate statistics or estimates exist. This fact, of itself, is a demonstration that—in the absence of any favorable offset—fire insurance has this year made no progress as a means of profit to stockholders, or a guaranty of security to policyholders. There has been, as everybody knows, a shrinkage in the value of investment securities since last May, which cannot be ignored in this connection; for it must be an influential factor in making up the annual statements on December 31. Further than this, the recent withdrawal from business of several heretofore successful fire companies, justifies the proposition that the business of fire underwriting, as such, has not this year been even usually successful, not to refer to the particular discouragements which have forced several withdrawing

companies into liquidation. The results of the first six months of fire insurance business, which have had due record in our columns, prove that, up to July 1, few of the companies, large or small, agency or local, had made any gain on their business, or added anything to the surplus reported in January.

Beyond question, the continuance of an unprecedented number and severity of fire losses during the later portion of the year, so far, has prevented their getting any profit during the last half of the year, which would make even the shortage of the earlier months. Nor does the fire record of November give much encouragement as to helping out the account. And December is yet to be heard from. Experience justifies the fear that the last month of the year will pile up losses for the fire underwriters which in many cases will compel them to forego all expectations of profit, and in many instances force them to present doleful annual statements. Many a small local company in the past has gone along through almost an entire year, with every hope of a profitable result, only to find a set-back in the last week of December, whose effect was to transform a promising annual statement into one of a very different kind. This may happen to a number of our local companies, whose only good luck has come from the extraordinary exemption New York has this year had from large fires. So that a single exceptionally big fire within our own city limits may yet bring permanent grief to a number of our purely local offices, whose previous exemption from losses may have inspired over-sanguine calculations.

The truth is that fire underwriting is not only a matter of average which requires essentially many years and an extensive territory to determine its results—but it is also, from the nature of things, a precarious undertaking which demands capital, accumulated surplus funds, and, above all, special, expert managerial ability which will make capital secure to stockholders, surplus funds accumulative, and skilful management effective in giving policyholders a complete guarantee that contracts of insurance mean indemnity, pure and simple and all the time. Insurance which does not insure, out-and-out and beyond peradventure, is not insurance at all, and only those companies whose management, record and financial position furnish this certainty to the property owner are deserving of trust from those who need and pay for complete indemnity, upon which the security of credit and property depend.

In this view of the matter, which is the only common-sense view to be taken of the subject, it is now more than ever clear that, since commercial credit, capital invested in buildings or merchandise, household comfort, and even the safety of human life, depend upon the success and substantial character of our fire insurance companies, the fact remains that the average citizen is personally and vitally interested in whatever will tend to make insurance a sure thing, both for himself individually and for his neighbor or debtor also. Consequently, it is this same average citizen's interest, as well as his patriotic duty, to do what he can, in the exercise of his individual influence, and in the locality where he lives, to help rather than hinder the fire insurance companies in securing sensible building laws, adequate water supply, efficient fire department service and equipment, police guards against incendiarism, proper and prompt punishment of arson, and a quick investigation of the origin of all fires to which any suspicion may attach. Such action on the part of the individual property owner and citizen, whether insured or uninsured, would reduce this inordinate fire waste (which naturally makes fire insurance profitless, and to that degree weakens it) to a minimum, and so increase the security and comfort of those whose business credit and personal interest